



2025
Annual Report

Yunkang Group Limited
云康集团有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 2325



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Definitions and Glossary of Technical Terms

“2022 RSU Scheme”	the 2022 restricted share unit scheme adopted by the Company on November 23, 2022
“2024 Negative List”	Special Administrative Measures (Negative List) for Foreign Investment Access (2024 Edition) (外商投資准入特別管理措施(負面清單) (2024年版)) jointly issued by the National Development and Reform Commission and the Ministry of Commerce
“AGM”	the annual general meeting of the Company to be held at 10:00 a.m. on Friday, June 26, 2026 at No. 6 Lizhishan Road, Science City, Huangpu District, Guangzhou, PRC or any adjournment thereof
“AI”	artificial intelligence
“Articles of Association”	the amended and restated articles of association of our Company adopted on April 20, 2022 and effective on May 18, 2022
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors of the Company
“Business Day”	a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
“Chengdu Daan”	Chengdu Gaoxin Daan Medical Laboratory Co., Ltd. (成都高新達安醫學檢驗有限公司), a limited liability company established in the PRC on June 10, 2009 and a wholly-owned subsidiary of Yunkang Industry
“China” or “PRC”	the People’s Republic of China and, except where the context requires, references in this annual report to the PRC or China exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Companies Act”	the Companies Act, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Company” or “Yunkang”	Yunkang Group Limited (云康集團有限公司), a company incorporated under the laws of the Cayman Islands with limited liability on July 20, 2018
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules

Definitions and Glossary of Technical Terms

“connected transaction(s)”	has the meaning ascribed thereto under the Listing Rules
“Consolidated Affiliated Entities”	the entities we control through the Contractual Arrangements, being Yunkang Industry, subsidiaries of Yunkang Industry and Guangzhou Clinic
“Contractual Arrangements”	the series of contractual arrangements entered into by, among others, WFOE Registered Shareholders and Yunkang Industry
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules, unless the context requires otherwise, refers to Mr. Zhang Yong, YK Development, Daan International, Guangzhou Daan Gene Technology, Da An Gene, Huizekx Limited, Mouduans Limited, Tongfuzc Limited, WJJR Investment Limited, Jin Jun Ying Limited and Source Capital RW Limited
“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“Da An Gene”	Daan Gene Co., Ltd. (廣州達安基因股份有限公司), a company limited by shares established in the PRC whose shares are listed on the SME Board of the Shenzhen Stock Exchange (Stock Code: 002030.sz) and a Registered Shareholder
“Da An Gene Group”	Da An Gene and its subsidiaries
“Daan International”	Daan International Holdings Limited (達安國際集團有限公司), a company incorporated in Hong Kong with limited liability on September 2, 2008, a subsidiary of Da An Gene and one of our Controlling Shareholders
“Director(s)”	director(s) of the Company
“ESG”	environmental, social and governance
“Forvis Mazars”	Forvis Mazars CPA Limited
“FVOCI”	fair value through other comprehensive income
“FVTPL”	fair value through profit or loss
“Gaoxin Yangguang”	Tianjin Gaoxin Yangguang Investment Co., Ltd. (天津高新陽光投資有限公司), previously known as Beijing Gaoxin Yangguang Investment Co., Ltd. (北京高新陽光投資有限公司), a limited liability company established in the PRC on December 14, 2007 and wholly-owned by Mr. Zhang Yong, a Registered Shareholder
“Global Offering”	the offer for subscription of Shares as described in the Prospectus

Definitions and Glossary of Technical Terms

“Group”	our Company, all of our subsidiaries and the Consolidated Affiliated Entities
“Guangzhou Anjianxin”	Guangzhou Anjianxin Medical and Health Industry Equity Investment Fund (Limited Partnership) (廣州安健信醫療健康產業股權投資基金(有限合夥)), a limited partnership established in the PRC on December 2, 2014 and a Registered Shareholder
“Guangzhou Clinic”	Guangzhou Yunkang Clinic Co., Ltd. (廣州雲康門診有限公司), a limited liability company established in the PRC on January 29, 2019 ultimately controlled by WFOE and Yunkang Industry
“Guangzhou Daan”	Guangzhou Daan Clinical Laboratory Center Co. Ltd. (廣州達安臨床檢驗中心有限公司), a limited liability company established in the PRC on February 28, 2006 held by Yunkang Industry and CDB Development Fund as to 95.75% and 4.25%, respectively, as at the Latest Practicable Date
“Guangzhou Daan Gene Technology”	Guangzhou Daan Gene Technology Co., Ltd. (廣州市達安基因科技有限公司), a limited liability company established in the PRC on May 6, 2009 and a wholly-owned subsidiary of Da An Gene
“Guangzhou Huigang”	Guangzhou Huigang Investment Partnership (Limited Partnership) (廣州匯港投資合夥企業(有限合夥)), a limited partnership established in the PRC on May 14, 2015 and a Registered Shareholder
“Guangzhou Yunkang”	Guangzhou Yunkang Biological Technology Co., Ltd. (廣州雲康生物科技有限公司), a limited liability company established in the PRC on May 5, 2014 and a wholly-owned subsidiary of our Company
“Heyuan Rongwei”	Beijing Heyuan Rongwei Equity Investment Center (Limited Partnership) (北京合源融微股權投資中心(有限合夥)), a limited partnership established in the PRC on April 20, 2015 and a Registered Shareholder
“HK\$” or “Hong Kong Dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“ICL(s)”	independent clinical laboratory(ies), perform(s) tests or procedures to help diagnose and/or treat medical conditions
“Latest Practicable Date”	April 20, 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this annual report prior to its publication
“Listing Date”	May 18, 2022, the date on which dealings in our Shares first commenced on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

Definitions and Glossary of Technical Terms

“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM. For avoidance of doubt, the Main Board excludes the GEM
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“Mouduanshan”	Zhuhai Hengqin Mouduanshan Enterprise Management Center (Limited Partnership) ((珠海橫琴謀斷山企業管理中心(有限合夥)), previously known as Zhuhai Hengqin Mouduanshan Investment Center (Limited Partnership) ((珠海橫琴謀斷山投資中心(有限合夥)), a limited partnership established in the PRC on June 5, 2015 and a Registered Shareholder
“Nomination Committee”	the nomination committee of the Board
“Non-competition Undertaking”	the non-competition undertaking dated September 3, 2021 entered into between the Company and Da An Gene
“Prospectus”	the prospectus of the Company dated May 5, 2022
“Registered Shareholder(s)”	the registered shareholder(s) of Yunkang Industry as defined in the Prospectus
“Remuneration Committee”	the remuneration committee of the Board
“Renminbi” or “RMB”	Renminbi yuan, the lawful currency of the PRC
“Reporting Period”	the year ended December 31, 2025
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“Shanghai Daan”	Shanghai Daan Medical Laboratory Co., Ltd. (上海達安醫學檢驗所有限公司), a limited liability company established in the PRC on July 28, 2006 and a wholly-owned subsidiary of our Group
“Share(s)”	ordinary share(s) in the share capital of the Company with nominal value of US\$0.000002 each
“Shareholder(s)”	shareholder(s) of the Company
“SPDB Guangzhou Wuyang Branch”	Guangzhou Wuyang Branch of Shanghai Pudong Development Bank Co., Ltd.
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

Definitions and Glossary of Technical Terms

“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“Substantial Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“tNGS”	Targeted Next-generation Sequencing
“Tongfu Zhongchuang”	Shenzhen Tongfu Zhongchuang Investment Management Co., Ltd. (深圳同福中創投資管理有限公司), a limited liability company established in the PRC on May 18, 2015 and a Registered Shareholder
“USD” or “US\$”	United States dollars, the lawful currency of the United States
“we”, “us” or “our”	the Company or the Group, as the context requires
“WFOE”	Guangzhou Yunkang Health Technology Co., Ltd. (廣州雲康健康科技有限公司), a limited liability company established in the PRC on July 10, 2019 and a wholly-owned subsidiary of our Company
“YK Development”	YK Development Limited, a limited liability company duly incorporated in the British Virgin Islands on July 12, 2018 and one of our Company’s Controlling Shareholders
“Yujiang Anjin”	Yujiang Anjin Venture Capital Center (Limited Partnership) (余江安進創業投資中心(有限合夥)), currently known as Guangzhou Jinan Investment Center (Limited Partnership) (廣州進安投資中心(有限合夥)), a limited partnership established in the PRC on September 15, 2014 and a Registered Shareholder
“Yunkang Industry”	Yunkang Health Industry Investment Co., Ltd. (雲康健康產業投資股份有限公司), previously known as Gaoxin Da An Health Industry Investment Co., Ltd. (高新達安健康產業投資有限公司), a limited liability company established in the PRC on May 28, 2008 controlled by us through the Contractual Arrangements
“Yunkang Lingnan”	Yunkang Lingnan (Guangzhou) Medical Health Technology Development Co., Ltd. (雲康嶺南(廣州)醫療健康科技發展有限公司), a limited liability company established in the PRC on September 19, 2019 and a wholly-owned subsidiary of Yunkang Industry
“%”	per cent

Corporate Information

BOARD OF DIRECTORS

Executive Director:

Mr. Zhang Yong (*Chairman of the Board and Chief Executive Officer*)

Non-executive Directors:

Ms. Huang Luo (*resigned on August 1, 2025*)
Mr. Zhang Weijie (*appointed on August 1, 2025*)
Dr. Wang Pinghui
Dr. Wang Ruihua

Independent Non-executive Directors:

Mr. Yu Shiyou
Mr. Lan Fenghui (*passed away on January 11, 2025*)
Mr. Xie Shaohua
Dr. Dong Min (*appointed on April 10, 2025*)

AUDIT COMMITTEE

Mr. Xie Shaohua (*Chairman*)
Dr. Wang Ruihua
Mr. Yu Shiyou

REMUNERATION COMMITTEE

Mr. Yu Shiyou (*Chairman*)
Mr. Zhang Yong
Mr. Xie Shaohua

NOMINATION COMMITTEE

Mr. Zhang Yong (*Chairman*)
Mr. Yu Shiyou (*ceased on April 10, 2025*)
Mr. Xie Shaohua
Dr. Dong Min (*appointed on April 10, 2025*)

JOINT COMPANY SECRETARIES

Mr. Lin Yingjia
Ms. Lam Chi Ching Cecilia

AUTHORIZED REPRESENTATIVES

Mr. Zhang Yong
Ms. Lam Chi Ching Cecilia

REGISTERED OFFICE

P.O. Box 31119 Grand Pavilion
Hibiscus Way
802 West Bay Road
Grand Cayman KY1-1205
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 6 Lizhishan Road
Science City
Huangpu District
Guangzhou, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

4/F, Jardine House
1 Connaught Place
Central
Hong Kong

HONG KONG LEGAL ADVISER

Zhong Lun Law Firm LLP
4/F, Jardine House
1 Connaught Place
Central
Hong Kong

AUDITOR

Forvis Mazars CPA Limited
42nd Floor, Central Plaza
18 Harbour Road
Wanchai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited
PO Box 1093
Boundary Hall
Cricket Square
Grand Cayman, KY1-1102
Cayman Islands

HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

STOCK CODE

2325

COMPANY WEBSITE

www.yunkanghealth.com

Financial Highlights

For the year ended December 31,

	2025 RMB'000	2024 RMB'000	Change
Revenue	601,388	711,884	(15.5)%
<i>Recognized at a point in time:</i>			
– Diagnostic testing services for medical institution alliances	353,315	377,315	(6.4)%
– Diagnostic outsourcing services	216,921	301,809	(28.1)%
– Diagnostic testing services for non-medical institutions	31,152	32,760	(4.9)%
Cost of revenue	(418,571)	(500,815)	(16.4)%
Gross profit	182,817	211,069	(13.4)%
Profit (Loss) before income tax	6,975	(791,191)	(100.9)%
Profit (Loss) for the year	3,900	(793,151)	(100.5)%
Profit (Loss) attributable to owners of the Company	2,920	(791,682)	(100.4)%

For the year ended December 31,

	2025 RMB	2024 RMB	Change
Earnings (Loss) per share for profit (loss) attributable to owners of the Company			
Basic	0.005	(1.329)	(100.4)%
Diluted	0.005	(1.329)	(100.4)%

During the Reporting Period, the Group recorded a revenue of RMB601.4 million, representing a decrease of 15.5% from 2024. The Group recorded a net profit of RMB3.9 million, as compared to a net loss of RMB793.2 million for the year ended December 31, 2024. The turnaround in the Group's results was mainly attributable to the following:

1. During the Reporting Period, affected by various factors such as centralized procurement, health insurance cost control and intensified competition in the industry, the short-term results of the Group were under pressure. In the face of various adjustments brought about by the market, the Group focused on improving operational quality, optimizing customer structure and product mix, deepening the cooperation with medical institution alliances, and empowering customers with in-depth services. The Group's operational quality has steadily improved. Although the overall revenue decreased as compared to the same period of the previous year, the decline gradually narrowed. Among which, revenue from diagnostic testing services for medical institution alliances accounted for a further increase in the proportion of total revenue, which further demonstrated its advantages and promoted the high-quality development of the Group;
2. During the Reporting Period, the Group improved its operation efficiency and management quality of the whole system, and adopted a series of lean operation measures such as strengthening cost control and precise allocation of resources. As a result, selling expenses and administrative expenses decreased by 34.4% and 29.6% as compared to the same period of the previous year, resulting in significant cost reduction and efficiency improvement. At the same time, the Group actively optimized its debt structure and improved the efficiency of capital utilization, resulting in a decrease of 33.6% in finance costs as compared to the same period of the previous year; and
3. During the Reporting Period, the Group continued to strengthen its management of cash and accounts receivable and shorten the collection cycle, achieving some results. The Group reversed the credit impairment loss accrued in previous years as part of the trade receivables from previous years was recovered. Going forward, the Group will continue to strengthen credit management and increase collection efforts, implementing a range of measures to facilitate the recovery of receivables.

Chairman's Statement

Dear shareholders, investors, colleagues in the medical community, and all members of the Yunkang family,

Time moves forward and a new chapter unfolds. As the spring breeze in 2026 warms the earth, bringing renewal to all things, we look back with gratitude and determination on the year 2025. It was a year in which Yunkang Group forged ahead amid industry headwinds with resilience and laid a solid foundation through hard work. More importantly, it also marked a milestone year in which the Group firmly focused on its strategic direction, overcame challenges, and achieved sustained growth amid profound transformation in the healthcare industry. On behalf of the Board of Yunkang Group, I hereby extend our most sincere gratitude and respect to our shareholders and investors for your long-standing trust and support, to our colleagues in the health sector and partners for working hand in hand with us for common development, and to all Yunkang employees and their families for your dedication and hard work on the front lines. Every achievement we have made would not have been possible without your tremendous support, and every step forward embodies your dedication and efforts.

In 2025, the global healthcare industry underwent an unprecedented and profound restructuring. Domestically, medical reform continued to deepen, market competition intensified, and the industry's development presented a complex landscape marked by "coexistence of downturn and opportunities, as well as intertwined challenges and hopes". From a macro-industry perspective, the reform of medical insurance payment models advanced steadily, volume-based procurement was implemented on a regular basis, and medical institutions faced growing pressure in cost control. Meanwhile, emerging sectors such as digital health, precision medicine and proactive healthcare developed rapidly. Cutting-edge technologies including artificial intelligence, big data and genetic technology became deeply integrated with the healthcare industry, shifting the competitive landscape from a narrow focus on technology and services toward a comprehensive contest centered on ecological synergy, resource integration and value creation. Faced with such an external environment, we have consistently adhered to the overall philosophy of "in-depth services and lean operations". Taking "resilience" as the key theme throughout the year, we have built a more flexible and risk-resilient operation platform, continuously strengthened our business foundation under "one horizontal and one vertical (一橫一縱)" strategy, established a core system to support the Group's long-term development, and relied on perseverance and practical action to navigate various uncertainties.

During the year, we remained true to our original business mission and focused on value creation, achieving dual improvements in financial resilience and profitability, thereby laying a solid foundation for the Group's development. At a time when the overall industry was under pressure and market demand fluctuated, the Group has worked together and took concrete actions, demonstrating sustained operational resilience through robust business layout, efficient operational management, and high-quality customer service. Notably, the Group successfully achieved a turnaround in operating profit for this stage through the collective efforts of all employees, with a significant improvement in profitability, marking that the Group's business development has entered a sustainable growth pattern. To further enhance operational efficiency and optimize resource allocation, the Company established stringent cost-efficiency management and workforce efficiency management mechanisms, taking the lean management system as the Group's core operational lever and comprehensively advancing cost reduction and efficiency enhancement. Throughout the year, selling expenses decreased by 34.4% year-on-year, administrative expenses decreased by 29.6%, and finance costs decreased by 33.6%. Through refined management, we have eliminated redundant costs, achieving a balance between cost reduction and efficiency enhancement on one hand, and development quality on the other hand.

During the year, we deepened our strategic deployment and adhered to the “one horizontal, one vertical” synergy strategy, continuously strengthening core competitive advantages to drive high-quality business development. The “one horizontal, one vertical” strategy serves as the core guideline for the Group’s development, and is also the key lever for navigating industry competition and achieving sustainable growth. In terms of the “one horizontal” business deployment, we focused on the output of our operational systems, with the joint development model of medical institution alliances at the core, steadily expanding service network coverage, enhancing market influence, and further broadening business boundaries. To further unlock customer value and enhance market competitiveness, we established a refined key account management system and formed dedicated task forces. Throughout the year, we prioritized multiple key customer projects, precisely aligning with customer needs and providing customized solutions. Consequently, the contribution of key customers to the Group’s revenue continued to strengthen. Furthermore, we refined the “Iron Triangle” operation mechanism. Building upon key customer project initiations and through regular production-sales coordination meetings for regional key projects, we continuously improved cross-departmental collaboration efficiency, ensuring rapid response to and efficient fulfillment of customer needs. In terms of the “one vertical” business deepening, we focused on the integration of specialty technologies, with technological innovation at the core, continuously enhancing specialty diagnostic capabilities to establish differentiated competitive advantages. We strengthened cooperation with leading domestic and international specialty institutions and research institutes and have successfully developed dozens of innovative medical testing projects through joint innovation, enhancing the Group’s product competitiveness in relevant specialty fields and providing more precise and efficient testing solutions for clinical diagnosis and treatment. In terms of product strategy, we focused on areas with strong clinical demand and high technical barriers, consistently increasing R&D investment and marketing efforts, which have led to a steady rise in market coverage and recognition. Meanwhile, anchored by three major delivery centers in Guangzhou, Chengdu, and Hefei, we established a comprehensive large-scale delivery operation system, optimizing our regional service layout and significantly expanding our regional service coverage. In addition, we completed the optimization and adjustment of certain laboratories and cross-regional delivery integration, achieving resource sharing and complementary advantages. This has substantially improved our delivery efficiency and continuously enhanced customer satisfaction.

During the year, we embraced innovation and transformation, accelerated the digital transformation, and strengthened R&D innovation, injecting powerful new momentum into the Group’s future development. In this era of rapid digital economy growth, digital capabilities have become a key competitive advantage for enterprises, with digital transformation in the healthcare industry being an inevitable trend. Under our core brand “ZhiYun (智雲)”, we have deeply explored the field of medical AI. By concentrating strategic resources, we successfully developed the “Yunkang ZhiYun” AI model. This model, based on a core architecture of “data foundation × medical AI agent”, standardizes and normalizes medical data processing, providing intelligent support for clinical diagnosis and treatment as well as health management, thereby forging new quality productive forces in digital healthcare. To capitalize on the development opportunities in the marketization of data, during the Reporting Period, we partnered with Guangzhou Data Exchange to launch the first infectious disease data product, the “Yunkang Respiratory Pathogen Detection Positivity Rate Analysis Report”, and also collaborated with Guangzhou Data Exchange and Zhejiang Big Data Trading Center to launch the “Yunkang Intelligent Medical Testing Data Product”, becoming one of the pioneers in the industry to explore medical data trading. In terms of R&D innovation, we actively responded to national strategies and have successfully applied for and secured the “2025 Special Project of Central Budget Investment in the Digital Economy” (“2025年數字經濟中央預算內投資專項工程”) jointly launched by the National Development and Reform Commission and the National Data Bureau, which further aligned with the national strategy of data empowerment and laid a solid foundation for the Group to promote business innovation to resonate with industry trends.

Chairman's Statement

Leveraging its outstanding technological innovation and significant social contributions, Yunkang achieved consecutive annual improvements in its ESG score within the Corporate Sustainability Assessment (CSA) by S&P Global, a leading authoritative international rating agency. Its performance across governance, social, and environmental dimensions significantly exceeded the industry averages, and it was included in the S&P Global's Sustainability Yearbook (China Edition) for two consecutive years. This achievement not only demonstrates international recognition of Yunkang's innovative strength but also serves as a powerful affirmation and encouragement for our active commitment to corporate social responsibility.

Dear shareholders and partners, as we stand at the threshold of 2026, facing new opportunities and challenges, we will advance the Group's work to new heights with firm determination, pragmatic approaches, and innovative initiatives. The entrepreneurial journey continues, and our entrepreneurial spirit remains steadfast. Yunkang's vision is to become a great enterprise in the healthcare sector, realizing the dream of "health for all", which has guided our continuous progress and unwavering commitment. Over the past year, we have solidified our development foundation through diligent effort and ignited hope for growth through innovation. Looking ahead, we will maintain the passion and perseverance as an entrepreneur, building ecosystem synergy through collaborative strength, pushing the boundaries of development through innovation, safeguarding life and health with professional expertise, and repaying shareholders' trust with a strong sense of responsibility. We will continue to deepen our presence in the healthcare sector, concentrating on core businesses, strengthening technological innovation, optimizing service quality, and refining our ecological layout. We are committed to growing alongside China's healthcare industry, striving to fulfil our corporate mission of "make high-quality medical resources readily accessible", thereby creating more sustainable and substantial value for our shareholders and contributing Yunkang's efforts to advancing the high-quality development of China's healthcare sector.

Finally, we would like to express our gratitude once again to our shareholders, investors, customers and all employees for your unwavering support and companionship throughout this journey. We are grateful for every bit of trust, cherish every opportunity, and honour every contribution. As we embark on a new year and a new journey, let us work together with one heart and one mind, with collective strength of collaboration and the pioneering spirit of innovation, to triumph in this critical battle, and create an even more remarkable and brilliant future for Yunkang's next decade and beyond.

Yunkang Group Limited

Zhang Yong

Chairman, executive Director and chief executive officer

Management Discussion and Analysis

1. INDUSTRY OVERVIEW

The year 2025 marks the final lap for implementing the 14th Five-Year Plan (FYP), during which healthcare services have attained high-quality growth in China. China has established the world's largest disease prevention and control system as well as healthcare service system, with sustained improvement and enhancement in the capacity, accessibility, and equity of health services.

On the policy front, the government has taken “strengthening primary care and promoting balanced development” as the central theme, actively advancing the construction of close-knit medical institution alliances and medical communities, implementing the project of strengthening the foundation of medical and health care, deepening the application of “artificial intelligence (AI) + healthcare”, promoting the mutual recognition of test and inspection results, decentralizing premium resources, and facilitating digital-intelligence transformation – laying a solid foundation for the long-term, high-quality development of the industry.

As a vital component of the national strategic development, the healthcare service industry is not only the foundation of people's livelihood protection but it also serves as a key area for fostering new-quality productive forces. With the continuous release of policy benefits and the in-depth advancement of digital-intelligence transformation, the industry is accelerating its transition from “scale expansion” to a new stage of “value creation.” By continuously unlocking domestic demand potential, optimizing supply structures, and deepening technological innovation and industrial collaboration, the healthcare service industry will become a significant engine driving high-quality economic development.

1.1 With in-depth development of medical institution alliances, sharing of regional testing resources creates new opportunities for integrated development

During the 14th Five-Year Plan period, China has taken the development of medical institution alliances as a key lever for the hierarchical diagnosis and treatment, actively promoting the expansion and decentralization of premium healthcare resources and their balanced regional distribution. According to data released by the National Health Commission, over 3,000 close-knit county-level medical communities have been established and operated nationwide, basically covering all counties and county-level cities, as well as one-third of urban districts, covering a total population of more than 900 million. Relevant national authorities consistently enhance the development of medical institution alliances by coordinating the establishment of, through close-knit county-level medical communities, five resource-sharing centers including medical testing, and vigorously promoting the innovative service model of “distributed testing and centralized diagnosis.” In terms of digital empowerment, more than 80% of counties (cities and districts) across the country have preliminarily established county-level shared centers for imaging, testing and other resources, laying a solid foundation for improving the quality of primary healthcare services.

For the third-party medical diagnostics industry, the development of medical institution alliances is transitioning from “framework building” to a new stage of “high-quality operation,” creating vast market opportunities for the industry. First, the full coverage of close-knit county-level medical communities has directly driven increased demand for diagnostic testing at the primary level, providing a large-scale and network-based service access points for third-party medical diagnostic institutions to participate in the development and operation of medical institution alliances. Second, the comprehensive implementation of policies on the mutual recognition of test

Management Discussion and Analysis

and inspection results has raised higher requirements for standardization and quality consistency in testing; third-party institutions with standardized service capabilities and quality control systems will assume more responsibilities at the regional level. Third, the improvement of information interconnection and resource-sharing mechanisms within medical institution alliances has created favorable conditions for the mutual recognition of diagnostic data and results, further facilitating the integration of third-party diagnostic services into the hierarchical diagnosis and treatment system. In summary, third-party medical diagnostic institutions capable of providing comprehensive solutions for medical institution alliances and integrating and managing the industry chain will play a key role in the high-quality development of hierarchical diagnosis and treatment through technological innovation, service model upgrades, and deep collaboration with medical institutions, and will continue to benefit from the release of policy benefits.

1.2 With full launch of the project of strengthening the foundation of medical and health care, the expansion of the primary-level market creates a new blue ocean for diagnostic services

The 2024 Central Economic Work Conference explicitly proposed the implementation of the project of strengthening the foundation of medical and health care. In 2025, the State Council approved the Implementation Plan for the Project of Strengthening the Foundation of Medical and Health Care 《醫療衛生強基工程實施方案》 in principle, marking a new phase of systematic quality improvement and efficiency enhancement in primary healthcare services. The plan stipulates that by 2027, the distribution of primary healthcare institutions will be more rational, with the nearest medical service point can be accessed by residents within 15 minutes; by 2030, the equalization of basic public health services and the homogenization of basic medical services will be significantly improved, with the proportion of services provided by healthcare institutions at or below the county-level continuing to rise. This top-level design signifies that China has elevated the strengthening of grassroots healthcare service capacity to a strategic level, promoting the precise decentralization of healthcare resources through measures such as strengthening the substantive development of close-knit medical institution alliances, upgrading medical facilities and equipment, strengthening the grassroots healthcare workforce, and enhancing digital-intelligent service levels.

According to data from the National Health Commission, between 2020 and 2024, the number of primary healthcare institutions increased from 970,000 to 1.04 million, while the number of outpatient visits rose from 4.1 billion to 5.3 billion. Public utilization of primary healthcare services has been steadily growing, and in recent years, the proportion of primary medical services in the national total outpatient visits has also shown an upward trend. During the 15th Five-Year Plan period, China will continue to strengthen the development of the primary healthcare service system and enhance medical service capabilities through the “Primary Healthcare Capacity-Building Initiative”, as well as improve end-to-end health service and management capabilities, which will unleash significant potential in primary healthcare market. The value scope of primary services will expand beyond disease diagnosis into health management. As the medical-home integration is implemented and demand for chronic disease screening and early diagnosis continues to grow, the industry will gain access to even broader market growth opportunities.

1.3 Intensive rollout of “AI + healthcare” policies unlocking a hundred-billion-yuan track for intelligent diagnostics

Artificial intelligence technology is profoundly reshaping the healthcare services model. In November 2025, five national authorities including the National Health Commission, jointly issued the Implementation Opinions on Promoting and Regulating the Development of “AI + healthcare” Applications 《關於促進和規範“人工智慧+醫療衛生”應用發展的實施意見》), which clarified 24 key applications across eight areas, including primary-level applications, clinical diagnosis and treatments, and patient services. It stipulates that by 2027, a number of high-quality datasets and trusted data spaces for the healthcare industry will be established, and a batch of vertical large models and AI agent applications for specialized clinical diseases and disciplines will be developed. By 2030, intelligent assisted applications for primary-level diagnosis and treatment will basically achieve full coverage, while AI technologies such as intelligent assisted diagnosis by medical imaging and intelligent assisted decision-making for clinical diagnosis and treatment will be widely adopted in secondary and higher-level hospitals. The Opinions emphasize “focusing on primary healthcare,” developing intelligent assisted diagnostic and treatment applications for primary-level medical practitioners, and providing intelligent services such as assisted diagnosis and treatment, prescription review, and follow-up management for common and prevalent diseases at the primary level.

In terms of specific applications, the Opinions also stipulate: strengthening intelligent applications within close-knit county-level medical communities, with a focus on primary-level healthcare, enhancing the role of resource-sharing centers such as those for medical testing and pathological diagnosis, and improving the intelligence level of convenient and beneficial public services including diagnosis and treatment, basic public health, and collaborative chronic disease management; developing AI-assisted diagnostic and treatment applications for primary-level medical practitioners. For common and prevalent diseases at the primary level, primary AI-assisted diagnostic and treatment applications should be developed to provide primary-level medical practitioners with intelligent applications such as assisted diagnosis and treatment, prescription review, and follow-up management, thereby enhancing their capabilities in primary-level general practice assisted diagnosis, disease differential diagnosis, medical imaging assisted diagnosis and other services.

For the third-party medical diagnostics industry, the comprehensive implementation of the “AI + healthcare” strategy has brought multi-layered industrial opportunities. First, continuous exploration and practice of artificial intelligence technologies in the field of medical testing by third-party medical diagnostics companies will promote the adoption and promotion of related technologies within medical institution alliances, effectively enhancing diagnostic efficiency and service quality. Second, the application of medical AI technologies across the entire clinical diagnosis and treatment workflow can improve medical practitioners’ diagnosis and treatment efficiency and accuracy from pre-diagnosis to diagnosis and post-diagnosis, providing data-driven decision support for precision treatment. Therefore, diagnostic service providers equipped with technological capabilities in “AI + big data” and the ability to deploy solutions in real-world clinical settings will gain a first-mover advantage in the process of achieving full coverage of intelligent support for primary-level diagnosis and treatment, leading the transformation of the industrial ecosystem toward an intelligent future.

Management Discussion and Analysis

2. BUSINESS REVIEW

The year 2025 marked a year of further consolidation for the Group's business. In the face of profound transformation and fierce competition within the industry, the Group adhered to its business philosophy of "in-depth services and lean operations", forging ahead under pressure and striving forward amidst challenges. By building a more flexible and resilient operational platform, we have consolidated our "one horizontal, one vertical (一橫一縱)" business foundation and established three key systems supporting our development, thereby withstanding external uncertainties with tenacity and diligence.

The Group continued to strengthen clinical-empowered value. Horizontally, we have extended a lean management system to advance multi-model collaboration among medical institution alliances; vertically, we have focused on specialty-specific innovation in hospital-enterprise collaboration to fast-track the translation and implementation of new technologies. Meanwhile, we have leveraged AI to enhance the comprehensive solutions, driving the digital transformation in healthcare scenarios. During the Reporting Period, the Group's efforts yielded initial results in various initiatives, laying a solid foundation for long-term development:

2.1 *Steady Improvement in Operational Quality with Strengthened Development Resilience*

In 2025, affected by multiple factors such as the centralized drug-procurement program, cost controls of medical insurance, and intensified competition in the industry, the Group's performance was under pressure in the short term. In the face of multiple changes arising from market conditions, the Group implemented a series of internal reforms and achieved hard-won progress. During the Reporting Period, the Group recorded an overall revenue of RMB601.4 million, representing a decrease of 15.5% as compared to the same period of the previous year. However, the decline in revenue further narrowed and showed signs of bottoming out, profitability showed significant improvement, and operating profit successfully turned around losses. The Group recorded a net profit of RMB3.9 million, representing a turnaround from the previous year's losses. During the Reporting Period, the Group further optimized its cost-efficiency management and workforce efficiency management, resulting in a year-on-year decrease in selling expenses and administrative expenses of 34.4% and 29.6%, respectively, demonstrating notable achievement in cost reduction and efficiency enhancement. In addition, the Group has effectively mitigated operational risks by optimizing mechanisms for managing non-performing customers, implementing targeted collection of challenging receivables, and overseeing major loss-making customers. At a time when the overall industry is under pressure, the Group's development resilience has been continuously strengthened, building momentum for future development.

2.2 Steadily Implementing “One Horizontal, One Vertical” Strategy with Continuous Optimization of Business Structure

Extending the lean management system horizontally and promoting diverse forms of collaboration with customers

During the Reporting Period, in line with the national policies promoting high-quality medical resources towards lower-level hospitals and the coordinating development of regional healthcare, the Group, as a pioneer specializing in medical operation service, capitalized on policy opportunities and steadily implemented the “one horizontal” strategy. Adhering to our service philosophy of “professionalism as the foundation, standardization as the core, digital intelligence as the means, and synergization as the goal”, we provided alliance clients with diverse solutions tailored to different clinical needs and continuously extending the lean management system for alliance development. As of the end of the Reporting Period, the Group further explored client needs and has provided nearly 450 medical institution alliance clients with multi-model collaboration services, including AI+ digital intelligence solutions for medical institution alliances, comprehensive collaborations with medical laboratories, solutions for regional/pathology centers and precision medicine center, and specialty-based solutions for alliance development. We have effectively assisted healthcare institutions at all levels in enhancing their service capabilities, expanding service coverage, and establishing a hierarchical and coordinated healthcare service system.

During the Reporting Period, the “Regional Medical Testing Center”, jointly established by the Group and Guangzhou Baiyunshan Hospital, was officially launched. The successful inauguration of the center marked a significant milestone in deepening strategic collaboration between both parties. It aims to establish a high-efficiency and centralized medical testing platform serving Guangzhou and surrounding areas, while also actively implementing national policies encouraging collaboration between public hospitals and social entities to optimize medical resources allocation.

During the Reporting Period, we maintained solid growth in the diagnostic testing services segment provided by the Group for medical institution alliances through horizontal deepening of multi-model collaboration, generating revenue of RMB353.3 million, representing a slight decrease of 6.4% as compared to the previous year. The joint construction business with medical institution alliances remained the largest business segment of the Group, which accounted for 58.7% of the total revenue, representing an increase of 5.7 percentage points as compared to the same period of the previous year, underscoring our distinct competitive advantage.

Management Discussion and Analysis

Vertical collaboration with precise focus to build a new ecosystem for joint innovation

With the advent of the precision medicine era, precise treatment hinges on precise diagnosis. Adopting new technologies and methods to provide accurate clinical information will become a development trend. As a healthcare service group always adhered to the “clinical demands” oriented concept, the Group, in recent years, has deepened its “joint innovation platform for diagnostic testing” model, establishing in-depth collaborations with a number of renowned universities such as Fudan University, The Hong Kong Polytechnic University, and Jinan University, as well as renowned domestic medical institutions including Guangdong Provincial People’s Hospital, Guangxi Hospital Division of The First Affiliated Hospital, Sun Yat-sen University, Xiangya Hospital of Central South University, and The First Affiliated Hospital of Jinan University. The Group has made systematic progress across multiple dimensions including R&D commercialization, product development, data application, and specialty ecosystem construction, continuously enhancing precision clinical diagnosis and treatment capabilities. The dual engines of R&D commercialization and product innovation have also played a significant role in the Group’s business expansion and strengthening product competitiveness. During the Reporting Period, the revenue from the Group’s specialized testing projects increased significantly year-on-year, with a higher proportion of the Group’s overall revenue.

In terms of R&D commercialization and product innovation, as of the Reporting Period, the Group has collaborated with dozens of top medical institutions across the country in joint innovation for diagnostic testing and has successfully developed dozens of innovative medical testing projects, including innovative infectious disease detection projects for different infection syndromes in various fields such as respiratory tract infections, central nervous system infections, urinary tract infections, reproductive tract infections, and tuberculosis, as well as genetic testing projects for personalized antidepressants and anti-anxiety medication, thereby providing new momentum for the Group’s long-term, high-quality development.

In terms of academic collaboration and enhancement of industry influence, during the Reporting Period, the Group jointly compiled the Expert Consensus on the Standardized Application of Targeted Next-Generation Sequencing in the Diagnosis and Treatment of Infectious Diseases (2025) 《靶向二代测序在感染性疾病診療中的規範化應用專家共識(2025)》 with Guangdong Provincial People’s Hospital and other authoritative institutions, which has been officially published in the Chinese Journal of Laboratory Medicine 《中華檢驗醫學雜誌》, a top-tier domestic journal. Its publication will advance the standardized and normalized application of targeted next-generation sequencing (tNGS) technology in infectious disease diagnosis and treatment, providing robust technical support for precise clinical diagnosis and therapy, marking a significant milestone achievement. Additionally, the Group’s research result on tNGS diagnosis of urinary tract infections, conducted in cooperation with The First Affiliated Hospital of Guangzhou Medical University, was published in a top international journal (with an impact factor of 14.3) of infectious diseases, underscoring the Group’s academic influence. Furthermore, the Group has partnered with multiple leading hospitals to pursue a series of academic research and project proposals in the fields of ocular infections, skin infections, and parasite prevention and control, actively promoting the commercialization of scientific research and the clinical application of innovative results, which made frequent appearances at national and provincial academic conferences in various disease areas to actively promote the clinical application and promotion of emerging testing technologies.

In terms of deepening specialty collaboration and fostering an innovative ecosystem, during the Reporting Period, the Group partnered with the First Affiliated Hospital of Sun Yat-sen University and Guangxi Hospital Division of The First Affiliated Hospital, Sun Yat-sen University to conduct research and development on innovative biomarkers and disease progression monitoring for allergic rhinitis. Going forward, through technological innovation cooperation with ASEAN countries, the Group aims to promote high-quality medical technologies, testing solutions and service models overseas, enabling specialty innovations to benefit patients across broader regions. The Group also partnered with the First Affiliated Hospital of Jinan University to develop an innovative medical testing project of psychiatric drug genetic testing, and promoted the standardized clinic application of this project, which not only contributes cutting-edge “precision power” to partners and patients, but also set a benchmark for hospital-enterprise synergy innovation in the journey of solving the problem of personalized medication and optimizing the psychiatric diagnosis and treatment model.

Looking ahead, the Group will continue to be guided by its “one horizontal, one vertical” strategy, persistently optimize the lean management system for the development of medical institution alliances, deepen multi-model collaboration and hospital-enterprise synergy, empower more medical institutions with professional services, so as to facilitate the efficient allocation of medical resources and enhance the quality of medical services for all population.

2.3 Steady Development of a Large-Scale Delivery Operation System and Continuous Deepening of Lean Efficiency Improvement

In 2025, the Group formally established an operational system anchored by three major delivery centers in Guangzhou, Chengdu, and Hefei, significantly expanding its regional service coverage. Through optimization and adjustment of certain laboratories and cross-regional delivery integration, our delivery efficiency was substantially improved. To further enhance overall operational efficiency and service quality, the Group established a lean operation office, continuously refining mechanism design and talent development, achieving notable cost reduction and efficiency enhancement. During the Reporting Period, the Group’s overall gross profit margin increased by 0.8 percentage points, while selling expenses decreased by 34.4% and administrative expenses decreased by 29.6%, as compared to the same period of the previous year.

In terms of quality development, as the only execution partner of Clinical & Laboratory Standards Institute (CLSI) in China, Yunkang has long been empowering medical institutions at all levels in establishing standardized laboratory quality systems. During the Reporting Period, the Group successfully completed the ISO 15189 medical laboratory accreditation consulting project for Guangxi Hospital Division of The First Affiliated Hospital, Sun Yat-sen University, marking a “breakthrough from zero” in the delivery of the new quality system. In terms of logistics innovation, Yunkang remains committed to advancing the intelligent upgrade of medical logistics through technological innovation. During the Reporting Period, the Group introduced two new intelligent benchmark routes in Chengdu and Kunming, further constructed and deployed intelligent benchmark routes across the country, and launched the first ultra-long drone route in the Greater Bay Area for transporting medical samples for testing, establishing an integrated “air-ground” intelligent logistics system. By leveraging the low-altitude economy to enhance logistics efficiency, we have accumulated valuable experience for digital and intelligent medical logistics services.

Management Discussion and Analysis

2.4 Digital and Intelligent Innovation Empowering Enterprise Development and Leading Industry Trends

In 2025, digital healthcare became the core growth engine of the industry, with policies encouraging the deep integration of “artificial intelligence + healthcare”, making digital capabilities a key competitive advantage for enterprises. During the Reporting Period, the Group recognised digital intelligence as a long-term driver, promoting the implementation of digital and intelligent innovation in all aspects.

During the Reporting Period, the Group upgraded our “XinYun (心雲)” system by integrating data from multiple systems including logistics and testing, to establish an end-to-end sample workflow, enabling intelligent efficiency improvements across sample transfer, report review, customer service, and data management. Additionally, the Group has deployed intelligent agent “Xiaoyun (小雲)” integrated with DeepSeek to provide clinicians with medical knowledge Q&A and intelligent report interpretation services, significantly enhancing medical practitioners’ satisfaction with sample enquiries and precisely aligning with the industry trend of “digital empowerment of clinical services”. In terms of testing efficiency improvements, AI diagnostics have achieved large-scale implementation, focusing on areas such as pathological DNA polyploidy analysis, cervical liquid-based cell AI, and chromosome analysis. The Group adopted an “AI primary screening + human review” model, which has increased diagnostic efficiency by over 100%, with accuracy steadily maintained at 98% or above. Furthermore, the turnaround time for pathology testing has been shortened by 6 to 8 hours, resulting in a 100% increase in per capita efficiency.

In terms of deeply empowering the entire clinical diagnosis and treatment process, during the Reporting Period, the Group unveiled its medical AI model “ZhiYun (智雲)” developed in collaboration with Runda Medical, signifying a new height for the Group’s unique digital-intelligence healthcare solutions powered by AI technology. This medical AI agent, built on general-purpose large-scale model technologies such as DeepSeek, PanGu, and Tongyi Qianwen, spans the entire clinical workflow, from pre-diagnosis to diagnosis and post-diagnosis. It will provide more efficient and convenient support and experience across all stages of clinical medical services and help medical practitioners in continuously optimizing their medical practice models. In the future, “ZhiYun”, the medical AI model, will be piloted in Yunkang’s healthcare partners and gradually rolled out nationwide, to improve quality and efficiency in the operation of medical institution alliances.

In terms of exploring data value, in recent years, the Group has gradually built the capabilities in data assetization and established a data asset security management system through measures such as data standardization, data resource accumulation, and data security and compliance management. During the Reporting Period, the Group has collaborated with Guangzhou Data Exchange and Zhejiang Big Data Trading Center to launch the “Yunkang Intelligent Medical Testing Data Product”, becoming one of the pioneers in the industry to explore medical data trading, securing a first-mover advantage in the “marketization of data” and marking a crucial step towards the gradual realization of the value of medical digital assets.

2.5 Constructing Sustainable Development Barriers to Anchor Long-term Value

The Group has consistently upheld the mission of “empowering healthcare with technology and promoting universal health coverage”. It has been dedicated to addressing the public health needs and providing professional, precise, efficient, and convenient medical and health services to its customers. The Group achieved consecutive annual improvements in its ESG score within the Corporate Sustainability Assessment (CSA) by S&P Global, a leading international rating agency. Its performance across governance, social, and environmental significantly exceeded the industry averages, and was included in the S&P Global’s Sustainability Yearbook for two consecutive years. Its sustainability performance has gained international recognition. As a leading healthcare service group in China, the Group has always embedded the concept of sustainable development into its strategy and operations since inception, building robust barriers to sustainable development and anchoring long-term value:

Further promote the development of medical institution alliances and facilitate the allocation of medical resources to lower-tier areas

The Group has actively responded to the national hierarchical diagnosis and treatment policy and established a well-developed and comprehensive solution for the construction of medical institution alliances. As of the date of this report, we have extended our support to nearly 450 leading hospitals that are jointly constructed by medical institution alliances, as well as to over 1,500 medical institutions in collaboration with medical institution alliances, thereby facilitating the allocation of high-quality medical resources to lower-tier areas. As the sole exclusive implementation partner of CLSI’s healthcare business in China, it has long collaborated with CLSI to promote quality and competency standards for medical laboratories at the primary level in China, enhance the quality of primary healthcare services and facilitate the adoption of international standards. In terms of technological innovation and R&D commercialization, the Group has continuously enhanced its professional influence on specialty fields such as infectious diseases, psychiatry and allergies through the “joint innovation platform for diagnostic testing” and the “government-industry-academia-research-medical-application collaborative model”. Its extensive collaborative network now spans over ten provinces and municipalities, including Guangdong, Guangxi, and Yunnan, allowing the dissemination of high-quality technologies and services to a broader spectrum of primary healthcare scenarios.

Fortify the defense line for cancer screening and the prevention and control of chronic diseases

As a key participant in the national cervical and breast cancer screening (兩癌篩查) programme, the Group has provided health screening services to hundreds of thousands of women for years through public welfare initiatives, professional screenings and health consultations. In the field of diabetes prevention and control, we have collaborated with the International Diabetes Federation (IDF) to advance the implementation of international professional standards since 2015. Together with Sun Yat-sen University and its affiliated hospital, we have established a diabetes community internet health management platform based on retina monitoring, conducting complimentary screening and health education at over a hundred community healthcare institutions nationwide and has built a community-based “diabetes network (糖網)” fundus imaging library, forming a demonstration model for international standards transformation and community-based internet health management.

Management Discussion and Analysis

Promoting Digital Intelligence Empowerment and Data Application

In addition to achieving full-scale intelligence in the medical testing and promoting the application of large medical models in the development of medical institution alliances, the Group has also taken the lead in undertaking the “2018 Innovation and Development of Internet Plus, artificial intelligence and digital economy pilot major projects” (“2018年互聯網+人工智能創新發展和數字經濟試點重大工程”), a key investment project under the National Development and Reform Commission. Collaborating with nearly 10 universities and medical institutions, the Group has initially built a widely covered “Hierarchical and Collaborative Diagnosis and Treatment Service Platform for Health and Medical Big Data” (“健康醫療大數據分級協同診療服務平台”). In 2025, the Group once again successfully applied for and secured the “2025 Special Project of Central Budget Investment in the Digital Economy” (“2025年數字經濟中央預算內投資專項工程”) jointly launched by the National Development and Reform Commission and the National Data Bureau, which further aligned with the national strategy of data empowerment and promoted business innovation to resonate with industry trends.

Supporting the Development of Public Health Service Network

During major public health emergencies, the Group was among the first to be at the forefront of epidemic prevention and control efforts and was recognized by the relevant authorities as a core national participant. It has assisted numerous regions nationwide in rapidly enhancing testing capacity and efficiency, providing a robust technical barrier to contain the spread of epidemics and supporting the development of the public health service network.

The Group firmly believes that by deeply integrating technological innovation with societal needs, we not only create inclusive value for society but also build robust barriers for the Group’s long-term development, thereby anchoring enduring value that transcends commercial interests.

FINANCIAL REVIEW

Overview

The financial summary set out below is extracted or calculated from the consolidated financial statements of the Group for the Reporting Period which were prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), including compliance with HKFRS Accounting Standards.

Revenue

Revenue of the Group amounted to RMB601.4 million for the Reporting Period, representing a decrease of 15.5% compared to RMB711.9 million for the year ended December 31, 2024. The decrease in both the overall revenue and the revenue from each business segment was mainly due to changes in the overall economic environment, a market-driven reduction in the prices of routine testing services, slower-than-expected growth in demand for routine testing services, and the Group’s proactive efforts to optimize its client structure to achieve higher-quality development, resulting in a year-on-year decrease in overall revenue of diagnostic testing services.

The Group's revenue for the years indicated was generated from three segments as demonstrated below:

	For the year ended December 31,		
	2025 RMB'000	2024 RMB'000	Change
<i>Recognized at a point in time:</i>			
– Diagnostic testing services for medical institution alliances	353,315	377,315	(6.4)%
– Diagnostic outsourcing services	216,921	301,809	(28.1)%
– Diagnostic testing services for non-medical institutions	31,152	32,760	(4.9)%
	601,388	711,884	(15.5)%

Diagnostic Testing Services for Medical Institution Alliances

The Group has been committed to developing the innovative service model for joint development of medical institution alliances featuring “professionalism as the foundation, standardization as the core, digital intelligence as the means, synergization as the goal”. Benefiting from the nationwide policy support for the development of medical institution alliances, as well as the Group's extensive experience accumulated through long-term commitment to medical institution alliances business, the Group has consistently maintained sound growth trajectory in the diagnostic testing service business for medical institution alliances. During the Reporting Period, the diagnostic testing services for medical institution alliances have continued to be the Group's largest business segment, accounting for 58.7% of the total revenue, representing a year-on-year increase of 5.7 percentage points, indicating significant competitive advantages.

Diagnostic Outsourcing Services

During the Reporting Period, diagnostic outsourcing services recorded revenue of RMB216.9 million, representing a decrease of 28.1% as compared to the same period of 2024. The growth in demand for routine testing services was slower than anticipated due to multiple factors including the centralized drug-procurement program, cost controls of medical insurance, and fierce market competition, resulting in pressure on short-term results. In addition, the Group took the initiative to optimize the customer portfolio, resulting in a decrease in revenue from diagnostic outsourcing service business.

Diagnostic Testing Services for Non-Medical Institutions

Diagnostic testing services for non-medical institutions are mainly provided through our outpatient clinics, serving individual customers. During the Reporting Period, revenue generated from diagnostic testing services for non-medical institutions decreased by 4.9% from RMB32.8 million for the year ended December 31, 2024 to RMB31.2 million for the year ended December 31, 2025, which was mainly affected by external market environment and intensified competition in the industry.

Management Discussion and Analysis

Cost of Revenue

The Group's cost of revenue consists of (i) cost of reagent and pharmaceuticals consumed; (ii) staff costs; (iii) depreciation expenses, which primarily include depreciation of property and equipment and right-of-use assets; (iv) subcontracting charges, which primarily include outsourcing service fees paid; and (v) other costs, which are directly attributable to the generation of revenue.

The Group's cost of revenue decreased by 16.4% from RMB500.8 million for the year ended December 31, 2024 to RMB418.6 million for the year ended December 31, 2025, primarily attributable to a decline in overall revenue, which in turn led to a corresponding decrease in cost of revenue.

Gross Profit and Gross Profit Margin

As a result of the aforementioned factors, the Group's gross profit decreased by 13.4% from RMB211.1 million for the year ended December 31, 2024 to RMB182.8 million for the year ended December 31, 2025. The Group's overall gross profit margin increased from 29.6% for the year ended December 31, 2024 to 30.4% for the year ended December 31, 2025. During the Reporting Period, the Group continued to optimize operating costs and further improved the efficiency of resource utilization, thereby achieving cost reduction and efficiency improvement, which resulted in a slight increase in the gross profit margin as compared with the same period last year.

Selling Expenses

The Group's selling expenses decreased by 34.4% from RMB180.2 million for the year ended December 31, 2024 to RMB118.2 million for the year ended December 31, 2025, primarily due to the Group's ongoing efforts to enhance its operational and management capabilities, as well as its implementation of measures such as strengthened cost control and precise expenditure allocation during the Reporting Period, leading to a significant overall reduction in selling expenses.

Administrative Expenses

The Group's administrative expenses decreased by 29.6% from RMB264.8 million for the year ended December 31, 2024 to RMB186.5 million for the year ended December 31, 2025, primarily due to the following reasons (i) a decrease of RMB21.5 million in the expenses in connection with restricted share awards accrued by the Group under the 2022 RSU Scheme; and (ii) the Group's continuous optimization of management processes and strict implementation of cost control measures to enhance efficiency, resulting in a further reduction in administrative expenses.

The Group's R&D expenses slightly decreased from RMB53.0 million for year ended December 31, 2024 to RMB51.9 million for year ended December 31, 2025, and the percentage of R&D expenses to total revenue increased from 7.4% for the year ended December 31, 2024 to 8.6% for the year ended December 31, 2025, primarily due to the Group's unwavering commitment to the development direction of pursuing growth through innovation, with continued investment in business innovation as well as digital and intelligent innovation during the Reporting Period.

Impairment Losses on Financial Assets

For the year ended December 31, 2025, the Group's reversal of impairment losses on financial assets was RMB214.3 million, as compared to the impairment losses on financial assets of RMB536.2 million for the year ended December 31, 2024. During the Reporting Period, the Group has continuously strengthened the management on accounts receivable to shorten the collection cycle. Leveraging a series of government policies launched in 2025 to support the resolution of accounts receivable, the Group implemented a series of measures to recover long-aged trade receivables, achieving notable progress. As of 31 December 2025, the Group's trade receivables aged 2 years or more decreased by approximately 40.4%. During the Reporting Period, the Group recovered trade receivables aged 2 years and more of approximately RMB539.2 million in total, resulting in a reversal of impairment losses on financial assets of RMB214.3 million for the period, including the reversal of provisions of expected credit losses on receivables from customers of public healthcare institutions and disease control centers of RMB49.3 million and RMB147.3 million, respectively.

The Group assigned debtors of trade receivables to different groups based on their characteristics of risk and then calculated the expected credit losses of these debtors using a "simplified approach" permitted by HKFRS Accounting Standards by fully and prudently considering the impact of the aging of their accounts receivable, historical modes of payment and forward-looking factors. In the future, the Group will continue to adopt various measures to enhance the management of trade receivables: for customers with good credit and new customers, the Group will continue to tighten credit control and enhance efforts in collection to reasonably control the level of accounts receivable; for accounts receivable that have not been collected for a long time, the Group will continue to step up collection efforts and adopt multiple measures to facilitate recovery.

Other Income

The Group's other income increased by 65.2% from RMB1.3 million for the year ended December 31, 2024 to RMB2.1 million for the year ended December 31, 2025. The increase was mainly due to the increase in rental income from investment properties.

Other (Losses) Gains – Net

During the Reporting Period, our other losses, net were approximately RMB55.4 million, as compared to the other gains, net of RMB25.0 million for the year ended December 31, 2024. This was mainly attributable to (i) a loss of RMB50.0 million arising from the redemption of some financial assets; (ii) loss arising from the sale or obsolescence of idle equipment; and (iii) increase in charitable donation expenses.

Finance Costs, Net

The Group's net finance costs decreased from RMB39.1 million for the year ended December 31, 2024 to RMB26.0 million for the year ended December 31, 2025, primarily due to the Group's optimization of its debt structure in 2025, which led to a decrease in interest expenses on interest-bearing borrowings.

Management Discussion and Analysis

Profit (Loss) Before Income Tax

As a result of the aforementioned factors, during the Reporting Period, the Group recorded a profit before income tax of RMB7.0 million, as compared to a loss before income tax of RMB791.2 million for the year ended December 31, 2024, marking a turnaround from loss to profit.

Income Tax Expenses

The Group recorded income tax expenses of RMB2.0 million for the year ended December 31, 2024 as compared to income tax expenses of RMB3.1 million for the year ended December 31, 2025, primarily due to the income tax assets of certain intra-group companies becoming unrecoverable resulting from the expiry of deductible losses, leading to the recognition as expenses for the period.

Property and Equipment

The Group's property and equipment consist of property and buildings, medical equipment, vehicles, furniture and office equipment, leasehold improvements, construction in progress and right-of-use assets.

The Group's property and equipment decreased from RMB314.3 million as at December 31, 2024 to RMB258.3 million as at December 31, 2025, mainly due to (i) the change of use of certain fixed assets to investment properties; (ii) the impairment on property and equipment; and (iii) the depreciation and amortization of property and equipment.

Financial Assets Measured at Fair Value

The Group's financial assets measured at fair value comprise financial assets designated at FVTPL and financial assets designated at FVOCI.

As at December 31, 2025, the balance of financial assets at FVTPL was RMB252.1 million, representing a decrease of RMB223.3 million from RMB475.4 million as at December 31, 2024 due to sales of certain investments.

As at December 31, 2025, the balance of financial assets at FVOCI was RMB50.4 million, representing a decrease of RMB8.7 million from RMB59.1 million as at December 31, 2024, due to the decrease in the appraised value of the Group's unlisted investee companies during the Reporting Period.

Inventories

The Group's inventories primarily consist of reagents and pharmaceuticals.

The Group's inventories decreased from RMB16.1 million as at December 31, 2024 to RMB13.9 million as at December 31, 2025, as the Group's procurement scale decreased following the reduction of business scale and the Group continued to strengthen its inventory management.

Trade and Bill Receivables

Our trade receivables mainly represent the outstanding amounts due from healthcare institution customers in relation to the diagnostic outsourcing services and diagnostic testing services for medical institution alliances. The following table sets forth our trade receivables as of the dates indicated:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Trade receivables		
– Third parties	939,432	1,490,350
– Related parties	414	403
	939,846	1,490,753
Less: allowance for impairment of trade receivables	(593,345)	(866,283)
	346,501	624,470
Bill receivables	2,023	3,986
	348,524	628,456

The Group's trade and bill receivables decreased from RMB628.5 million as at December 31, 2024 to RMB348.5 million as at December 31, 2025, primarily due to (i) the collection of a portion of trade receivables arising from COVID-19-related revenue; (ii) the reversal of allowance for impairment of trade receivables. The credit term granted by the Group to customers is generally within 180 days. In accordance with industry practice, the settlement periods applicable to certain customers, such as public hospitals and the Chinese Center for Disease Control and Prevention, involve lengthy internal administrative procedures. The Group maintains stringent control over these outstanding receivables and operates a credit control department to minimize credit risks. Senior management of the Company conducts regular reviews of overdue balances.

Prepayments and Other Receivables

The Group's prepayments and other receivables were RMB132.1 million as of December 31, 2025, representing an increase of RMB17.2 million as compared to RMB114.9 million as of December 31, 2024, primarily due to the increase in prepayments for investments.

Trade and Other Payables

The Group's trade and other payables decreased from RMB970.2 million as at December 31, 2024 to RMB839.7 million as at December 31, 2025, primarily due to (i) reversal of provision of disputes resulting from professional services falling short of expectations; and (ii) payment of certain expenses and amounts due.

Capital Management

The Group's objectives in respect of managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders while maintaining an optimal capital structure to reduce the cost of capital.

Management Discussion and Analysis

Liquidity and Financial Resources

The Group's cash and cash equivalents increased from RMB1,321.4 million as at December 31, 2024 to RMB1,522.2 million as at December 31, 2025, primarily due to the Group's collection of a portion of trade receivables arising from COVID-19-related revenue. For details of the Group's trade receivables, please refer to the section headed "Trade and Bill Receivables".

Net Current Assets

The following table sets forth a summary of our net current assets as at the dates indicated:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Current assets		
Inventories	13,930	16,075
Trade and bill receivables	348,524	628,456
Prepayments and other receivables	86,221	24,279
Financial assets at FVTPL	181,860	412,989
Restricted cash	64,211	256,297
Cash and cash equivalents	1,522,169	1,321,355
Total current assets	2,216,915	2,659,451
	As at December 31,	
	2025 RMB'000	2024 RMB'000
Current liabilities		
Borrowings	511,336	902,575
Trade and other payables	839,676	970,158
Current income tax liabilities	34,762	34,747
Lease liabilities	7,015	8,955
Total current liabilities	1,392,789	1,916,435
Net current assets	824,126	743,016

The Group's net current assets increased from RMB743.0 million as of December 31, 2024 to RMB824.1 million as of December 31, 2025, mainly due to the decrease in the borrowings included in current liabilities, and the decrease in trade and other payables.

Key Financial Ratios

The following table sets forth the Group's key financial ratios for the periods or as at the dates indicated.

	As of December 31,	
	2025	2024
Gross profit margin ⁽¹⁾	30.4%	29.6%
	As at December 31, 2025	As at December 31, 2024
Current ratio ⁽²⁾	1.59	1.39
Quick ratio ⁽³⁾	1.58	1.38
Debt to asset ratio ⁽⁴⁾	0.57	0.64

Notes:

- (1) Gross profit margin is calculated based on gross profit divided by revenue and multiplied by 100%.
- (2) Current ratio is calculated based on total current assets divided by total current liabilities.
- (3) Quick ratio is calculated based on total current assets less inventories divided by total current liabilities.
- (4) Debt to asset ratio is calculated as total liabilities divided by total assets.

Capital Commitments

The Group's capital commitment in 2025 was mainly related to the construction project of the land acquired by the Group in Guangzhou in 2019. The Group's capital commitment amounted to RMB34.5 million as of December 31, 2025, as compared to RMB74.2 million as of December 31, 2024. The decrease in the capital commitment was mainly due to the progress of the said construction project following its commencement in 2025.

Contingent Liabilities

As at December 31, 2025, the Group did not have contingent liabilities.

Financing and Treasury Policies

The Group adopts centralized financing and treasury policies in order to ensure the Group's funding is utilized efficiently. The Group's liquidity position remains healthy, and the Group possesses sufficient cash and available banking facilities to meet its commitments and working capital requirements.

Management Discussion and Analysis

The Group's primary objectives for managing its capital are to safeguard the Group's ability to provide returns to the Shareholders and benefits for other stakeholders, by pricing products commensurately with the level of risk and by securing access to finance at a reasonable cost. The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder's returns that might be possible with higher level of borrowings and the advantage and security based on a sound capital position, and adjusts the capital structure in light of changes in economic conditions.

Foreign Exchange Risk

The Group mainly operates in China. The relevant foreign exchange risk arises from bank deposits and financial assets at FVTPL that are denominated in Hong Kong dollars or U.S. dollars, and borrowings that are denominated in Swiss francs. The Group has adopted forward foreign exchange currency swap arrangement for borrowings that are denominated in Swiss francs to mitigate exchange risk, other than which the Group does not have any other material direct exposure to foreign exchange fluctuations. The management will continue to monitor foreign exchange risk, take prudent measures and develop hedging strategy as appropriate to reduce foreign exchange risks.

Cash Flow and Fair Value Interest Rate Risk

The Group's interest rate risk arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group currently has not used any interest rate swap arrangements but will consider hedging interest rate risk should the need arise.

Other than interest-bearing short-term deposits, the Group has no other significant interest-bearing assets. The Board does not anticipate that there is any significant impact to interest-bearing assets resulted from the changes in interest rates because the interest rates of short-term deposits are not expected to change significantly.

Credit Risk

The Group is exposed to credit risk in relation to its trade and other receivables, amounts due from related parties and cash deposits at banks. The carrying amount of each class of the above financial assets represents the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

Liquidity Risk

To manage the liquidity risk, the Group's policy is to regularly monitor its liquidity requirements and compliance with lending covenants, to ensure that it maintains sufficient reserve of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long term.

Borrowings and Gearing Ratio

As at December 31, 2025, the Group had borrowings of RMB683.6 million (December 31, 2024: RMB1,053.9 million), of which RMB356.1 million were at fixed interest rates (December 31, 2024: RMB697.5 million). As at December 31, 2025, borrowings equivalent to approximately RMB59.5 million were originally denominated in Swiss francs.

The debt maturity profile for the Group's total borrowings is determined based on the scheduled repayment dates set out in each loan agreement and is presented below:

	2025 RMB'000	2024 RMB'000
Repayment period is:		
Less than 1 year	511,336	902,575
1 to 2 years	139,308	80,352
2 to 3 years	1,000	37,987
More than 3 years	32,000	33,000
	683,644	1,053,914

The finance department of the Group regularly and closely examined the overall condition of cash and liabilities, and flexibly arranged financing plans based on finance costs and maturity profile.

The gearing ratio of the Group (calculated as total interest-bearing borrowings and lease liabilities divided by total equity plus other financial liabilities as at the same date) is set out in the table below:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Interest-bearing borrowings	683,644	1,053,914
Lease liabilities	8,664	19,030
Total interest-bearing borrowings and lease liabilities	692,308	1,072,944
Total equity	1,162,360	1,149,877
Total equity plus other financial liabilities	1,162,360	1,149,877
Gearing Ratio	59.6%	93.3%

The gearing ratio of the Group (calculated as total interest-bearing borrowings and lease liabilities divided by total equity plus other financial liabilities as at the same date) decreased from 93.3% as of December 31, 2024 to 59.6% as of December 31, 2025, mainly due to the Group's repayment of certain short-term borrowings, resulting in a decrease in total borrowings.

Management Discussion and Analysis

Pledge of Assets

As at December 31, 2025, borrowings of approximately RMB213.7 million (December 31, 2024: RMB515.1 million) were secured by the Group's certain property and equipment, pledged by certain time deposits, certain trade receivables, lands and its share equity interest in a subsidiary.

Significant Investments, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures during the Reporting Period

As of December 31, 2025, the Group held one investment valued at 5% or more of the Group's total assets, details of which are set out below:

Investment name	Investment cost	Fair value as of December 31, 2025	Unrealised gains during the Reporting Period	Compared to the Group's total assets as of December 31, 2025
Windward Ascent SPC ⁽ⁱ⁾	US\$24,000,000	US\$25,874,000	US\$1,874,000	6.8%

- (i) The Company subscribed for an independent asset portfolio established by Windward Ascent SPC. Windward Ascent SPC is an exempted company with limited liability registered as an independent investment portfolio company under the laws of the Cayman Islands and is principally engaged in the investment and management of money market instruments.

The Group's investment strategy for material investments is to identify investment opportunities with growth potential and risk-adjusted returns for the Shareholders. The Group will pay close attention to the impact of market changes and adjust the investment portfolio when necessary. The Group holds these investments for the purpose of generating stable returns.

Save as disclosed above, the Group did not make any significant investments, material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period.

Events after the Reporting Period

No important events affecting the Group have occurred since December 31, 2025 and up to the date of this report.

Future Plans for Material Investments and Capital Assets

The Group does not have any concrete committed plans for material investments and capital assets as at the date of this report.

Employees and Remuneration

As at December 31, 2025, the Group had 1,064 employees (as at December 31, 2024: 1,249). The total remuneration cost (including Directors' remuneration) incurred by the Group as of December 31, 2025 was RMB227.5 million (as of December 31, 2024: RMB299.8 million). The total remuneration of employees as of December 31, 2025 includes approximately RMB2.1 million of expenses related to restricted share awards (as of December 31, 2024: RMB23.6 million). The remuneration package of the Group's employees includes salary and bonus, which are generally determined by their qualifications, industry experience, position and performance. The Group makes contributions to social insurance and housing provident funds as required by the PRC laws and regulations. Apart from offering a competitive remuneration and benefits package, the Group provides corporate and vocational training to its employees according to the training and development policy of the Group.

The Company has also adopted a restricted share unit scheme as at November 23, 2022 to attract, retain and incentivize the key personnel and partners of the Company, and to promote the value of the Company by offering these individuals an opportunity to acquire the shares of the Company and a proprietary interest in the success of the Company, thereby linking their interests with the Company's performance. For details, please refer to the Company's announcements dated November 23, 2022 and July 28, 2023.

Board of Directors and Senior Management

EXECUTIVE DIRECTOR

Mr. Zhang Yong (張勇), aged 55, joined our Group on May 28, 2008. He is the Chairman, executive Director and chief executive officer of our Company. He was appointed as our Director on July 20, 2018 and was re-designated as our executive Director and appointed as our chief executive officer on February 7, 2021. He is mainly responsible for overall management, strategic planning and decision-making of the Group.

From January 1997 to June 2002, Mr. Zhang Yong worked at the predecessor of Guosen Securities Co., Ltd. (國信證券股份有限公司), the shares of which are listed on the Shenzhen Stock Exchange (stock code: 002736). From January 2003 to August 2004, he served as director and general manager at Shenzhen Tongsheng Venture Capital Management Co., Ltd. (深圳市同盛創業投資管理有限公司). From December 12, 2004 to September 9, 2010, he served as director and general manager at Shenzhen Huize Venture Capital Management Co., Ltd. (深圳市匯澤創業投資管理有限公司). He was awarded “China Business Management Awards 2020” by China Enterprise United (Beijing) Human Resource Management Center (中企聯合(北京)人力資源管理中心) in November 2020.

Mr. Zhang Yong obtained a bachelor’s degree in accounting from Central University of Finance and Economics (中央財經大學) in the PRC in June 1993. He obtained an executive master of business administration degree from Peking University (北京大學) in the PRC in July 2006.

NON-EXECUTIVE DIRECTORS

Mr. Zhang Weijie (張為結), aged 55, was appointed as our non-executive Director on August 1, 2025, primarily responsible for overseeing the management and strategic development of the Group. Mr. Zhang Weijie has rich experience in business management.

He is also currently a director of Yunkang Industry, a principal subsidiary of the Company. Since April 2016, Mr. Zhang Weijie has been serving as the chairperson of the board of Daan Financial Holding Group Co., Ltd. (達安金控控股集團有限公司). Since December 2021, Mr. Zhang Weijie has been serving as an executive director of Daan International Holding Limited (達安國際集團有限公司). Since January 2015, Mr. Zhang Weijie has been serving as a deputy general manager of Daan Gene, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 002030), primarily responsible for financial management, among other duties. In May 2025, he was appointed as a director of Daan Gene.

In July 1992, Mr. Zhang Weijie obtained his bachelor’s degree in economics from Anhui University of Finance and Economics (安徽財經大學). In July 2018, he obtained an executive master of business administration degree from Peking University (北京大學).

Board of Directors and Senior Management

Dr. Wang Pinghui (王憑慧), aged 66, was appointed as our non-executive Director on August 30, 2023. Dr. Wang Pinghui is primarily responsible for overseeing the management and strategic development of the Group.

Dr. Wang Pinghui is currently a foreign academician of the Russian Academy of Engineering, an academician of the International Academy of Astronautics, a National Leading Talent (國家級領軍人才) and the executive chairman of UNIDO's Expert Committee of Global Alliance for Science, Technology and Innovation (聯合國工業發展組織全球科技創新聯盟專家委員會).

Dr. Wang Pinghui has rich experience in technological research and product development in the field of aerospace, with the major research direction being the unmanned system technology, electronic technology, information perception and processing technology. From July 1983 to August 2005, Dr. Wang Pinghui served as a senior engineer of Beijing Institute of Aerospace Systems Engineering (北京航天系统工程研究所). From August 2005 to May 2017, Dr. Wang Pinghui served as a researcher of China Academy of Aerospace Electronics Technology (中國航天電子技術研究院) of China Aerospace Science and Technology Corporation (中國航天科技集團有限公司). Since May 2017, Dr. Wang Pinghui has been serving as a professor, doctoral supervisor and director of Aerospace Technology Innovation Center (航空航天技術創新中心) at Southern University of Science and Technology (南方科技大學).

Dr. Wang Ruihua (王瑞華), aged 64, was appointed as our non-executive Director on July 11, 2022. Dr. Wang Ruihua is primarily responsible for overseeing the management and strategic development of the Group.

Dr. Wang Ruihua served as a director of MBA Education Center of Central University of Finance and Economics (中央財經大學MBA教育中心) from July 2006 to September 2019, and served as the president of Business School of Central University of Finance and Economics (中央財經大學商學院) from December 2012 to September 2019. Since September 2020, Dr. Wang Ruihua has been serving as the president and a professor of the Central University of Finance and Economics, Greater Bay Area Research Institute (中央財經大學粵港澳大灣區(黃埔)研究院).

Dr. Wang Ruihua has over 10 years of experience as director of listed companies. From March 2011 to June 2017 and from September 2019 to January 2025, Dr. Wang Ruihua served as an independent director of Anhui Gujing Distillery Company Limited (安徽古井貢酒股份有限公司), the shares of which are listed on the Shenzhen Stock Exchange (stock code: 000596). From March 2020 to September 2022, he served as an independent director of BCEG Environmental Remediation Co., Ltd. (北京建工環境修復股份有限公司), the shares of which are listed on the Shenzhen Stock Exchange (stock code: 300958). Since December 2019, Dr. Wang Ruihua has been serving as an independent director of Bank of Beijing Co., Ltd. (北京銀行股份有限公司), the shares of which are listed on the Shanghai Stock Exchange (stock code: 601169). Since May 2024, Dr. Wang Ruihua has been serving as an independent director of China Meheco Group Co., Ltd. (中國醫藥健康產業股份有限公司), the shares of which are listed on the Shanghai Stock Exchange (stock code: 600056).

Dr. Wang Ruihua obtained his PRC certified public accountant certificate from the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) in September 1996.

In July 1983 and July 1987, Dr. Wang Ruihua obtained his bachelor's and master's degrees in economics from Central Institute of Finance and Banking (中央財政金融學院) (currently known as Central University of Finance and Economics (中央財經大學)), respectively. In July 2003, Dr. Wang Ruihua obtained his doctoral degree of management from Central University of Finance and Economics.

Board of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yu Shiyou (喻世友), aged 70, was appointed as our independent non-executive Director on April 1, 2022. He is primarily responsible for supervising and providing independent judgement to the Board.

Mr. Yu Shiyou started to work at Lingnan (University) College of Sun Yat-sen University (中山大學嶺南(大學)學院) since June 1995 and was promoted as vice principal of Sun Yat-sen University (中山大學) in January 2009. He served as the principal of Nanfang College of Sun Yat-sen University (中山大學南方學院) from February 2013 to January 2024. From February 2018 to February 2024, Mr. Yu Shiyou served as the independent non-executive director of CSSC Offshore & Marine Engineering (Group) Company Limited (中船海洋與防務裝備股份有限公司), the shares of which are listed on the Shanghai Stock Exchange (stock code: 600685) and the Stock Exchange (stock code: 00317).

Mr. Yu Shiyou obtained his bachelor's degree in philosophy and his master's degree in economics from Huazhong University of Science and Technology (華中理工大學) (previously known as Huazhong College of Science and Technology (華中工學院)) in the PRC in January 1982 and July 1987, respectively.

Mr. Xie Shaohua (謝少華), aged 55, was appointed as our independent non-executive Director on April 1, 2022. He is primarily responsible for supervising and providing independent judgement to the Board.

From August 2007 to June 2018, Mr. Xie Shaohua served as the vice general manager and chief financial officer at Sinotrans Shipping Limited (中外運航運有限公司). He has been serving as the chief finance officer at CM Energy Tech Co., Ltd. (華商能源科技股份有限公司), the shares of which are listed on the Stock Exchange (stock code: 00206), since July 2018.

Mr. Xie Shaohua is a member of The Association of Chartered Certified Accountants.

Mr. Xie Shaohua obtained a bachelor's degree in economics from Central Institute of Finance and Banking (中央財政金融學院) (currently known as Central University of Finance and Economics (中央財經大學)) in the PRC in June 1993 and a master's degree in economics from University of International Business and Economics (對外經濟貿易大學) in the PRC in November 2003. In December 2005, he obtained a master of business administration degree from The Chinese University of Hong Kong.

Board of Directors and Senior Management

Dr. Dong Min (董敏), aged 57, was appointed as our independent non-executive Director on April 10, 2025. She is primarily responsible for supervising and providing independent judgement to the Board.

Dr. Dong Min is the founder and the current chief executive officer of Bo'an Shining Biotechnology (Shanghai) Co., Ltd. (博安世寧生物技術(上海)有限公司).

Dr. Dong Min has rich experience in technological research and product development in the field of biomedicine. From August 2006 to February 2011, she worked at Novartis International AG as a senior scientist in its preclinical drug safety department. From March 2011 to October 2015, she held the position of director of global clinical development in the oncology translational medicine department of Novartis (China Shanghai) Biomedical Research Co., Ltd. (諾華(中國上海)生物醫學研究有限公司). From November 2015 to December 2016, she served as the chief scientist of the Group. From February 2017 to July 2018, she served as the senior vice president responsible for clinical development and regulatory affairs at EOC Pharma Co., Ltd. (億騰景昂藥業股份有限公司). From July 2018 to July 2021, she was the executive vice president responsible for global clinical development and regulatory affairs and the deputy general manager for Greater China at Clover Biopharmaceuticals Co., Ltd. (三葉草生物製藥有限公司). Between August 2021 and January 2023, she founded and served as the chief executive officer of SQZ Biotech (Shanghai) Co., Ltd. (斯摩夫生物科技(上海)有限公司).

In July 1991, Dr. Dong Min obtained her bachelor's degree from Beijing Medical University (北京醫科大學) (currently known as Peking University Health Science Center (北京大學醫學部)). In July 1999, Dr. Dong Min obtained her master's degree from Tsinghua University (清華大學). In September 2004, she obtained her Ph.D. degree from Massachusetts Institute of Technology (麻省理工學院) in the United States.

SENIOR MANAGEMENT

Mr. Zhang Yong (張勇) is the Chairman, executive Director and chief executive officer of our Company. Please see the section headed "– Executive Director" for details of his biography.

Mr. Wang Xubo (王旭波), aged 51, was appointed as the executive vice president of our Company on February 7, 2021 and as the executive president of our Company on October 10, 2024. He joined the Group in October 2008 and is primarily responsible for assisting the chief executive officer for the overall management, strategic planning and decision-making of the Group.

Prior to joining our Group, Mr. Wang Xubo worked at Zhongtianqin Accounting Firm (中天勤會計師事務所) from October 1997 to August 2000. From September 2000 to July 2003, he worked at Dapeng Securities Company (大鵬證券有限責任公司). From August 2003 to October 2004, he served as deputy general manager at Shenzhen Tongsheng Venture Capital Management Co., Ltd. (深圳市同盛創業投資管理有限公司) and was mainly responsible for day-to-day management and operation and external investment strategies. From November 2004 to September 2008, he served as deputy general manager at Huize Venture Capital Management Co., Ltd. (匯澤創業投資管理有限公司) and was mainly responsible for day-to-day management and operation and external investment strategies.

Mr. Wang Xubo obtained his bachelor's degree in accounting from Nanjing University of Science and Technology (南京理工大學) in the PRC in June 1997. He obtained his master's degree in statistics from Zhongnan University of Economics and Law (中南財經政法大學) in the PRC in December 2004. He obtained his PRC certified public accountant certificate from the Chinese Institute of Certified Public Accountants in October 2003.

Board of Directors and Senior Management

Mr. Lin Yingjia (林穎嘉), aged 47, was appointed as the chief financial officer and joint company secretary of our Company on February 7, 2021. He joined our Group in July 2009 and is primarily responsible for the overall management of financial, capital market and secretarial affairs of our Group.

Mr. Lin Yingjia worked at Deloitte Touche Tohmatsu Certified Public Accountants Ltd. (Guangzhou branch) as an associate from August 2001 to June 2003 and a senior accountant from July 2003 to February 2004 and January 2005 to April 2007. He was mainly responsible for, among others, audit related engagements. He left Deloitte Touche Tohmatsu Certified Public Accountants Ltd. (Guangzhou branch) in June 2009 with his last position as audit manager.

Mr. Lin Yingjia was admitted as a fellow of the Institute of Public Accountant in July 2007 by the Institute of Public Accountants, Australia (澳大利亞公共會計師協會). He obtained his PRC certified public accountant (non-practicing member) certificate in January 2010 from the Guangdong Provincial Institute of Certified Public Accountants (廣東省註冊會計師協會) and was awarded the professional designation of Certified Internal Auditor in November 2009 by The Institute of Internal Auditor (內部稽核協會).

Mr. Lin Yingjia obtained a bachelor's degree in accounting from Guangdong University of Foreign Studies (廣東外語外貿大學) in the PRC in June 2001 and a master's degree in commerce from the University of Sydney in Australia in January 2005.

Mr. Wang Tieding (王鐵丁), aged 59, was appointed as the vice president of our Company on February 7, 2021. He joined our Group in June 2011 and is mainly responsible for the business operation and management of our Company.

Prior to joining our Group, Mr. Wang Tieding worked at Guangzhou Car Co., Ltd. (廣州轎車有限公司) (previously known as Guangzhou Peugeot Automobile Company (廣州標緻汽車有限公司)) from July 1992 to July 1998. From July 1998 to January 2002, he served as the director of business section in the Beijing branch of Guangqi Honda Automobile Co., Ltd. (廣汽本田汽車有限公司). From March 2003 to March 2009, Mr. Wang Tieding served as the general manager of Guangzhou Jixing Auto Interior Decoration Co., Ltd. (廣州吉興汽車內飾件有限公司).

Mr. Wang Tieding obtained his bachelor's degree in automotive engineering from Tsinghua University in the PRC in July 1989. He obtained the professional certificate of Mechanical Engineer (intermediate) (機械工程師中級證書) from Guangzhou Municipal Commission of Science and Technology (廣州市科學技術委員會) (currently known as Guangzhou Municipal Science and Technology Bureau (廣州市科學技術局)) in December 1994.

Save as disclosed above, none of our Directors and senior management held any directorship in any public companies the shares of which are listed on the Stock Exchange or overseas stock markets during the three years prior to the date of this annual report.

To the best of the Board's knowledge, information and belief, save as disclosed in the annual report, our Directors and senior management do not have any relationship amongst them.

Board of Directors and Senior Management

JOINT COMPANY SECRETARIES

Mr. Lin Yingjia (林穎嘉) is the joint company secretary and chief financial officer of our Company. Please see “– Senior Management” in this section for details of his biography.

Ms. Lam Chi Ching Cecilia (林芷晴) was appointed as a joint company secretary on July 31, 2024.

Ms. Lam is a solicitor qualified to practice in Hong Kong. Ms. Lam Chi Ching Cecilia is currently an associate of Zhong Lun Law Firm LLP, specializing in corporate finance including initial public offerings, mergers and acquisitions and post-listing compliance matters.

Ms. Lam Chi Ching Cecilia received her LLB degree from the University of Birmingham, United Kingdom in July 2017. Ms. Lam Chi Ching Cecilia graduated from the Chinese University of Hong Kong with a Master of Laws in International Economic Law in November 2019 and Postgraduate Certificate in Laws in August 2020, respectively.

Corporate Governance Report

The Board presents this corporate governance report in the Group's annual report for the year ended December 31, 2025.

COMPANY'S CULTURE

The Board believes that corporate culture underpins the long-term business, business success and sustainable growth of the Group. A strong culture enables the Company to deliver long-term sustainable performance and fulfill its role as a responsible corporate citizen. The Company is committed to developing a positive and progressive culture that is built on its purpose, vision and mission.

During 2025, the Company continued to strengthen its cultural framework by focusing on the following:

- vision: Yunkang, create a happy life
- mission: focus on the health needs of the public and strive to provide customers with professional, accurate, efficient and convenient medical and health services
- values: integrity, honesty and client-oriented
- code of conduct: the execution is of paramount importance

The Board sets and promotes corporate culture and expects and requires all employees to reinforce. All of our new employees are required to attend orientation and training programs so that they may better understand our corporate culture, structure and policies, learn relevant laws and regulations, and raise their quality awareness. In addition, from time to time, the Company will invite external experts to provide training to our management personnel to improve their relevant knowledge and management skills.

The Board have always been ensuring that the goals, values and strategies made are aligned with the corporate culture, while all Directors take the lead in promoting the development of corporate culture. Please refer to the section headed "Management Discussion and Analysis" for the achievements of the Company during the Reporting Period.

As a leading medical operation service provider in China, the Company has been committed to meeting the health needs of customers, providing efficient solutions through professional medical diagnostic services, strong standardization capabilities and innovative business models, and creating a better and healthier life for the public.

Guided by the vision to create a happy life, the Company actively links all medical institutions, medical staff, patients and scientific research groups to achieve the common progress and development of our employees, the society and the environment. The Company has always been practicing and will continue to practice its conducting achievements in the following aspects: (1) establishing and deepening the service network of the national medical institution alliances with the focus on the health needs of numerous patients; (2) establishing an industry ecosystem and becoming a trusted strategic development partner for upstream and downstream and cooperative institutions; and (3) maintaining integrity and stimulating the potential of employees, ensuring the effectiveness of implementation and advocating the sustainable development of employees with a continuously improved management system and incentive mechanism.

The Board considers that the corporate culture and the purpose, values and strategy of the Group are aligned.

CORPORATE GOVERNANCE PRACTICES

The Company strives to achieve high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of Shareholders and to enhance corporate value and accountability.

The Company adopted the principles and code provisions of the Corporate Governance Code as the basis of the Company's corporate governance practices during the Reporting Period.

During the Reporting Period and up to the Latest Practicable Date, the Company complied with all applicable code provisions set out in the Corporate Governance Code except for the deviation from code provision C.2.1 of the Corporate Governance Code. Pursuant to code provision C.2.1 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. Mr. Zhang Yong currently serves as the chairman of the Board and the chief executive officer of the Company. He joined the Group on May 28, 2008 and has been operating and managing the Group since then. The Directors believe that it is beneficial to the business operations and management of the Group that Mr. Zhang Yong continues to serve as both the chairman of the Board and the chief executive officer of the Company.

The Company regularly reviews its compliance with the Corporate Governance Code and the Board believes that save as disclosed above, the Company was in compliance with all applicable code provisions of the Corporate Governance Code during the Reporting Period.

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the Corporate Governance Code, and maintain a high standard of corporate governance practices.

Corporate Governance Report

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its securities code to regulate the dealing by the Directors in securities of the Company. Specific enquiries have been made to all Directors and the Directors have confirmed that they complied with the Model Code during the Reporting Period.

The Company's relevant employees, who are likely to be in possession of unpublished price-sensitive information ("**Inside Information**") of the Company, have also been subject to the Model Code for securities transactions. No incident of non-compliance with the Model Code by the relevant employees was noted by the Company during the Reporting Period.

The Company has also established a policy on Inside Information to comply with its obligations under the SFO and the Listing Rules. In case when the Company is aware of any restricted period for dealings in the Company's securities, the Company will notify its Directors and relevant employees in advance.

BOARD OF DIRECTORS

The Board currently comprises one executive Director, three non-executive Directors and three independent non-executive Directors.

The composition of the Board is as follows:

Executive Director:

Mr. Zhang Yong (*Chairman of the Board and Chief Executive Officer*)

Non-Executive Directors:

Ms. Huang Luo (*resigned on August 1, 2025*)

Mr. Zhang Weijie (*appointed on August 1, 2025*)

Dr. Wang Pinghui

Dr. Wang Ruihua

Independent Non-Executive Directors:

Mr. Yu Shiyong

Mr. Lan Fenghui (*passed away on January 11, 2025*)

Mr. Xie Shaohua

Dr. Dong Min (*appointed on April 10, 2025*)

The biographical details of the Directors are set out in the section headed "Board of Directors and Senior Management" on pages 35 to 40 of this annual report.

None of the members of the Board is related (including financial, business, family or other material/relevant relations) to one another.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision C.2.1 of the Corporate Governance Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

The Company does not have separate chairman of the Board and chief executive officer, and Mr. Zhang Yong, the executive Director, currently performs these two roles. The Board believes that vesting the roles of both chairman of the Board and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and the chief executive officer of the Company at a time when it is appropriate by taking into account the circumstances of the Group as a whole.

BOARD MEETINGS

Code provision C.5.1 of the Corporate Governance Code stipulates that board meetings should be held at least four times a year at approximately quarterly intervals with active participation of the majority of the Directors, either in person or through electronic means of communication. The Board held seven meetings during the Reporting Period.

Attendance record of Directors

A summary of the attendance record of the Directors at Board meetings, committee meetings and general meeting is set out in the table below:

Name of Director	Number of meeting(s) attended/number of meeting(s) held during the year ended December 31, 2025				
	Board	Audit Committee	Remuneration Committee	Nomination Committee	General Meeting
<i>Executive Director:</i>					
Mr. Zhang Yong	7/7	N/A	4/4	3/3	1/1
<i>Non-executive Directors:</i>					
Ms. Huang Luo (resigned on August 1, 2025)	3/7	N/A	N/A	N/A	1/1
Mr. Zhang Weijie (appointed on August 1, 2025)	2/7	N/A	N/A	N/A	N/A
Dr. Wang Pinghui	7/7	N/A	N/A	N/A	1/1
Dr. Wang Ruihua	7/7	2/2	N/A	N/A	1/1
<i>Independent Non-executive Directors:</i>					
Mr. Yu Shiyong	7/7	2/2	4/4	2/3	1/1
Mr. Lan Fenghui ^{Note} (passed away on January 11, 2025)	N/A	N/A	N/A	N/A	N/A
Mr. Xie Shaohua	7/7	2/2	4/4	3/3	1/1
Dr. Dong Min (appointed on April 10, 2025)	7/7	N/A	N/A	1/3	1/1

Note: The Director's attendance refers to the number of meetings held during his/her tenure.

Corporate Governance Report

INDEPENDENT NON-EXECUTIVE DIRECTORS

Except as disclosed below, during the Reporting Period, the Board at all times complied with the requirements of Rule 3.10 of the Listing Rules in relation to the appointment of at least three independent non-executive Directors with at least one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

On January 11, 2025 during the Reporting Period, Mr. Lan Fenghui, an independent non-executive Director, passed away. Subsequent to the passing away of Mr. Lan and up to April 10, 2025, the Company had two independent non-executive Directors with the number of independent non-executive Directors falling below the minimum number of three and did not meet the requirements under Rule 3.10(1) of the Listing Rules. On April 10, 2025, Dr. Dong Min was appointed as an independent non-executive Director to fill the vacancy. For details, please refer to the announcements of the Company dated January 13, 2025 and April 10, 2025, respectively.

During the Reporting Period, the Company complied with the requirement of Rule 3.10A of the Listing Rules relating to appointing the independent non-executive Directors representing at least one-third of the Board.

The Board has received from each of the independent non-executive Directors a written confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules and considers each of them to be independent. Independent non-executive Directors are required to inform the Company if there is any change that may affect his/her independence.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The procedures and process of appointment, re-election and removal of Directors are laid down in the Articles of Association. The Nomination Committee is responsible for reviewing the Board composition, identifying and recommending individuals suitably qualified to become Board members, developing and formulating the relevant procedures for nomination and appointment of Directors, monitoring the appointment of Directors and succession planning for Directors and assessing the independence of independent non-executive Directors.

Code provision B.2 of the Corporate Governance Code stipulates that all directors should be subject to re-election at regular intervals. Code provision B.2.2 of the Corporate Governance Code further states that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Each of the Directors, including non-executive Directors, is appointed for a term of three years and is subject to retirement by rotation at least once every three years.

Pursuant to Article 16.19 of the Articles of Association, at every annual general meeting of the Company, one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. In addition, the Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

Accordingly, Mr. Xie Shaohua and Dr. Wang Pinghui shall retire by rotation at the AGM and, being eligible, will offer themselves for re-election.

Pursuant to Article 16.2 of the Articles of Association, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the first annual general meeting of the Company after his/her appointment and shall then be eligible for re-election at that meeting. Mr. Zhang Weijie was appointed by the Board as a non-executive Director on August 1, 2025.

Accordingly, Mr. Zhang Weijie shall retire at the AGM and, being eligible, will offer himself for re-election pursuant to Article 16.2 of the Articles of Association.

RESPONSIBILITIES OF THE BOARD AND MANAGEMENT

The Board should assume responsibility for leadership and control of the Company, and is collectively accountable and responsible for directing and supervising the Company's affairs.

The Company has in place an effective mechanism to ensure that independent views and input are available to the Board. Such mechanism is reviewed by the Board on an annual basis. Under this mechanism, all of the Directors have full and timely access to all relevant information as well as the advice and services of the joint company secretaries, with a view to ensuring that Board procedures and all applicable rules and regulations are followed. Each Director is entitled to seek independent professional advice in appropriate circumstances at the Company's expense.

The day-to-day management, administration and operation of the Company are delegated to the senior management. The delegated functions are periodically reviewed. Approval must be obtained from the Board before any significant transaction is entered into.

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee for overseeing particular aspects of the Company's affairs. Each of these committees is established with defined written terms of reference. The terms of reference of the Board committees are available for viewing on the websites of the Company and the Stock Exchange.

Audit Committee

The Listing Rules require every listed issuer to establish an audit committee comprising at least three members who must be non-executive directors only, and the majority thereof must be independent non-executive directors, at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise. The Company has established the Audit Committee and has formulated its written terms of reference in compliance with the Corporate Governance Code.

The Audit Committee comprises two independent non-executive Directors and one non-executive Director, namely Mr. Xie Shaohua, Mr. Yu Shiyu and Dr. Wang Ruihua. Mr. Xie Shaohua, being the chairman of the committee, is appropriately qualified as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and the risk management and internal controls system of our Group, review the financial information of our Company, consider issues relating to the external auditor and the appointment, review and approve connected transactions and to advise the Board.

Corporate Governance Report

The Audit Committee held two meetings during the Reporting Period, in which the Audit Committee reviewed the Group's audited annual results and financial statements for the year ended December 31, 2024 and unaudited interim results and financial statements for the six months ended June 30, 2025 and approved re-appointment of Forvis Mazars as the Company's auditor for the year ended December 31, 2025.

The Group's annual results for the year ended December 31, 2025 have been reviewed by the Audit Committee and audited by the independent auditor of the Company, Forvis Mazars.

Remuneration Committee

We have established a remuneration committee in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code. The primary duties of the Remuneration Committee are to review and make recommendations to the Board regarding the terms of remuneration packages, bonuses and other compensation payable to our Directors and senior management and the establishment of a formal and transparent procedure for developing policy on such remuneration, and to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules. The Remuneration Committee comprises one executive Director and two independent non-executive Directors, namely Mr. Zhang Yong, Mr. Yu Shiyou and Mr. Xie Shaohua. Mr. Yu Shiyou is the chairman of the committee.

The Remuneration Committee held four meetings during the Reporting Period. The Remuneration Committee has reviewed policy and structure for the remuneration of the Directors and senior management of the Company for the year ended December 31, 2025 and the remuneration proposal of the Directors and senior management of the Company for the year ending December 31, 2026. The Remuneration Committee has also reviewed and approved matters relating to the 2022 RSU Scheme.

Nomination Committee

We have established a nomination committee in compliance with the Corporate Governance Code. The primary duties of the Nomination Committee are to review the structure, diversity, size and composition of the Board, assess the independence of the independent non-executive Directors and to make recommendations to our Board regarding the appointment of Directors and Board succession. The Nomination Committee comprises one executive Director and two independent non-executive Directors, namely Mr. Zhang Yong, Mr. Xie Shaohua and Dr. Dong Min. Mr. Zhang Yong is the chairman of the committee.

The Nomination Committee held three meetings during the Reporting Period, in which the Nomination Committee reviewed and advised the Board on the following matters: appointment of a new independent non-executive Director, re-appointment of relevant Directors and appointment of a new non-executive Director.

The Nomination Committee has assessed the independence of independent non-executive Directors, recommended the re-appointment of the Directors standing for re-election at the AGM and reviewed the board diversity policy and nomination policy of the Company.

The nomination policy was approved and adopted by the Board for evaluating and selecting any candidate for directorship. The Nomination Committee would consider the following criteria, including, among other things, character and integrity, qualifications (cultural and educational background, professional qualifications, skills, knowledge and experience and diversity aspects under the Board Diversity Policy (as defined below)), any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and diversity, and willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s).

The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of a new Director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship. The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship with a ranking of the candidates (if applicable) by order of preference based on the needs of the Company and reference check of each candidate.

DIVERSITY POLICY

Board Diversity

In order to enhance the effectiveness of our Board and to maintain the high standard of corporate governance, the Company has adopted the board diversity policy (the “Board Diversity Policy”). The Board Diversity Policy has been reviewed by the Board on an annual basis. All the executive and non-executive Directors possess extensive and diversified experience in management and broad industrial experience. The three independent non-executive Directors possess professional knowledge in management, finance and accountancy, respectively with broad and extensive experience in business advisory and management, respectively. A summary of the Board Diversity Policy is set out below:

Purpose

The Board Diversity Policy aims to set out the objective and approach to achieve and maintain diversity of the Board and enable the Board to comply with the Corporate Governance Code.

Board Diversity Policy Statement

Our Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level, including gender diversity, as an essential element in maintaining our Company’s competitive advantage and enhancing its ability to attract, retain and motivate employees from the widest possible pool of available talent. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to our Board. Our Board would ensure that appropriate balance of gender diversity is achieved with reference to stakeholders’ expectation and international and local recommended best practices, with the ultimate goal of bringing our Board to gender parity.

Corporate Governance Report

Measurable Objectives

Going forward and with a view to developing a pipeline of potential successors to our Board, we will (i) make appointments based on merits with reference to board diversity as a whole; (ii) take steps to promote gender diversity at all levels of our Group by recruiting staff of different gender; and (iii) provide career development opportunities and more resources in training female staff with the aim of promoting them to the senior management or board of our Company so that we will have a pipeline of female senior management and potential successors to our Board in a few years' time. The Board is currently of the opinion that it generally meets the diversity requirements under the Listing Rules. Currently, one out of our seven Directors is female, bringing the female representation to 14.3% of the Board.

The Board will review the Board Diversity Policy on a regular basis to ensure its continued effectiveness. The Company has also taken, and will continue to take steps to promote gender diversity at all levels of the Company, including but not limited to the Board and senior management levels. While we recognize that gender diversity at the Board level can be further improved, the Company will keep an eye on female candidates who have extensive work experience in the medical operation service industry, to be the potential successor to the Board. Board appointments will continue to be made on a merit basis and candidates will be considered against objective criteria, with due regard for the benefits of diversity on the Board as a whole. The Board believes that such merit-based appointments will best enable the Company to serve its Shareholders and other stakeholders going forward. The Board will give adequate consideration to the Board Diversity Policy when it identifies suitably qualified candidates to become members of the Board.

The Board currently comprises seven Directors, including one executive Director, three non-executive Directors and three independent non-executive Directors. Our Directors have a balanced mix of knowledge and skills, including in corporate and financial management, corporate operations and strategic planning, and medical services. We have three independent non-executive Directors with different industry backgrounds, representing more than one third of the members of the Board.

Diversity at Work Force

We strive to provide a platform with equal opportunities for all our employees as we value the experience and knowledge of our senior staff as well as the passion and adaptability of the younger staff. To build a healthy talent pipeline in preparing for the Group's continuous business expansion, we emphasize the importance for our new hires to be selected through robust, fair and transparent recruitment process, based on their merits and their potential. We also believe that unreasonable dismissal under any circumstances is unacceptable and is prohibited at the Group. The causes of dismissal include, but are not limited to, major violations detailed in our employee handbook that we regard as legitimate reasons for dismissal.

Our employment profile as at December 31, 2025 is as follows:

Workforce as at December 31, 2025	No. of Headcount	Percentage of Total Headcount
By Gender		
Male	455	42.76%
Female	609	57.24%
By Age Group		
18 – 30 years old	420	39.47%
31 – 50 years old	605	56.86%
over 50 years old	39	3.67%

Our Company is committed to providing all the job applicants and staff with equal opportunities for employment, without tolerance of any discrimination over gender, age, ethnicity, nationality and disability. The Group recruits workforce in strict compliance with local laws and regulations. Moreover, we emphasize the protection of females' rights and interests as part of our management principle and also provide more comfortable and flexible employment arrangements and holiday benefits for our female staff.

The Board is satisfied with the gender diversity of our employees and it expects to reach the diversity at work force at a more balanced level in year 2026.

CORPORATE GOVERNANCE FUNCTION

The Board is responsible for determining corporate governance policy of the Company and performing the functions set out in code provision A.2.1 of the Corporate Governance Code. Such duties have been delegated to the Audit Committee.

The Audit Committee reviewed the Company's corporate governance policies and practices, training and continuous professional development of the Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, and the Company's compliance with the corporate governance policies, the Company's code of conduct applicable to its employees and Directors, and disclosure in its Corporate Governance Report.

The Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The joint company secretaries of the Company may from time to time and as the circumstances require, provide updated written training materials relating to the roles, functions and duties of a director of a company listed on the Stock Exchange.

Corporate Governance Report

BOARD INDEPENDENCE

The Company recognizes that Board independence is key to good corporate governance. The current composition of the Board comprises more than one third independent non-executive Directors. The remuneration of independent non-executive Directors is subject to a regular review to maintain competitiveness and commensurate with their responsibilities and workload. The independence of each independent non-executive Director is assessed upon his/her appointment and annually.

Directors are requested to declare their direct or indirect interests, if any, in proposals or transactions to be considered by the Board at the Board meetings and abstain from voting, where appropriate. External independent professional advice is available to all Directors, including independent non-executive Directors, whenever deemed necessary. The independent non-executive Directors have consistently demonstrated strong commitment and the ability to devote sufficient time to discharge their responsibilities at the Board.

The Company has also established channels through formal and informal means whereby independent non-executive Directors can express their views in an open manner, and in a confidential manner, should circumstances require.

DIVIDEND POLICY

The Board has the discretion to declare and distribute dividends to the Shareholders, subject to the Articles of Association and all applicable laws and regulations. In recommending or declaring the dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and future growth as well as its shareholder value. Dividends may only be declared and paid out of the profits of the Company, realized or unrealized, or from reserves of the Company lawfully available for distribution including share premium. All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. Any dividend or bonuses unclaimed after a period of six years from the date of declaration shall be forfeited and shall revert to the Company.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended December 31, 2025.

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

Directors keep abreast of the responsibilities as a director of the Company and of the conduct, business activities and development of the Company.

The Directors are continually provided with information relating to the developments in the legal and regulatory regime and the business and market environments to facilitate the execution of their responsibilities. Continuing briefings and professional development for the Directors were arranged by the Company and its professional advisors.

During the Reporting Period, all the Directors attended trainings in the form of a seminar conducted by the legal advisor of the Company and read relevant training materials which were distributed to them. The training covered topics which include directors' duties, the disclosure obligations under laws of Hong Kong and other applicable laws, the requirements of notifiable transactions and connected transactions etc. under the Listing Rules.

All new Directors receive a comprehensive, formal and tailored induction upon their appointments to the Board with the key objective of assisting them in understanding their duties and responsibilities for being a Director, the Company's business, risks, governance and Board and committee dynamics.

The Company appointed Dr. Dong Min as an independent non-executive Director with effect from April 10, 2025, and appointed Mr. Zhang Weijie as a non-executive Director with effect from August 1, 2025. Dr. Dong Min and Mr. Zhang Weijie had on April 10, 2025 and August 1, 2025, respectively, obtained legal advice referred to under Rule 3.09D of the Listing Rules from our Hong Kong legal adviser, Zhong Lun Law Firm LLP, a qualified solicitor as regards the requirements under the Listing Rules that are applicable to her/him as a director of a listed company and the possible consequences of making a false declaration or giving false information to the Stock Exchange before their appointments became effective. Each of Dr. Dong Min and Mr. Zhang Weijie confirmed that she/he understood her/his obligations as a director of a listed company.

AUDITOR'S RESPONSIBILITY AND REMUNERATION

The Company appointed Forvis Mazars as the external auditor for the year ended December 31, 2025. A statement issued by Forvis Mazars about their reporting responsibilities for the consolidated financial statements is included in the Independent Auditor's Report on pages 87 to 94.

Details of the fees paid/payable in respect of the audit and non-audit services provided by Forvis Mazars for the year ended December 31, 2025 are set out in the table below:

Services rendered for the Company	Fees paid and payable (RMB'000)
Audit service	2,530
Non-audit service	70
Total	2,600

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The main feature of the Group's risk management and internal control system is its ability to dynamically and effectively capture and evaluate significant emerging risks and risk changes, both quantitatively and qualitatively, and to timely manage risks by appropriate risk responses and mitigation strategies.

Corporate Governance Report

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives and establishing and maintaining appropriate and effective risk management and internal control systems. The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The Board has delegated the Audit Committee with the responsibility to oversee the risk management and internal control systems of the Group on an on-going basis and to review the effectiveness of the systems annually. The review covers all material controls, including financial, operational and compliance controls. The Audit Committee will regularly review the adequacy of resources for the risk management and internal control systems, including staff qualifications and experience, training programmes and budget of the issuer's accounting, internal audit, and financial reporting functions, as well as those relating to the Company's ESG performance and reporting.

The Group has also established a set of internal control procedures and system and adopted corporate governance practices to facilitate the effective operation of our business. The Group has adopted an information disclosure policy which sets out comprehensive guidelines in respect of handling and dissemination of Inside Information.

The Company is committed to excellence and continual improvement and will continue to encourage innovation while maintaining a low-risk profile. Employees are encouraged to adopt a positive approach to risk management, which further strengthens the risk-aware culture (as opposed to risk-averse culture) of the Group. Our employee handbook which is accessible to all employees covers policies and procedures related to compensation and dismissal, recruitment and promotion, working hours, rest periods, diversity, anti-discrimination, whistleblowing, benefits and welfare, training and development, anti-corruption and code of conduct. The Company has established (i) in confidence and anonymity, a whistleblowing policy and system for employees and our business partners to address their concerns, and (ii) policies and systems that promote and support anti-corruption laws and regulations. Risk management is incorporated into the strategic and operational processes at all levels within the Group in order to minimize the impact of risk. Opportunities and risks are identified and are proactively assessed and monitored by employees on an on-going basis.

The Group has established an internal audit function to carry out the analysis and independent appraisal of the adequacy and effectiveness of the Company's risk management and internal control systems. Relevant personnel have been designated to be responsible for identifying and monitoring the Group's risks and internal control issues and report directly to the Audit Committee of any findings and follow-up actions. Each member of the Group is required to adhere strictly to the Group's internal control procedures and report to the internal audit team of any risks or internal control measures.

The risk management and internal control systems as well as the effectiveness of the internal audit function for the Group were reviewed by the internal consultant of the Company prior to the Company's listing on the Main Board of the Stock Exchange and have been reviewed by the Audit Committee during the Reporting Period. The Board is of the view that the risk management and internal control systems during the Reporting Period are effective and adequate.

Going forward, the Board, to be supported by the Audit Committee as well as the management report and the internal audit findings, will continue to review the effectiveness of the risk management and internal control systems of the Group, including the financial, operational, compliance controls and risk management annually.

Arrangements are in place to facilitate employees of the Group to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Group.

JOINT COMPANY SECRETARIES

Mr. Lin Yingjia, the joint company secretary of the Company, is responsible for advising the Board on corporate governance matters and ensuring that Board policy and procedures, and applicable laws, rules and regulations are followed.

In order to uphold good corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong laws, the Company has also engaged Ms. Lam Chi Ching Cecilia, an associate of Zhong Lun Law Firm LLP, as the joint company secretary to assist Mr. Lin Yingjia in discharging the duties of a company secretary of the Company. Her primary contact person at the Company is Mr. Lin Yingjia, the joint company secretary of the Company.

During the year ended December 31, 2025, Ms. Lam Chi Ching Cecilia and Mr. Lin Yingjia complied with Rule 3.29 of the Listing Rules by taking no less than 15 hours of the relevant professional training during the year.

CHANGES TO DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes of the information of the Directors subsequent to the publication of the interim report of the Company for the six months ended June 30, 2025 are set out below:

Ms. Huang Luo resigned as a non-executive Director of the Company with effect from August 1, 2025.

Mr. Zhang Weijie was appointed as a non-executive Director of the Company with effect from August 1, 2025.

Save as disclosed above, there have been no other changes in the Directors' biographical details which are required to be disclosed in this annual report pursuant to Rule 13.51B(1) of the Listing Rules.

SHAREHOLDERS' RIGHTS

Convening of Extraordinary General Meetings by Shareholders

Pursuant to Article 12.3 of the Articles of Association, the Board may, whenever it thinks fit, convene an extraordinary general meeting. General meetings shall also be convened on the written requisition of any one or more Shareholders holding together, at the date of deposit of the requisition, shares representing not less than one-tenth of the voting rights, on a vote per share basis, of the Company which carry the right of voting at the general meetings of the Company.

If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

Corporate Governance Report

Putting Forward Proposals at General Meetings

There are no provisions allowing Shareholders to propose new resolutions at the general meetings under the Cayman Islands Companies Law (as amended from time to time) or the Articles of Association. However, Shareholders who wish to put forward proposals at general meetings may achieve this by means of convening an extraordinary general meeting following the procedures set out in the paragraph above.

As regards the procedures for Shareholders to propose a person for election as a Director, they are available on the Company's website at www.yunkanghealth.com.

Putting Forward Enquiries to the Board and Contact Details

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Shareholders may send their enquiries and concerns to the Board by addressing them to the principal place of business of the Company in Hong Kong at 4/F, Jardine House, 1 Connaught Place, Central, Hong Kong by post with attention to Ms. Lam Chi Ching Cecilia/Mr. Lin Yingjia, the joint company secretaries or email to IR@yunkanghealth.com, for the attention of the joint company secretaries.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavors to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. The Company's external auditor attended the last annual general meeting of the Company held on June 27, 2025 and will attend the forthcoming AGM, to answer any questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies applied and its independence. At the forthcoming AGM, Directors (or their delegates as appropriate) will be available to meet Shareholders and answer their enquiries.

The Company adopted the shareholders communication policy, which sets out the framework the Company has put in place to promote effective communication with Shareholders so as to enable them to engage actively with the Company and exercise their rights as shareholders in an informed manner. To promote effective communication, the Company maintains a website at www.yunkanghealth.com, where information and updates on the Company's business developments and operations, financial information, corporate governance practices and other information are available for public access.

Having considered the multiple channels of communication and participation, including but not limited to presenting the annual and interim results through online and face-to-face meetings (as the case may be) to communicate with Shareholders, investors and analysts, and providing contact information on the Company's website for effective communication between Shareholders and the Company, the Board is satisfied that the shareholders communication policy provided effective channels by which Shareholders can communicate and raise concern with the Company and is effective.

CHANGES IN CONSTITUTIONAL DOCUMENTS

The Memorandum of Association was adopted on April 20, 2022 and states, inter alia, that the liability of the members of the Company is limited, that the objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Act or any other law of the Cayman Islands.

During the Reporting Period, the Company did not make any changes to its constitutional documents. The latest version of the Articles of Association is available on the websites of the Company and the Stock Exchange.

GOING CONCERN

There are no material uncertainties relating to events or conditions that cast significant doubt upon the Company's ability to continue as a going concern.

Directors' Report

The Board is pleased to present this report of Directors together with the consolidated financial statements of the Group for the year ended December 31, 2025.

BOARD OF DIRECTORS

The Board currently comprises one executive Director, three non-executive Directors and three independent non-executive Directors.

The Directors during the year ended December 31, 2025 and up to the Latest Practicable Date were:

Executive Director:

Mr. Zhang Yong (*Chairman of the Board and Chief Executive Officer*)

Non-Executive Directors:

Ms. Huang Luo (*resigned on August 1, 2025*)

Mr. Zhang Weijie (*appointed on August 1, 2025*)

Dr. Wang Pinghui

Dr. Wang Ruihua

Independent Non-Executive Directors:

Mr. Yu Shiyou

Mr. Lan Fenghui (*passed away on January 11, 2025*)

Mr. Xie Shaohua

Dr. Dong Min (*appointed on April 10, 2025*)

GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on July 20, 2018 as an exempted limited liability company under the Companies Act. The Company's Shares were listed on the Main Board of the Stock Exchange on May 18, 2022.

PRINCIPAL ACTIVITIES

We are a comprehensive and professional medical operation service provider in China, which is committed to focusing on the health needs of customers, providing competitive solutions and services, and creating a happy life for the public. We have gradually become a leading medical operation platform through professional medical diagnosis services, strong standardization capabilities, and innovative business model of diagnostic testing services for medical institution alliances.

RESULTS

The results of the Group for the year ended December 31, 2025 are set out in the consolidated statement of comprehensive income on pages 95 to 96 of this annual report.

BUSINESS REVIEW

A fair review of the business of the Group as required by Schedule 5 to the Companies Ordinance, including an analysis of the Group's financial performance and an indication of likely future developments in the Group's business is set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this annual report. These discussions form part of this Directors' report. The discussion of the Company's key relationships with its employees, suppliers and others that have a significant impact on the Company is set out in the section headed "Relationships with Key Stakeholders" in this annual report.

PRINCIPAL RISKS AND UNCERTAINTIES

The following list is a summary of certain principal risks and uncertainties faced by the Group, some of which are beyond its control:

- our financial prospects depends on the success of our service portfolio;
- if we cannot raise sufficient additional capital on acceptable terms while our operating activities put forward higher requirements for cash flow, our business, financial condition and prospects may be adversely affected;
- we face uncertainties in relation to the volume procurement policies in China;
- if we fail to keep up with industry and technology developments in a timely and cost-effective manner, we may be unable to compete effectively and demand for our services may decrease, which in turn may cause our business and prospects to suffer;
- if we cannot compete successfully with our competitors, we may be unable to increase or sustain our revenue or achieve and sustain profitability;
- our business may be adversely affected by impeding healthcare reforms in China; and
- if we are unable to substantially collect our trade receivables, our business, financial condition and results of operations may be adversely affected. For the impairment losses on financial assets recognized by the Group for the year ended December 31, 2025 and the measures adopted by the Group to facilitate the collection of trade receivables, please refer to the section headed "Management Discussion and Analysis – Financial Review – Impairment Losses on Financial Assets".

However, the above is not an exhaustive list. Investors are advised to make their own judgment or consult their own investment advisors before making any investment in the Shares.

Directors' Report

ENVIRONMENTAL POLICIES AND PERFORMANCE

It is our corporate and social responsibility in promoting a sustainable and environmental-friendly environment. We strive to minimize our environmental impact and to build our corporation in a sustainable way.

We are subject to environmental protection and occupational health and safety laws and regulations in China. During the Reporting Period, we complied with the relevant environmental and occupational health and safety laws and regulations in China and we did not have any incidents or complaints, which had a material and adverse effect on our business, financial condition or results of operations. Please refer to the “Environmental, Social and Governance Report” of the Company for the year ended December 31, 2025 for details.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board and management are aware, the Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the Reporting Period, there was no material breach of, or non-compliance with, applicable laws and regulations by the Group.

EMPLOYEE AND REMUNERATION POLICIES

As of December 31, 2025, the Group had 1,064 employees (as at December 31, 2024: 1,249). The total remuneration cost (including Directors' remuneration) incurred by the Group for the year ended December 31, 2025 was RMB227.5 million (for the year ended December 31, 2024: RMB299.8 million). The total remuneration of employees for the year ended December 31, 2025 includes approximately RMB2.1 million of expenses related to restricted award shares (for the year ended December 31, 2024: RMB23.6 million). The remuneration package of the Group's employees includes salary and bonus, which are generally determined by their qualifications, industry experience, position and performance. The Group makes contributions to social insurance and housing provident funds as required by the PRC laws and regulations. Apart from offering a competitive remuneration and benefits package, the Group provides corporate and vocational training to its employees according to the training and development policy of the Group.

The Company has also adopted the 2022 RSU Scheme to attract and incentivize the key personnel and partners of the Company, and to promote the value of the Company by offering these individuals an opportunity to acquire the shares of the Company and a proprietary interest in the success of the Company, thereby linking their interests with the Company's performance. Please refer to the section headed “2022 RSU Scheme” in this annual report for further details.

During the Reporting Period, the Group did not experience any material labor disputes or strikes that may have a material and adverse effect on our business, financial condition or results of operations, or any difficulty in recruiting employees.

MAJOR SUPPLIERS AND PROCUREMENT

For the year ended December 31, 2025, our major suppliers primarily consisted of suppliers of testing kits, raw materials, machinery and equipment, labor outsourcing service provider, third-party marketing service providers and certain third-party laboratory subcontractors.

For the years ended December 31, 2024 and 2025, Da An Gene Group, our connected person was our largest supplier. Our purchase amounts from Da An Gene Group were RMB52.1 million and RMB40.8 million for the years ended December 31, 2024 and 2025, respectively, representing 9.5% and 7.9% of our total purchases for the same period, respectively. The decrease in purchases from Da An Gene Group in 2025 was primarily due to the reduction of business scale and we continued to strengthen our inventory management.

During the Reporting Period, our purchase amount from our five largest suppliers amounted to RMB82.3 million (2024: RMB97.1 million), accounting for approximately 16.0% (2024: 17.7%) of our total purchases.

Save for Da An Gene, as at the Latest Practicable Date, none of our Directors, their respective close associates, or any Shareholder who, to the knowledge of the Directors, owns more than 5% of the Company's issued shares, has any interest in any of the Group's five largest suppliers.

MAJOR CUSTOMERS

For the year ended December 31, 2025, our customers primarily consisted of medical institutions (such as public hospitals, community health centers, private hospitals and clinics, as well as medical examination centers) and centers for disease control and prevention. During the Reporting Period, a significant number of our customers were located in Guangdong province, accounting for 62% of our total customers for the year ended December 31, 2025.

During the Reporting Period, our revenue generated from our five largest customers accounted for less than 10% of our total revenue.

As at the Latest Practicable Date, none of the Directors, their respective close associates, or any Shareholder who, to the knowledge of the Directors, owns more than 5% of the Company's issued shares, has any interest in any of the Group's five largest customers.

For the year ended December 31, 2025, we did not experience any significant disputes with our customers.

Directors' Report

KEY RELATIONSHIPS WITH STAKEHOLDERS

The Group recognizes that various stakeholders including employees, customers, suppliers, Shareholders and other business associates are key to Group's success. The Group strives to achieve corporate sustainability through engaging, collaborating, and cultivating strong relationship with them.

Relationship with Our Employees

We endeavor to cultivate talented and loyal employees by treating our employees with dignity, respect and fairness. We recruit our personnel primarily through recruiting websites, recruiters and job fairs. We enter into employment contracts with our employees to cover matters such as wages, benefits and grounds for termination. We make contributions to social insurance and housing provident funds as required by the PRC laws and regulations.

All of our new employees are required to attend orientation and training programs so that they may better understand our corporate culture, structure and policies, learn relevant laws and regulations, and raise their quality awareness. In addition, from time to time, we invite external experts to provide training to our management personnel to improve their relevant knowledge and management skills. We have established a labor union that represents employees with respect to the promulgation of the rules and regulations and internal protocols.

Relationship with Customers, Suppliers and Subcontractors

We have been devoted to properly maintaining our relationships with our customers, suppliers and subcontractors, which is crucial for us to achieve market acceptance among hospitals, other medical institutions, financial institutions, physicians and patients and developing and expanding our business.

Relationship with Shareholders

We recognize the importance of protecting the interests of the Shareholders and of having effective communication with them. We believe communication with the Shareholders is a two-way process and have consistently strived to ensure the quality and effectiveness of information disclosure, maintain regular dialogue with the Shareholders and listen carefully to the views and feedback from the Shareholders. This has been done through general meetings, corporate communications, annual reports and results announcements.

FINANCIAL SUMMARY

A summary of the audited consolidated results and the assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements, is set out on page 186 of this annual report. This summary does not form part of the audited consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands which would oblige the Company to offer new Shares on a pro-rata basis to the existing Shareholders.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in Note 32 to the consolidated financial statements.

PROPERTY AND EQUIPMENT

Details of movements in the property and equipment of the Company and the Group for the year ended December 31, 2025 are set out in Note 14 to the consolidated financial statements.

SHARE CAPITAL AND SHARES ISSUED

Details of movements in the share capital of the Company for the year ended December 31, 2025 and details of the Shares issued for the year ended December 31, 2025 are set out in Note 25 to the consolidated financial statements.

DONATION

For the year ended December 31, 2025, the Group donated batches of equipment and cash, respectively with the total donation expenses amounting to RMB5.0 million according to the accounting policy (2024: the Group donated a batch of equipment to schools with a net book value of RMB4,048 according to the accounting policy).

DEBENTURE ISSUED

The Group did not issue any debenture for the year ended December 31, 2025.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into by the Group, or existed for the year ended December 31, 2025.

PERMITTED INDEMNITY

Pursuant to the Articles of Association and subject to the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in or about the execution of their duty in their offices, in which judgment is given in his/her favor, or in which he/she is acquitted.

Such permitted indemnity provision has been in force for the year ended December 31, 2025. The Company has taken out liability insurance to provide appropriate coverage for the Directors.

Directors' Report

DISTRIBUTABLE RESERVES

The Company may pay dividends out of the share premium account, retained earnings and any other reserves provided that immediately following the payment of such dividends, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business. As at December 31, 2025, the Company had no distributable reserves arising from retained earnings and other reserves, while the Company had share premium amounting to RMB248.1 million (2024: RMB248.1 million).

Details of movements in the reserves of the Group and the Company during the year ended December 31, 2025 are set out in the consolidated statement of changes in equity on page 99 and Notes 25, 26 and 31(a) of this annual report respectively.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at December 31, 2025 are set out in the section headed "Management Discussion and Analysis" in this annual report and Note 27 to the consolidated financial statements.

CONVERTIBLE BONDS

As at the Latest Practicable Date, the Company has not issued any convertible bonds.

LOAN AGREEMENTS WITH COVENANTS RELATING TO SPECIFIC PERFORMANCE OF THE CONTROLLING SHAREHOLDERS

As at the date of this annual report, the Company has not entered into any loan agreement which contains covenants requiring specific performance of the Controlling Shareholders that is required to be disclosed under Rule 13.18 of the Listing Rules.

DIRECTORS' SERVICE CONTRACTS

Our executive Director has entered into a service contract with the Company, and each of the non-executive Directors and the independent non-executive Directors has signed a letter of appointment with the Company. The appointment of all the Directors is for a period of three years until being terminated by either party giving prior written notice of not less than 30 days (in case of executive Director) or three months (in case of the non-executive Directors and the independent non-executive Directors).

The above appointments are always subject to the provisions of retirement and rotation of Directors under the Articles of Association.

None of the Directors has an unexpired service contract or appointment letter which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the Note 33 to the consolidated financial statements, none of the Directors nor any entity connected with the Directors had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party subsisting during or at the end of the year ended December 31, 2025.

CONTRACTS WITH CONTROLLING SHAREHOLDERS

One of our Controlling Shareholders, Da An Gene, together with its subsidiaries, has undertaken to us in the Non-competition Undertaking that, during the effective period of the Non-competition Undertaking, Da An Gene Group shall not directly or indirectly be involved in or undertake any business (other than our business) that directly or indirectly competes, or may compete, with any business engaged in by any member of our Group, or hold interest in any companies or business that compete directly or indirectly with the business currently or from time to time engaged in by our Group. For further details, please refer to the section headed "Relationship with our Controlling Shareholders – Non-competition Undertaking from Da An Gene Group" of the Prospectus.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

Save as disclosed in the Prospectus and save for their respective interests in the Group, none of the Directors and the Controlling Shareholders was interested in any business which competes or is likely to compete with the businesses of the Group for the year ended December 31, 2025.

The Da An Gene Group has confirmed to our Company its compliance with the provisions of the Non-competition Undertaking. The independent non-executive Directors have reviewed the status of the compliance with the Non-competition Undertaking, and were satisfied that the Da An Gene Group has duly complied with the Non-competition Undertaking.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed for the year ended December 31, 2025.

Directors' Report

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As at December 31, 2025, the interests and short positions of the Directors and chief executives of our Company and their associates in any of the Shares, underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(i) Interests in the Company

Name of Director	Capacity/ Nature of interest	Number of Shares	Approximate percentage of shareholding in the total issued Shares ⁽²⁾
Mr. Zhang Yong (<i>executive Director and chief executive officer</i>)	Interested in a controlled corporation	231,511,500 ⁽¹⁾ (L)	37.27%

(L) denotes a long position

Notes:

(1) These Shares are directly held by YK Development, which is held as to 64.04% and controlled by Huizekx Limited, which is wholly-owned by Mr. Zhang. Therefore, Huizekx Limited and Mr. Zhang are deemed to be interested in the Shares held by YK Development under the SFO. As of December 31, 2025, YK Development had pledged a total of 200,419,500 Shares, including (1) 139,804,720 Shares pledged to China Construction Bank (Asia) Corporation Limited in favor of SPDB International (Hong Kong) Limited; and (2) 60,614,780 Shares pledged directly to SPDB Guangzhou Wuyang Branch.

(2) The calculation is based on the total number of 621,250,500 Shares in issue as at December 31, 2025.

(ii) Interests in associated corporations of the Company

Name of Director/ Chief executive	Name of associated corporation	Capacity/ Nature of interest	Number of shares in the associated corporation interested	Approximate percentage of shareholding in the associated corporation
Mr. Zhang Yong	Huizekx Limited	Beneficial owner	1 (L)	100.00%
Mr. Zhang Yong	YK Development	Interested in a controlled corporation	3,203,250 (L)	64.04%

(L) denotes a long position

Save as disclosed above, as at December 31, 2025, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or which would be required to be recorded in the register to be kept by the Company pursuant to Section 352 of the SFO, or which would be required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at December 31, 2025, so far as the Directors are aware, the following are the persons, other than the Directors or chief executives of the Company, who had interests or short positions in the Shares and underlying Shares which would be required to be notified to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO; or as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO:

Name of substantial Shareholders	Capacity/Nature of interest	Number of Shares	Approximate percentage of shareholding in the total issued Shares ⁽⁵⁾
Huizekx Limited ⁽¹⁾	Interested in a controlled corporation	231,511,500 (L)	37.27%
Mouduans Limited ⁽²⁾	Interested in a controlled corporation	231,511,500 (L)	37.27%
Tongfuzc Limited ⁽²⁾	Interested in a controlled corporation	231,511,500 (L)	37.27%
WJJR Investment Limited ⁽²⁾	Interested in a controlled corporation	231,511,500 (L)	37.27%
Jin Jun Ying Limited ⁽²⁾	Interested in a controlled corporation	231,511,500 (L)	37.27%
Source Capital RW Limited ⁽²⁾	Interested in a controlled corporation	231,511,500 (L)	37.27%
YK Development ⁽¹⁾	Beneficial owner	231,511,500 (L)	37.27%
Da An Gene ⁽³⁾	Interested in a controlled corporation	209,783,000 (L)	33.76%
Guangzhou Daan Gene Technology ⁽³⁾	Interested in a controlled corporation	209,783,000 (L)	33.76%
Daan International ⁽³⁾	Beneficial owner	209,783,000 (L)	33.76%
Shanghai Pudong Development Bank Co., Ltd. ⁽⁴⁾	Interested in a controlled corporation	200,419,500 (L)	32.26%
SPDB International Holdings Limited ⁽⁴⁾	Interested in a controlled corporation	139,804,720 (L)	22.50%
SPDB International (Hong Kong) Limited ⁽⁴⁾	Person having a security interest in shares	139,804,720 (L)	22.50%
SPDB Guangzhou Wuyang Branch ⁽⁴⁾	Person having a security interest in shares	60,614,780 (L)	9.76%
Kastle Limited ⁽⁵⁾	Trustee/interested in a controlled corporation	35,905,846 (L)	5.78%
YK Innovation Limited ⁽⁵⁾	Beneficial owner	35,905,846 (L)	5.78%

(L) denotes a long position

Directors' Report

Notes:

- (1) YK Development is held as to 64.04% and controlled by Huizekx Limited, which is wholly-owned by Mr. Zhang Yong. Therefore, Huizekx Limited is deemed to be interested in the Shares held by YK Development under the SFO. As of December 31, 2025, YK Development had pledged a total of 200,419,500 Shares, including (1) 139,804,720 Shares pledged to China Construction Bank (Asia) Corporation Limited in favor of SPDB International (Hong Kong) Limited; and (2) 60,614,780 Shares pledged directly to SPDB Guangzhou Wuyang Branch.
- (2) YK Development is held as to approximately 23.47%, 6.95%, 3.04%, 0.50% and 2.00%, by Mouduans Limited, Tongfuzc Limited, WJJR Investment Limited, Jin Jun Ying Limited and Source Capital RW Limited, respectively. Pursuant to Guidance Letter HKEX GL89-16, Huizekx Limited, Mouduans Limited, Tongfuzc Limited, WJJR Investment Limited, Jin Jun Ying Limited, Source Capital RW Limited and YK Development are a group of Controlling Shareholders of the Company.
- (3) Daan International is wholly-owned by Guangzhou Daan Gene Technology, a company wholly-owned by Da An Gene. Therefore, Guangzhou Daan Gene Technology and Da An Gene are deemed to be interested in the Shares held by Daan International under the SFO.
- (4) SPDB International (Hong Kong) Limited is directly wholly owned by SPDB International Holdings Limited, which in turn is wholly owned by Shanghai Pudong Development Bank Co., Ltd. SPDB Guangzhou Wuyang Branch is ultimately wholly owned by Shanghai Pudong Development Bank Co., Ltd. Therefore, Shanghai Pudong Development Bank Co., Ltd. is deemed to be interested in the interests held by SPDB International (Hong Kong) Limited and SPDB Guangzhou Wuyang Branch. As of December 31, 2025, YK Development had pledged a total of 200,419,500 Shares, including (1) 139,804,720 Shares pledged to China Construction Bank (Asia) Corporation Limited in favor of SPDB International (Hong Kong) Limited; and (2) 60,614,780 Shares pledged directly to SPDB Guangzhou Wuyang Branch.
- (5) YK Innovation Limited is directly wholly owned by Kastle Limited. Kastle Limited is the trustee (which is independent and not a connected person of the Company) appointed by the Company for the administration of the 2022 RSU Scheme. Kastle Limited is therefore interested in the Shares held by YK Innovation Limited, the platform holding underlying Shares for the 2022 RSU Scheme.
- (6) The calculation is based on the total number of 621,250,500 Shares in issue as at December 31, 2025.

Save as disclosed above, as at December 31, 2025, the Directors and chief executives of the Company are not aware of any other person (other than the Directors or chief executives of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would be required to be notified to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO; or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

2022 RSU SCHEME

On November 23, 2022 (the “**Adoption Date**”), the 2022 RSU Scheme was approved and adopted by the Company. Further details of the 2022 RSU Scheme are set out in the Company’s announcements dated November 23, 2022 and July 28, 2023.

A summary of the principal terms of the 2022 RSU Scheme is set out below:

1. Purposes of the 2022 RSU Scheme

The purpose of the 2022 RSU Scheme is to attract, retain and incentivize the key personnel and partners of the Company, and to promote the value of the Company by offering these individuals an opportunity to acquire Shares and a proprietary interest in the success of the Company, thereby linking their interests with the Company’s performance.

2. Selected Participants in the 2022 RSU Scheme

Selected participants (the “**Selected Participant(s)**”) of the 2022 RSU Scheme include the following:

- (1) any full-time or part-time employee of the Group;
- (2) customers, suppliers, agents, partners, or consultants of the Group; and
- (3) other persons identified by the Board as a Selected Participant.

The Board may in its sole and absolute discretion select any Selected Participant and determine the restricted share units (the “**RSUs**”) for each of them.

3. Total number of Shares under the 2022 RSU Scheme

The Board may determine the number of Shares to be purchased as the underlying shares (the “**Underlying Shares**”), and cause to be paid the purchase price for the Underlying Shares and the related expenses to the trustee appointed by the Company for the administration of the RSU Scheme (the “**Trustee**”), who will purchase the Underlying Shares. The Trustee shall apply the entire amount without deduction (except for transaction levy, stamp duty and other statutory fees) towards the purchase of Shares at the prevailing market price or at a price within a specific price range determined in the sole discretion of the Board. Once purchased, the Underlying Shares are to be held by the Trustee for the awards under the 2022 RSU Scheme.

Pursuant to the 2022 RSU Scheme, the Underlying Shares will be satisfied by the existing Shares acquired by the Trustee on the market. As no new Shares will be issued under the 2022 RSU Scheme, the operation of the 2022 RSU Scheme is not expected to have a dilutive impact to the Shareholders.

On July 28, 2023, the Board resolved to increase the maximum number of Shares that can be awarded under the 2022 RSU Scheme from 3% to 10% of the issued Shares of the Company as at November 23, 2022, being 62,125,050 Shares, representing 10% of the issued Shares of the Company as at the date of this annual report. For more details, please refer to the announcement of the Company dated July 28, 2023.

The number of RSUs available for grant under the 2022 RSU Scheme was 49,670,550 Shares and 52,276,330 Shares (including RSUs that have lapsed and are available for re-granting) as at January 1, 2025 and December 31, 2025, respectively.

On January 23, 2024, the Company had granted a total of 15,101,500 RSUs to Selected Participants under the 2022 RSU Scheme, of which 2,605,780 RSUs lapsed during the year ended December 31, 2025. None of the grantees of the RSUs are Directors or core connected person(s) of the Company as at December 31, 2025. As at the Latest Practicable Date, the Trustee held 35,905,846 Shares under the 2022 RSU Scheme, representing approximately 5.78% of the total issued Shares of the Company on the same date.

4. Maximum entitlement of each RSU participant

The maximum entitlement of each participant of the 2022 RSU Scheme shall not exceed the limits as required under the Listing Rules.

5. Vesting

The Board will set vesting criteria in its discretion, which, depending on the extent to which the criteria are met, will determine the number of RSUs that will be paid-out to the Selected Participant(s). The Board may set vesting criteria based upon the Company's achievements or individual goals, or any other basis determined by the Board in its discretion. The vesting schedules are stipulated in the respective written or electronic agreement(s) (the "**Award Agreement(s)**") between the Company and the Selected Participant(s). Unvested RSUs will automatically lapse if the RSUs are not fully vested according to the vesting schedules due to Selected Participants failing to meet the vesting criteria or for other reasons.

6. Acceptance of RSUs

If a Selected Participant signs the Award Agreement within 28 days, he/she/it will be deemed to have accepted the grant of RSUs, and the number of RSUs stated in the Award Agreement will be deemed to have been granted. The amount, if any, payable on acceptance of the RSUs shall be stipulated in the Award Agreement.

7. Basis of determining the purchase price of RSUs awarded

The purchase price of RSUs awarded under the 2022 RSU Scheme shall be determined at the sole discretion of the Board and stipulated in the Award Agreement.

8. Remaining life

Unless terminated earlier by the Company in accordance with the rules of the 2022 RSU Scheme, the 2022 RSU Scheme is valid and effective for a term of 10 years commencing from the Adoption Date. The 2022 RSU Scheme may be terminated by ordinary resolution of the general meeting or by resolution of the Board. Upon termination, (i) no further grant of RSUs may be made under the 2022 RSU Scheme; and (ii) the Awards granted prior to such termination shall continue to be valid.

As at the Latest Practicable Date, the remaining life of the 2022 RSU Scheme is approximately six years and seven months.

Details of movements in the RSUs granted under the 2022 RSU Scheme during the Reporting Period are as follows:

Category/Name of grantee	Date of grant	Closing price of Shares immediately before the date on which the RSUs were granted (HK\$)	Vesting period	Weighted average closing price of Shares immediately before the vesting date (HK\$)	Purchase price (per Share) (HK\$)	Performance target	Unvested as at January 1, 2025	Reporting Period (January 1, 2025 to December 31, 2025)				Unvested as at December 31, 2025	Fair value of RSUs at the date of grant (Note 2) (HK\$)
								Granted	Vested	Lapsed	Cancelled		
Five highest paid individuals in aggregate	January 23, 2024	11.22	6 years	N/A	0	Note 1	3,866,500	0	0	541,310	0	3,325,190	11.22
Employees (other grantees excluding five highest paid individuals) in aggregate	January 23, 2024	11.22	6 years	N/A	0	Note 1	8,588,000	0	0	2,064,470	0	6,523,530	11.22
Total							12,454,500	0	0	2,605,780	0	9,848,720	

Notes:

- (1) The vesting of the RSUs shall be subject to the grantee meeting the performance targets to be determined by the Company from time to time. The Company has established an appraisal mechanism to assess the fulfillment of performance targets by the grantee. The appraisal mechanism uses a grading system based on a matrix of qualitative and quantitative indicators that vary according to the roles and responsibilities of the grantee. The indicators include, but are not limited to, measures of work quality, efficiency, collaboration, management and strategy. The scoring system evaluates the grantee's regular duties and the strategic objectives or tasks assigned for the appraisal period. The Company intends to make reference to this appraisal mechanism to set and review the performance targets of the grantees periodically.
- (2) Further details of the 2022 RSU Scheme are set out in note 25(b) to the consolidated financial statements.

Directors' Report

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this report, at no time during the Reporting Period was the Company or any of its subsidiaries, a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of the Shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

EMOLUMENT POLICY AND DIRECTORS' REMUNERATION

In compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code, the Company has established the Remuneration Committee to formulate remuneration policies. The remuneration is determined and recommended based on each Director's and senior management personnel's qualification, position and seniority. As for the independent non-executive Directors, their remuneration is determined by the Board upon recommendation from the Remuneration Committee.

Details of the remuneration of the Directors and the five highest paid individuals are set out in Note 9 and Note 33, respectively to the consolidated financial statements.

None of the Directors waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the Directors as an inducement to join, or upon joining the Group, or as compensation for loss of office.

For the year ended December 31, 2025, none of the Directors was paid any discretionary bonus.

For the year ended December 31, 2025, the five highest paid individuals were paid discretionary bonus totalling RMB2.3 million.

Pursuant to code provision E.1.5 of the Corporate Governance Code, the remuneration of the members of senior management (including Mr. Zhang Yong) by band for the year ended December 31, 2025 is set out below:

Remuneration bands (HKD)	No. of person(s)
Nil – 1,000,000	1
1,000,001 – 1,500,000	1
1,500,001 – 2,000,000	1
2,500,001 – 3,000,000	1
Total	4

The range of the aforementioned remuneration includes senior management's salaries, discretionary bonuses, social security and housing provident funds, as well as share-based award expenses in relation to restricted shares.

CONNECTED TRANSACTIONS

Among the related party transactions disclosed in Note 30 to the consolidated financial statements, the following transactions constitute connected transactions for the Company under Rule 14A.23 of the Listing Rules and are required to be disclosed in this annual report in accordance with Rule 14A.71 of the Listing Rules. Please see below the information required to be disclosed in compliance with Chapter 14A of the Listing Rules.

The Company confirmed that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

As at the Latest Practicable Date, we have entered into the following continuing connected transactions pursuant to the Chapter 14A of the Listing Rules.

Contractual Arrangements

Overview

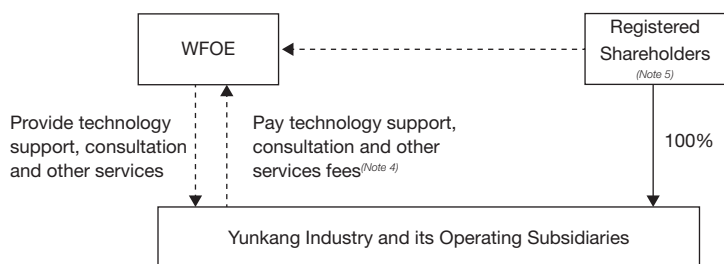
We are engaged in the provision of clinical genetic testing service and medical outpatient service. Under the applicable PRC laws and regulations, foreign investors are (i) prohibited from holding equity interest in any enterprise that are engaged in the development and application of gene diagnosis and treatment technology, which form part of our clinical genetic testing service, and (ii) are restricted from holding equity interest in any enterprise that are engaged in medical outpatient service. As a result, we are not able to acquire and hold the equity interest in our Consolidated Affiliated Entities under the applicable PRC laws and regulations. Besides, Yunkang Industry holds an ICP license for value-added telecommunications service. Under the applicable PRC laws and regulations, foreign investors are not allowed to hold more than 50% of the equity interests in an enterprise providing value-added telecommunications service. For further details of the limitations on foreign ownership in PRC companies conducting the aforementioned business under PRC laws and regulations, please see the section headed “Regulations” in the Prospectus. Yunkang Industry did not provide commercial value-added telecommunication service during the Reporting Period. It plans to provide communication technology enabling remote diagnosis and treatment activities between medical institutions and other commercial internet information services to third parties with fee charge for such platform service in the future.

In order to comply with the relevant PRC laws and regulations, we entered into a series of Contractual Arrangements with Yunkang Industry and its Registered Shareholders on October 22, 2019 which were restated and amended on December 29, 2020 and February 24, 2021. The underlying operating subsidiaries (the “**Operating Subsidiaries**”) of Yunkang Industry became parties of the Contractual Arrangements on February 4, 2022. Pursuant to the Contractual Arrangements, we acquired effective control over the Consolidated Affiliated Entities and consolidated the results of the Consolidated Affiliated Entities.

Directors' Report

The following simplified diagram illustrates the flow of economic benefits from the Consolidated Affiliated Entities to our Group stipulated under the Contractual Arrangements:

- (1) Powers of attorney to exercise all shareholders' rights in Yunkang Industry and its Operating Subsidiaries^(Note 1)
- (2) Exclusive option to acquire all or part of the equity interest in and/or assets of Yunkang Industry and its Operating Subsidiaries^(Note 2)
- (3) First priority security interest over the entire equity interest in Yunkang Industry and its Operating Subsidiaries^(Note 3)



" —>" denotes direct legal and beneficial ownership in the equity interest

" - - ->" denotes contractual relationship

Notes:

- (1) Please refer to the section headed "— Shareholders' Voting Rights Entrustment Agreement" below for details.
- (2) Please refer to section headed "— Exclusive Option Agreement" below for details.
- (3) Please refer to the section headed "— Equity Pledge Agreement" below for details.
- (4) Please refer to the section headed "— Exclusive Consultancy and Service Agreement" below for details.
- (5) As at the Latest Practicable Date, the Registered Shareholders are the following persons who together hold the 100% equity interest of Yunkang Industry.

Shareholders	Registered Capital (RMB)	Approximate percentage of shareholding
Da An Gene	432,000,280	46.96%
Gaoxin Yangguang	303,899,320	33.03%
Mouduanshan	107,999,840	11.74%
Tongfu Zhongchuang	32,000,360	3.48%
Guangzhou Huigang	13,999,640	1.52%
Guangzhou Anjianxin	9,600,200	1.04%
Heyuan Rongwei	9,200,000	1.00%
Guangzhou Guoju Venture Capital Co., Ltd.	8,000,320	0.87%
Mr. Lan Fu	2,300,000	0.25%
Yujiang Anjin	1,000,040	0.11%

Summary of the Material Terms of the Contractual Arrangements

A brief description of the specific agreements that comprise the Contractual Arrangements is set out below. For details of the specific agreements, please refer to the section headed “Contractual Arrangements” in the Prospectus.

(1) Exclusive Consultancy and Service Agreement

Under the exclusive consultancy and service agreement between Yunkang Industry and the WFOE on October 22, 2019 and amended on February 24, 2021 and the exclusive consultancy and service agreement between the WFOE and the Operating Subsidiaries of Yunkang Industry on February 4, 2022 (collectively, the “**Exclusive Consultancy and Service Agreements**”), Yunkang Industry and its Operating Subsidiaries agreed to engage the WFOE as their exclusive provider to provide technology support, consultation and other services within the business scope of Yunkang Industry and its Operating Subsidiaries. In addition, pursuant to the Exclusive Consultancy and Service Agreements, without the prior written approval from the WFOE, Yunkang Industry and its Operating Subsidiaries shall not accept the same or any similar services provided by any third party and shall not, establish cooperation relationships similar to that formed by the Exclusive Consultancy and Service Agreements with any third party. The Exclusive Consultancy and Service Agreements also provides that all intellectual property rights generated, developed or created during the performance of the Exclusive Consultancy and Service Agreements belong to the WFOE.

(2) Exclusive Option Agreement

Under the exclusive option agreement on October 22, 2019 and amended on December 29, 2020 and February 24, 2021 among the WFOE, Yunkang Industry and the Registered Shareholders and the exclusive option agreement among WFOE, Yunkang Industry and its Operating Subsidiaries on February 4, 2022 (collectively, the “**Exclusive Option Agreements**”), WFOE has been granted an irrevocable, unconditional and exclusive right to require the Registered Shareholders and Yunkang Industry to transfer any or all of their equity interests in Yunkang Industry and its Operating Subsidiaries, respectively, to the WFOE and/or its designated third party, in whole or in part at any time and from time to time.

(3) Equity Pledge Agreement

Under the equity pledge agreement on October 22, 2019 and amended on December 29, 2020 and February 24, 2021 among the WFOE, Yunkang Industry and the Registered Shareholders, each of the Registered Shareholders agreed to pledge all of their respective equity interests in Yunkang Industry to the WFOE as a security interest to guarantee the performance of contractual obligations and the payment of outstanding debts under the Contractual Arrangements. Further, on February 4, 2022, WFOE, Yunkang Industry and its Operating Subsidiaries also entered into the equity pledge agreement (collectively, the **"Equity Pledge Agreements"**), pursuant to which Yunkang Industry, Chengdu Daan and Guangzhou Daan agreed to pledge to the WFOE their equity interests in the registered capital of the Operating Subsidiaries.

The registration of the pledge of equity interest in Yunkang Industry has been completed in May 2021 in accordance with the terms of the Equity Pledge Agreements and the applicable PRC laws and regulations. As at the Latest Practicable Date, Operating Subsidiaries, except for Yunkang Lingnan, have completed the registration of the pledge of their corresponding equity interest. On March 17, 2022, the Investment Promotion Bureau issued the "Reply Letter on Matters Concerning the Pledge of the Equity Interest in Yunkang Lingnan", which believes that the pledge of the equity interest in Yunkang Lingnan violates the Investment Agreement (as defined in the section headed "Contractual Arrangements" in the Prospectus). Thus, Yunkang Industry was not able to complete the registration process of the pledge of the equity interest in Yunkang Lingnan to the WFOE to avoid the violation of the Investment Agreement. As confirmed by our PRC Legal Advisers, the failure of registration process will not influence the validity and enforceability of the Contractual Agreements and our Directors are of the view that it does not have any material impact on the Group's finance and business operations.

(4) Shareholders' Voting Rights Entrustment Agreement

Under the restated and amended shareholders' voting rights entrustment agreement among each of Yunkang Industry, the Registered Shareholders and WFOE on October 22, 2019 and amended on December 29, 2020 and February 24, 2021 and the shareholders' voting rights entrustment agreement among WFOE, Yunkang Industry and its Operating Subsidiaries on February 4, 2022 (collectively, the **"Shareholders' Voting Rights Entrustment Agreements"**), each of the Registered Shareholders and Yunkang Industry irrevocably, unconditionally and exclusively appointed the persons designated by the WFOE as its attorneys-in-fact to exercise on his/her/its behalf, any and all shareholder's right that he/she/it has in respect of its equity interests in Yunkang Industry and its Operating Subsidiaries, respectively.

(5) Shareholders' Powers of Attorney

Pursuant to the restated and amended Shareholders' Powers of Attorney dated February 24, 2021 and executed by the Registered Shareholders in favor of the Directors, their successors (including a liquidator replacing the Directors) and the WFOE, each of the Registered Shareholders irrevocably authorized and appointed the WFOE, as his/her/its agent to act on his/her/its behalf to exercise or delegate the exercise of all his/her/its rights as shareholders of Yunkang Industry. Pursuant to the Shareholders' Powers of Attorney dated February 4, 2022 and executed by Yunkang Industry and the WFOE, Yunkang Industry irrevocably authorized and appointed the WFOE, as its agent to act on its behalf to exercise or delegate the exercise of all its rights as shareholder of its Operating Subsidiaries.

(6) Spouse Undertakings

The spouse of the individual Registered Shareholder, namely, Mr. Lan Fu, has signed an undertaking to the effect that: (i) his spouse has full knowledge of the entering into of the Contractual Arrangements by WFOE, the Registered Shareholders and Yunkang Industry; (ii) the equity interests of Yunkang Industry held by Mr. Lan Fu do not fall within the scope of communal properties in case of divorce; (iii) at any time, the spouse shall not take any actions against the disposal of such interests and shall not make any claim relating to such interests; and (iv) the performance, amendment or termination of the Contractual Arrangements does not require consent from the spouse.

In addition, the spouse of each of the ultimate beneficial owners or controllers of Gaoxin Yangguang, Mouduanshan, Tongfu Zhongchuang, Guangzhou Huigang, Yujiang Anjin and Guangzhou Anjianxin, where appropriate, has entered into an undertaking to the effect that: (i) the respective spouse has full knowledge of the entering into of the Contractual Arrangements by WFOE, the Registered Shareholders and Yunkang Industry; (ii) the performance, amendment or termination of the Contractual Arrangements does not require consent from the spouse; (iii) if he/she is transferred any shares, directly or indirectly, he/she will be bound by the Contractual Arrangements and will sign all necessary documents and to take all necessary actions to ensure the Contractual Arrangements are properly performed.

Business Activities of Consolidated Affiliated Entities

Our Consolidated Affiliated Entities include (i) Yunkang Industry and its subsidiaries; and (ii) Guangzhou Clinic. We do not directly own 100% equity interest in the Consolidated Affiliated Entities. Yunkang Industry is currently held by the Registered Shareholders. Guangzhou Clinic is currently held as to 70% by Guangzhou Yunkang and as to 30% by Yunkang Industry.

Consolidated Affiliated Entities	Principal Business	Basis to be controlled through the Contractual Arrangements
Yunkang Industry	Planning to conduct commercial value-added telecommunication service	According to the 2024 Negative List, foreign investment is restricted for the companies engaged in commercial value-added telecommunication service
	Holding company of the Consolidated Affiliated Entities that are engaged in clinical genetic testing service	According to the 2024 Negative List, foreign investment is prohibited for the companies engaged in development and application of gene diagnosis and treatment technology, which forms part of clinical genetic testing

Directors' Report

Consolidated Affiliated Entities	Principal Business	Basis to be controlled through the Contractual Arrangements
Guangzhou Daan, Chengdu Daan, Jiangxi Yunkang Daan Medical Laboratory Co., Ltd., Shanghai Daan, Hefei Daan Medical Laboratory Co., Ltd. and Kunming Gaoxin Daan Medical Laboratory Co., Ltd.	Diagnostic testing services including clinical genetic testing service	According to the 2024 Negative List, foreign investment is prohibited for the companies engaged in development and application of gene diagnosis and treatment technology, which forms part of clinical genetic testing
Hainan Yunkang Daan Medical Laboratory Co., Ltd., Jiangmen Yunkang Daan Medical Laboratory Co., Ltd., Changsha Yunkang Daan Medical Laboratory Co., Ltd., Jieyang Yunkang Daan Medical Laboratory Co., Ltd., Qingyuan Yunkang Daan Medical Laboratory Co., Ltd., Zhanjiang Yunkang Daan Medical Laboratory Co., Ltd., Guangzhou Huadu Yunkang Daan Medical Laboratory Co., Ltd., Zhongshan Yunkang Daan Medical Laboratory Co., Ltd., Zhuhai Yunkang Jianjie Technology Co., Ltd. and Zhejiang Yunkang Biotechnology Industry Development Co., Ltd.	Planning to conduct diagnostic testing services including clinical genetic testing service	According to the 2024 Negative List, foreign investment is prohibited for the companies engaged in development and application of gene diagnosis and treatment technology, which forms part of clinical genetic testing
Guangzhou Clinic	Medical outpatient service	According to the 2024 Negative List, foreign investment is restricted for the companies engaged in medical outpatient service
Yunkang Lingnan	A project company for the development of the Group's global headquarters with no business operations	Yunkang Lingnan is held by Yunkang Industry and the transfer of equity interest in Yunkang Lingnan will constitute a breach of the Investment Agreement

The Importance and Financial Contribution of the Consolidated Affiliated Entities to the Group

Through our shareholdings and the Contractual Arrangements, our Company acquired effective control over Consolidated Affiliated Entities and, at our Company's sole discretion, can receive all of the economic interest returns generated by Consolidated Affiliated Entities. The total revenue and net assets of the Consolidated Affiliated Entities that are subject to the Contractual Arrangements amounted to approximately RMB591.9 million for the year ended December 31, 2025 and RMB945.9 million as at December 31, 2025, respectively.

Governing Framework

On January 1, 2020, the Foreign Investment Law (“**FIL**”) passed by the second session of the thirteenth National People’s Congress became effective. The FIL has replaced the Law of the People’s Republic of China on Chinese – Foreign Equity Joint Ventures (中華人民共和國中外合資經營企業法), the Law of the People’s Republic of China on Chinese-Foreign Contractual Joint Ventures (中華人民共和國中外合作經營企業法) and the Law of the People’s Republic of China on Wholly Foreign-Owned Enterprises (中華人民共和國外資企業法) to become the legal foundation for foreign investment in the PRC. The Implementation Regulations for the Foreign Investment Law of the People’s Republic of China (中華人民共和國外商投資法實施條例) (the “**Implementation Regulations for the Foreign Investment Law**”) was passed by the 74th Executive Session of the State Council on December 12, 2019 and was implemented with effect from January 1, 2020.

Conducting operations through contractual arrangements has been adopted by many PRC-based companies, including us, to obtain and maintain necessary licenses and permits in the industries that are currently subject to foreign investment restrictions or prohibitions in China. The FIL does not explicitly stipulate the contractual arrangements as a form of foreign investment. As advised by our PRC legal advisers, since contractual arrangements are not specified as foreign investment under the FIL or the Implementation Regulations for the Foreign Investment Law, and if the future laws, regulations and rules do not incorporate contractual arrangements as a form of foreign investment, the Contractual Arrangements as a whole and each of the agreements comprising the Contractual Arrangements will not be affected and will continue to be legal, valid and binding on the parties.

According to the FIL, the “foreign investment” refers to investment activities carried out directly or indirectly by foreign natural persons, enterprises or other organizations (hereinafter referred to as “**Foreign Investors**”). However, the interpretation and application of the FIL remain uncertain. In addition, the FIL stipulates that foreign investment includes “Foreign Investors investing in PRC through many other methods under laws, administrative regulations or provisions prescribed by the State Council”. We cannot assure you that the Contractual Arrangements will not be deemed as a form of foreign investment under laws, regulations or provisions prescribed by the State Council in the future, as a result of which, it will be uncertain whether the Contractual Arrangements will be deemed to be in violation of the foreign investment access requirements and the impact on the Contractual Arrangements. If our ownership structure, Contractual Arrangements and business or that of Yunkang Industry, subsidiaries of Yunkang Industry and Guangzhou Clinic are found to be in violation of any existing or future PRC laws or regulations, or we fail to obtain or maintain any of the required permits or approvals, the relevant governmental authorities would have broad discretion in dealing with such violations, which may have a material adverse effect on the trading of its Shares.

Furthermore, new PRC laws, rules and regulations may be introduced to impose additional requirements that may be applicable to our corporate structure and the Contractual Arrangements. In addition, if any equity interest held by WFOE in Consolidated Affiliated Entities is held in the court custody in connection with its litigation, arbitration or other judicial or dispute resolution proceedings, we cannot assure you that the equity interest will be disposed of to us in such proceedings in accordance with the Contractual Arrangements. The occurrence of any of these events could adversely affect our business, financial condition and results of operations.

Directors' Report

Risks in relation to the Arrangements and Actions Taken to Reduce Risks

There are certain risks that are associated with the Contractual Arrangements, including:

- i. if the PRC government deems that the Contractual Arrangements do not comply with PRC regulatory restrictions on foreign investment in the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests received through the Contractual Arrangements;
- ii. our Contractual Arrangements may not be as effective in providing operational control as direct ownership and our Consolidated Affiliated Entities and their shareholders may fail to perform their obligations under our Contractual Arrangements;
- iii. our Contractual Arrangements may result in adverse tax consequences to us;
- iv. the shareholders of Consolidated Affiliated Entities may potentially have a conflict of interest with us, and they may breach their contracts with us or cause such contracts to be amended in a manner contrary to our interests; and
- v. if we exercise the option to acquire equity ownership and assets of our Consolidated Affiliated Entities, the ownership or asset transfer may subject us to certain limitations and substantial costs.

For details, please refer to the section headed "Risk Factors – Risks Relating to the Contractual Arrangements" in the Prospectus.

Our Group has adopted the following measures to ensure the effective operation of our Group with the implementation of the Contractual Arrangements and our compliance with the Contractual Arrangements:

- i. major issues arising from the implementation and compliance with the Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to our Board, if necessary, for review and discussion on an occurrence basis;
- ii. our Board will review the overall performance of and compliance with the Contractual Arrangements at least once a year;
- iii. our Company will disclose the overall performance and compliance with the Contractual Arrangements in its annual reports to update the Shareholders and potential investors; and
- iv. our Company will engage external legal advisors or other professional advisors, if necessary, to assist the Board to review the implementation of the Contractual Arrangements, review the legal compliance of the WFOE and our Consolidated Affiliated Entities to deal with specific issues or matters arising from the Contractual Arrangements.

Listing Rules Implications and Waivers from the Stock Exchange

The transactions contemplated under the Contractual Arrangements are continuing connected transactions of our Group and are subject to reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Our Directors, including our independent non-executive Directors, are of the view that (i) the Contractual Arrangements are fundamental to our Group's legal structure and business operations; and (ii) the Contractual Arrangements are on normal commercial terms or on terms more favorable to our Group in the ordinary and usual course of our Group's business and are fair and reasonable or to the advantage of our Group and are in the interests of our Shareholders as a whole.

Accordingly, notwithstanding that the transactions contemplated under the Contractual Arrangements technically constitute continuing connected transactions under Chapter 14A of the Listing Rules, our Directors consider that, given that our Group is placed in a special situation in relation to the connected transactions rules under the Contractual Arrangements, it would be unduly burdensome and impracticable, and would add unnecessary administrative costs to our Company, for all the transactions contemplated under the Contractual Arrangements to be subject to strict compliance with the requirements set out under Chapter 14A of the Listing Rules, including, among other things, the announcement and approval of independent Shareholders.

In relation to the Contractual Arrangements, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with (i) the announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Contractual Arrangements pursuant to Rule 14A.105 of the Listing Rules, (ii) the requirement of setting an annual cap for the transactions under the Contractual Arrangements under Rule 14A.53 of the Listing Rules, and (iii) the requirement of limiting the term of the Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules, for so long as our Shares are listed on the Stock Exchange subject however to certain conditions, the details of which are set out in the section headed "Connected Transactions" in the Prospectus.

Annual Review by the Independent Non-executive Directors and the Auditor

The independent non-executive Directors, upon review of the overall performance of and compliance with the Contractual Arrangements, confirmed that:

- i. the transactions carried out during such year have been entered into in accordance with the relevant provisions of the Contractual Arrangements;
- ii. no dividends or other distributions have been made by the Consolidated Affiliated Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group; and
- iii. any new contracts entered into, renewed or reproduced between our Group and the Consolidated Affiliated Entities during the relevant financial period are fair and reasonable, or advantageous, so far as our Group is concerned and in the interests of the Company and the Shareholders as a whole.

Directors' Report

The auditor of the Company has carried out review procedures on the transactions carried out pursuant to the Contractual Arrangements during the Reporting Period in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants, confirming that:

- i. the transactions carried out pursuant to the Contractual Arrangements have received the approval of our Directors; and
- ii. no dividends or other distributions have been made by the Consolidated Affiliated Entities to the holders of its equity interests which are not otherwise subsequently assigned/transferred to our Group.

The Consolidated Affiliated Entities have undertaken that, for so long as the Shares are listed on the Stock Exchange, the Consolidated Affiliated Entities will provide our Group's management and our auditor with full access to its relevant records for the purpose of procedures to be carried out by our auditor on the connected transactions.

Material Changes

Save as disclosed above, there were no other new contractual arrangements entered into, renewed and/or reproduced between the Group and the Consolidated Affiliated Entities during the Reporting Period. There was no material change in the Contractual Arrangements and/or the circumstances under which they were adopted during the Reporting Period.

During the Reporting Period, none of the Contractual Arrangements had been unwound on the basis that none of the restrictions that led to the adoption of the Contractual Arrangements had been removed. As at December 31, 2025, the Company had not encountered interference or encumbrance from any PRC governing bodies in operating its businesses through its Consolidated Affiliated Entities under the Contractual Arrangements.

Property Lease Agreement

On December 27, 2024, the Group entered into a property leasing agreement with Da An Gene (the "**2025 Property Leasing Agreement**"), pursuant to which Da An Gene agreed to lease to our Group certain premises of No. 1 Building and No. 2 Building, No. 6 Lizhishan Road, Science City, High-tech Industry Development Zone, Guangzhou, the PRC, with a total gross floor area of approximately 10,468.23 sq.m. (the "**Property**"), and provide to the Group related services, including water and electricity supply. The Property is mainly used for the Group's daily laboratory tests and office use. Da An Gene is a controlling shareholder of the Company and is thus a connected person of the Company under Rule 14A.07(1) of the Listing Rules. The 2025 Property Leasing Agreement has a term of one year from January 1, 2025 to December 31, 2025. Please refer to the Company's announcement dated December 27, 2024 for details.

The annual cap for the transactions under the 2025 Property Leasing Agreement for the year ended December 31, 2025 is RMB4,592,000.

On December 31, 2025, the Group entered into a new property leasing agreement with Da An Gene (the “**New Property Leasing Agreement**”). According to the New Property Leasing Agreement, (i) Da An Gene agreed to continue leasing the Property to the Group; and (ii) the Group agreed to pay Da An Gene the relevant service fees such as water and electricity fees. The New Property Leasing Agreement has a term of three years from January 1, 2026 to December 31, 2028. The annual caps for the transactions under the New Property Leasing Agreement for the years ending December 31, 2026, 2027 and 2028 were RMB4,557,000, RMB4,785,000, and RMB5,024,000, respectively. Please refer to the Company’s announcement dated December 31, 2025 for details.

Laboratory Testing Service Framework Agreement

On November 11, 2024, the Group entered into a laboratory testing service framework agreement with Da An Gene (the “**2025-2027 Laboratory Testing Service Framework Agreement**”), pursuant to which Da An Gene Group agreed to provide laboratory testing service to our Group. The 2025-2027 Laboratory Testing Service Framework Agreement has a term of three years from January 1, 2025 to December 31, 2027. We have the right to terminate the 2025-2027 Laboratory Testing Service Framework Agreement by serving a thirty (30) Business Days’ prior written notice to Da An Gene. Please refer to the Company’s announcement dated November 11, 2024 for details.

The annual caps for the transactions under the 2025-2027 Laboratory Testing Service Framework Agreement for the years ending December 31, 2025, 2026 and 2027 are RMB16,807,000, RMB20,170,000 and RMB24,205,000, respectively.

Reagents, Consumables and Equipment Procurement Framework Agreement

On November 11, 2024, the Group entered into a reagents, consumables and equipment procurement framework agreement with Da An Gene (the “**2025-2027 Reagents, Consumables and Equipment Procurement Framework Agreement**”), pursuant to which our Group agreed to procure reagents, consumables and equipment from Da An Gene Group. The 2025-2027 Reagents, Consumables and Equipment Procurement Framework Agreement has a term of three years from January 1, 2025 to December 31, 2027. We have the right to terminate the 2025-2027 Reagents, Consumables and Equipment Procurement Framework Agreement by serving a thirty (30) Business Days’ prior written notice to Da An Gene. Please refer to the announcement of the Company dated November 11, 2024 and the circular of the Company dated December 4, 2024 for details.

The annual caps for the transactions under the 2025-2027 Reagents, Consumables and Equipment Procurement Framework Agreement for the years ending December 31, 2025, 2026 and 2027 are RMB41,083,000, RMB51,354,000 and RMB64,193,000, respectively.

The above continuing connected transactions have followed the policies and guidelines when determining the price and terms of the transactions conducted for the year ended December 31, 2025.

The auditor of the Company was engaged to review and report on the Group’s continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with reference to Practice Note 740 (Revised) “Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing the conclusions in respect of the abovementioned continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules that nothing has caused them to believe that the continuing connected transactions (i) had not been approved by the Board; (ii) were not in accordance with the Company’s pricing policies; (iii) were not entered into in accordance with the agreement governing them; and (iv) had exceeded the annual cap.

The independent non-executive Directors have reviewed and confirmed that the continuing connected transactions referred to above have been entered into, (i) in the ordinary and usual course of business of our Group; (ii) on normal commercial terms or better to us; and (iii) are according to the agreement governing them on terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

The Company has designated a team of senior management from business operation, legal, risk control and finance departments and Board office to monitor the continuing connected transactions and ensure that the continuing connected transactions with the abovementioned connected persons are on arm's length basis and that the annual caps are not exceeded. Such team of senior management continuously traces and regularly monitors the progress of the continuing connected transactions and reports to management of the Company. They review the continuing connected transactions with the finance department to ensure that annual caps are not exceeded. They will also communicate with the Audit Committee, management and the Board, monthly or as needed, to report the progress of the continuing connected transactions, and request for approval of new changes of existing transaction terms. The heads of different departments of the Company will be informed on a periodic basis in relation to the terms and pricing policies of the continuing connected transactions as well. The Audit Committee has also assigned the independent internal audit team the task to ensure that the Company's internal control measures in respect of the continuing connected transactions remain effective and complete. With these measures, the independent non-executive Directors could therefore assess and give the confirmations in the preceding paragraph.

Save for disclosed above, for the year ended December 31, 2025, we have not entered into any connected transaction or continuing connected transaction which should be disclosed pursuant to the Rules 14A.49 and 14A.71 of the Listing Rules.

CONTRACT OF SIGNIFICANCE

Save as disclosed in Note 30 to the consolidated financial statements and in the section headed "Connected Transactions" above, no contract of significance was entered into between the Company, or one of its subsidiaries, and any of its Controlling Shareholders or subsidiaries from the Listing Date to December 31, 2025.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

For the year ended December 31, 2025, neither the Company nor any subsidiaries or Consolidated Affiliate Entities of the Group purchased, redeemed or sold any of the listed securities of the Company or any of its subsidiaries.

MATERIAL LITIGATION

The Company was not involved in any material litigation or arbitration for the year ended December 31, 2025.

Directors' Report

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The net proceeds from the Global Offering amounted to approximately HK\$811.8 million (“Net Proceeds”). The original plan for utilization of the Net Proceeds was disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus.

On June 28, 2024, the Company announced re-allocation of the use of the Net Proceeds and the extension of timing of the use of the Net Proceeds. For further details and reasons for such changes, please refer to the announcement of the Company dated June 28, 2024.

Details of the original allocation of the Net Proceeds, the revised allocation of the Net Proceeds and the utilization of the Net Proceeds are set out below:

	Allocation of net proceeds from the Global Offering in the proportion disclosed in the Prospectus		Unutilized balance of Net Proceeds after re-allocation as at May 31, 2024 HK\$ million	Net Proceeds utilized as at December 31, 2024 HK\$ million	Net Proceeds utilized as at December 31, 2025 HK\$ million	Amounts not yet utilized as at December 31, 2025 HK\$ million	Expected timeline of full utilization of the Net Proceeds
	HK\$ million	Percentage					
Expanding and deepening our medical institution alliance network	446.5	55.0%	184.0	295.4	356.3	47.8	By the end of 2026
Upgrading and enhancing our operational capabilities as a medical operation service provider	162.3	20.0%	59.4	145.6	177.2	12.6	By the end of 2026
Expanding our diagnostic capabilities and enriching our diagnostic testing portfolio	81.2	10.0%	22.0	47.2	53.7	–	N/A
Potential investment and acquisition opportunities	40.6	5.0%	55.0	–	–	55.0	By the end of 2026
Recruiting and training up our talent pool	40.6	5.0%	36.3	58.6	58.6	–	N/A
Working capital and general corporate purposes	40.6	5.0%	10.0	50.6	50.6	–	N/A
Total	811.8	100.0%	366.7	597.4	696.4	115.4	

The Company will continue to evaluate market conditions and adopt a prudent and flexible approach for utilizing the Net Proceeds and will ensure the Net Proceeds will be used effectively and efficiently for the long-term benefit and development of the Group. The expected timeline of full utilization set out above is based on the Directors' best estimation barring unforeseen circumstances, and is subject to change in light of future development of market conditions.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the Latest Practicable Date, the Company has maintained the prescribed percentage of public float under the Listing Rules.

AUDITOR

Forvis Mazars has been appointed as the auditor of the Company with effect from November 23, 2023 to fill the vacancy following the resignation of PricewaterhouseCoopers on November 17, 2023. Save for the above, there has been no other change in the auditors in the past three years.

The consolidated financial statements of the Group for the year ended December 31, 2025 have been audited by Forvis Mazars, who will retire and, being eligible, offer themselves for re-appointment at the AGM.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in the section headed “Management Discussion and Analysis – Business Review – Events after the Reporting Period”, no important events affecting the Company occurred after the Reporting Period and up to the Latest Practicable Date.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, June 23, 2026 to Friday, June 26, 2026, both days inclusive, in order to determine the eligibility of the Shareholders to attend and vote at the forthcoming AGM. A notice of the AGM will be issued and delivered to the Shareholders in due course. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates and transfer forms must be lodged with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:30 p.m. on Monday, June 22, 2026. The Shareholders whose names appear on the register of members of the Company on Friday, June 26, 2026 are entitled to attend and vote at the AGM.

FINAL DIVIDEND AND THE RECORD DATE

The Board did not recommend the payment of a final dividend for the year ended December 31, 2025.

By order of the Board
Yunkang Group Limited
Zhang Yong
Chairman

Guangzhou, the PRC, March 31, 2026

Independent Auditor's Report



FORVIS MAZARS CPA LIMITED

富睿瑪澤會計師事務所有限公司

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To the shareholders of Yunkang Group Limited

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Yunkang Group Limited (the “Company”) and its subsidiaries (together the “Group”) set out on pages 95 to 185, which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2025, and of its financial performance and cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSAs”) issued by the HKICPA. Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements” section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “Code”), as applicable to audits of financial statements of public interest entities, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><i>Determination of whether the Group has control over consolidated affiliated entities under a series of contractual arrangements</i></p> <p><i>Refer to notes 2.2.1(a) to the consolidated financial statements</i></p> <p>The Group, through its indirect wholly-owned subsidiary of the Company, which was a wholly foreign owned enterprise incorporated in the People's Republic of China (the "PRC") (the "WFOE"), entered into a series of contractual arrangements (the "Contractual Arrangements") with Yunkang Health Industry Investment Co., Ltd. ("Yunkang Industry") and its registered shareholders (the "Registered Shareholders"). The Group, through the Contractual Arrangements, has exposure and rights to variable returns from its involvement with Yunkang Industry and its subsidiaries (together "Yunkang Industry Group"). Therefore, the Group is considered to have control over Yunkang Industry Group.</p>	<p>Our key procedures, among others, included:</p> <ul style="list-style-type: none"> - Evaluating the terms in the Contractual Arrangements in connection with the Group's control over Yunkang Industry Group; - Understanding how the Group controls the daily business operations and financing activities of Yunkang Industry Group; - Evaluating the management's assessment in relation to the control over Yunkang Industry Group according to HKFRS 10; - Obtaining a legal opinion from the Company's PRC legal counsel regarding whether the Contractual Arrangements are in compliance with the relevant PRC laws and regulations and are legally binding; and - Evaluating the Company's PRC legal counsel's competence, capabilities and objectivity.

Independent Auditor's Report

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>In determining the extent of the Group's involvement with and control over Yunkang Industry Group, the management considered a number of factors including whether the Group has:</p> <ul style="list-style-type: none">(i) exercised effective control over the Yunkang Industry Group;(ii) exercised equity holders' voting rights of the Yunkang Industry Group;(iii) received substantially all of the economic interests and returns generated by the Yunkang Industry Group in consideration for the technical support, consulting and other services provided exclusively by the WFOE, at the WFOE's discretion;(iv) obtained an irrevocable and exclusive right to purchase all equity interests in Yunkang Industry Group from its Registered Shareholders at a minimum purchase price permitted under the PRC laws and regulations unless the relevant government authorities request that another amount be used as the purchase consideration and in which case the purchase consideration shall be such amount. At the WFOE's request, the Registered Shareholders of Yunkang Industry Group will promptly and unconditionally transfer their respective equity interests of Yunkang Industry Group to the WFOE (or its designee within the Group) after the WFOE exercises its purchase right; and(v) obtained pledges over the entire equity interests in Yunkang Industry Group from its Registered Shareholders to secure, among others, performance of their obligations under the Contractual Arrangements.	
<p>We identified the above matter as a key audit matter because Yunkang Industry Group is material to the Group and the determination of whether the Group has control over Yunkang Industry Group involves a significant degree of management's judgement.</p>	

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><i>Expected credit loss assessment for trade receivables</i></p> <p><i>Refer to notes 3.1.2, 4(a), and 21 to the consolidated financial statements</i></p> <p>As at December 31, 2025, the Group had gross trade receivables of approximately RMB939,846,000, against which an expected credit loss allowance of RMB593,345,000 was recorded.</p> <p>Management applied the simplified approach under HKFRS 9 to calculate the expected credit loss (“ECL”) for trade receivables which is based on lifetime ECL at each reporting date. Management performed a detailed analysis which considered customers’ ageing profile, credit history, historical payment pattern and forward-looking information for the estimation of ECL on its trade receivables.</p> <p>We identified the impairment assessment of trade receivables as a key audit matter due to the significance of the balances. Furthermore, a significant degree of management estimation is required in assessing ECL of trade receivables which may affect their carrying amounts.</p>	<p>Our key procedures, among others, included:</p> <ul style="list-style-type: none"> – Obtaining an understanding of the design and implementation of the Group’s internal control and assessment process of the ECL of trade receivables; – Obtaining an understanding of management’s rationale in the identification of individually credit-impaired trade receivables and the grouping of those trade receivables with similar credit risk characteristics for collective assessment; – Reviewing the valuation report from the valuer appointed by the management and discussing with the management and the valuer, if appropriate, to understand the basis and methodology used, and underlying assumptions applied to determine ECL; – Evaluating the objectivity, capabilities and competence of the valuer; – Assessing the reasonableness of assumptions, including both historical and forward-looking information used to determine the ECL, and the accuracy of the source data adopted by the management and the valuer; – Testing, on a sample basis, the grouping and accuracy of ageing analysis of trade receivables prepared by management by examining the underlying supporting documents; and – Inspecting subsequent cash receipts from customers relating to those balances on a sample basis.

Independent Auditor's Report

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Valuation of financial instruments measured at fair value</p> <p><i>Refer to notes 2.12, 23(a) and 23(b) to the consolidated financial statements</i></p> <p>As at December 31, 2025, the Group had financial assets at fair value through other comprehensive income (“FVOCI”) and financial assets at fair value through profit or loss (“FVTPL”) which were not quoted in an active market and measured at level 3 fair value hierarchy amounted to RMB120,547,000.</p> <p>The fair value assessment of the financial instruments that are measured at level 3 fair value hierarchy requires significant estimates, unobservable inputs, usually involves subjective judgement and assumptions, which include comparable price to book value or price to earnings multiples, expected volatility, expected rate of return, market information of recent transactions (such as recent fund raising transactions undertaken by the investees) and other assumptions. Changes in these assumptions and estimates could materially affect the respective fair value of these investments. As such, we identified this as a key audit matter.</p>	<p>Our key procedures, among others, included:</p> <ul style="list-style-type: none">– Obtaining an understanding of the design and implementation of the Group’s internal control and assessment process of the valuation of financial instruments measured at fair value;– Reviewing the valuation reports from the valuer appointed by the management and discussing with the management and the valuer, if appropriate, to understand the valuation basis and methodology used, and underlying assumptions applied;– Evaluating the objectivity, capabilities and competence of the valuer;– Assessing the reasonableness of assumptions, methodologies, significant unobservable inputs, if any, and the accuracy of the source data adopted by the management and the valuer; and– Checking arithmetical accuracy of the calculations in the valuation reports.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the Company's 2025 annual report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THE THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the disclosure requirements of the Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Independent Auditor's Report

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Forvis Mazars CPA Limited

Certified Public Accountants

42/F, Central Plaza

18 Harbour Road

Wanchai, Hong Kong

31 March 2026

The engagement director on the audit resulting in this independent auditor's report is:

So Chun Wai

Practising Certificate number: P07513

Consolidated Statement of Comprehensive Income

	Note	Year ended December 31,	
		2025 RMB'000	2024 RMB'000
Revenue	5	601,388	711,884
Cost of revenue	8	(418,571)	(500,815)
Gross profit		182,817	211,069
Selling expenses	8	(118,151)	(180,197)
Administrative expenses	8	(186,506)	(264,838)
Reversal of impairment losses (Impairment losses) on financial assets, net	3.1.2	214,270	(536,182)
Other income	6	2,123	1,285
Other (losses) gains – net	7	(55,431)	24,973
Fair value changes on investment properties	13	1,091	–
Fair value changes on financial assets at fair value through profit or loss	23(b)	(7,265)	(8,178)
Operating income (loss)		32,948	(752,068)
Finance income	10	8,903	10,159
Finance costs	10	(34,876)	(49,282)
Finance costs – net		(25,973)	(39,123)
Profit (Loss) before income tax		6,975	(791,191)
Income tax expenses	11	(3,075)	(1,960)
Profit (Loss) for the year		3,900	(793,151)
Other comprehensive income (loss), net of tax			
Items that will not be reclassified to profit or loss			
– Gain on properties revaluation upon transfer to investment properties, net of tax	14	15,192	–
– Changes in fair value of financial assets at fair value through other comprehensive income, net of tax	23(a)	(8,745)	(15,748)
		6,447	(15,748)
Total comprehensive income (loss) for the year		10,347	(808,899)

Consolidated Statement of Comprehensive Income

	Note	Year ended December 31,	
		2025 RMB'000	2024 RMB'000
Profit (Loss) attributable to:			
– Owners of the Company		2,920	(791,682)
– Non-controlling interests		980	(1,469)
		3,900	(793,151)
Total comprehensive income (loss) attributable to:			
– Owners of the Company		9,367	(807,430)
– Non-controlling interests		980	(1,469)
		10,347	(808,899)
Earnings (Loss) per share for profit (loss) attributable to owners of the Company			
– Basic (in RMB)	12	0.005	(1.329)
– Diluted (in RMB)	12	0.005	(1.329)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

	Note	As at December 31,	
		2025 RMB'000	2024 RMB'000
Assets			
Non-current assets			
Investment properties	13	44,288	–
Property and equipment	14	258,332	314,340
Intangible assets	15	6,874	2,259
Interest in an associate	17	4,000	–
Prepayments and other receivables	22	45,921	90,613
Financial assets at fair value through other comprehensive income (“FVOCI”)	23(a)	50,352	59,066
Financial assets at fair value through profit or loss (“FVTPL”)	23(b)	70,195	62,411
Deferred income tax assets	18	37,794	40,196
		517,756	568,885
Current assets			
Inventories	19	13,930	16,075
Trade and bill receivables	21	348,524	628,456
Prepayments and other receivables	22	86,221	24,279
Financial assets at FVTPL	23(b)	181,860	412,989
Restricted cash	24	64,211	256,297
Cash and cash equivalents	24	1,522,169	1,321,355
		2,216,915	2,659,451
Total assets		2,734,671	3,228,336
Equity			
Equity attributable to owners of the Company			
Share capital and share premium	25(a)	610,358	610,358
Shares held for employee share scheme	25(b)	(362,241)	(362,241)
Other reserves	26	946,119	937,536
Accumulated losses		(39,092)	(42,012)
		1,155,144	1,143,641
Non-controlling interests		7,216	6,236
Total equity		1,162,360	1,149,877

Consolidated Statement of Financial Position

	Note	As at December 31,	
		2025 RMB'000	2024 RMB'000
Liabilities			
Non-current liabilities			
Borrowings	27	172,308	151,339
Lease liabilities	16(a)	1,649	10,075
Deferred income tax liabilities	18	5,565	610
		179,522	162,024
Current liabilities			
Borrowings	27	511,336	902,575
Trade and other payables	28	839,676	970,158
Current income tax liabilities		34,762	34,747
Lease liabilities	16(a)	7,015	8,955
		1,392,789	1,916,435
Total liabilities		1,572,311	2,078,459
Total equity and liabilities		2,734,671	3,228,336

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

The consolidated financial statements on pages 95 to 185 were approved by the Board of Directors of the Company on March 31, 2026 and were signed on its behalf by:

Zhang Yong
Director

Xie Shaohua
Director

Consolidated Statement of Changes in Equity

Attributable to owners of the Company

	Note	Share capital and share premium RMB'000 (Note 25(a))	Shares held for employee share scheme RMB'000 (Note 25(b))	Other reserves RMB'000 (Note 26)	Retained earnings (Accumulated losses)* RMB'000	Sub-total RMB'000	Non- controlling interests RMB'000	Total RMB'000
Balance as at January 1, 2025		610,358	(362,241)	937,536	(42,012)	1,143,641	6,236	1,149,877
Profit for the year		-	-	-	2,920	2,920	980	3,900
Other comprehensive income (loss)								
- Gain on properties revaluation upon transfer to investment properties, net of tax	14	-	-	15,192	-	15,192	-	15,192
- Changes in fair value of financial assets at FVOCI, net of tax	23(a)	-	-	(8,745)	-	(8,745)	-	(8,745)
Total comprehensive income for the year		-	-	6,447	2,920	9,367	980	10,347
Transactions with owners:								
Share award expenses	25(b)	-	-	2,136	-	2,136	-	2,136
Total transactions with owners		-	-	2,136	-	2,136	-	2,136
Balance as at December 31, 2025		610,358	(362,241)	946,119	(39,092)	1,155,144	7,216	1,162,360

Consolidated Statement of Changes in Equity

Attributable to owners of the Company

	Note	Share capital and share premium RMB'000 (Note 25(a))	Shares held for employee share scheme RMB'000 (Note 25(b))	Other reserves RMB'000 (Note 26)	Retained earnings (Accumulated losses)* RMB'000	Sub-total RMB'000	Non- controlling interests RMB'000	Total RMB'000
Balance as at January 1, 2024		621,314	(188,524)	929,692	749,670	2,112,152	7,705	2,119,857
Loss for the year		-	-	-	(791,682)	(791,682)	(1,469)	(793,151)
Other comprehensive loss								
- Changes in fair value of financial assets at FVOCI, net of tax	23(a)	-	-	(15,748)	-	(15,748)	-	(15,748)
Total comprehensive loss for the year		-	-	(15,748)	(791,682)	(807,430)	(1,469)	(808,899)
Transactions with owners:								
Share award expenses	25(b)	-	-	23,592	-	23,592	-	23,592
Shares purchased under the 2022 RSU Scheme	25(b)	-	(173,717)	-	-	(173,717)	-	(173,717)
Dividends	34	(10,956)	-	-	-	(10,956)	-	(10,956)
Total transactions with owners		(10,956)	(173,717)	23,592	-	(161,081)	-	(161,081)
Balance as at December 31, 2024		610,358	(362,241)	937,536	(42,012)	1,143,641	6,236	1,149,877

* According to the PRC Company Law, the PRC subsidiaries of the Group (excluding foreign investment enterprises) are required to transfer 10% of their profit after taxation, as determined under the PRC Accounting Regularities, to the statutory reserve until the reserve balance reached 50% of their registered capital. The transfer to statutory reserve must be made before distribution of a dividend to shareholders. As at December 31, 2025, the statutory reserve of approximately RMB65,126,000 (2024: RMB65,126,000) was grouped under retained earnings (accumulated losses).

Consolidated Statement of Cash Flows

	Note	Year ended December 31,	
		2025 RMB'000	2024 RMB'000
Cash flows of operating activities			
Cash generated from operations	29(a)	302,411	260,985
PRC enterprise income tax paid		(798)	(2,145)
Net cash generated from operating activities		301,613	258,840
Cash flows of investing activities			
Purchases of property and equipment		(49,454)	(29,604)
Proceeds from disposal of property and equipment		4,637	–
Purchases of intangible assets		(5,928)	(853)
Purchases of financial assets at FVTPL		(137,033)	–
Proceeds from redemption of financial assets at FVTPL		304,931	323,870
Decrease in pledged time deposits for bank loans		195,809	148,384
Payments for note receivables		(23,141)	(87,773)
Receipt of note receivables		88,740	–
Investment cost in an associate		(4,000)	–
Advance payments for potential investment projects		(61,000)	–
Net cash generated from investing activities		313,561	354,024
Cash flows of financing activities			
Proceeds from borrowings	29(b)	615,737	965,150
Repayments of borrowings	29(b)	(983,919)	(1,257,836)
Interest paid	29(b)	(36,269)	(47,606)
Principal elements and interest expenses of lease payments	29(b)	(9,909)	(10,664)
Dividend paid		–	(10,956)
Shares repurchased for employee share reward scheme	25(b)	–	(173,717)
Net cash used in financing activities		(414,360)	(535,629)
Net increase in cash and cash equivalents		200,814	77,235
Cash and cash equivalents at beginning of year		1,321,355	1,244,120
Cash and cash equivalents at end of year	24	1,522,169	1,321,355
Major non-cash transactions:			
Transfer from lease liabilities to other payable		671	527
Transfer from property and equipment to investment properties		43,197	–

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION

Yunkang Group Limited (the “Company”) was established in the Cayman Islands on July 20, 2018 as an exempted company with limited liability under the Companies Act, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

The Company is an investment holding company, and its subsidiaries (collectively referred as the “Group”) are primarily engaged in the provision of diagnostic testing services in the People’s Republic of China (the “PRC”).

These consolidated financial statements are presented in Renminbi (“RMB”). All amounts have been rounded to the nearest thousand, unless otherwise indicated.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies applied in preparation of these consolidated financial statements are set out as below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards, which collective term includes all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Companies Ordinance (Cap. 622) in Hong Kong.

The consolidated financial statements have been prepared under the historical cost convention, except for investment properties, financial assets at FVOCI and financial assets at FVTPL which are measured at fair value as explained in the accounting policies set out below.

The preparation of financial statements in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are material to the consolidated financial statements are disclosed in Note 4.

The following new amendments to existing standards are effective for annual reporting periods beginning on or after January 1, 2025. The adoption of these new amendments to existing standards does not have any significant impact to the results and financial position of the Group:

Amendments to HKAS 21

Lack of Exchangeability

Notes to the Consolidated Financial Statements

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

Amendments to HKAS 21: Lack of Exchangeability

The amendments require an entity to apply a consistent approach to assessing whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

New standards and amendments to standards that have been issued but are not effective

At the date of authorization of these consolidated financial statements, the HKICPA has issued the following new/revised HKFRS Accounting Standards that are not yet effective for the current year, which the Group has not early adopted.

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ^[1]
Annual Improvements to HKFRS Accounting Standards	Volume 11 ^[1]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ^[1]
HKFRS 18	Presentation and Disclosure in Financial Statements ^[2]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ^[2]
Amendments to HKAS 21	Translation to Hyperinflationary Presentation Currency ^[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ^[3]

^[1] Effective for annual periods beginning on or after January 1, 2026

^[2] Effective for annual periods beginning on or after January 1, 2027

^[3] The effective date to be determined

The directors do not anticipate that the adoption of the new/revised HKFRS Accounting Standards in future periods will have any material impact on the results of the Group.

Notes to the Consolidated Financial Statements

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

2.2 Subsidiaries

2.2.1 Consolidation

Subsidiaries are entities (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and consolidated statement of financial position respectively.

(a) Subsidiaries controlled through Contractual Arrangements

A wholly-owned subsidiary of the Company, which was a wholly foreign owned enterprise incorporated in the PRC (the “WFOE”), has entered into a series of contractual arrangements with Yunkang Health Industry Investment Co., Ltd. (“Yunkang Industry”) and its registered shareholders on October 22, 2019 (“2019 Contractual Arrangements”), on December 29, 2020 (“2020 Contractual Arrangements”), and February 24, 2021 (“2021 Supplemental Contractual Arrangements”) respectively (collectively “Contractual Arrangements”), which enable the WFOE and the Group to:

- Exercise effective control over the entities the Group controls through the Contractual Arrangements, being Yunkang Industry, subsidiaries of Yunkang Industry and Guangzhou Yunkang Clinic Co., Ltd. (“Consolidated Affiliated Entities”);
- Exercise equity holders’ voting rights of the Consolidated Affiliated Entities;
- Receive substantially all of the economic interests and returns generated by the Consolidated Affiliated Entities in consideration for the technical support, consulting and other services provided exclusively by the WFOE, at the WFOE’s discretion;
- Obtain an irrevocable and exclusive right to purchase all equity interests in Yunkang Industry from its registered shareholders at a minimum purchase price permitted under PRC laws and regulations unless the relevant government authorities request that another amount be used as the purchase consideration and in which case the purchase consideration shall be such amount. At the WFOE’s request, the registered shareholders of Yunkang Industry will promptly and unconditionally transfer their respective equity interests of Yunkang Industry to the WFOE (or its designee within the Group) after the WFOE exercises its purchase right; and
- Obtain pledges over the entire equity interests in Yunkang Industry from its registered shareholders to secure, among others, performance of their obligations under the Contractual Arrangements.

Notes to the Consolidated Financial Statements

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

2.2 Subsidiaries *(Continued)*

2.2.1 Consolidation *(Continued)*

(a) Subsidiaries controlled through Contractual Arrangements *(Continued)*

The Group does not have any equity interest in the Consolidated Affiliated Entities. However, as a result of the Contractual Arrangements, the Group has rights to variable returns from its involvement with the Consolidated Affiliated Entities and has the ability to affect those returns through its power over the Consolidated Affiliated Entities and is considered to control the Consolidated Affiliated Entities. Consequently, the Company regards the Consolidated Affiliated Entities as controlled structure entities and consolidated the financial position and results of operations of these entities in the consolidated financial statements of the Group during the year.

Nevertheless, there are still uncertainties regarding the interpretation and application of current and future PRC laws and regulations. The Directors of the Company, based on the advice of its legal counsel, consider that the use of the Contractual Arrangements does not constitute a breach of relevant laws and regulations and the Group is able to exercise control, as defined under HKFRS 10, on the Consolidated Affiliated Entities through Contractual Arrangements during the year.

2.2.2 Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognized at cost.

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognized as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

2.2 Subsidiaries *(Continued)*

2.2.3 Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized in a separate reserve within equity attributable to owners of the Group.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRS Accounting Standards.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

2.3 Business combination

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group, if any;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Notes to the Consolidated Financial Statements

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

2.3 Business combination *(Continued)*

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquired entity, and the acquisition date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognized in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognized in profit or loss.

2.4 Separate financial statements

In the Company's statement of financial position, the investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that makes strategic decisions.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

2.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in RMB, which is the Company's functional currency and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented as finance costs – net. All other foreign exchange gains and losses are presented on a net basis within other gains – net.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(c) Group entities

The results and financial positions of the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities of each statement of financial position of the group entities are translated at the closing rate at the date of that statement of financial position;
- income and expenses of each statement of comprehensive income of the group entities are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken into equity holders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognized in the profit or loss as part of the gain or loss on sale.

Notes to the Consolidated Financial Statements

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

2.7 Investment properties

Investment properties are held by owner or lessee, to earn rental income. These include properties held for a currently undetermined future use.

Investment properties are stated at fair value at the end of the reporting period. Any gain or loss arising from a change in fair value is recognized in profit or loss. The fair value of investment property is based on a valuation by an independent valuer who holds a recognized professional qualification and has recent experience in the location and category of property being valued. The fair value reflects, among other things, rental income from current leases and other assumptions that market participants would use when pricing investment property under current market conditions and is adjusted for separately recognized assets or liabilities to avoid double-counting assets or liabilities.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year in which the item is derecognized.

Up to the date when a property and building under property and equipment becomes investment properties carried at fair value, the Group depreciates the property and building under property and equipment and recognizes any impairment losses that have occurred. Any resulting increase in the carrying amount is treated as follows:

- (i) to the extent that the increase reverses a previous impairment loss for that property and building under property and equipment, the increase is recognized in profit or loss. The amount recognized in profit or loss does not exceed the amount needed to restore the carrying amount to the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized.
- (ii) any remaining part of the increase is recognized in other comprehensive income and increases the revaluation surplus within equity. On subsequent disposal of the investment properties, the revaluation surplus included in equity may be transferred to retained earnings. The transfer from revaluation surplus to retained earnings is not made through profit or loss.

2.8 Property and equipment

Property and equipment are stated at historical cost less depreciation and any impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are recognized in profit or loss during the period in which they are incurred.

Notes to the Consolidated Financial Statements

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

2.8 Property and equipment *(Continued)*

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives or, in case of leasehold improvements, and certain leased properties, the shorter lease term, as follows:

– Properties and buildings	30-35 years
– Medical equipment	3-10 years
– Vehicles, furniture and office equipment	3-10 years
– Leasehold improvements	3-5 years
– Right-of-use assets for land use rights	40 years
– Right-of-use assets for leased properties, equipment and vehicles	2-8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "other (losses) gains – net" in the consolidated statement of comprehensive income.

Construction in progress are stated at historical cost less accumulated impairment losses, if any. Historical cost includes direct costs of construction, amortization of land use rights being developed and finance costs arising from borrowings used to finance these assets during the period of construction. No provision for depreciation is made on assets under construction. When the construction activities necessary to prepare the assets for their intended use are completed, the costs are transferred to property and equipment and depreciated in accordance with the policy as stated in the preceding paragraphs.

Notes to the Consolidated Financial Statements

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

2.9 Intangible assets

(a) Software

Acquired and self-developed software are capitalized on the basis of the costs incurred to develop, acquire and bring to use the specific software.

Self-developed software is recognized as intangible assets on the basis of development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use,
- management intends to complete the software and use or sell it,
- there is an ability to use or sell the software,
- it can be demonstrated how the software will generate probable future economic benefits,
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software include staff costs and an appropriate portion of relevant overheads.

Capitalized development costs are recorded as intangible assets and amortized from the point at which the asset is ready for use.

(b) Research and development

Research expenditure and development expenditure that do not meet the criteria in (a) above are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

(c) Amortization methods and periods

The Group amortizes intangible assets with a limited useful life using the straight-line method over the following periods:

- | | |
|------------|-----------|
| – Software | 3-5 years |
|------------|-----------|

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

2.10 Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment or when there is an indication of impairment. Other assets that are subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating unit). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.11 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to property and equipment, and other non-current assets are included in the current liabilities and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

2.12 Financial assets

2.12.1 Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income or loss. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Notes to the Consolidated Financial Statements

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

2.12 Financial assets *(Continued)*

2.12.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2.12.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

(a) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group only held debt instruments classified as financial assets at amortized costs and fair value through profit or loss.

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in the profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest method.

Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented net in the consolidated statement of comprehensive income within "Fair value changes on financial assets at fair value through profit or loss" in the period in which it arises.

(b) Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss accounts. Dividends from such investments continue to be recognized in profit or loss accounts as other income when the Group's right to receive payments is established. Changes in the fair value of financial assets at fair value through profit or loss are recognized as "Fair value changes on financial assets at fair value through profit or loss" in the consolidated statement of comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

2.12 Financial assets *(Continued)*

2.12.4 Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial assets.

For trade and bill receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the assets, see Note 3.1.2 for further details. The provision matrix is determined based on historical observed default rates over the expected life of the trade and bill receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

Impairment of other receivables are measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

2.13 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the assets and settle the liabilities simultaneously.

2.14 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average method. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.15 Contract assets and contract liabilities

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or provide services to the customer. The combination of those rights and performance obligations gives rise to a net asset or a net liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognized as contract assets if the measure of the remaining rights exceeds the measure of the remaining performance obligations. Conversely, the contract is a liability and recognized as contract liabilities if the measure of the remaining performance obligations exceeds the measure of the remaining rights.

Notes to the Consolidated Financial Statements

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

2.16 Trade and bill receivables and other receivables

Trade and bill receivables are amounts due from customers for services performed in the ordinary course of business. Majority of other receivables are amounts due from related parties, note receivable, cash advance to employees and deposit receivables. If collection of trade and bill receivables and other receivables is expected in one year or less (or in the normal operating cycle of business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and bill receivables and other receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds trade and bill receivables and other receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method.

2.17 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and at banks, and term deposits with financial institutions that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.18 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.19 Trade and other payables

Trade and other payables represent liabilities for goods or services that have been acquired in the ordinary course of business from suppliers and amounts to be repaid from the Group to its counterparties. These amounts are classified as current liabilities if payment is due within 12 months or less. If not, they are presented as non-current liabilities.

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Notes to the Consolidated Financial Statements

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

2.20 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid to the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that part or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.21 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are expensed in the period in which they are incurred.

2.22 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred income tax assets and liabilities attributable to temporary differences and to unused tax losses.

Notes to the Consolidated Financial Statements

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

2.22 Current and deferred income tax *(Continued)*

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company, its subsidiaries and associates indirectly held operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognized if they arise from the initial recognition of goodwill. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences is not recognised. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

2.23 Employee benefits

(a) Pension obligations

The Group only operates defined contribution pension plans. In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organized by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries subject to certain ceiling. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the governments.

The Group's contributions to the defined contribution retirement scheme are expensed as incurred.

No forfeited contributions for the above plans may be used by the employer to reduce the existing level of contributions.

(b) Housing funds, medical insurances and other social insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurances and other social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

(c) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as accrued staff costs in the consolidated statement of financial position.

(d) Bonus plan

The expected cost of bonuses is recognized as a liability when the Group has a present legal or constructive obligation for payment of bonus as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus plans are expected to be settled within 1 year and are measured at the amounts expected to be paid when they are settled.

Notes to the Consolidated Financial Statements

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

2.23 Employee benefits *(Continued)*

(e) *Termination benefits*

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(f) *Share-based payment transactions*

The Group's employees, including directors, receive remuneration in the form of share-based payment transactions, whereby the employees rendered services in exchange for shares or rights over shares. The cost of such transactions with employees is measured by reference to the fair value of the equity instruments at the grant date. The fair value of share awards under 2022 RSU scheme granted to employees is recognized as an employee cost with a corresponding increase in a reserve within equity. The fair value is reference to the market price of the Company's shares, taking into account any market conditions and non-vesting conditions.

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period in which the vesting conditions are to be fulfilled, ending on the date on which the entitlement of relevant employees to the award is no longer conditional on the satisfaction of any non-market vesting conditions. During the vesting period, the number of share options that is expected to vest ultimately is reviewed. Any adjustment to the cumulative fair value recognized in prior periods is charged/credited to profit or loss for the year of review, with a corresponding adjustment to the reserve within equity.

2.24 Provisions

Provisions for legal claims, service warranties and make good obligations are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

2.25 Revenue recognition

Revenue is measured at the transaction price received or receivable for the goods or services in the ordinary course of the Group's activities. Revenue is shown, net of discounts and after eliminating sales between the Group's companies. The Group recognizes revenue when it transfers control of the goods or services to a customer.

The Group offered diagnosis testing service and charge diagnostic testing service fees to different types of customers in relation to:

- i. Diagnostic outsourcing services provided to clients directly through independent clinical laboratory, including hospitals, other medical institutions and public institutions;
- ii. Diagnostic testing services for medical institution alliances. The Group offered diagnostic testing services to medical institutions through integrating with the daily activities of on-site diagnostic centers. Besides, the Group also provides certain diagnostic outsourcing services to these medical institutions when the on-site diagnostic centers are not capable of performing certain diagnostic tests;
- iii. Diagnostic testing services for non-medical institutions through independent clinical laboratories and clinics, including financial institutions, insurance companies and individuals.

Revenue from diagnosis testing business is recognized at a point in time when diagnostic testing reports were delivered and accepted by customer.

2.26 Interest income

Interest income is recognized on a time-proportion basis using the effective interest method.

2.27 Leases

The Group leases various land and properties. Rental contracts are typically made for a fixed period of 2 to 40 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases are recognized as "right-of-use assets" and presented in "property and equipment" (Note 14) and corresponding liability at the date at which the leased asset is available for use by the Group.

Notes to the Consolidated Financial Statements

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

2.27 Leases *(Continued)*

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments (if applicable):

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following (if applicable):

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Notes to the Consolidated Financial Statements

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

2.27 Leases *(Continued)*

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items of office equipment.

Lease income from operating leases where the Group is a lessor is recognized on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognized as expense over the lease term on the same basis as lease income. The respective leased assets are included in the statement of financial position based on their nature.

2.28 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

2.29 Related parties

A related party is a person or entity that is related to the Group.

- (a) A person or a close member of that person's family is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of the parent of the Group.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Notes to the Consolidated Financial Statements

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES *(Continued)*

2.29 Related parties *(Continued)*

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependents of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

3 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

3.1 Financial risk factors

3.1.1 Market risk

- (i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the group entities' functional currency.

The Group principally operates in Chinese Mainland with most of the transactions being settled in RMB, which is the functional currency of the group entities operated in Chinese Mainland. Foreign exchange risk arises from the recognized assets and liabilities in foreign currencies other than their functional currencies, primarily with respect to CHF, HK\$ and USD. The Group seeks to limit its exposure to foreign currency risk by closely monitoring and minimizing its net foreign currency position.

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

3.1.1 Market risk (Continued)

(i) Foreign exchange risk (Continued)

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in RMB, was as follows:

	As at December 31, 2025			As at December 31, 2024		
	CHF RMB'000	HK\$ RMB'000	USD RMB'000	CHF RMB'000	HK\$ RMB'000	USD RMB'000
Prepayments and other receivables	-	23,878	-	-	88,209	14,723
Financial assets at FVTPL	-	-	181,860	-	-	342,157
Cash and cash equivalents	-	139,893	233,724	-	2,599	101,063
Restricted cash	-	-	-	-	2,409	-
Borrowings	(59,400)	-	-	(59,185)	(56,126)	(27,675)
Trade and other payables	-	(154)	(313)	-	(46)	(7,188)
	(59,400)	163,617	415,271	(59,185)	37,045	423,080

The following table shows the sensitivity analysis of a 5% change in RMB against the relevant foreign currencies. The sensitivity analysis includes only foreign currency denominated monetary items and adjusts their translation at the year-end for a 5% change in foreign currency rates. If there is a 5% increase/decrease in RMB against the relevant currencies, the effect on the results for the year is as follows:

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
	(Decrease)	Increase
	Increase in	(Decrease) in
	post-tax profit	post-tax loss
5% appreciation in RMB against CHF	2,970	(2,959)
5% depreciation in RMB against CHF	(2,970)	2,959
5% appreciation in RMB against HK\$	(8,181)	1,852
5% depreciation in RMB against HK\$	8,181	(1,852)
5% appreciation in RMB against USD	(20,764)	21,154
5% depreciation in RMB against USD	20,764	(21,154)

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

3.1.1 Market risk (Continued)

(ii) Cash flow and fair value interest rate risk

The Group's interest-rate risk arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest-rate risk. Borrowings issued at fixed rates expose the Group to fair value interest-rate risk. The Group currently has not used any interest rate swap arrangements but will consider hedging interest rate risk should the need arise.

Other than interest-bearing bank balances and note receivables, the Group has no other significant interest-bearing assets. The directors of the Company do not anticipate there is any significant impact to interest bearing assets resulted from the changes in interest rates, because the interest rates of bank balances and note receivables are not expected to change significantly.

As at December 31, 2025, borrowings of the Group which were bearing at floating rates amounted to approximately RMB327,551,000 (December 31, 2024: RMB356,365,000). For the year ended December 31, 2025, if the floating interest rate on borrowings had been higher/lower by 0.5% with all other variables held constant, the post-tax result would have changed mainly as a result of higher/lower interest expenses on floating rate borrowings.

Details of changes are as follows:

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
	(Decrease)	Increase
	Increase in	(Decrease) in
	post-tax profit	post-tax loss
- 0.5% higher	(1,183)	541
- 0.5% lower	1,183	(541)

The interest rates are disclosed in Note 27 to the consolidated financial statements.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.2 Credit risk

The Group is exposed to credit risk in relation to its trade and other receivables and cash deposits at banks. The carrying amount of each class of the above financial assets represents the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

(i) Risk management

The credit risk of cash deposits and balances at banks and financial institution is considered to be low because the counterparties are state-owned or reputable institution which are high-credit-quality financial institutions. The directors of the Company do not expect any losses and no loss allowance provision for cash deposits and balances at banks and financial institution.

Majority of the Group's trade receivables are from providing diagnostic testing service to the medical institutions and Chinese Center for Disease Control and Prevention ("CDC") at various levels, financial or insurance institutions. The Group has granted credit terms of 0-180 days and would follow up actively on the settlement with respective counter-parties to avoid any overdue receivables. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimize credit risk. Overdue balances are reviewed regularly by senior management. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are reviewed and analyzed.

For other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of such receivables based on historical settlement records and past experience. In view of history of cooperation with debtors, the directors believe that there is no material credit risk inherent in the Group's remaining outstanding balance of other receivables as the Group closely monitors their repayment.

(ii) Impairment

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

(ii) Impairment (Continued)

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- actual or expected significant changes in the operating results of the debtor
- significant increases in credit risk on other financial instruments of the same debtor
- significant changes in the expected performance and behavior of the debtor, including changes in the payment status of debtor in the Group and changes in the operating results of the debtor.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the company.

A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

Category	Group definition of category	Basis for recognition of expected credit loss provision
Performing	Customers have a low risk of default and a strong capacity to meet contractual cash flows	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime
Under-performing	Receivables for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and principal repayments are 180 days past due	Lifetime expected losses
Non-performing	Interest and principal repayments are 365 days past due	Lifetime expected losses

The Group accounts for its credit risk by appropriately providing for expected credit losses ("ECL") on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward-looking information.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

(ii) Impairment (Continued)

Cash deposits and balances at banks and financial institution

The Group expects that there is no significant credit risk associated with cash deposits and balances at banks since they are substantially deposited at banks and financial institution with high credit rating. Management does not expect that there will be any significant losses from non-performance by these counterparties.

Trade receivables

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and aging of trade receivables. The expected credit losses also incorporate forward-looking information affecting the ability of the customers to settle the receivables.

The relevant macroeconomic factors and the Group's business in terms of customer base, pricing strategy and market size were relatively stable before 2020. With the outbreak of COVID-19 in 2020, the Group experienced a fast and significant business development. Under the normalization of epidemic prevention and control policy during most of the time in 2022, the number of customers and total transaction amounts have been increased significantly. Although the major customer base is stable compared to prior years, being CDC and public medical institutions, the settlement period of trade receivables was longer than prior years due to the significant increase of transaction amounts which involved longer internal administrative procedures of customers for bill payment. In addition, the trade receivables due from CDC, which were free charge for individuals and fully borne by the government, resulted in more prolonged internal administrative procedures for bill payment. The Group considered the risk profile of trade receivables has decreased due to significantly recovery of prolonged payment from customers during the year.

Other receivables

For other receivables and amounts due from related parties, management makes periodic collective assessments as well as individual assessment on the recoverability of such receivables based on historical settlement records and past experience. The directors of the Company believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables and amounts due from related parties as the Group closely monitors their repayment. An impairment loss of RMB316,000 (2024: reversal of impairment loss of RMB145,000) was made in respect of the other receivable as a result of the ECL assessment conducted by the management of the Company.

The Group considers that the other receivables and amounts due from related parties have low credit risk based on the counterparties' strong capacity to meet their contractual cash flow obligations in the near term and low risk of default.

The management of the Group considers the ECL of the deposits and debtors to be insignificant so no loss allowance was recognized in this respect.

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.2 Credit risk *(Continued)*

(ii) Impairment *(Continued)*

Bill receivables

The directors of the Company considered that the bill receivables is immaterial to the Group, and therefore, no ECL assessment conducted by the management of the Company.

Trade receivables are categorized in three groups such as public medical institutions, CDC and others for assessment purpose.

In respect of the trade receivables due from public medical institutions, CDC and others and commercial bills receivables, the expected loss rates were based on the historical loss rates and adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the most relevant factors (e.g. money supply and population percent change from a year earlier), and accordingly adjusted the historical loss rates based on expected changes in these factors.

During the years ended December 31, 2025 and 2024, the Group had adjusted the forward-looking information and the expected credit loss to reflect the fluctuations of future economic conditions.

The following table shows the loss allowance provision for the Group's trade receivables, based on recognition date, as of December 31, 2025 and 2024.

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

(ii) Impairment (Continued)

Trade receivables	Up to 180 days	181 days to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
At December 31, 2025						
Public medical institutions						
Expected loss rate	4.55%	13.60%	22.59%	66.71%	100.00%	
Gross carrying amount (RMB'000)	158,396	85,065	84,731	37,048	323,532	688,772
Loss allowance provision (RMB'000)	(7,203)	(11,571)	(19,122)	(24,716)	(323,532)	(386,144)
Individually impaired receivables (RMB'000)	-	-	(64)	-	-	(64)
Others						
Expected loss rate	3.41%	6.84%	38.46%	91.64%	100.00%	
Gross carrying amount (RMB'000)	29,429	9,922	5,185	4,320	39,860	88,716
Loss allowance provision (RMB'000)	(1,004)	(678)	(1,994)	(3,959)	(39,860)	(47,495)
Individually impaired receivables (RMB'000)	-	-	-	-	-	-
CDC						
Expected loss rate	0.19%	28.78%	33.70%	75.37%	100.00%	
Gross carrying amount (RMB'000)	769	1,760	110	2,525	157,194	162,358
Loss allowance provision (RMB'000)	(1)	(507)	(37)	(1,903)	(157,194)	(159,642)
Individually impaired receivables (RMB'000)	-	-	-	-	-	-
						<u>(593,345)</u>

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

(ii) Impairment (Continued)

	Up to 180 days	181 days to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Trade receivables						
At December 31, 2024						
Public medical institutions						
Expected loss rate	6.30%	14.43%	33.36%	79.28%	100.00%	
Gross carrying amount (RMB'000)	228,026	116,401	128,422	426,543	65,605	964,997
Loss allowance provision (RMB'000)	(14,355)	(16,783)	(42,789)	(335,279)	(57,933)	(467,139)
Individually impaired receivables (RMB'000)	(139)	(114)	(158)	(3,653)	(7,672)	(11,736)
Others						
Expected loss rate	1.39%	18.22%	61.23%	97.38%	100.00%	
Gross carrying amount (RMB'000)	32,247	9,556	12,451	48,312	14,032	116,598
Loss allowance provision (RMB'000)	(448)	(1,741)	(7,601)	(40,464)	(7,990)	(58,244)
Individually impaired receivables (RMB'000)	-	(1)	(37)	(6,757)	(6,042)	(12,837)
CDC						
Expected loss rate	5.94%	13.55%	64.50%	76.26%	100.00%	
Gross carrying amount (RMB'000)	344	543	15,639	364,370	28,262	409,158
Loss allowance provision (RMB'000)	(20)	(74)	(10,088)	(277,883)	(28,259)	(316,324)
Individually impaired receivables (RMB'000)	-	-	-	-	(3)	(3)
						(866,283)

The loss allowance provision for trade and other receivables reconciles to the opening loss allowance for that provision was as follows:

	Trade receivables RMB'000	Other receivables RMB'000	Total RMB'000
At January 1, 2025	866,283	212	866,495
(Reversal of impairment losses) Impairment losses recognized in profit or loss	(214,586)	316	(214,270)
Written off	(58,352)	(10)	(58,362)
At December 31, 2025	593,345	518	593,863
At January 1, 2024	337,619	361	337,980
Impairment losses (Reversal of impairment losses) recognized in profit or loss	536,327	(145)	536,182
Written off	(7,663)	(4)	(7,667)
At December 31, 2024	866,283	212	866,495

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

3.1.3 Liquidity risk

To manage the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The table below analyses the Group's financial liabilities into relevant maturity grouping based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 3 years RMB'000	Over 3 years RMB'000	Total RMB'000
At December 31, 2025					
Borrowings	525,909	145,708	2,950	37,955	712,522
Lease liabilities	7,443	1,295	119	-	8,857
Trade and other payables (excluding accrued staff costs, other taxes payable and deferred revenue)	783,372	-	-	-	783,372
	1,316,724	147,003	3,069	37,955	1,504,751
At December 31, 2024					
Borrowings	776,974	106,435	179,038	34,152	1,096,599
Lease liabilities	8,955	6,933	2,231	986	19,105
Trade and other payables (excluding accrued staff costs, other taxes payable and deferred revenue)	909,927	-	-	-	909,927
	1,695,856	113,368	181,269	35,138	2,025,631

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amounts of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Capital management (Continued)

The Group monitors capital on the basis of the gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net (cash)/debt is calculated as total borrowings and lease liabilities less cash and cash equivalents. Total capital comprises all components of equity as shown in the consolidated statements of financial position plus net (cash)/debt. As at December 31, 2025 and 2024, the gearing ratio of the Group was as follows:

	Year ended December 31,	
	2025	2024
Net (cash)/debt (RMB'000)	(829,861)	(248,411)
Total capital (RMB'000)	332,499	901,466
Gearing ratio	N/A	N/A

3.3 Fair value estimation

(a) Fair value hierarchy

The Group made judgments and estimates in determining the fair values of the financial instruments that are recognized and measured at fair value in the consolidated financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under HKFRS 13. An explanation of each level follows underneath the table.

At December 31, 2025	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets				
Financial assets at FVTPL				
– Investment in private funds	–	181,860	–	181,860
– Unlisted companies	–	–	70,195	70,195
Financial assets at FVOCI				
– Unlisted companies	–	–	50,352	50,352
Total financial assets	–	181,860	120,547	302,407
At December 31, 2024	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets				
Financial assets at FVTPL				
– Investment in private funds	–	342,157	70,832	412,989
– Unlisted companies	–	–	62,411	62,411
Financial assets at FVOCI				
– Unlisted companies	–	–	59,066	59,066
Total financial assets	–	342,157	192,309	534,466

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

(a) Fair value hierarchy (Continued)

The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument are included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the year ended December 31, 2025 (2024: same).

(b) The following table presents the changes in level 3 instruments

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Financial assets at FVOCI		
Balance at beginning of the year	59,066	74,508
Changes in fair value to other comprehensive income	(8,714)	(15,442)
Balance at end of the year	50,352	59,066
Financial assets at FVTPL		
Balance at beginning of the year	133,243	253,102
Additions	65,000	–
Changes in fair value to profit or loss	1,952	(8,644)
Disposals	(130,000)	(111,215)
Balance at end of the year	70,195	133,243

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.3 Fair value estimation *(Continued)*

(c) Valuation process, inputs and relationship to fair value of level 3 instruments

The Group has a team that manages the valuation of level 3 instruments for financial reporting purposes. The team manages the valuation exercise of the investments on a case by case basis. At least once a year, the team uses valuation techniques to determine the fair value of the Group's level 3 instruments. Independent valuer will be involved when necessary.

As these instruments are not traded in an active market, their fair values have been determined by using various applicable valuation techniques, including:

- the latest round financing, i.e. the prior transaction price or the third-party pricing information; and
- a combination of observable and unobservable inputs, including risk-free rate, expected volatility, discount rate for lack of marketability, market multiples, etc.

There was no change to valuation techniques during the year end December 31, 2025 (2024: same).

The following table summarizes the quantitative information about the significant unobservable inputs used in the recurring level 3 fair value measurements.

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

(c) Valuation process, inputs and relationship to fair value of level 3 instruments (Continued)

	Fair value		Significant unobservable input	Range of inputs		Relationship of unobservable input to fair value
	As at December 31,			As at December 31,		
	2025 RMB'000	2024 RMB'000		2025	2024	
Financial instruments						
Investments in unlisted companies and a limited liability partnership measured at FVOCI	50,352	59,066	Discounted for lack of marketability ("DLOM")	10% – 29%	10% – 29%	The higher the DLOM, the lower the fair value
			Price to book value ("P/B") multiple	1.78 – 3.6	1.01 – 3.74	The higher the P/B multiple, the higher the fair value
Investment in an unlisted company measured at FVTPL	70,195	62,411	DLOM	10% – 29%	10% – 29%	The higher the DLOM, the lower the fair value
			Price to earnings ("P/E") multiple	27.59	28.91	The higher the P/E multiple, the higher the fair value
			P/B multiple	3.45	2.06	The higher the P/B multiple, the higher the fair value
			Expected volatility	38.4% – 45.04%	27.38% – 56.92%	The higher the expected volatility, the lower the fair value
Investment in private funds	-	70,832	Net asset value	N/A	N/A	The higher the net asset value, the higher the fair value
	120,547	192,309				

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.3 Fair value estimation *(Continued)*

(d) Sensitivity analysis

If the fair value of the Group's financial assets at FVOCI had been 10% higher/lower, other comprehensive income before income tax would have been approximately RMB5,035,000 higher/lower (2024: other comprehensive loss before income tax would have been approximately RMB5,907,000 lower/higher) for the year ended December 31, 2025.

If the fair value of the Group's financial assets at FVTPL had been 10% higher/lower, the profit before income tax would have been approximately RMB25,206,000 higher/lower (2024: the loss before income tax would have been approximately RMB47,540,000 lower/higher) for the year ended December 31, 2025.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Provision for expected credit losses of trade receivables

The Group makes provision for expected credit losses of trade receivables based on assumptions about risk of default and expected loss rates. The Group used judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade receivables and loss allowance for impairment in the periods in which such estimate has been changed. For details of the key assumptions and inputs used, see Note 3.1.2 above.

(b) Fair value measurement of financial assets at FVOCI and FVTPL

The fair value assessment of financial assets at FVOCI and FVTPL that are measured at level 3 fair value hierarchy requires significant estimates, which include DLOM, comparable P/B or P/E multiples, discount rate, expected volatility, expected rate of return, market information of recent transactions (such as recent fund raising transactions undertaken by the investees) and other assumptions. Changes in these assumptions and estimates could materially affect the respective fair value of these investments. For details of the valuation techniques and key inputs used, see Note 3.3 above.

Notes to the Consolidated Financial Statements

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS *(Continued)*

(c) Impairment of property and equipment (including land use rights)

As at December 31, 2025, the Group's carrying value of property and equipment ("PP&E") before impairment provision was RMB389,687,000 (2024: RMB476,572,000). Management assesses related assets for potential impairment whenever there are indications that the carrying value of an asset or a group of assets may not be recoverable.

Determining an appropriate amount of an impairment requires an estimation of recoverable amounts of relevant PP&E or the respective cash generating unit ("CGU") to which PP&E belong, which is the higher of value in use and fair value less cost of disposal.

The Group estimates the fair value of land use rights (for impairment purpose) with reference to valuations performed by an independent professional valuer. The valuation of land use rights is performed using the direct comparison approach. The direct comparison approach requires adjustments to transaction price of similar land regarding differences in key valuation attributes such as size, location, shapes and conditions, etc. between the land under appraisal and the comparable. Based on the impairment test as at December 31, 2025, RMB20,133,000 (2024: RMB8,265,000) of impairment of right-of-use assets for land use rights was recognized by management.

The Group estimates the fair value of construction in progress (for impairment purpose) with reference to valuations performed by an independent professional valuer. The valuation approach of construction in progress is replacement cost of the input cost of the construction in progress. The replacement cost model includes several factors including development costs of the buildings, management fee, selling expense and interest income and sales tax. Based on the impairment test as at December 31, 2025, RMB8,475,000 (2024: n/a) of impairment of construction in progress for land use rights was recognized by management.

The management performed impairment assessment on PP&E excluding the right-of-use assets for land use rights and construction in progress with impairment indications at the level of cash generating unit ("CGU") to which these PP&E was allocated to the relevant CGU using discounted cash flow model. Based on the impairment test as at December 31, 2025, RMB102,747,000 (2024: RMB153,967,000) of impairment of PP&E excluding the right-of-use assets for land use rights and construction in progress was recognized by management.

(d) Fair value of investment properties

The investment properties of the Group are measured at fair value, which were valued based on the appraised market value by an independent professional valuer. The fair value of investment properties was arrived at by considering the capitalized income to be derived from the existing tenancies or, where appropriate, by reference to market evidence of transaction prices for similar properties in the surrounding areas. The determination of the fair value for investment properties requires the Group to rental value and capitalization rate of the properties in the valuation.

The carrying amount of investment properties as at December 31, 2025 was RMB44,288,000 (2024: n/a).

Further details, including the key assumptions used for fair value measurement, are stated in Note 3.3 to the consolidated financial statements.

Notes to the Consolidated Financial Statements

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS *(Continued)*

(e) Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment properties and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in measuring the Group's deferred taxation on investment properties, the directors of the Company have determined that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is rebutted. As a result, the Group has considered the deferred taxes impact arising from changes in fair value of investment properties on the basis of through use.

(f) Subsidiary governed under contractual arrangements

When preparing the consolidated financial statements, the management applied HKFRS 10 to determine whether the Group has "control" over the entities considered to be subsidiaries. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity, has the power to direct the relevant activities of the entity, and has the ability to affect those returns through its power over the entity. Key factors used in determining control and whether the entities are subsidiaries include whether the Group has power over the entities either through voting rights or contractual arrangements and whether it has the rights to obtain the majority of benefits or is exposed to the majority of ownership risks.

When the above factors are met, the management determines that the Group has control over the entities include them as subsidiaries in the Company's consolidated financial statements. For the entities where the Group holds no equity interest but are subject to contractual arrangements, significant judgments are necessary as to whether the contracts give the Group the ability to exercise control over those entities, including consideration of the PRC legal and regulatory requirements, foreign exchange control, or other influences, such as, force majeure, etc.

(g) Current and deferred income tax

The Group is subject to corporate income taxes in the PRC. Judgment is required in determining the amount of the provision for taxation and the timing of payment of the related taxations. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognized when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilized. The outcome of their actual utilization may be different.

Notes to the Consolidated Financial Statements

5 REVENUE

(a) Description of principal activities

The Group has only one single operating segment – diagnostic services. The principal operating entities of the Group are domiciled in the PRC. Accordingly, all (2024: all) of the Group's revenue were derived from the PRC during the year ended December 31, 2025.

(b) Revenue by business line

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
<i>Recognized at a point in time:</i>		
Diagnostic services	601,388	711,884

(c) Revenue by region

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Southern China	448,821	565,055
Eastern China	87,287	72,166
Southwestern China	58,356	69,206
Other regions in Chinese Mainland	6,924	5,457
	601,388	711,884

The Company is domiciled in the Cayman Islands while the Group's non-current assets and revenues are substantially located in and derived from the PRC, respectively.

(d) Information about major customers

All (2024: All) the revenues derived from single external customers were less than 10% of the Group's total revenue during the year ended December 31, 2025.

(e) Unsatisfied performance obligations

For diagnostic testing services, they are rendered in short period of time, which is generally within hours or a couple of days. These unsatisfied performance obligations are immaterial and the Group has elected the practical expedient for not to disclose the remaining performance obligations for these types of contracts.

Notes to the Consolidated Financial Statements

6 OTHER INCOME

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Government grants (Note (a))	384	1,008
Rental income from investment properties	1,534	–
Others	205	277
	2,123	1,285

- (a) The government grants mainly include those grants from the local governments in recognition of the entitlement of the research and development projects of the Group. There are no unfulfilled conditions or other contingencies attached to these grants.

7 OTHER (LOSSES) GAINS – NET

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
(Losses) Gains on redemption of financial assets at FVTPL	(49,950)	19,796
Exchange (losses) gains – net	(282)	2,233
Losses on disposal of equipment	(2,401)	(3,824)
Gains on lease modification	1,909	5,038
Donations	(4,963)	(51)
Others	256	1,781
	(55,431)	24,973

Notes to the Consolidated Financial Statements

8 EXPENSES BY NATURE

Expenses included in cost of revenue, selling expenses and administrative expenses are analyzed as follows:

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Cost of reagent and pharmaceuticals consumed (Note 19)	167,770	208,563
Staff costs (Note 9)	227,548	299,819
Marketing and promotion expenses	40,543	68,926
Subcontracting costs	61,204	81,933
Depreciation and amortization charges (Notes 14 and 15)	43,249	73,391
Impairment of properties and equipment (Note 14)	30,104	27,891
Written down of inventories (Note 19)	181	112
Medical disposal expenses	1,236	1,602
Transportation expenses	17,026	19,410
Office expenses	12,810	17,491
Other expenses	11,342	20,493
Travelling and entertainment expenses	18,705	26,583
Consultancy and professional service fees (Note (a))	51,187	69,600
Software development fee	27,023	19,659
Rental expenses (Note 16(b))	8,013	7,456
Insurance	2,440	521
Direct operating expenses arising from investment properties that generated rental income	247	–
Auditor's remuneration		
– Audit services	2,530	2,330
– Non-audit services	70	70
	723,228	945,850

Research and development expenses during the year ended December 31, 2025 were RMB51,878,000 (2024: RMB52,955,000), which mainly included cost of reagent and pharmaceuticals consumed, related staff costs and outsourced research and development expenses. Research and development activities included internal-use software upgrade and maintenance, improvement in advanced diagnostic testing practice. Research and development expenses of RMB4,794,000 (2024: Nil) had been capitalized as intangible assets for the year ended December 31, 2025.

- (a) Consultancy and professional service fees include consultancy fee and professional service fees, and provisions for disputes arising from the professional services not yet completed as expected.

Notes to the Consolidated Financial Statements

9 STAFF COSTS

	Note	Year ended December 31,	
		2025 RMB'000	2024 RMB'000
Salaries, bonuses and other benefits		197,086	242,574
Social security and provident fund		28,326	33,653
Equity-settled share award expenses	25(b)	2,136	23,592
		227,548	299,819

Five highest paid individuals

No director was included in the five highest paid individuals and the emoluments payable to the five highest paid individuals during the years ended December 31, 2025 and 2024, respectively are as follows:

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Basic salaries, housing benefits, other allowances and benefit in kind	3,495	2,888
Discretionary bonus	2,350	2,134
Social security and provident fund	605	572
Equity-settled share award expenses	838	6,040
	7,288	11,634

Notes to the Consolidated Financial Statements

9 STAFF COSTS (Continued)

Five highest paid individuals (Continued)

The emoluments of these five highest paid individuals of the Group fell within the following emolument bands:

Number of individuals

	Year ended December 31,	
	2025	2024
Emolument bands (HK\$)		
Nil – 1,000,000 (equivalent to RMB903,220)	–	–
1,000,001 (equivalent to RMB903,221) – 1,500,000 (equivalent to RMB1,354,830)	3	3
1,500,001 (equivalent to RMB1,354,831) – 2,000,000 (equivalent to RMB1,806,440)	1	–
2,500,001 (equivalent to RMB2,258,051) – 3,000,000 (equivalent to RMB2,709,660)	1	–
3,500,001 (equivalent to RMB3,161,271) – 4,000,000 (equivalent to RMB3,612,880)	–	1
4,500,001 (equivalent to RMB4,064,491) – 5,000,000 (equivalent to RMB4,516,100)	–	1
	5	5

Directors' emoluments are detailed in Note 33 to the consolidated financial statements.

No performance related bonus was paid or payable by the Group to any of the highest paid non-director employees during the years ended December 31, 2025 and 2024.

No emolument was paid or payable by the Group to any of the highest paid non-director employees as inducement to join or upon joining the Group or as compensation for loss of office during the years ended December 31, 2025 and 2024. The highest paid non-director employees did not waive any emoluments during the years ended December 31, 2025 and 2024.

Notes to the Consolidated Financial Statements

10 FINANCE COSTS – NET

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Finance income		
Interest income from bank deposits	6,003	10,159
Interest income from prepayments for investments	191	–
Interest income from note receivables	2,709	–
	8,903	10,159
Finance costs		
Interest expense on borrowings	(35,557)	(48,021)
Interest expense on lease liabilities (Note 16)	(439)	(1,261)
Less: Borrowing costs capitalized into construction in progress under property and equipment	1,120	–
	(34,876)	(49,282)
Finance costs – net	(25,973)	(39,123)

11 INCOME TAX EXPENSES

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Current income tax	122	47
Under (Over) provision for prior years	691	(5,939)
	813	(5,892)
Deferred income tax (Note 18)	2,262	7,852
	3,075	1,960

11 INCOME TAX EXPENSES *(Continued)*

The Group's principal applicable taxes and tax rates are as follows:

Cayman Islands

Under the prevailing laws of the Cayman Islands, the Company is not subject to tax on income or capital gains. In addition, no Cayman Islands withholding tax is payable on dividend payments by the Company to its shareholders.

Hong Kong

Hong Kong profits tax rate is 16.5%. Since April 1, 2018, the two-tiered profits tax regime took effect, under which the tax rate is 8.25% for assessable profits on the first HK\$2 million and 16.5% for any assessable profits in excess of HK\$2 million. No Hong Kong profits tax was provided for as there was no estimated assessable profit that was subject to Hong Kong profits tax during the year ended December 31, 2025 (2024: same).

PRC corporate income tax ("CIT")

CIT was made on the estimated assessable profits of the entities within the Group incorporated in the PRC and was calculated in accordance with the relevant tax rules and regulations of the PRC after considering the available tax refunds and allowances. The general CIT rate is 25% (2024: 25%) for the year ended December 31, 2025.

Certain of the Group's entities in the PRC, which generated most of the Group's profit, have been approved as high technology enterprises under the relevant tax rules and regulations, and accordingly, are subjected to a reduced preferential CIT rate of 15% (2024: 15%) for the year ended December 31, 2025.

Certain of the Group's entities in the PRC meet the standards for small enterprises under the relevant tax rules and regulations, and accordingly, the part of their taxable profit not exceeding RMB3 million are subjected to a reduced CIT rate of 20%.

Notes to the Consolidated Financial Statements

11 INCOME TAX EXPENSES (Continued)

PRC corporate income tax (“CIT”) (Continued)

The tax on the Group’s profit (loss) before income tax differs from the theoretical amount that would arise using the statutory CIT rate of 25%, being the tax rate applicable to the majority of consolidated entities as follows:

	Year ended December 31,	
	2025 RMB’000	2024 RMB’000
Profit (Loss) before income tax	6,975	(791,191)
Tax calculated at statutory CIT rate of 25% (2024: 25%)	1,744	(197,798)
Effect of preferential tax rates	947	54,181
Expenses not deductible for tax purposes	1,746	2,410
Super deduction on research and development expenses (Note (a))	(7,782)	(7,943)
Effect of income not subjected to income tax	–	(1,130)
Tax allowance for employment of people with disabilities	(190)	(187)
Under (Over) provision for prior year	691	(5,939)
Utilization of previously unrecognized tax losses	(3,646)	(905)
Tax losses and deductible temporary differences for which no deferred income tax assets were recognized	9,565	159,271
Income tax expenses	3,075	1,960

- (a) According to the relevant laws and regulations promulgated by the State Council of the PRC, during the years ended December 31, 2025 and 2024, enterprises engaging in research and development activities are entitled to claim 200% (2024: 200%) of their research and development expenses incurred as tax deductible expenses when determining their assessable profits for that year (“super deduction”). The Group has made its best estimate for the super deduction to be claimed for the Group’s entities in ascertaining their assessable profits during the year ended December 31, 2025 (2024: same).

Notes to the Consolidated Financial Statements

12 EARNINGS (LOSS) PER SHARE

(a) Basic earnings (loss) per share

The basic earnings (loss) per share is calculated by dividing the profit (loss) attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year ended December 31, 2025, less the shares held under the restricted share unit scheme adopted by the Company on November 23, 2022 (the “2022 RSU Scheme”) during the year of approximately 35,905,846 shares (2024: approximately 35,905,846 shares).

	Year ended December 31,	
	2025	2024
Profit (Loss) attributable to owners of the Company (RMB'000)	2,920	(791,682)
Weighted average number of ordinary shares in issue	585,344,654	595,862,981
Basic earnings (loss) per share attributable to owners of the Company (expressed in RMB per share)	0.005	(1.329)

(b) Diluted earnings (loss) per share

The calculation of diluted earnings (loss) per share is based on the profit (loss) attributable to owners of the Company, and the weighted average number of ordinary shares in issue during the year, as used in the basic earnings (loss) per share calculation, adjusting the effect of unvested share awards, calculated as follows:

	Year ended December 31,	
	2025	2024
Weighted average number of ordinary shares in issue for calculating basic earnings (loss) for the year	585,344,654	595,862,981
Effect of unvested share awards (Note)	–	–
Weighted average number of ordinary shares in issue used in calculating basic earnings (loss) for the year	585,344,654	595,862,981

Note:

The computation of diluted earnings (2024: loss) per share for the year ended December 31, 2025 did not assume the vesting of the Company’s outstanding share awards (Note 25(b)) as that would increase (2024: decrease) the earnings (2024: loss) per share for the year presented.

Notes to the Consolidated Financial Statements

13 INVESTMENT PROPERTIES

	2025 RMB'000
At fair value	
At beginning of the year	–
Transfer from property and equipment (Note 14)	43,197
Changes in fair value	1,091
At the end of the reporting period	44,288

During the year, the Group entered into a tenancy agreement with the tenant and agrees to lend the building to the tenant from July 1, 2025 to June 30, 2035. Since the building is held for long-term rental yields and is not occupied by the Group since July 1, 2025, the building classified under property and equipment was transferred to investment properties accordingly. The building is carried at fair value and changes in fair values are presented in consolidated comprehensive income as part of other income.

At July 1, 2025 and December 31, 2025, the fair values of the investment properties were determined at RMB43,197,000 and RMB44,288,000 respectively.

The Group's investment properties are situated on a leasehold land in Chinese Mainland with lease term expiring in September 2052 and the building erected on the leasehold land is leased to a tenant under operating leases.

At December 31, 2025, the investment properties were located in the PRC. No building was pledged for the Group's borrowings as at December 31, 2025.

(a) Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

At December 31, 2025	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Investment properties				
– Commercial – The PRC	–	–	44,288	44,288

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2024: n/a).

Notes to the Consolidated Financial Statements

13 INVESTMENT PROPERTIES *(Continued)*

(b) Reconciliation of fair value measurements categorized within Level 3 of the fair value hierarchy

	2025 RMB'000
At beginning of the year	–
Transfer from property and equipment (Note 14)	43,197
Changes in fair value	1,091
At the end of the reporting period	44,288

(c) Valuation process, inputs and relationship to fair value

At the date of transfer and the end of reporting period, the fair value of the investment properties has been determined by an independent professional qualified valuer, by using income approach. The fair value is determined based on discounted contractual rental income based on the signed tenancy agreement and the expected rental income after the expiry of tenancy agreement less direct expenses.

Significant unobservable inputs	Range of inputs		Relationship of unobservable input to fair value
	2025	2024	
Estimated rental value (per square meter and per month)	70.10 – 108.50	n/a	The higher the rental value, the higher the fair value
Capitalization rate	5%	n/a	The higher the capitalization rate, the lower the fair value

If the fair value of the Group's investment properties had been 10% higher/lower, the profit before income tax for the year ended December 31, 2025 would have been approximately RMB4,429,000 higher/lower (2024: n/a).

Notes to the Consolidated Financial Statements

13 INVESTMENT PROPERTIES (Continued)

(c) Valuation process, inputs and relationship to fair value (Continued)

Leasing arrangement – as lessor

The investment properties are leased to a tenant for a term of ten years, in which is non-cancellable (2024: n/a) by the tenant. The lease does not contain any renewal option. Annual rental charges are fixed and paid quarterly. The tenant does not bear the management fees and amounts charged by the government such as the rates levied on the Group.

The details of the lease income from operating leases are set out in Note 6 to the consolidated financial statements.

The investment properties are not subject to residual value risk. There is no provision on residual value guarantee based on which the Group does not have right to charge the tenant for any damage to the investment properties at the end of the lease.

Below is a maturity analysis of undiscounted lease payments to be received from the leasing of investment properties.

	As at December 31, 2025 RMB'000
Year 1	2,550
Year 2	3,400
Year 3	3,451
Year 4	3,502
Year 5	3,502
After Year 5	16,179
Undiscounted lease payments to be received	32,584

Notes to the Consolidated Financial Statements

14 PROPERTY AND EQUIPMENT

	Properties and building RMB'000	Medical equipment RMB'000	Vehicles, furniture and office equipment RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Right-of-use assets for land use rights RMB'000	Right-of- use assets for leased properties, equipment and motor vehicles RMB'000	Total RMB'000
As at January 1, 2025								
Cost	46,809	385,386	30,851	78,258	50,084	157,653	48,337	797,378
Accumulated depreciation	(21,945)	(185,014)	(20,446)	(46,665)	-	(16,807)	(29,929)	(320,806)
Impairment	-	(139,821)	-	(14,146)	-	(8,265)	-	(162,232)
Net book amount	24,864	60,551	10,405	17,447	50,084	132,581	18,408	314,340
Year ended December 31, 2025								
Opening net book amount	24,864	60,551	10,405	17,447	50,084	132,581	18,408	314,340
Additions	-	6,245	8,574	539	38,084	-	2,121	55,563
Write-off/Disposals	(1,923)	-	(7,366)	(3,058)	-	-	(4,243)	(16,590)
Property revaluation upon transfer to investment properties (Note 26)	20,256	-	-	-	-	-	-	20,256
Transfer to investment properties (Note 13)	(43,197)	-	-	-	-	-	-	(43,197)
Depreciation capitalized (Note)	-	(2)	(314)	-	3,797	(3,797)	-	(316)
Depreciation charge	-	(18,069)	(6,299)	(8,161)	-	-	(9,091)	(41,620)
Impairment	-	(7,649)	(1,307)	-	(8,475)	(11,868)	(805)	(30,104)
Closing net book amount	-	41,076	3,693	6,767	83,490	116,916	6,390	258,332
As at December 31, 2025								
Cost	-	294,582	24,991	61,974	91,965	157,653	28,732	659,897
Accumulated depreciation	-	(166,718)	(19,991)	(41,061)	-	(20,604)	(21,836)	(270,210)
Impairment	-	(86,788)	(1,307)	(14,146)	(8,475)	(20,133)	(506)	(131,355)
Net book amount	-	41,076	3,693	6,767	83,490	116,916	6,390	258,332

Notes to the Consolidated Financial Statements

14 PROPERTY AND EQUIPMENT (Continued)

	Properties and building RMB'000	Medical equipment RMB'000	Vehicles, furniture and office equipment RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Right-of-use assets for land use rights RMB'000	Right-of- use assets for leased properties, equipment and motor vehicles RMB'000	Total RMB'000
As at January 1, 2024								
Cost	46,809	445,569	34,307	67,561	52,813	157,653	74,788	879,500
Accumulated depreciation	(20,850)	(190,802)	(19,100)	(24,716)	-	(12,773)	(35,295)	(303,536)
Impairment	-	(173,011)	-	(6,032)	-	-	-	(179,043)
Net book amount	25,959	81,756	15,207	36,813	52,813	144,880	39,493	396,921
Year ended December 31, 2024								
Opening net book amount	25,959	81,756	15,207	36,813	52,813	144,880	39,493	396,921
Additions	-	11,273	2,825	6,661	7,804	-	4,725	33,288
Write-off/Disposals	-	(1,683)	(2,131)	(10)	-	-	(12,725)	(16,549)
Transfer	-	-	-	10,533	(10,533)	-	-	-
Depreciation charge	(1,095)	(25,315)	(5,496)	(22,404)	-	(4,034)	(13,085)	(71,429)
Impairment	-	(5,480)	-	(14,146)	-	(8,265)	-	(27,891)
Closing net book amount	24,864	60,551	10,405	17,447	50,084	132,581	18,408	314,340
As at December 31, 2024								
Cost	46,809	385,386	30,851	78,258	50,084	157,653	48,337	797,378
Accumulated depreciation	(21,945)	(185,014)	(20,446)	(46,665)	-	(16,807)	(29,929)	(320,806)
Impairment	-	(139,821)	-	(14,146)	-	(8,265)	-	(162,232)
Net book amount	24,864	60,551	10,405	17,447	50,084	132,581	18,408	314,340

Note: The depreciation charge of RMB316,000 is included in the development costs capitalized as intangible assets as detailed to Note 15 to the consolidated financial statements.

The Group has capitalised borrowing costs amounting to RMB1,120,000 (2024: Nil) on construction in progress during the year.

Notes to the Consolidated Financial Statements

14 PROPERTY AND EQUIPMENT *(Continued)*

Depreciation charged to different expenses categories in the consolidated statement of comprehensive income were as follow:

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Cost of revenue	30,659	46,282
Administrative expenses	10,423	24,260
Selling expenses	538	887
	41,620	71,429

All the properties and buildings were located in the PRC. No buildings were pledged for the Group's borrowings as at December 31, 2025 (2024: same).

As at December 31, 2025, certain medical equipment and right-of-use assets for land use rights with carrying amount of RMB26,235,000 and RMB116,916,000 (2024: medical equipment with carrying amount of RMB38,820,000) were pledged to secure the other borrowings of the Group respectively (Note 27(a)).

The table below shows the amounts recognized in other comprehensive income:

	Year ended December 31, 2025 RMB'000
Gains recognized in other comprehensive income	20,256
Income tax impact (Note 18)	(5,064)
	15,192

Impairment testing for property and equipment

Due to a decline in market demand, certain testing equipment could not be used for its original purposes, and hence, impairment indicator existed. As at December 31, 2025, the Group has engaged an independent professional valuer to assess the recoverable amounts of the right-of-use assets for land use rights and construction in progress which was determined as the fair value less costs of disposal because the fair value less costs of disposal was higher than the value in use as at December 31, 2025 and 2024.

Notes to the Consolidated Financial Statements

14 PROPERTY AND EQUIPMENT *(Continued)*

Impairment testing for property and equipment *(Continued)*

As at December 31, 2025, the fair value less costs of disposal of the right-of-use assets for land use rights and construction in progress was performed reference to the market price of land for commercial usage in nearby locations and replacement cost of the input cost of the construction in progress was categorized as Level 3 fair value measurement. Since the fair value less costs of disposal of the right-of-use assets for land use rights and construction in progress as at December 31, 2025 of approximately RMB200,406,000 (2024: RMB182,665,000) was less than its carrying amount, provision of impairment of RMB11,868,000 (2024: RMB8,265,000) and RMB8,475,000 (2024: Nil) was made respectively for the right-of-use assets for land use rights and construction in progress for the year ended December 31, 2025.

When any indicators of impairment are identified, property and equipment are reviewed for impairment based on each CGU. The CGU is an individual plant or entity. Except for the right-of-use assets for land use rights and construction in progress (2024: the right-of-use assets for land use rights), the carrying values of these individual plants or entities were compared to the recoverable amounts of the CGUs, which were based predominantly on value-in-use. The discount rate used in the value-in-use calculation is 3.70% (2024: 3.77%) during the year ended December 31, 2025.

Since the recoverable amount of the property and equipment under medical equipment, vehicles, furniture and office equipment, leasehold improvements and right-of-use assets for leased properties, equipment and motor vehicles as at December 31, 2025 of approximately RMB57,926,000 (2024: RMB106,811,000) was less than their carrying amount, provision of impairment of RMB9,761,000 was made for these property and equipment for the year ended December 31, 2025 (2024: RMB19,626,000).

Notes to the Consolidated Financial Statements

15 INTANGIBLE ASSETS

	Software RMB'000
Year ended December 31, 2025	
Opening net book amount	2,259
Additions	6,244
Amortization charge	(1,629)
Closing net book amount	6,874
As at December 31, 2025	
Cost	36,707
Accumulated amortization	(29,833)
Net book amount	6,874
Year ended December 31, 2024	
Opening net book amount	3,368
Additions	853
Amortization charge	(1,962)
Closing net book amount	2,259
As at December 31, 2024	
Cost	47,529
Accumulated amortization	(45,270)
Net book amount	2,259

Included in the software, there is capitalized development costs of RMB4,794,000 (2024: Nil) being an internally generated intangible assets.

- (a) Amortization expenses were charged to the following categories in the consolidated statement of comprehensive income:

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Cost of revenue	136	130
Administrative expenses	1,449	1,759
Selling expenses	44	73
	1,629	1,962

Notes to the Consolidated Financial Statements

16 LEASES

(a) Amounts recognized in the consolidated statement of financial position

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Right-of-use assets included in "Property and equipment"		
– Leased properties	5,650	16,713
– Leased equipment and motor vehicles	740	1,695
– Land use rights	116,916	132,581
	123,306	150,989
Lease liabilities		
– Current	7,015	8,955
– Non-current	1,649	10,075
	8,664	19,030

(b) Amounts recognized in the consolidated statement of comprehensive income

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Depreciation charge of right-of-use assets		
– Leased properties	8,136	12,057
– Leased equipment and motor vehicles	955	1,028
– Land use rights	3,797	4,034
	12,888	17,119
Interest expense (included in finance costs)	439	1,261
Expenses relating to short term and low-value leases (included in cost of revenue and administrative expenses)	8,013	7,456

The Group leased properties for operations of its clinical laboratories. Besides, the Group leased certain diagnostic testing machines and motor vehicles. No extension options are included in such property, equipment and motor vehicle leases across the Group.

The total cash outflow for leases (including short-term leases) during the year ended December 31, 2025 amounted to RMB17,922,000 (2024: RMB18,120,000).

At December 31, 2025, the Group committed to RMB819,000 (2024: RMB1,408,000) for short-term leases.

Notes to the Consolidated Financial Statements

17 INTEREST IN AN ASSOCIATE

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Unlisted shares, at cost	4,000	–

Details of the associate at the end of the reporting period are as follows:

Name of associate	Principal place of business and place of incorporation	Class of shares held	Registered capital held by the Company		Principal activities
			2025 Indirectly	2024 Indirectly	
Guangzhou Zhiyun Medical Laboratory Co., Ltd. (廣州智雲醫學檢驗實驗室有限公司)	PRC, limited liability company	Registered and paid-up capital	40%	N/A	Inactive

The above associate is accounted for using the equity method in the consolidated financial statements.

The above associate is a private company and there is no quoted market price available for investment.

The investment in the associate is not considered material, and the associate is currently inactive. Consequently, the Group has not disclosed the related financial information.

18 DEFERRED INCOME TAX

The movements of the Group's net deferred tax assets are as follows:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
At January 1,	39,586	47,744
Charged to profit or loss	(2,262)	(7,852)
Charged to other comprehensive income	(5,095)	(306)
	32,229	39,586

Notes to the Consolidated Financial Statements

18 DEFERRED INCOME TAX (Continued)

Recognized deferred tax assets and liabilities:

	Assets		Liabilities	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Impairment of PP&E and write down of inventories	102	102	–	–
Depreciation allowance	–	–	174	375
Expected credit loss on receivables	37,686	39,600	–	–
Leases	567	1,011	387	824
Fair value changes of financial assets at FVOCI and FVTPL	–	542	501	470
Fair value changes of investment properties	–	–	5,064	–
	38,355	41,255	6,126	1,669
Offsetting	(561)	(1,059)	(561)	(1,059)
Deferred tax assets, net	37,794	40,196	5,565	610

As at December 31, 2025, the Group did not recognize deferred income tax assets arising in Chinese Mainland in respect of cumulative unused tax losses of RMB750,600,000 (December 31, 2024: RMB1,165,802,000) that will expire in one to five years, as it is not probable that future taxable profits will be available in the relevant tax jurisdiction and entity to utilize these tax losses.

According to CIT Law, a withholding income tax of 10% will be levied on the immediate holding companies outside the PRC when their PRC subsidiaries declare dividends out of profits earned after January 1, 2008. A lower 5% withholding income tax rate may be applied when the immediate holding companies of the PRC subsidiaries are established in Hong Kong and fulfil requirements under the tax treaty agreements between the relevant authorities of the PRC and Hong Kong.

As at December 31, 2025, the Group has unrecognized deferred income tax liabilities amounted to RMB23,303,000 (2024: RMB20,106,000), which arising from undistributed profits from the Group's subsidiaries in the PRC. No provision has been made in respect of such withholding tax as the directors of the Company have confirmed that such profits will not be distributed in the foreseeable future. Unremitted earnings of these subsidiaries in the PRC amounted to approximately RMB233,032,000 (2024: RMB201,057,000).

19 INVENTORIES

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Reagent and pharmaceuticals	13,930	16,075

Notes to the Consolidated Financial Statements

19 INVENTORIES (Continued)

Inventories consumed recognized as expenses and were included in “cost of revenue” and “administrative expenses” were as follows:

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Cost of revenue	151,883	190,567
Administrative expenses	15,887	17,996
	167,770	208,563

During the year ended December 31, 2025, write-downs of inventories to net realizable value amounted to RMB181,000 (2024: RMB112,000). These were recognized as an expense during the years ended December 31, 2025 and 2024 and included in “cost of revenue” in the consolidated statement of comprehensive income.

20 FINANCIAL INSTRUMENTS BY CATEGORY

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Financial assets		
Financial assets at amortized cost:		
Trade and bill receivables (Note 21)	348,524	628,456
Other receivables (Note 22)	35,010	97,080
Restricted cash (Note 24)	64,211	256,297
Cash and cash equivalents (Note 24)	1,522,169	1,321,355
	1,969,914	2,303,188
Financial assets at fair value:		
Financial assets at FVOCI (Note 23(a))	50,352	59,066
Financial assets at FVTPL (Note 23(b))	252,055	475,400
	302,407	534,466
	2,272,321	2,837,654
Financial liabilities		
Financial liabilities at amortized cost:		
Trade and other payables excluding non-financial liabilities (Note 28)	783,372	909,927
Borrowings (Note 27)	683,644	1,053,914
	1,467,016	1,963,841

Notes to the Consolidated Financial Statements

21 TRADE AND BILL RECEIVABLES

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Trade receivables		
– Third parties	939,432	1,490,350
– Related parties (Note 30(d))	414	403
	939,846	1,490,753
Less: allowance for impairment of trade receivables (Note 3.1.2)	(593,345)	(866,283)
	346,501	624,470
Bill receivables	2,023	3,986
	348,524	628,456

- (a) As at December 31, 2025 and 2024, the aging analysis of the trade receivables (before allowance for impairment) based on recognition date were follows:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Up to 180 days	188,594	260,617
181 days to 1 year	96,747	126,500
1 to 2 years	90,026	156,512
2 to 3 years	43,893	839,225
More than 3 years	520,586	107,899
	939,846	1,490,753

- (b) The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, refer to Note 3.1.2 for detailed information.
- (c) The Group's trade receivables were all denominated in RMB and their carrying amounts approximated their fair values.
- (d) As at December 31, 2025, trade receivables with carrying amount of RMB200,420,000 (2024: RMB200,420,000) were pledged to secure the bank borrowing of the Group (Note 27(a)).

Notes to the Consolidated Financial Statements

22 PREPAYMENTS AND OTHER RECEIVABLES

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Included in current assets		
<i>Prepayments</i>		
– Prepayments to third party suppliers	18,939	11,395
– Advance for potential investment projects (Note (d))	25,000	–
– Other tax recoverable	7,272	3,577
	51,211	14,972
<i>Other receivables</i>		
– Interest receivables (Note (d))	405	193
– Monies kept in RSU Trustee	228	225
– Deposits receivables	7,831	8,349
– Cash advance to employees	65	355
– Others	2,306	–
– Amounts due from related parties (Note 30(d))	1,962	397
– Note receivable (Note (c))	22,731	–
	35,528	9,519
Less: allowance for impairment of other receivables (Note 3.1.2)	(518)	(212)
	35,010	9,307
	86,221	24,279
Included in non-current assets		
<i>Prepayments</i>		
– Prepayment for equipment to third party suppliers	9,921	2,840
– Advance for potential investment projects (Note (e))	36,000	–
<i>Other receivables</i>		
– Note receivable (Note (b))	–	87,773
	45,921	90,613
Total	132,142	114,892

- (a) Save as disclosed in Note 3.1.1, the Group's other receivables are denominated in RMB. The carrying amounts of other receivables approximated their fair values.
- (b) The note receivable represented a note with fixed interest rate of 5% per annum with maturity date on 28 October 2026 which can be early redeemed upon application by the Group upon 6-month locking period. On July 2025, the Group redeemed the note receivables by cash in full.
- (c) The note receivable represented a note with fixed interest rate of 2% per annum with maturity date on 27 August 2026 which can be early redeemed upon application by the Group.

Notes to the Consolidated Financial Statements

22 PREPAYMENTS AND OTHER RECEIVABLES (Continued)

- (d) The balance represented advance for an investment totaling RMB25,000,000 to a third party, along with related interest receivable of RMB191,000. The advance was provided to the third party and will be used as the cost for its research and development and production of related health inspection equipment. The Group will assess its research and development and operational performance and the Group will complete the investment in it when its product is successfully developed in the future.

The advance is secured by certain machineries which are owned by a subsidiary of the third party and personal guarantees by its beneficial owner and the spouse, interest bearing at a fixed rate of 4.6% per annum, and the advance and interest shall be repayable in March 2026. At the end of the reporting period, the value of the collateral of the advance was approximately RMB27,289,000.

- (e) The balance represents advances for two potential investments which are non-interest bearing and unsecured.

The advance payment of RMB25,000,000 was made to the non-related Private Company A (as defined in note 23) for the acquisition of 3.13% of the equity of a private company in medical health industry held by Private Company A. Upon the completion of business registration, the advance payment will be recognized as financial assets through fair value under non-current assets in the consolidated financial statements.

Another advance payment of RMB11,000,000 was made to a non-related third party for a potential investment in two private companies which are both in medical health industry. The final decision of investment in this private company depends on whether the private companies can meet certain conditions imposed by the Group within two years. Once the conditions were met and satisfied by the Group, the Group would consider investing in these private companies. The advance payment would be refunded when the investment was not completed within two years.

23 FINANCIAL ASSETS AT FAIR VALUE

(a) Financial assets at FVOCI

The Group's financial assets at FVOCI included equity investments which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognize in this category. These are strategic investments and the Group considers this classification to be more relevant.

Financial assets measured at FVOCI included the following:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Unlisted		
– Private company A (i)	46,830	55,668
– Private company B (ii)	3,522	3,398
	50,352	59,066

Notes to the Consolidated Financial Statements

23 FINANCIAL ASSETS AT FAIR VALUE (Continued)

(a) Financial assets at FVOCI (Continued)

- (i) Private company A is engaged in investment activities and portfolio management, with concentration in healthcare industry. Private company A is also an associate of Daan Gene Co., Ltd. (“Da An Gene”).
- (ii) Private company B invested in an equity instrument which is principally engaged in sales of medical imaging diagnostic equipment.

The table below shows the amounts recognized in other comprehensive loss:

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Losses recognized in other comprehensive loss	(8,714)	(15,442)
Income tax impact (Note 18)	(31)	(306)
	(8,745)	(15,748)

(b) Financial assets at FVTPL

The Group’s financial assets at FVTPL comprised debt investments and equity investments that do not qualify for measurement at either amortized cost or FVOCI.

Financial assets measured at FVTPL include the following:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Included in current assets		
Investment in private funds		
– Managed by investment manager A (Note (i))	–	160,481
– Managed by investment manager B (Note (i))	181,860	181,676
– Managed by investment manager C (Note (ii))	–	70,832
	181,860	412,989
Included in non-current assets		
Unlisted companies (Note (iii))	70,195	62,411
	252,055	475,400

- (i) The investments at December 31, 2024 represented two portfolios managed by two different investment managers. Investment objectives were to invest in cash or cash equivalents, national debt and other money market instruments. In December 2025, the Group redeemed one investment in private funds at the fair value on the date of redemption. The gain on redemption of financial assets at FVTPL was recognized as other (losses) gains – net in Note 7 to the consolidated financial statements.

The Group determines the fair value with reference to the cash redemption amount stated in the monthly statement which takes into account of the assets and liabilities of the portfolio in accordance with applicable accounting standard.

Notes to the Consolidated Financial Statements

23 FINANCIAL ASSETS AT FAIR VALUE (Continued)

(b) Financial assets at FVTPL (Continued)

- (ii) A wholly-owned subsidiary of the Company subscribed to a private fund. The investment objectives were mainly to invest in products with fixed revenue type and cash or cash equivalents and bonds and equity securities. In September 2025, the Group redeemed the investment in private funds at the fair value on the date of redemption. The loss on redemption of financial assets at FVTPL was recognized as other (losses) gains – net in Note 7 to the consolidated financial statements.
- (iii) Investments in unlisted companies included investments in four (2024: three) private companies, which are principally engaged in research and sales of medical instruments, provision of consultancy services and investment management.

Amounts recognized in the profit or loss

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Fair value losses recognized in profit or loss	(7,265)	(8,178)

(c) Fair value, impairment and risk exposure

Information about the methods and assumptions used in determining fair value has been set out in Note 3.3.

(d) Structured entities

The Group is principally involved with structured entities through financial investments in private funds. The Group determines whether or not to consolidate these structured entities depending on whether the Group has control over them.

(i) Unconsolidated structured entities

The Group invests in certain unconsolidated structured entities mainly consisting of private funds managed and operated by other independent third parties. These structured entities generally finance the purchase of assets by issuing units of the products. The Group does not control these structured entities and therefore, these structured entities are not consolidated.

The table below sets out the carrying amount of interests in unconsolidated structured entities held by the Group through investment:

	As at December 31, 2025	
	Carrying value RMB'000	Maximum exposure to loss RMB'000
Financial assets at FVTPL		
– Investment in private funds	181,860	181,860

Notes to the Consolidated Financial Statements

23 FINANCIAL ASSETS AT FAIR VALUE (Continued)

(d) Structured entities (Continued)

(i) Unconsolidated structured entities (Continued)

	As at December 31, 2024	
	Carrying value	Maximum exposure to loss
	RMB'000	RMB'000
Financial assets at FVTPL		
– Investment in private funds	412,989	412,989

24 CASH AND CASH EQUIVALENTS

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Cash at banks and financial institution (Note (i))	1,586,380	1,577,652
Less: Restricted cash in relation to:		
– Pledged time deposits for bank loans (Note 27)	(30,000)	(225,809)
– Deposits for letter of guarantee	(25,564)	(20,563)
– Others	(8,647)	(9,925)
	(64,211)	(256,297)
Cash and cash equivalents	1,522,169	1,321,355

All cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods from one month to three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates.

At the end of the reporting period, included in the balance of the Group are bank balances and cash deposited in Chinese Mainland of RMB1,197,012,000 (2024: RMB879,003,000). RMB is not freely convertible into other currencies. However, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

- (i) Included in cash at bank as at December 31, 2025, was an aggregate amount of RMB338,076,000 (2024: Nil) placed in a licensed securities corporation.

Notes to the Consolidated Financial Statements

25 SHARE CAPITAL AND SHARE PREMIUM AND SHARES HELD FOR EMPLOYEE SHARE SCHEME

(a) Share capital and share premium

	Number of ordinary shares	Par value of each share USD	Share capital USD	Equivalent share capital RMB'000	Share premium RMB'000	Total RMB'000
Authorized						
As at December 31, 2024 and 2025	25,000,000,000	0.000002	50,000	338		
Issued and paid						
Balance at January 1, 2024	621,250,500	0.000002	1,242	9	621,305	621,314
Dividends (Note 34)	-	N/A	-	-	(10,956)	(10,956)
Balance at December 31, 2024, January 1, 2025 and December 31, 2025 (Note (i))	621,250,500	0.000002	1,242	9	610,349	610,358

- (i) As at December 31, 2025, the total number of issued ordinary shares of the Company included 35,905,846 shares (2024: 35,905,846 shares) held under the 2022 RSU Scheme (Note 25(b)).

(b) Shares held for employee share scheme

- (i) On November 23, 2022, the Board approved the adoption of the 2022 RSU Scheme which was amended on July 28, 2023. Due to the implementation of the 2022 RSU Scheme of the Group, the Company has set up a structured entity ("Share Scheme Trust"), and its particulars are as follows:

Structured entity	Principal activities
Share Scheme Trust	Administering and holding the Company's shares acquired for the 2022 RSU Scheme which are set up for the benefits of selected participant(s) of the Scheme

Notes to the Consolidated Financial Statements

25 SHARE CAPITAL AND SHARE PREMIUM AND SHARES HELD FOR EMPLOYEE SHARE SCHEME

(Continued)

(b) Shares held for employee share scheme (Continued)

As the Company has the power to govern the financial and operating policies of the Share Scheme Trust and can derive benefits from the contributions of the selected participant(s) who are awarded with the shares by the 2022 RSU Scheme, the directors of the Company consider that it is appropriate to consolidate the Share Scheme Trust. The allocation of share awards was linked to the fulfilment of Company's performance targets established by the directors. The vesting condition of the 2022 RSU Scheme is that the employee remains employed up to the grant date. The following table presents the changes in shares held for the employee share scheme.

	Number of Ordinary shares	Cost of acquired shares RMB'000
Balance at January 1, 2024	15,101,643	188,524
Acquisition of shares by the Share Scheme Trust	20,804,203	173,717
Balance at December 31, 2024, January 1, 2025 and December 31, 2025	35,905,846	362,241

- (ii) During the year ended December 31, 2025, no shares (2024: 20,804,203 shares) were purchased from open market by the Share Scheme Trust at a total consideration of approximately HK\$Nil (2024: HK\$190,134,000 (equivalent to approximately RMB173,717,000)).
- (iii) The consideration paid by the Share Scheme Trust for purchasing the Company's shares from the market, including any directly attributable incremental cost, is presented as "Shares held for employee share scheme" and the amount is deducted from total equity.
- (iv) When the Share Scheme Trust transfers the Company's shares to the awardees upon vesting, the related costs of the awarded shares vested are credited to "Shares held for employee share scheme", with a corresponding adjustment made to "Share premium".
- (v) On January 23, 2024, 15,101,500 shares were granted to employees of the Group with a vesting period of 6 years from the grant date. The vesting conditions include the results of annual appraisal of employees and remaining of employment to the vesting date. The fair value of the Company's share on the grant date was HK\$11.22 (equivalent to RMB10.20) per share. The fair value of the awarded shares was calculated based on the market price of the Company's shares at the respective grant date.

Notes to the Consolidated Financial Statements

25 SHARE CAPITAL AND SHARE PREMIUM AND SHARES HELD FOR EMPLOYEE SHARE SCHEME

(Continued)

(b) Shares held for employee share scheme (Continued)

Details of RSU during the year ended December 31, 2025 were as follows:

For the year ended December 31, 2025

	Outstanding at the beginning of the year	Granted during the year	Exercised during the year	Expired during the year	Forfeited during the year	Outstanding at the end of the year
RSU	12,454,500	-	-	2,605,780	-	9,848,720
Total expense in relation to share-based payment transactions recognized in consolidated statement of comprehensive income for the year ended December 31, 2025 (RMB'000)						2,136

For the year ended December 31, 2024

	Outstanding at the beginning of the year	Granted during the year	Exercised during the year	Expired during the year	Forfeited during the year	Outstanding at the end of the year
RSU	-	15,101,500	-	2,647,000	-	12,454,500
Total expense in relation to share-based payment transactions recognized in consolidated statement of comprehensive income for the year ended December 31, 2024 (RMB'000)						23,592

Notes to the Consolidated Financial Statements

26 OTHER RESERVES

	Capitalization reserve (Note (a)) RMB'000	Share award reserve (Note (c)) RMB'000	Reserve for financial assets at FVOCI RMB'000	Capital reserve (Note (b)) RMB'000	Properties revaluation reserve (Note (d)) RMB'000	Total RMB'000
Balance at January 1, 2024	930,845	-	(1,134)	(19)	-	929,692
Changes in fair value of financial assets at FVOCI, net of tax	-	-	(15,748)	-	-	(15,748)
Share award expenses	-	23,592	-	-	-	23,592
Balance at December 31, 2024 and at January 1, 2025	930,845	23,592	(16,882)	(19)	-	937,536
Changes in fair value of financial assets at FVOCI, net of tax	-	-	(8,745)	-	-	(8,745)
Gain on properties revaluation upon transfer to investment properties, net of tax	-	-	-	-	15,192	15,192
Share award expenses	-	2,136	-	-	-	2,136
Balance at December 31, 2025	930,845	25,728	(25,627)	(19)	15,192	946,119

Notes:

- (a) Capitalization reserve represented the registered capital and capital premium of Yunkang Industry attributable to owners of the Company in aggregate of approximately RMB931 million as of January 1, 2018, as the Group obtained the equity interest in Yunkang Industry through a series of contractual arrangements other than any cash considerations, which were considered as deemed contribution from the shareholders.
- (b) Capital reserve includes the difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received, on changes in the Group's interests in subsidiaries that do not result in the Group losing control.
- (c) The share award reserve comprises the fair value of share-based payment transactions and is dealt with in accordance with the accounting policies as set out in Note 2 to the consolidated financial statements. Details of RSU during the year ended December 31, 2025 and 2024, refer to Note 25(b). At December 31, 2025 and 2024, none of the share awards were vested.
- (d) The properties revaluation reserve represented the properties revaluation upon the transfer of the Group's building included in property and equipment to investment properties on July 1, 2025.

Notes to the Consolidated Financial Statements

27 BORROWINGS

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Borrowings included in non-current liabilities:		
Bank borrowings		
– Secured and/or guaranteed (Note (a))	215,460	108,851
Other borrowings		
– Secured and/or guaranteed (Note (a))	82,890	170,242
Less: current portion of long-term borrowings	(126,042)	(127,754)
	172,308	151,339
Borrowings included in current liabilities:		
Bank borrowings		
– Secured and/or guaranteed (Note (a))	384,957	767,325
Other borrowings		
– Secured and/or guaranteed (Note (a))	337	7,496
Current portion of long-term borrowings	126,042	127,754
	511,336	902,575
Total borrowings	683,644	1,053,914
Bank borrowings repayable		
– Within 1 year	485,142	800,595
– Between 1 and 2 years	115,275	56,631
– Between 2 and 5 years	–	18,950
– Over 5 years	–	–
	600,417	876,176
Other borrowings repayable		
– Within 1 year	26,194	101,980
– Between 1 and 2 years	24,033	23,721
– Between 2 and 5 years	33,000	21,037
– Over 5 years	–	31,000
	83,227	177,738

Notes to the Consolidated Financial Statements

27 BORROWINGS (Continued)

- (a) The secured and guaranteed situations of the bank and other borrowings are as follows:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Bank borrowings		
Guaranteed by a subsidiary of the Group	419,533	480,326
Guaranteed by a subsidiary of the Group and secured by time deposit	30,043	210,637
Guaranteed by a subsidiary of the Group and secured by trade receivables (Note 21(d), Note (c))	99,233	185,213
Guaranteed by Yunkang Industry and its subsidiary and secured by property and equipment and share equity of a subsidiary (Note 14, Note (e))	51,608	–
	600,417	876,176
Other borrowings		
Guaranteed by a subsidiary of the Group	–	7,173
Guaranteed by a third party	15,000	15,003
Guaranteed by certain subsidiaries of the Group and secured by property and equipment (Note 14)	32,890	119,242
Others (Note (d))	35,337	36,320
	83,227	177,738

- (b) As at December 31, 2025, the effective interest rate of borrowings was from 1.20% to 4.64% per annum (December 31, 2024: from 1.20% to 5.78%).
- (c) Pursuant to banking facilities (the “Loan Facilities”) entered into with a bank (the “Lender”), the Group is required to comply with the covenants including transfer of settlements, if any, from the pledged trade receivables of RMB200 million to a bank account which is designated by the Lender.

As at the end of reporting period, the Group has already received certain amounts of the pledged trade receivables. Pursuant to the Loan Facilities and related pledge agreement, upon recovery of the pledged receivables, the Lender has the right to require prioritized use of such recovered amounts for loan repayment or require remedial measures such as providing new sufficient and valid collateral. For receivables already recovered as at the end of reporting period, the Group will provide new sufficient trade receivables as collateral as required under the Loan Facilities and related pledge agreement. Therefore, until the Group provides new sufficient trade receivables as collateral to the Lender, the related loans are classified as current liabilities. As at December 31, 2025, all the loans are classified as current liabilities.

Notes to the Consolidated Financial Statements

27 BORROWINGS (Continued)

- (d) Pursuant to terms as stipulated in the relevant investment agreement, Yunkang Industry does not have any unconditional right not to delivering cash to settle the repurchase obligation. As such, the investment made by CDB Development Fund Co., Ltd. (“CDB Development Fund”) in Guangzhou Daan Clinical Laboratory Center Co. Ltd. (“Guangzhou Daan”), a subsidiary of the Group, has fulfilled the criteria of financial liabilities under relevant accounting standards and has been recognized as a borrowing in these consolidated financial statements and the Group has 100% equity interests in Guangzhou Daan. As at December 31, 2025, the outstanding balance of the relevant borrowing was RMB35,337,000 (2024: RMB36,320,000) and the registered interest held by CDB Development Fund in Guangzhou Daan was 4.25% (2024: 4.72%).
- (e) Certain banking facilities are subject to the fulfillment of covenants relating to minimum requirement of shareholder’s equity based on the statement of financial position of the borrowing subsidiary. If the borrowing subsidiary was to breach the covenant, the drawn-down facilities would become repayable on demand. The borrowing was classified as current liabilities even though the directors do not expect that the lenders would exercise their rights to demand immediate repayment.

The Group regularly monitors its compliance with these covenants and, during the year, has resolved to inject additional capital into the borrowing subsidiary in order to satisfy the covenant of the minimum shareholders’ equity requirement and has communicated with the bank in this regard. The Group is of the view that it is unlikely that the bank would demand immediate repayment as long as the Group continues to make payments according to the schedule of the term loans and actively meets the minimum shareholders’ equity requirements. At December 31, 2025, covenants relating to drawn-down facilities of principal amounting to RMB51,550,000 (2024: Nil) had been breached.

As at December 31, 2025, the net assets value of the subsidiary being pledged was RMB117,674,000 (2024: RMB117,803,000).

Notes to the Consolidated Financial Statements

28 TRADE AND OTHER PAYABLES

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Trade payables (Note (a))		
– Third parties	148,374	147,785
– Related parties (Note 30(d))	545,886	631,579
	694,260	779,364
Other payables		
– Related parties (Note 30(d))	28,339	32,154
– Marketing and promotion expenses payables	3,124	14,513
– Decoration expenses payables	15,040	19,981
– Accrued expenses (Note (c))	33,005	53,791
– Deferred revenue	10,220	380
– Others	9,604	10,124
	99,332	130,943
Accrued staff costs	41,522	48,551
Other taxes payable	4,562	11,300
	839,676	970,158

(a) The aging analysis of the trade payables based on goods and services received was follows:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Up to 180 days	136,174	110,020
181 days to 1 year	14,094	55,625
1 to 2 years	44,569	39,346
2 to 3 years	12,578	487,808
More than 3 years	486,845	86,565
	694,260	779,364

(b) As at December 31, 2025, the carrying amounts of trade and other payables approximated their fair values (December 31, 2024: same).

(c) Accrued expenses refer to the various administrative operating costs, sales service fees, consulting service fees, and provisions for disputes arising from the professional services not yet completed as expected that the Group is obligated to pay but has not yet settled.

Notes to the Consolidated Financial Statements

29 CASH FLOW INFORMATION

(a) Cash generated from operations

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Profit (Loss) before income tax	6,975	(791,191)
Adjustments for:		
– Finance costs	34,876	49,282
– (Reversal of impairment losses) Impairment losses on financial assets, net	(214,270)	536,182
– Depreciation of property and equipment	41,620	71,429
– Amortization of intangible assets	1,629	1,962
– Fair value losses on financial assets at FVTPL	7,265	8,178
– Fair value gains on investment properties	(1,091)	–
– Impairment of property and equipment	30,104	27,891
– Written down of inventories	181	112
– Losses (Gains) on redemption of financial assets at FVTPL	49,950	(19,796)
– Gains on lease modification	(1,909)	(5,038)
– Losses on disposal of equipment	2,401	3,824
– Effect of foreign exchange rate changes	(2,024)	(346)
– Equity-based share-based payment expenses	2,136	23,592
	(42,157)	(93,919)
Changes in working capital:		
– Inventories	1,964	1,834
– Trade and bill receivables	494,518	350,717
– Prepayments and other receivables	(17,988)	6,929
– Restricted cash	(3,723)	794
– Trade and other payables	(130,203)	(5,370)
Cash generated from operations	302,411	260,985

Notes to the Consolidated Financial Statements

29 CASH FLOW INFORMATION (Continued)

(b) The reconciliation of liabilities arising from financing activities is as follows:

	Borrowings and interest payables RMB'000	Lease liabilities RMB'000	Total RMB'000
As at January 1, 2025	1,053,914	19,030	1,072,944
Additions of leases	–	2,121	2,121
Accrued interest expense	34,437	439	34,876
Termination of leases	–	(2,346)	(2,346)
Transfer to other payables	–	(671)	(671)
Effect of foreign exchange rate changes	(256)	–	(256)
Cash flows, net	(404,451)	(9,909)	(414,360)
As at December 31, 2025	683,644	8,664	692,308
As at January 1, 2024	1,347,841	41,998	1,389,839
Additions of leases	–	4,725	4,725
Accrued interest expense	48,021	1,261	49,282
Termination of leases	–	(17,763)	(17,763)
Transfer to other payables	–	(527)	(527)
Effect of foreign exchange rate changes	(1,656)	–	(1,656)
Cash flows, net	(340,292)	(10,664)	(350,956)
As at December 31, 2024	1,053,914	19,030	1,072,944

30 RELATED PARTY TRANSACTIONS AND BALANCES

(a) Names and relationships with related parties

Save as disclosed elsewhere in these consolidated financial statements, the directors of the Company are of the view that the following parties/companies were related parties that had transactions or balances with the Group during the years ended December 31, 2025 and 2024:

Name of related parties	Relationship with the Group
Mr. Zhang Yong	The controlling shareholder of the Group
Da An Gene and its subsidiaries (“Da An Group”)	A substantial shareholder with significant influence to the Group

Notes to the Consolidated Financial Statements

30 RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(b) Key management compensation

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Salaries, bonuses and other benefits	5,846	4,652
Contribution to pension scheme expenses	392	350
Equity-settled share-based payment expenses	474	5,240
	6,712	10,242

(c) Transactions with related parties

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Revenue from		
– Da An Group	390	256
Purchase of goods		
– Da An Group	22,523	33,156
Purchase of services		
– Da An Group	14,474	15,141
Commercial property related fee to related parties		
– Da An Group	3,773	3,841

All of the transactions above were carried out in the normal course of the Group's business and on terms as agreed between the transacting parties.

Notes to the Consolidated Financial Statements

30 RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(d) Balances with related parties

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Amounts due from related parties		
Trade receivables		
– Da An Group	414	403
Other receivables		
– Da An Group	1,962	397
	2,376	800
Amounts due to related parties		
Trade payables		
– Da An Group	(545,886)	(631,579)
Other payables		
– Da An Group	(28,339)	(32,154)
	(574,225)	(663,733)

As at December 31, 2025 and 2024, the balances due from/to related parties are unsecured, interest-free, and no fixed repayment term, and are denominated in RMB. Other receivables primarily include deposits in relation to transactions with related parties. Other payables primarily represent commercial property management service fees payable in relation to the leased offices and amount payable for equipment purchased from Da An Group.

(e) Guarantees from the related parties

As at December 31, 2025, there were no guarantees or pledges provided to the related parties (December 31, 2024: same).

(f) Other information with the related parties

On December 9, 2015, Guangzhou Daan, a subsidiary of the Group, Yunkang Industry, CDB Development Fund and Da An Gene entered into an investment agreement (“Investment Agreement”). Pursuant to which CDB Development Fund agreed to contribute RMB40 million to Guangzhou Daan in exchange of 6.18% (it was diluted to 4.25% (2024: 4.72%) subsequently) of shareholding of Guangzhou Daan. Pursuant to the Investment Agreement, Yunkang Industry is obliged to repurchase the equity interest of Guangzhou Daan held by CDB Development Fund in accordance with the schedule stated in the Investment Agreement and/or Da An Gene may repurchase the relevant equity interest of Guangzhou Daan when Yunkang Industry is unable to repurchase the same in accordance with the provisions in the Investment Agreement.

Notes to the Consolidated Financial Statements

31 STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	As at December 31,	
		2025 RMB'000	2024 RMB'000
Assets			
Non-current assets			
Investment in a subsidiary		805,465	805,465
Prepayments and other receivables		–	87,773
		805,465	893,238
Current assets			
Prepayments and other receivables		670	105,715
Financial assets at FVTPL		181,860	342,157
Restricted cash		–	2,409
Cash and cash equivalents		386,653	129,820
		569,183	580,101
Total assets		1,374,648	1,473,339
Equity			
Equity attributable to owners of the Company			
Share capital and share premium	25(a)	610,358	610,358
Shares held for employee share scheme	25(b)	(362,241)	(362,241)
Other reserves	31(a)	784,346	784,346
Share award reserve	31(a)	25,728	23,592
Accumulated losses	31(a)	(69,829)	(43,798)
Total equity		988,362	1,012,257
Liabilities			
Current liabilities			
Borrowings		30,042	210,637
Other payables		3,294	2,595
Amount due to subsidiaries		352,950	247,850
		386,286	461,082
Total liabilities		386,286	461,082
Total equity and liabilities		1,374,648	1,473,339

The statement of financial position of the Company was approved by the Board of Directors of the Company on March 31, 2026 and were signed on its behalf by:

Zhang Yong
Director

Xie Shaohua
Director

Notes to the Consolidated Financial Statements

31 STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

(a) Reserve movements of the Company

	Share award reserve RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total RMB'000
As at January 1, 2024	–	784,346	(37,101)	747,245
Total comprehensive income				
Loss for the year	–	–	(6,697)	(6,697)
Share award expenses	23,592	–	–	23,592
As at December 31, 2024 and 1 January 2025	23,592	784,346	(43,798)	764,140
Total comprehensive income				
Loss for the year	–	–	(26,031)	(26,031)
Share award expenses	2,136	–	–	2,136
As at December 31, 2025	25,728	784,346	(69,829)	740,245

32 SUBSIDIARIES

The Group's principal subsidiaries at December 31, 2025 are set out below:

Name of the Subsidiaries	Place of incorporation and kind of legal entity	Registered/ Issued and paid-up capital	Principal activities	Ownership interest held by the Group as at December 31,	
				2025	2024
Directly held by the Company					
YK Healthcare (Hong Kong) Limited	Hong Kong, limited liability company	–	Investment holding	100%	100%
Indirectly held by the Company					
Guangzhou Yunkang Health Technology Co., Ltd. (廣州雲康健康科技有限公司)	PRC, limited liability company	–	Investment holding	100%	100%
Yunkang Health Industry Investment Co. Ltd. (雲康健康產業投資股份有限公司) (a)	PRC, limited liability company	RMB920,000,000	Investment holding	100%	100%
Hefei Daan Medical Laboratory Co., Ltd. (合肥達安醫學檢驗實驗室有限公司) (a)	PRC, limited liability company	RMB10,000,000	Diagnostic testing	100%	100%
Chengdu Gaoxin Daan Medical Laboratory Co., Ltd. (成都高新達安醫學檢驗有限公司) (a)	PRC, limited liability company	RMB20,000,000	Diagnostic testing	100%	100%
Guangzhou Daan Clinical Laboratory Center Co. Ltd. (廣州達安臨床檢驗中心有限公司) (a)	PRC, limited liability company	RMB26,717,720 (2024: RMB26,586,000)	Diagnostic testing	100%	100%

Notes to the Consolidated Financial Statements

32 SUBSIDIARIES (Continued)

Name of the Subsidiaries	Place of incorporation and kind of legal entity	Registered/ Issued and paid-up capital	Principal activities	Ownership interest held by the Group as at December 31,	
				2025	2024
Shanghai Daan Medical Laboratory Co., Ltd. (上海達安醫學檢驗有限公司) (a)	PRC, limited liability company	RMB50,000,000	Diagnostic testing	100%	100%
Jiangxi Yunkang Daan Medical Laboratory Co., Ltd. (江西雲康達安醫學檢驗實驗室有限公司) (a)	PRC, limited liability company	RMB10,000,000	Diagnostic testing	100%	100%
Kunming Gaoxin Daan Medical Laboratory Co., Ltd. (昆明高新達安醫學檢驗有限公司) (a)	PRC, limited liability company	RMB10,000,000	Diagnostic testing	100%	100%
Yunkang Lingnan (Guangzhou) Medical Health Technology Development Co., Ltd. (雲康嶺南(廣州)醫療健康科技發展有限公司) (a)	PRC, limited liability company	RMB160,000,000 (2024: RMB140,000,000)	Project investment	100%	100%
Yunkang Health Industry Group Co., Ltd. (雲康健康產業集團有限公司)	PRC, limited liability company	RMB200,505,100	Information technology, medical logistics and medical equipment procurement services	100%	100%
Guangzhou Yunxie Baiyi Biomedical Technology Co., Ltd. (廣州雲協佰醫生物醫療科技有限公司)	PRC, limited liability company	RMB10,000,000	Reagent and medical equipment procurement services	100%	100%
Sichuan Yunkang Xinchuan Health Technology Co., Ltd. (四川雲康新川健康科技有限公司)	PRC, limited liability company	RMB100,000,000	Information technology and healthcare technology development	100%	100%

- (a) The Company does not have legal ownership in equity of these subsidiaries. Nevertheless, under certain contractual agreements entered into with the registered owners of these subsidiaries, the Company and its other legally owned subsidiaries control these companies by way of controlling the voting rights, governing their financial and operating policies, appointing or removing the majority of the members of their controlling authorities, and casting the majority of votes at meetings of such authorities. In addition, such contractual agreements also transfer the risks and rewards of these companies to the Company and/or its other legally owned subsidiaries. As a result, they are presented as controlled subsidiaries of the Company. Refer to Note 2.2.1(a) for details.

As at December 31, 2025, no ownership interest of the above principal subsidiaries was held by non-controlling interests (December 31, 2024: same).

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, materially contribute to the results of the Group or hold a material portion of the assets or liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

Notes to the Consolidated Financial Statements

33 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and chief executive's emoluments

The remuneration of each director during the years ended December 31, 2025 and 2024 is set out below:

	Directors' fees RMB'000	Salaries, bonuses and other benefit RMB'000	Contribution to pension scheme RMB'000	Total RMB'000
Year ended December 31, 2025				
Executive Director				
Mr. Zhang Yong	226	578	36	840
Non-executive Directors				
Ms. Huang Luo (i)	-	-	-	-
Mr. Zhang Weijie (ii)	-	-	-	-
Dr. Wang Ruihua	226	-	-	226
Dr. Wang Pinghui	226	-	-	226
	678	578	36	1,292
Independent Non-executive Directors				
Dr. Dong Ming (iii)	164	-	-	164
Mr. Yu Shiyong	226	-	-	226
Mr. Xie Shaohua	226	-	-	226
Mr. Lan Fenghui (iv)	56	-	-	56
	672	-	-	672
	1,350	578	36	1,964

Notes to the Consolidated Financial Statements

33 BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(a) Directors' and chief executive's emoluments (Continued)

	Directors' fees RMB'000	Salaries, bonuses and other benefit RMB'000	Contribution to pension scheme RMB'000	Total RMB'000
Year ended December 31, 2024				
Executive Director				
Mr. Zhang Yong	232	24	16	272
Non-executive Directors				
Ms. Huang Luo	–	–	–	–
Dr. Wang Ruihua	232	–	–	232
Dr. Wang Pinghui	232	–	–	232
	696	24	16	736
Independent Non-executive Directors				
Mr. Yu Shiyou	232	–	–	232
Mr. Xie Shaohua	232	–	–	232
Mr. Lan Fenghui (iv)	232	–	–	232
	696	–	–	696
	1,392	24	16	1,432

- (i) Ms. Huang Luo has resigned since August 1, 2025.
- (ii) Mr. Zhang Weijie was appointed as the Company's non-executive director on August 1, 2025.
- (iii) Dr. Dong Min was appointed as the Company's independent executive director on April 10, 2025.
- (iv) Mr. Lan Fenghui has passed away as disclosed in the Company's announcement dated January 13, 2025.

Notes to the Consolidated Financial Statements

33 BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(b) Directors' retirement and termination benefits

No retirement benefits were paid to or receivable by any directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiaries' undertaking during the year ended December 31, 2025 (2024: same).

No payment was made to the directors as compensation for early termination of appointment during the year ended December 31, 2025 (2024: same).

(c) Consideration provided to their parties for making available directors' services

No payment was made to any former employers of the directors for making available the services of them as a director of the Company during the year ended December 31, 2025 (2024: same).

(d) Information about loans, quasi-loans and other dealings in favor of directors, controlled bodies corporate by and connected entities with such directors

There were no other loans, quasi-loans and other dealings in favor of the directors, controlled bodies corporate by and connected entities with such directors during the year ended December 31, 2025 (2024: same).

(e) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the year ended December, 31 2025 (2024: same).

(f) No emolument was paid or payable by the Group to any of the directors and chief executive of the Company as inducement to join or upon joining the Group or as compensation for loss of office during the years ended December 31, 2025 and 2024. None of the directors and chief executive of the Company waived or agreed to waive any emoluments during the years ended December 31, 2025 and 2024.

Notes to the Consolidated Financial Statements

34 DIVIDENDS

	2025 RMB'000	2024 RMB'000
Dividends approved and paid during the year		
Final dividend	–	11,372

The Board of the Company did not recommend the payment of a final dividend for the year ended December 31, 2025 (2024: Nil).

A final dividend of HK\$0.02 per share for the year ended December 31, 2023 was approved by the Board of the Company at the annual general meeting held on June 28, 2024. The final dividends totaling HK\$12,425,000 (equivalent to RMB11,372,000) were paid on August 28, 2024, among which the amount of HK\$456,000 (equivalent to RMB416,000) is attributable to the shares held by the trustee for the 2022 RSU Scheme. These dividends were distributed out of the Company's share premium.

35 COMMITMENTS

Significant capital expenditure contracted for at the end of the reporting period but not recognized as liabilities is as follows:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Contracted but not provided for:		
– Property and equipment	34,453	74,231

As at December 31, 2025 and 2024, the Group's capital commitments mainly related to the construction on the land in Guangzhou acquired in 2019.

Five Year Financial Summary

	2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000	2025 RMB'000
Results					
Revenue	1,696,740	3,756,201	891,500	711,884	601,388
Gross profit	899,137	1,307,730	325,786	211,069	182,817
Profit (Loss) before income tax	451,220	443,424	(86,811)	(791,191)	6,975
Profit (Loss) for the year	381,893	373,949	(101,889)	(793,151)	3,900
Profit (Loss) attributable to owners of the Company:	380,932	377,309	(102,259)	(791,682)	2,920
Assets and liabilities					
Total assets	2,455,413	4,906,977	4,532,052	3,228,336	2,734,671
Total liabilities	1,003,833	2,367,398	2,412,195	2,078,459	1,572,311
Total equity	1,451,580	2,539,579	2,119,857	1,149,877	1,162,360
Non-controlling interests	(124)	7,316	7,705	6,236	7,216