Yunkang Group Limited
云康集团有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2325)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2024

The board (the "**Board**") of directors (the "**Directors**") of Yunkang Group Limited (the "**Company**" or our "**Company**", together with its subsidiaries and the consolidated affiliated entities, the "**Group**" or our "**Group**") is pleased to announce the audited consolidated results of the Group for the year ended December 31, 2024 (the "**Reporting Period**"), together with the comparative figures for the year ended December 31, 2023.

In this announcement, "we", "us" and "our" refer to the Company and where the context otherwise requires, the Group. Certain amounts and percentage figures included in this announcement have been subject to rounding adjustments, or have been rounded to one or two decimal places. Any discrepancies in any table, chart or elsewhere between totals and sums of amounts listed therein are due to rounding.

FINANCIAL HIGHLIGHTS

	For the year ended December 31,		
	2024	2023	Change
	RMB'000	*RMB'000*	
Revenue	**711,884**	891,500	(20.1)%
Recognized at a point in time:			
– Diagnostic testing services for medical institution alliances	**377,315**	430,874	(12.4)%
– Diagnostic outsourcing services	**301,809**	413,615	(27.0)%
– Diagnostic testing services for non-medical institutions	**32,760**	47,011	(30.3)%
Cost of revenue	**(500,815)**	(565,714)	(11.5)%
Gross profit	**211,069**	325,786	(35.2)%
Loss before income tax	**(791,191)**	(86,811)	811.4%
Loss for the year	**(793,151)**	(101,889)	678.4%
Loss attributable to owners of the Company	**(791,682)**	(102,259)	674.2%

	For the year ended December 31,		
	2024	2023	Change
	RMB	*RMB*	
Loss per share for loss attributable to owners of the Company			
Basic	**(1.33)**	(0.17)	682.4%
Diluted	**(1.33)**	(0.17)	682.4%

During the Reporting Period, the Group recorded a revenue of RMB711.9 million, representing a decrease of 20.1% as compared to 2023. The Group recorded a net loss of RMB793.2 million, as compared to a net loss of RMB101.9 million for the year ended December 31, 2023.

The decrease in revenue and further increase in the loss of the Group were primarily attributable to the following reasons:

1. during the Reporting Period, factors such as changes in the macro-environment, intensified competition in the industry as well as the Group's strategic optimization of its customer structure and product mix has led to an overall decline in its revenue from diagnostic testing services as compared to the same period last year. Meanwhile, downward adjustment of market prices and higher fixed costs of enterprises have led to insignificant economies of scale, resulting in an overall decline in its gross profit of the products as compared to the same period last year. Faced with the challenging objective environment, the Group promptly adjusted its development strategy, focusing its advantageous resources on its core customers and core products. As a result, the Group's key customers experienced high-quality development, and the featured products in infection and other segments achieved rapid growth, laying a solid foundation for its long-term development;

2. during the Reporting Period, the Group continuously enhanced its operational and management capabilities and strengthened its cash flow management, with net cash generated from operating activities consistently maintaining at a favorable level of RMB258.8 million. However, due to the lengthening of the recovery period of some customers of the Group, the provision for credit impairment losses during the Reporting Period was approximately RMB536.2 million, representing a significant increase as compared to the same period of the previous year. In this regard, the management of the Group will resolutely safeguard the interests of the Company and its shareholders: for customers with good credit and new customers, the Group will tighten credit control and ramp up 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 put more efforts into collection and exhaust all feasible means to ensure the recovery of receivables;

3. during the Reporting Period, in order to optimize the allocation of resources and enhance the efficiency of resource use, the Group implemented strategic optimizations on those laboratories whose performance failed to meet expectations and made impairment provision for the relevant assets based on the principle of prudence, resulting in a decrease in its short-term profitability;

4. during the Reporting Period, the Group continuously (i) increased its investment in research and development ("**R&D**"), exploring innovations in models and products, as well as R&D and application in artificial intelligence ("**AI**") digitalization, to build a disease- and clinical-oriented R&D system for high-quality products, (ii) enriched the customer service model and product matrix, and (iii) promoted technological innovation for clinical purposes. During the Reporting Period, R&D expenses amounted to approximately RMB53.0 million. R&D expenses as a percentage of total revenue increased from 6.2% for the year ended December 31, 2023 to 7.4% for the year ended December 31, 2024, which had a certain impact on the Group's profitability.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended December 31, 2024 RMB'000	2023 RMB'000
Revenue	3	**711,884**	891,500
Cost of revenue		**(500,815)**	(565,714)
Gross profit		**211,069**	325,786
Selling expenses		**(180,197)**	(150,855)
Administrative expenses		**(264,838)**	(191,636)
Net impairment losses on financial assets		**(536,182)**	(104,617)
Other income	4	**1,285**	9,127
Other gains – net	5	**24,973**	45,657
Fair value changes on financial assets at fair value through profit or loss	10	**(8,178)**	13,962
Operating loss		**(752,068)**	(52,576)
Finance income		**10,159**	9,325
Finance costs		**(49,282)**	(43,560)
Finance costs – net		**(39,123)**	(34,235)
Loss before income tax		**(791,191)**	(86,811)
Income tax expenses	6	**(1,960)**	(15,078)
Loss for the year		**(793,151)**	(101,889)
Other comprehensive loss, net of tax			
Items that will not be reclassified to profit or loss			
– Changes in the fair value of financial assets at fair value through other comprehensive income, net of tax		**(15,748)**	(7,375)
Total comprehensive loss for the year		**(808,899)**	(109,264)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended December 31, **2024** *RMB'000*	2023 *RMB'000*
(Loss) Profit attributable to:			
– Owners of the Company		**(791,682)**	(102,259)
– Non-controlling interests		**(1,469)**	370
		(793,151)	(101,889)
Total comprehensive (loss) income attributable to:			
– Owners of the Company		**(807,430)**	(109,634)
– Non-controlling interests		**(1,469)**	370
		(808,899)	(109,264)
Loss per share for loss attributable to owners of the Company			
– Basic (in RMB)	*7*	**(1.33)**	(0.17)
– Diluted (in RMB)	*7*	**(1.33)**	(0.17)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at December 31,	
	Note	**2024**	2023
		RMB'000	*RMB'000*
Non-current assets			
Property and equipment		**314,340**	396,921
Intangible assets		**2,259**	3,368
Prepayments and other receivables		**90,613**	4,788
Financial assets at fair value through other comprehensive income ("**FVOCI**")	*10*	**59,066**	74,508
Financial assets at fair value through profit or loss ("**FVTPL**")	*10*	**62,411**	162,354
Deferred income tax assets		**40,196**	51,832
		568,885	693,771
Current assets			
Inventories		**16,075**	18,021
Trade and bills receivables	*9*	**628,456**	1,515,500
Prepayments and other receivables		**24,279**	28,557
Financial assets at FVTPL	*10*	**412,989**	626,608
Restricted cash	*11*	**256,297**	405,475
Cash and cash equivalents	*11*	**1,321,355**	1,244,120
		2,659,451	3,838,281
Total assets		**3,228,336**	4,532,052

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at December 31,	
	Note	**2024**	2023
		RMB'000	*RMB'000*
Equity attributable to owners of the Company			
Share capital and share premium	*12(a)*	**610,358**	621,314
Shares held for employee share scheme	*12(b)*	**(362,241)**	(188,524)
Other reserves		**937,536**	929,692
(Accumulated losses) Retained earnings		**(42,012)**	749,670
		1,143,641	2,112,152
Non-controlling interests		**6,236**	7,705
Total equity		**1,149,877**	2,119,857
Non-current liabilities			
Borrowings		**151,339**	193,594
Lease liabilities		**10,075**	25,882
Deferred income tax liabilities		**610**	4,088
		162,024	223,564
Current liabilities			
Borrowings		**902,575**	1,154,247
Trade and other payables	*13*	**970,158**	975,484
Current income tax liabilities		**34,747**	42,784
Lease liabilities		**8,955**	16,116
		1,916,435	2,188,631
Total liabilities		**2,078,459**	2,412,195
Total equity and liabilities		**3,228,336**	4,532,052

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

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**" or "**China**").

The shares of the Company (the "**Shares**") were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on May 18, 2022 (the "**Listing**").

These financial statements are presented in Renminbi ("**RMB**"), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on March 28, 2025.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**") 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 financial assets at FVOCI and financial assets at FVTPL which are measured at fair value.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The following new amendments to existing standards are effective for annual reporting periods beginning on or after January 1, 2024. 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 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HK Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback

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 HKFRSs that are not yet effective for the current year, which the Group has not early adopted.

Amendments to HKAS 21	Lack of Exchangeability[1]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Annual Improvements to HKFRSs	Volume 11[2]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[3]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

[1] Effective for annual periods beginning on or after 1 January 2025
[2] Effective for annual periods beginning on or after 1 January 2026
[3] Effective for annual periods beginning on or after 1 January 2027
[4] The effective date to be determined

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

3 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 (2023: all) of the Group's revenue were derived from the PRC during the year ended December 31, 2024.

(b) Revenue by business line

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Recognized at a point in time:		
Diagnostic services	**711,884**	891,500

(c) Revenue by region

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Southern China	**565,055**	732,061
Eastern China	**72,166**	71,036
Southwestern China	**69,206**	73,749
Other regions in mainland China	**5,457**	14,654
	711,884	891,500

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 (2023: All) the revenues derived from single external customers were less than 10% of the Group's total revenue during the year ended December 31, 2024.

(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.

4 OTHER INCOME

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Government grants *(Note (a))*	**1,008**	8,797
Others	**277**	330
	1,285	9,127

(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.

5 OTHER GAINS – NET

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Gains on redemption of financial assets at FVTPL	**19,796**	36,561
Exchange gains, net	**2,233**	5,286
(Losses) Gains on disposal of equipment	**(3,824)**	1,396
Gains on lease modification	**5,038**	–
Others	**1,730**	2,414
	24,973	45,657

6 INCOME TAX EXPENSES

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Current income tax	**47**	9,291
Overprovision for prior years	**(5,939)**	(716)
	(5,892)	8,575
Deferred income tax	**7,852**	6,503
	1,960	15,078

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, 2024 (2023: 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% (2023: 25%) for the year ended December 31, 2024.

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% (2023: 15%) as of December 31, 2024.

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%.

7 LOSS PER SHARE

(a) Basic loss per share

The basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year ended December 31, 2024 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 (2023: approximately 15,101,643 shares).

	Year ended December 31,	
	2024	2023
Loss attributable to owners of the Company *(RMB'000)*	**(791,682)**	(102,259)
Weighted average number of ordinary shares in issue	**595,862,981**	611,140,135
Basic loss per share attributable to owners of the Company *(expressed in RMB per share)*	**(1.33)**	(0.17)

(b) Diluted loss per share

The calculation of diluted loss per share is based on the 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 loss per share calculation, adjusting the effect of unvested share awards, calculated as follows:

	Year ended December 31,	
	2024	2023
Weighted average number of ordinary shares in issue for calculating basic loss for the year	**595,862,981**	611,140,135
Effect of unvested share awards *(Note)*	**–**	–
Weighted average number of ordinary shares in issue used in calculating basic loss for the year	**595,862,981**	611,140,135

Note:

The computation of diluted loss per share for the year ended December 31, 2024 did not assume the vesting of the Company's outstanding share awards as that would decrease the loss per share for the year presented.

No outstanding share awards during the year ended December 31, 2023 and hence the basis loss per share was same as diluted loss per share.

8 DIVIDENDS

The Board of the Company did not recommend the payment of a final dividend for the year ended December 31, 2024.

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.

A final dividend of HK$0.22 per share for the year ended December 31, 2022 was approved by the Board of the Company at the annual general meeting held on June 28, 2023. The final dividends totaling HK$136,675,000 (equivalent to RMB124,972,000) were paid on August 25, 2023, among which the amount of HK$3,322,000 (equivalent to RMB3,038,000) was attributable to the shares held by the trustee for the 2022 RSU Scheme. These dividends were distributed out of the Company's share premium.

9 TRADE AND BILL RECEIVABLES

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Trade receivables		
– Third parties	**1,490,350**	1,850,931
– Related parties	**403**	477
	1,490,753	1,851,408
Less: allowance for impairment of trade receivables	**(866,283)**	(337,619)
	624,470	1,513,789
Bill receivables	**3,986**	1,711
	628,456	1,515,500

(a) As at December 31, 2024 and 2023, the ageing analysis of the trade receivables based on recognition date were follows:

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Up to 180 days	**260,617**	269,570
181 days to 1 year	**126,500**	264,210
1 to 2 years	**156,512**	1,194,507
2 to 3 years	**839,225**	98,027
More than 3 years	**107,899**	25,094
	1,490,753	1,851,408

(b) As at December 31, 2024, trade receivables with carrying amount of RMB200,420,000 (2023: Nil) were pledged to secure the bank borrowing of the Group.

10 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,	
	2024	2023
	RMB'000	*RMB'000*
Unlisted		
– Private company A *(Note (i))*	**55,668**	72,331
– Private company B *(Note (ii))*	**3,398**	2,177
	59,066	74,508

(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.

(ii) Private company B invested an equity instrument which is principally engaged in sales of medical imaging diagnostic equipment.

(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 included the following:

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Included in current assets:		
Investment in private funds		
– Managed by investment manager A *(Note (i))*	**160,481**	152,701
– Managed by investment manager B *(Note (i))*	**181,676**	172,868
– Managed by investment manager C *(Note (ii))*	**70,832**	90,748
Structured notes *(Note (iii))*	**–**	210,291
	412,989	626,608
Included in non-current assets:		
Unlisted companies *(Note (iv))*	**62,411**	162,354
	475,400	788,962

(i) The investments represented two (2023: two) portfolios managed by two (2023: two) different investment managers. Investment objectives were to invest in cash or cash equivalents, national debt and other money market instruments.

(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 and cash or cash equivalents and bonds and equity securities.

(iii) The structured notes were related to the investment in funds in the markets and with a purpose of cash management. In May 2024, the Group redeemed the structured notes. The gains on redemption of financial assets at FVTPL was recognised as other income in note 5 to the consolidated financial statements.

(iv) Investments in unlisted companies included investments in three (2023: four) private companies, which are principally engaged in research and sales of medical instruments, provision of consultancy services and investment management. In October 2024, the Group disposed of its investment in a private company. The gains on redemption of financial assets at FVTPL was recognised as other income in note 5 to the consolidated financial statements.

Amounts recognized in profit or loss:

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Fair value (losses) gains recognized in profit or loss	**(8,178)**	13,962

11 CASH AND CASH EQUIVALENTS

	As at December 31,	
	2024	2023
	RMB'000	*RMB'000*
Cash at bank	**1,577,652**	1,649,574
Cash on hand	**–**	21
	1,577,652	1,649,595
Less: Restricted cash in relation to:		
– Pledged time deposits for bank loans	**(225,809)**	(374,193)
– Deposits for letter of guarantee	**(20,563)**	(20,766)
– Others	**(9,925)**	(10,516)
	(256,297)	(405,475)
Cash and cash equivalents	**1,321,355**	1,244,120

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.

12 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, 2023 and 2024	25,000,000,000	0.000002	50,000	338		
Issued and paid						
Balance at January 1, 2023	621,250,500	0.000002	1,242	9	743,239	743,248
Dividends	–	N/A	–	–	(121,934)	(121,934)
Balance at December 31, 2023	**621,250,500**	**0.000002**	**1,242**	**9**	**621,305**	**621,314**
Dividends	**–**	**N/A**	**–**	**–**	**(10,956)**	**(10,956)**
Balance at December 31, 2024 *(Note (i))*	**621,250,500**	**0.000002**	**1,242**	**9**	**610,349**	**610,358**

(i) As at December 31, 2024, the total number of issued ordinary shares of the Company included 35,905,846 shares (2023: 15,101,643 shares) held under the 2022 RSU Scheme.

(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

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 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 employee share scheme.

	Number of ordinary shares	**Cost of acquired shares** *RMB'000*
Balance at January 1, 2023	–	–
Acquisition of shares by the Share Scheme Trust	15,101,643	188,524
Balance at December 31, 2023 and 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	35,905,846	362,241

(ii) During the year ended December 31, 2024, 20,804,203 shares (2023: 15,101,643 shares) were purchased from open market by the Share Scheme Trust at a total consideration of approximately HK$190,134,000 (equivalent to approximately RMB173,717,000) (2023: HK$207,898,000 (equivalent to approximately RMB188,524,000)).

(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 Company's performance, the individual performance evaluation results of the grantees and their employment status. The share price 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.

13 TRADE AND OTHER PAYABLES

	As at December 31, **2024** *RMB'000*	2023 *RMB'000*
Trade payables *(Note (a))*		
– Third parties	**147,785**	190,937
– Related parties	**631,579**	624,898
	779,364	815,835
Other payables		
– Related parties	**32,154**	35,148
– Marketing and promotion expenses payables	**14,513**	4,410
– Decoration expenses payables	**19,981**	12,858
– Accrued expenses *(Note (b))*	**53,791**	28,330
– Deferred revenue	**380**	–
– Others	**10,124**	9,006
	130,943	89,752
Accrued staff costs	**48,551**	48,681
Other taxes payable	**11,300**	21,216
	970,158	975,484

(a) The ageing analysis of the trade payables based on goods and services received was follows:

	As at December 31, **2024** *RMB'000*	2023 *RMB'000*
Up to 180 days	**110,020**	115,856
181 days to 1 year	**55,625**	49,623
1 to 2 years	**39,346**	562,902
2 to 3 years	**487,808**	84,531
More than 3 years	**86,565**	2,923
	779,364	815,835

(b) Accrued expenses refer to the various administrative operating costs, sales service fees, consulting service fees, and provisions for disputes that the Group is obligated to pay but has not yet settled.

14 SUBSEQUENT EVENTS

Save as disclosed in this announcement, there were no material subsequent events after December 31, 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

1. INDUSTRY OVERVIEW

1.1 International and domestic macro situation

In 2024, faced with a complex environment of international turbulence and struggling economic globalization, China has adhered to the general principle of seeking progress with stability, and its economic operation has shown a trend of resilient growth. Domestically, the economic growth was in line with expectations. The government continued to promote new industrialization and accelerated strategic tasks such as building a country with strong strengths in manufacturing and quality. As an important part of the high-tech industry, medical care will remain an important engine driving a new round of economic growth. Internationally, the global economy remains complex and severe. However, China actively promoted international cooperation and conducted in-depth exchanges and cooperation with many countries in the fields of medical care and science and technology to jointly cope with global challenges. In terms of technological innovation and digitalization of artificial intelligence (AI), China has been increasing its investment to promote the in-depth integration of AI technology into various industries and inject new impetus for economic development.

The macro-political and economic environment has created a positive impact on the medical and health industry as a whole. Driven by policy support and technological innovation, the medical and health industry has ushered in new development opportunities. At the same time, the development of cutting edge AI technologies has provided new technical means for the medical and health industry, promoting the transformation of healthcare model and the upgrading of healthcare services. In addition, the strengthened international cooperation has also brought more resources and technical support to the medical and health industry, promoting the sharing of medical resources and the exchange of technologies.

1.2 Third-party medical testing industry

China attaches great importance to the construction of a hierarchical diagnosis and treatment system, favorable policies promoting the further release of market demand

The construction of a hierarchical diagnosis and treatment system is an important arrangement for deepening the reform of the medical and health care system, as well as a fundamental solution to meet the people's demand for medical treatment. In recent years, various policies have been adopted at the national level to actively promote and accelerate the construction of the hierarchical diagnosis and treatment system. In December 2023, the National Health Commission issued the Guiding Opinions on Comprehensively Promoting the Construction of Closeknit County-level Medical and Health Communities (《關於全面推進緊密型縣域醫療衛生共同體建設的指導意見》), which specifies the general requirements and supportive policies for the construction of county-level medical and health communities and proposes that by the end of 2025, more than 90% of China's counties and cities will have basically built closeknit county-level medical and health communities. In August 2024, the Decision of the Central Committee of the Communist Party of China on Further Comprehensively Deepening Reform and Advancing Chinese Modernization (《中共中央關於進一步全面深化改革、推進中國式現代化的決定》) passed at the Third Plenary Session of the 20th Central Committee of the Communist Party of China proposes "to promote the expansion and downward penetration and balanced regional layout of high-quality medical resources, accelerate the construction of a hierarchical diagnosis and treatment system, promote the construction of closeknit medical institution alliances, and strengthen the primary medical and healthcare services", which pointed out the direction and put forward clear requirements for further advancing the construction of a hierarchical diagnosis and treatment system. The National Health Commission has clearly pointed out that the next five years will be a critical period for accelerating the construction of the hierarchical diagnosis and treatment system. Focusing on the provincial-, municipal- and primary-level goals, China will accelerate to promote the expansion and downward penetration and balanced regional layout of high-quality medical resources to enhance the primary medical care service capabilities.

LDT pilots progressed steadily, bringing market increment for the development of precision medicine

In 2024, China's LDT (Laboratory Developed Testing methods) pilots have progressed steadily and made significant progress. Pursuant to the Notice on the Launch of the Pilot Program for Medical Institutions to Self-Develop and Use In Vitro Diagnostic Reagents (《關於開展醫療機構自行研製使用體外診斷試劑試點工作的通知》) jointly issued by the National Medical Products Administration and the National Health Commission, the General Affairs Office of Guangzhou Municipal People's Government released the Several Policy Measures of Guangzhou to Promote High-Quality Development of the Biomedical Industry (《廣州促進生物醫藥產業高質量發展的若干政策措施》) in 2024, proposing to conduct LDT pilots of in vitro diagnostic reagents in batches, and encouraging collaboration between qualified medical institutions and key enterprises to launch LDT pilots for in vitro diagnostic reagents that do not have the same kind of products on the domestic market with great clinical need, mature technology and controllable risks, as well as encouraging pilot enterprises to formulate industry standards as a leading role to accelerate the upgrading of innovative products and technologies. Further, the Shanghai Children's Medical Center, affiliated with Shanghai Jiao Tong University, has gone through procedures for the first LDT project, marking the implementation of LDT reagents in the PRC. In addition, the Medicine Branch of Beijing Association of Medical Laboratory and the Medicine Specialty Branch of Shanghai Association of Medical Laboratory jointly released the Expert Consensus on Procedures and Management of Laboratory Developed Testing Methods in Clinical Laboratories (《醫療機構臨床實驗室自建檢測方法流程與管理專家共識》), offering clear guidance and advice for medical institutions to carry out LDT methods. The advancement of these policies and practices identified above provides guideline for the development of LDT compliance, accelerates technological innovation and clinical transformation, and jointly promotes the improvement of diagnosis and treatment quality and the standardization of market order for better implementation of precision medicine.

"Artificial intelligence +" application innovation and development, broadening the industry prospects

The in-depth integration of AI technology with the healthcare industry will become an important driving force for the transformation and upgrading of digital intelligence in the industry segments. In November 2024, the National Health Commission and other departments jointly issued the Reference Guidance for Artificial Intelligence Application Scenarios in the Healthcare Industry (《衛生健康行業人工智能應用場景參考指引》) and other documents, providing policy support and direction for the application of AI in the field of medical testing. AI technology has shown great potential in medical imaging diagnosis, disease prediction, drug research and development, etc., which has significantly improved the accuracy and efficiency of diagnosis, reduced medical costs, and accelerated the process of innovation and research and development. For the third-party medical testing industry, with the help of technologies such as big data and cloud computing, the application of AI technology has not only improved the intelligence level of testing services, promoted the automation and intelligence of testing processes, and improved operational efficiency, but also provided data support and decision-making basis for precise treatment, and promoted the transformation and upgrading and high-quality development of the industry with the continuous progress of technology and the in-depth development of its application.

2. BUSINESS REVIEW

The Group has been committed to promoting development with innovation and overcoming challenges with resilience. In the face of multiple difficulties, challenges and development opportunities brought about by the macro-environment, the Group adhered to its business philosophy of "in-depth services and lean operations", continued to strengthen clinical-empowered value, and constantly explored and deepened the new model of "product innovation + model innovation" with a focus on customers. Meanwhile, the Group actively applied fast-evolving AI technologies in various fields such as R&D, manufacturing, technology, marketing and services, which has not only improved the efficiency of internal operation and management, but has also better empowered clinical precision diagnosis and treatment.

During the Reporting Period, affected by factors such as changes in the macro-environment, intensified competition in the industry as well as the Group's strategic optimization of its customer structure and product mix, the Group recorded a revenue of RMB711.9 million from diagnostic testing services, representing a decrease of 20.1% as compared to the same period of the previous year. Despite the above challenges, the Group relied on its customer-oriented, innovative and coordinated development system to achieve many breakthroughs in product innovation, model innovation, AI + medical digital intelligence and other aspects during the Reporting Period. Our joint construction business with medical institution alliances remained the largest business segment of the Group, which accounted for 53.0% of the total revenue, representing an increase of 4.7% as compared to the same period of the previous year. In addition, the featured products in infection segment achieved rapid growth, laying a solid foundation for its long-term development.

During the Reporting Period, the Group achieved satisfactory results in the following aspects:

2.1 Innovate Yunkang to Empower High-quality Medical Development

The model of providing diagnostic testing services for medical institution alliances was developing healthily, with in-depth service empowering the customers

During the booming and high-quality development of the medical and healthcare sector, the construction of medical institution alliances has become a key initiative to address the imbalanced distribution of medical resources and boost the level of primary medical services. Yunkang has been committed to developing the innovative service mode for joint construction of medical institution alliances featuring "professionalism as the foundation, standardization as the core, digital intelligence as the means, synergization as the goal", and after years of innovation and practice in this field, it has accumulated rich experience in the construction and operation in major provinces and regions across the country. At present, the Group has provided over 1,500 medical institutions in collaboration with medical institution alliances from 430+ on-site diagnostic centers of medical institution alliances with medical technical service solutions to meet their core demands. Through close collaboration with regional leading medical institutions, the Group comprehensively improved the regional medical and treatment levels in terms of mutual recognition of testing results in different regions, helping hospitals to build specialty departments, improving the efficiency of hierarchical diagnosis and treatment, promoting scientific research and cooperation, etc., so as to provide the public with diagnostic and medical services with higher quality and improved efficiency.

Following the national direction of vigorously driving the medical reform, during the Reporting Period, Yunkang teamed up with province-level leading hospitals, regional county-level general hospitals to jointly build medical institution alliances to actively promote the construction of medical institution alliances as the bridge connecting regional testing centers and partner hospitals, which not only provided customers with "3+N" tumor, infection, reproductive genetics and +N technical system support, but also provided support from the in-depth service system, including the operation of diagnostic centers under regional medical institution alliances, introduction of new technologies or new products, construction services for digital specialty departments, medical cold chain logistics services, quality control services and supply chain services, so as to better empower the demand and long-term development of hospitals with in-depth services. Since becoming the largest business segment of the Group in 2023, the joint construction business of medical institution alliances has maintained high-quality development, and as of the Reporting Period, our joint construction business of medical institution alliances has remained the largest source of the Group's revenue, contributing about 53.0% of the revenue.

With disease– and clinical-oriented product development, the joint innovation for diagnostic testing achieved remarkable results

The Group has always adhered to the "clinical demands" oriented service concept and built a series of high-tech platforms including high-throughput sequencing, gene chip, high-sensitivity PCR, protein spectrometry, cytogenetic, digital remote pathology and ultra-micro pathology. During the Reporting Period, the Group introduced nearly 800 new testing items and was capable of providing about 3,800 clinical testing items, with an annual testing volume of more than 10 million specimens.

In terms of precision diagnosis and treatment, the Group carried out more than 500 precision diagnosis services using cutting-edge technologies such as high-throughput sequencing and protein spectrometry, covering five medical fields including infectious diseases, reproductive genetics, solid tumors, blood diseases and personalized medicine. During the Reporting Period, the Group focused on the construction and development of 58 new items in the fields including infection, tumor, rare genetic diseases and personalized medicine, providing medical institutions nationwide with a more comprehensive range of precision diagnosis solutions to drive the prevalence and development of the precision medicine. During the Reporting Period, the revenue from the Group's special testing items increased significantly year-on-year, with its percentage of the Group's overall revenue increasing further.

In recent years, the Group built the first-of-its-kind "joint innovation platform for diagnostic testing", which has played a vital role in expanding the Group's business and boosting competitiveness of the products. Through constant exploration and practice, the Group has collaborated with dozens of top medical institutions across the country in joint innovation for diagnostic testing and has successfully developed more than 10 testing products for different infection syndromes in various fields such as respiratory tract infections and central nervous system infections. In addition, upholding the core goal of "model innovation, complementary advantages and efficient output", under the "joint innovation platform for diagnostic testing", we not only cooperated with partner medical institutions to develop innovative products, but also applied for major scientific and technological projects and developed clinical service-based data information system together with them. Through making full use of their own strengths, all the partners worked together to explore scientific research and achievement transformation in various clinical specialty areas, so as to create a close-loop system of "prevention, screening, diagnosis, treatment and recovery" (防篩診治康).

During the Reporting Period, our innovative cooperation with Guangdong Provincial People's Hospital achieved further results. Under the cooperation model of "joint innovation platform for diagnostic testing", the two parties have successfully built and operated specialty customized targeted next-generation sequencing (tNGS) for multiple pathogens since 2022. After going through clinical verification and in-hospital use, these items have been gradually used in the medical institution alliance hospitals covered by Guangdong Provincial People's Hospital and replicated to other medical institution alliances across the country. We accumulated rich clinical experience during the process of these items' in-house testing and promotion, and under the active engagement and constant promotion of dozens of experts and scholars from the domestic testing industry, we reached the "Expert Consensus on the Application of tNGS for Clinical Standardization" (《tNGS 臨床規範化應用專家共識》) ("**Expert Consensus**"), which will be released in China in the first half of 2025. The release of the "Expert Consensus" will greatly promote the standardization and normalization of tNGS testing, which allows early clinical diagnosis and treatment on infectious diseases. During the Reporting Period, the innovative products developed based on the "joint innovation platform for diagnostic testing" recorded a rapid growth in terms of both testing volume and testing revenue, which have injected new momentum into the Group's long-term high-quality growth.

Collaborative and integrated development of "government, industry, academy, research, medicine, application" to facilitate industrial upgrading

During the Reporting Period, the Group explored a new model of joint innovation and cooperation with the People's Government of Ouhai, Wenzhou City and Wenzhou Medical University on the basis of a unique industrial model innovation to promote the high-quality development of the medical industry by focusing on policy leadership, clinical development, technology breakthroughs, industrial services and application promotion. During the year, we officially signed a strategic cooperation agreement with the People's Government of Ouhai, Wenzhou City and Wenzhou Medical University to promote the construction of a number of key projects relating to the core areas of the biomedical industry, including a joint innovation and transformation platform, a public service platform, a medical big data research platform, a regional diagnostic sharing centre and a training base for innovative talents in an orderly manner, with a view to facilitating the rapid transformation of scientific research results and their industrial application, thereby creating a cluster effect across the entire industrial chain and helping to build a regional highland for life and health industries.

During the Reporting Period, the Group achieved further results in promoting research and development, deepening the integration of industry and education, and strengthening cooperation with industry partners. The Group signed a memorandum of understanding with the Zhangjiang Research Institute of Fudan University to jointly establish a 'Collaborative Innovation and Transformation Centre' to promote the innovation and results transformation of medical diagnostic technologies; signed a cooperation agreement with the Central University of Finance and Economics, Greater Bay Area Research Institute to integrate resources and jointly build an industry-education fusion talent cultivation highland and an industry aggregation and incubation platform; and entered into cooperation with Mr. Carl D. Mottram, Honorary Professor of Mayo Clinic School of Medicine, a top international expert, and Dr. Patrick Mateta, chairman of the board of directors of the African Association of Laboratory Medicine, to leverage on the experts' profound academic accumulation and industry experience to develop global scientific research and innovation in the areas of innovation in medical diagnostic technology, international standardization and promotion, laboratory operation and management, and industry-academia-research collaboration.

In addition, the Group's product centres drove academic development and industry cooperation with innovation during the Reporting Period, participating in and co-organizing more than 100 academic conferences, including nearly 10 national first-class conferences, to promote technological advancement in the field of medical testing. The Group also organized a number of product innovation-themed public welfare activities and industry-academia-research exchange events between universities and enterprises to enhance the integration of research and industry.

2.2 Yunkang, with the Digital Intelligence Capabilities to Lead the Industry

Over the years, the Group has relied on its advanced scientific research and technology platform and comprehensive clinical service system to continuously improve the research and development of medical testing technologies and digital applications with a focus on new medical technologies, cloud computing, big data, Internet of Things, 5G mobile network and AI and other cutting-edge technologies. The Group has explored cutting-edge areas such as remote pathology, digital pathology and AI-assisted diagnosis, and has created an "AI + medical care" professional service platform, which is integrated with ten digital "cloud" operation systems to help partner hospitals accomplish remote guidance, consultation, training and other services, accelerate the interconnection of information within the medical institution alliances, and distribute high-quality medical resources to underdeveloped areas, so as to benefit the majority of residents.

- ***Digitalised Operations***

  The Group has launched and continuously upgraded its top 10 digital "cloud" systems, covering core areas such as laboratory operations, sales management, human resources, staff training and customer services. At the same time, the Group has integrated AI technology into its "cloud" systems to create a one-stop intelligent medical diagnostic solution from "sample collection" to "report delivery". Internally, the Group uses digital insights to identify problems and opportunities, optimizes operational processes to reduce costs and improve quality, so as to digitalize all the scenarios of corporate management and upgrade the lean management. Externally, the Group is actively exploring the delivery of operational systems to its customers to enhance the efficiency and quality of customer services, and to facilitate customers' accurate decision-making and efficient collaboration.

- ***Digitalised Business***

  The Group has comprehensively applied AI technology across its multi-technology platforms in medical laboratories, with the core concepts of "Internet+" and "precision diagnosis" to create a series of intelligent diagnostic platforms. Through the deep integration of AI large models and medical imaging AI technology, the multi-technology platforms of Yunkang have significantly enhanced capabilities in key dimensions such as data processing, in-depth film reading, disease analysis, and report interpretation. This not only markedly improves the efficiency of laboratory testing and greatly reduces report turnaround time, but also vigorously promotes the optimization and upgrading of Yunkang's intelligent diagnostic system, achieving diversified expansion of intelligent diagnostic service scenarios. As of the Reporting Period, the Group's self-developed digital IT platform with full intellectual property rights – the remote pathology consultation platform – has covered over 800 medical testing items, assisting nearly 300 medical institutions nationwide in enhancing their pathology diagnostic capabilities and benefiting more than 200 million rural patients in remote areas.

In terms of the application of AI-assisted diagnosis, the Group adheres to the strategy of "introducing one item once it is mature" and closely follows the development trend of the industry. The Group has successfully introduced items such as pathological DNA polyploid AI-assisted diagnosis, cervical liquid-based cell AI-assisted diagnosis and chromosome AI analysis, which has greatly enhanced diagnostic efficiency, demonstrating application effects constantly. Through the perfect combination of pathological AI-assisted diagnosis and remote pathology diagnosis platform, the Group has also realized the upgrade of the human-machine remote mode of "preliminary screening by AI and review by pathologist", significantly improving the efficiency of film reading.

In recent years, the Group has gradually built the capability to assetize data 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 focused on the field of infectious diseases and developed its first infectious disease data product, the "Yunkang Respiratory Pathogen Detection Positivity Rate Analysis Report". This product officially obtained its data product certification and was listed on the Guangzhou Data Exchange in January 2025. This marks a milestone step for the Group in the field of compliant data transactions, effectively unlocking the value of data.

Currently, the Group has officially accessed the DeepSeek large model, aiming to achieve a comprehensive innovation in medical testing and diagnostics through inclusive technology, precision service and intelligent management. This initiative will not only continue to drive cost reduction and efficiency improvement within the enterprise, but also actively promote the transformation of the medical industry into a "data + AI-driven" paradigm.

FINANCIAL REVIEW

Overview

The financial summary set out below is extracted or calculated from the audited 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 Hong Kong Financial Reporting Standards.

Revenue

Revenue of the Group amounted to RMB711.9 million for the Reporting Period, representing a decrease of 20.1% compared to RMB891.5 million for the year ended December 31, 2023. Such decrease was mainly due to a decline in the Group's overall revenue from diagnostic testing services as compared to last year, affected by factors such as changes in the macro-environment, intensified competition in the industry as well as the Group's strategic optimization of its customer structure and product mix.

In response to the challenging external environment, the Group promptly adjusted its development strategy, focusing its advantageous resources on its core customers and core products. The Group's key customers experienced high-quality development, and the featured products in infection and other segments achieved rapid growth, laying a solid foundation for its long-term development.

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

	For the year ended December 31,		
	2024	2023	Change
	RMB'000	*RMB'000*	
Recognized at a point in time:			
– Diagnostic testing services for medical institution alliances	**377,315**	430,874	(12.4)%
– Diagnostic outsourcing services	**301,809**	413,615	(27.0)%
– Diagnostic testing services for non-medical institutions	**32,760**	47,011	(30.3)%
	711,884	891,500	(20.1)%

Diagnostic Testing Services for Medical Institution Alliances

Revenue generated from diagnostic testing services for medical institution alliances decreased by 12.4% from RMB430.9 million for the year ended December 31, 2023 to RMB377.3 million for the year ended December 31, 2024. The decrease was primarily due to the fact that external factors such as changes in the macroenvironment and intensified industry competition that led to a decrease in revenue from diagnostic testing services for medical institution alliances during the Reporting Period. In addition, in order to sustain its advantage in the development of the diagnostic testing services for medical institution alliances in the long term, the Group modified the overall strategic layout and made structural adjustment to its services for medical institution alliances to optimize both customer and product structures, which led to short term pressure on revenue. However, during the Reporting Period, the Group has made numerous breakthroughs in product innovation, model innovation and "AI + medical care" digitalization by leveraging on the innovation and synergy of the service model for medical institution alliances, making the diagnostic testing services for medical institution alliances remain the Group's leading business segment, accounting for 53.0% of total revenue, representing a year-on-year increase of 4.7%.

Diagnostic Outsourcing Services

Revenue generated from diagnostic outsourcing services decreased by 27.0% from RMB413.6 million for the year ended December 31, 2023 to RMB301.8 million for the year ended December 31, 2024, mainly attributable to the slowdown in the growth of market demand and intensifying competition in the industry during the Reporting Period which led to a further decrease in the price of routine outsourcing testing, resulting in a decline in revenue from diagnostic outsourcing testing compared to last year. Additionally, in pursuit of enhanced overall operational efficiency, the Group strategically optimized its client base and divested from underperforming businesses, further leading to the decrease in the Group's revenue from diagnostic outsourcing services compared to last year.

Diagnostic Testing Services for Non-Medical Institutions

Diagnostic testing services for non-medical institutions are mainly provided through our outpatient clinics, serving individual customers. Revenue generated from diagnostic testing services for non-medical institutions decreased by 30.3% from RMB47.0 million for the year ended December 31, 2023 to RMB32.8 million for the year ended December 31, 2024, mainly due to the year-on-year decline in the Group's diagnostic testing services for non-medical institutions as a result of factors such as the changes in external market environment and intensified competition in the industry.

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, plant 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 11.5% from RMB565.7 million for the year ended December 31, 2023 to RMB500.8 million for the year ended December 31, 2024, primarily attributable to the overall decline in business revenue compared to last year, and insignificant economies of scale and a relatively small decrease in cost of revenue as a result of higher fixed costs of the Group.

Gross Profit and Gross Profit Margin

As a result of the aforementioned factors, the Group's gross profit decreased by 35.2% from RMB325.8 million for the year ended December 31, 2023 to RMB211.1 million for the year ended December 31, 2024. The Group's overall gross profit margin decreased from 36.5% for the year ended December 31, 2023 to 29.6% for the year ended December 31, 2024, primarily due to intensified competition in the industry, further reductions in market prices for medical testing items and higher fixed costs for enterprises, which have led to insignificant economies of scale and a decline in overall gross profit as compared to last year.

Other Income

The Group's other income decreased by 85.9% to RMB1.3 million for year ended December 31, 2024, as compared to RMB9.1 million for year ended December 31, 2023. The decrease was mainly due to the decrease in government grants.

The government grants mainly include grants from the local governments in recognition of the R&D projects of the Group. There are no unfulfilled conditions or other contingencies attached to these grants.

Selling Expenses

The Group's selling expenses increased by 19.5% from RMB150.9 million for the year ended December 31, 2023 to RMB180.2 million for the year ended December 31, 2024, mainly due to:

(i) an increase of approximately RMB20.2 million in sales staff expenses and operational service expenses as a result of the Group's adoption of various measures to facilitate the recovery of trade receivables during the Reporting Period; and

(ii) an increase of approximately RMB12.9 million as one-off technical consulting service expense for further optimization of the marketing operations management system.

Administrative Expenses

The Group's administrative expenses increased by 38.2% from RMB191.6 million for the year ended December 31, 2023 to RMB264.8 million for the year ended December 31, 2024, primarily due to the following reasons:

(i) during the Reporting Period, the Group granted restricted share units to selected participants under the 2022 RSU Scheme. Under the above scheme, the expenses in connection with restricted share awards increased by RMB23.6 million during the year;

(ii) in order to enhance the overall operational efficiency, the Group conducted impairment tests on certain laboratory properties and medical equipment, and made provisions for impairment losses on assets amounting to RMB19.6 million (2023: Nil) during the Reporting Period, as follows:

   a. during the Reporting Period, the Group implemented a plan to optimize and adjust laboratories with low utilization efficiency, and made impairment provisions for the relevant leasehold improvement assets; and

b. during the Reporting Period, the Group identified that certain medical equipment was at risk of idleness and obsolescence due to long acquisition time and outdated technical performance, rendering it unable to be used for its original purpose. Therefore, the Group conducted an impairment assessment on the medical equipment showing impairment indicators. The Group allocated these medical equipment to relevant cash-generating units and used the discounted cash flow model to recognize impairment losses for certain medical equipment. In addition, the Group engaged an independent third-party appraisal agency to evaluate the fair value of the medical equipment using the market approach. Since the results of the discounted cash flow model were greater than those obtained from the market approach, the Group used the results of the discounted cash flow model as the recoverable amounts;

(iii) during the Reporting Period, the Group engaged an independent third-party appraisal agency to evaluate a land-use-right asset located in Huangpu District, Guangzhou City, which was acquired in November 2020. After the appraisal, the recoverable amount of the land-use-right asset was lower than its carrying amount. Therefore, the Group made an impairment provision of RMB8.3 million (2023: Nil) for such land-use-right asset. The fair value of the land-use-right asset was determined using the market approach with reference to the market price of commercial land near the land; and

(iv) in recent years, in response to the complex and volatile external environment and to maintain its advantages in long-term development, the Group continuously increased expenditures in professional consulting and services related to the strategic development in areas such as operations and capitalization, which led to increased consulting service fees and a provision for a dispute as certain of services fell short of expectations.

The Group's R&D expenses decreased by 4.2% from RMB55.3 million for year ended December 31, 2023 to RMB53.0 million for year ended December 31, 2024, and the percentage of R&D expenses to total revenue increased from 6.2% for the year ended December 31, 2023 to 7.4% for the year ended December 31, 2024, primarily due to the Group's unwavering commitment to innovation in its development directions and continued to invest in innovation in terms of product, operating system and digitalization during the Reporting Period.

Impairment Losses on Financial Assets

For the year ended December 31, 2024, the Group's impairment losses on financial assets were approximately RMB536.2 million, representing an increase of 412.6% from RMB104.6 million for the year ended December 31, 2023. The Group's impairment losses on financial assets were mainly provisions for trade receivables. During the Reporting Period, the Group made a provision of RMB536.3 million for trade receivables, mainly due to the fact that the Group was not able to promptly recover trade receivables arising from COVID-19-related revenue in 2021 and 2022 as a result of the delay in financial payments from local government authorities and public medical institutions, which resulted in the extended aging of the receivables. As the end of the Reporting Period, trade receivables with age between 2 to 3 years accounted for 56.3% of the total receivables, and those with age over 3 years accounted for 7.2%.

The Group assigned debtors of trade receivable 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 by fully and carefully considering the impact of the aging of their accounts receivable, historical modes of payment and forward-looking factors, and recognized a provision for asset impairment losses of RMB525.8 million in 2024.

In addition, the Group has individually assessed debtors of trade receivables that have been out of contact, insolvent or ceased operations. The risk of being unable to collect these trade receivables has increased significantly. After assessment, the Group's management considered that there was a credit impairment on these debtors. An impairment loss of RMB10.5 million was therefore fully provided for in 2024.

In this regard, the management of the Group will resolutely safeguard the interests of the Company and Shareholders: for customers with good credit and new customers, the Group will tighten credit control and ramp up 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 put more efforts into collection and exhaust all feasible means to ensure the recovery of receivables, including but not limited to the following means: (1) taking legal actions against defaulting customers; (2) visiting the offices of business environment leadership groups at various levels in all regions (各區域各級商業環境領導小組辦公室) to urge various levels of governmental authorities to formulate repayment plans; (3) petitioning through the Default Financing (Complaint) Platform for Small and Medium Enterprises (中小企業拖欠融資(投訴)平台) to urge various levels of governmental authorities to formulate repayment plans; and (4) arranging employees to visit customers in person to collect debts and to urge the defaulting customers to settle their amounts owed to the Group quickly.

Finance Costs, Net

The Group's net finance costs increased from RMB34.2 million for the year ended December 31, 2023 to RMB39.1 million for the year ended December 31, 2024, primarily due to an increase in interest expense on interest-bearing borrowings.

Loss Before Income Tax

As a result of the aforementioned factors, the Group's loss before income tax increased to RMB791.2 million for the year ended December 31, 2024 from RMB86.8 million for the year ended December 31, 2023. The loss before income tax of the Group for the year ended December 31, 2024 was mainly attributable to the demand for routine testing having grown slower than anticipated, the decrease in overall revenue from diagnostic services and higher fixed costs, which resulted in a significant decrease in its gross profit. Additionally, due to the longer recovery period of certain trade receivables, the amount of impairment losses on the corresponding financial assets was relatively large, and the Group optimized the strategic layout of its laboratories and made impairment provision for the related assets, contributing to the overall loss.

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 RMB15.1 million for the year ended December 31, 2023, primarily due to the increase in loss for the period and the decrease in taxable income.

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 land use rights, and right-of-use assets of leased properties, equipment and vehicles.

The Group's property and equipment decreased from RMB396.9 million as of December 31, 2023 to RMB314.3 million as of December 31, 2024, primarily due to (i) depreciation of property and equipment; and (ii) the write-off and impairment of certain leasehold improvement assets in the Group's laboratories.

Financial Assets Measured at Fair Value

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

As of December 31, 2024, the balance of financial assets at FVTPL was RMB475.4 million, representing a decrease of RMB313.6 million compared to RMB789.0 million as of December 31, 2023, due to the redemption of structured notes and termination of investment in a non-listed company during the Reporting Period.

As of December 31, 2024, the balance of financial assets at FVOCI was RMB59.1 million, representing a decrease of RMB15.4 million compared to RMB74.5 million as of December 31, 2023. The decrease in the fair value of the investment was mainly attributable to the decrease in the appraised value of the Group's unlisted investee companies.

For more details of the Group's financial assets measured at fair value, please refer to Note 10 to the consolidated financial statements in this announcement.

Inventories

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

The Group's inventories decreased from RMB18.0 million as of December 31, 2023 to RMB16.1 million as of December 31, 2024, which was attributable to the decrease in the Group's procurement scale being in line with the reduction in its business scale, as well as the continued strengthening of inventory management.

Trade Receivables

Our trade receivables mainly represent outstanding amounts due from hospital 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 of December 31,	
	2024	2023
	RMB'000	*RMB'000*
Third parties	**1,490,350**	1,850,931
Related parties	**403**	477
	1,490,753	1,851,408
Less: provision for impairment of trade receivables	**(866,283)**	(337,619)
	624,470	1,513,789
Bill receivables	**3,986**	1,711
Total	**628,456**	1,515,500

The Group's trade receivables decreased from RMB1,515.5 million as of December 31, 2023 to RMB628.5 million as of December 31, 2024. Such decrease was primarily due to (i) the collection of a portion of trade receivables; (ii) the significant impairment provision for trade receivables; and (iii) the impact of reduced revenue from diagnostic testing services. 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 mitigate credit risks. Senior management of the Company conducts regular reviews of overdue balances.

As of February 28, 2025, RMB107.7 million of trade receivables was recovered subsequent to the Reporting Period, accounting for 7.2% of the balance of trade receivables as of December 31, 2024.

Prepayments and other receivables

The Group's prepayments and other receivables increased from RMB33.3 million as of December 31, 2023 to RMB114.9 million as of December 31, 2024, primarily due to the Group's addition of an investment in a structured note totaling RMB87.8 million during the Reporting Period, which is a fixed income note redeemable at its face value.

Trade and Other Payables

The Group's trade and other payables decreased from RMB975.5 million as of December 31, 2023 to RMB970.2 million as of December 31, 2024. The change was not material during the Reporting Period.

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 and to maintain an optimal capital structure to reduce the cost of capital.

Liquidity and Financial Resources

The Group's cash and cash equivalents increased from RMB1,244.1 million as of December 31, 2023 to RMB1,321.4 million as of December 31, 2024, which was primarily due to the increase in cash as a result of the Group's redemption of its investments in previous years. For details of the Group's borrowings, please refer to the item headed "Borrowings and Gearing Ratio" in this section.

Net Current Assets

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

	For the year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Current assets		
Inventories	**16,075**	18,021
Trade receivables	**628,456**	1,515,500
Prepayments and other receivables	**24,279**	28,557
Financial assets at FVTPL	**412,989**	626,608
Restricted cash	**256,297**	405,475
Cash and cash equivalents	**1,321,355**	1,244,120
Total current assets	**2,659,451**	3,838,281

	For the year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Current liabilities		
Borrowings	**902,575**	1,154,247
Trade and other payables	**970,158**	975,484
Current income tax liabilities	**34,747**	42,784
Lease liabilities	**8,955**	16,116
Total current liabilities	**1,916,435**	2,188,631
Net current assets	**743,016**	1,649,650

The Group's net current assets decreased from RMB1,649.7 million as of December 31, 2023 to RMB743.0 million as of December 31, 2024, mainly due to a significant decrease in trade receivables, following a significant impairment provision for trade receivables recognized during the Reporting Period. For details of the Group's trade receivables, please refer to "Impairment Losses on Financial Assets" and "Trade Receivables" in this section.

Key Financial Ratios

The following table sets forth the key financial ratios for the periods indicated:

	For the year ended December 31,	
	2024	2023
Gross profit margin(1)	**29.6%**	36.5%
	As of December 31,	
	2024	2023
Current ratio(2)	**1.39**	1.75
Quick ratio(3)	**1.38**	1.75
Debt to asset ratio(4)	**0.64**	0.53

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 2024 was mainly related to the construction of the land acquired by the Group in Guangzhou in 2019. The Group's capital commitment amounted to RMB74.2 million as of December 31, 2024 as compared to RMB298.2 million as of December 31, 2023. The decrease was mainly due to the fact that the Group re-planned the civil construction project, and terminated a general contractor contract with a contractor in 2021 and entered into a new construction contract with a new general contractor.

Contingent Liabilities

As of December 31, 2024, the Group did not have any 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.

The Group's primary objectives for managing its capital are to safeguard the Group's ability to provide returns to 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 makes adjustments to 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, financial assets at FVTPL that are denominated in Hong Kong dollars or U.S. dollars, and borrowings that are denominated in U.S. dollars, Hong Kong dollars or Swiss francs. The Group has adopted forward foreign exchange currency swap arrangement for borrowings that are denominated in U.S. dollars or Swiss francs to mitigate exchange risk, other than which the 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 on 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 of December 31, 2024, the Group had borrowings of RMB1,053.9 million (December 31, 2023: RMB1,347.8 million), of which RMB697.5 million (December 31, 2023: RMB1,051.7 million) was at fixed interest rates. As of December 31, 2024, the borrowings equivalent to approximately RMB27.9 million were originally denominated in US dollars, the borrowings equivalent to approximately RMB56.1 million were originally denominated in Hong Kong dollars and the borrowings equivalent to approximately RMB59.3 million were originally denominated in Swiss francs.

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

	As of December 31, 2024	As of December 31, 2023
	RMB'000	*RMB'000*
Interest-bearing borrowings	**1,053,914**	1,347,841
Lease liabilities	**19,030**	41,998
Total interest-bearing borrowings and lease liabilities	**1,072,944**	1,389,839
Total equity	**1,149,877**	2,119,857
Other financial liabilities	**–**	–
Total equity plus other financial liabilities	**1,149,877**	2,119,857
Gearing ratio	**93.3%**	65.6%

The gearing ratio of the Group (calculated as total interest-bearing borrowings and lease liabilities divided by total equity plus other financial liabilities as of the same date) increased to 93.3% as of December 31, 2024 as compared to 65.6% as of December 31, 2023, which was mainly attributable to a decrease in total equity of RMB970.0 million as of December 31, 2024 as compared to that as of December 31, 2023. The decrease in total equity was mainly attributable to (i) a decrease in retained earnings of RMB791.7 million as a result of the net loss recorded in 2024; and (ii) a decrease in total equity of RMB173.7 million as a result of the acquisition of shares under the 2022 RSU Scheme.

Pledge of Assets

As of December 31, 2024, the borrowings of approximately RMB515.1 million (December 31, 2023: RMB497.0 million) were secured by certain of the Group's equipment and were pledged by certain of the time deposits and trade receivables.

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

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 occurred since December 31, 2024 and up to the date of this announcement.

Future Plans for Material Investments and Capital Assets

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

Employees and Remuneration

As of December 31, 2024, the Group had 1,249 employees (December 31, 2023: 1,510). The total remuneration cost (including Directors' remuneration) incurred by the Group for the year ended December 31, 2024 was RMB299.8 million (for the year ended December 31, 2023: RMB299.7 million). The total remuneration of employees for the year ended December 31, 2024 includes approximately RMB23.6 million of expenses related to restricted award shares (for the year ended December 31, 2023: nil). 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 on November 23, 2022 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. For details, please refer to the Company's announcements dated November 23, 2022 and July 28, 2023.

OTHER INFORMATION

Compliance with the Code Provisions set out in Part 2 of the Corporate Governance Code in the Appendix C1 of the Listing Rules (the "Corporate Governance Code")

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 has 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, the Company complied with all applicable code provisions set out in part 2 of 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 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.

Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers in the Appendix C3 of the Listing Rules (the "Model Code")

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 the Directors and the Directors have confirmed that they have complied with the Model Code during the Reporting Period. The Company's relevant employees, who are likely to be in possession of inside information of the Company, have also been subject to the Model Code for securities transactions. No incident of non-compliance of the Model Code by the Company's 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 Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) 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.

Purchase, Sale or Redemption of Listed Securities of the Company

During the Reporting Period, 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 (including sale of treasury shares). As of December 31, 2024, the Company did not hold any treasury shares.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, June 24, 2025 to Friday, June 27, 2025, both days inclusive, in order to determine the eligibility of the Shareholders to attend and vote at the annual general meeting to be held on Friday, June 27, 2025 (the "**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 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 23, 2025.

AUDIT COMMITTEE

The Company has established the audit committee (the "**Audit Committee**") under the Board with written terms of reference in compliance with the Corporate Governance Code. The Audit Committee consists of one non-executive Director and two independent non-executive Directors, namely Dr. Wang Ruihua, Mr. Yu Shiyou and Mr. Xie Shaohua (Chairman).

The Audit Committee has reviewed the consolidated financial statements for the year ended December 31, 2024 of the Group. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control measures with senior management members. The Audit Committee does not have any disagreement with the accounting treatment adopted by the Company.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of this announcement for the Group's consolidated statement of financial position, consolidated statement of comprehensive income, and the related notes thereon for the year ended December 31, 2024 have been agreed by the Company's external auditor, Forvis Mazars CPA Limited ("**Forvis Mazars**"), to the amounts set out in the Group's audited consolidated financial statements for the year ended December 31, 2024. The work performed by Forvis Mazars in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by Forvis Mazars in this announcement.

FINAL DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended December 31, 2024.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (**www.hkexnews.hk**) and the Company (**www.yunkanghealth.com**).

The annual report for the year ended December 31, 2024 containing all the information required by the Listing Rules will be published on the websites of the Stock Exchange and the Company in due course.

APPRECIATION

The Board would like to express its sincere gratitude to the Shareholders, management team, employees, business partners and customers of the Company for their support and contribution to the Group.

By order of the Board
Yunkang Group Limited
Zhang Yong
Chairman

Guangzhou, the PRC
March 28, 2025

As of the date of this announcement, the Board comprises Mr. Zhang Yong as chairman and executive Director; Ms. Huang Luo, Dr. Wang Pinghui and Dr. Wang Ruihua as non-executive Directors; and Mr. Yu Shiyou and Mr. Xie Shaohua as independent non-executive Directors.