Yunkang Group Limited
云康集团有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2325)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2026

The board (the "**Board**") of directors (the "**Directors**") of Yunkang Group Limited (the "**Company**" or our "**Company**", together with its subsidiaries and consolidated affiliated entities, the "**Group**" or our "**Group**") is pleased to announce the unaudited condensed consolidated results of the Group for the six months ended June 30, 2026 (the "**Reporting Period**"), which have been reviewed by the Company's audit committee (the "**Audit Committee**") and approved by the Board on August 28, 2026.

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

	Six months ended June 30,		
	2026	2025	Change
	RMB'000	*RMB'000*	
	(Unaudited)	(Unaudited)	
Revenue	**252,764**	313,217	(19.3)%
– Diagnostic testing services for medical institution alliances	**157,597**	180,333	(12.6)%
– Diagnostic outsourcing services	**81,684**	118,491	(31.1)%
– Diagnostic testing services for non-medical institutions	**13,483**	14,393	(6.3)%
Cost of revenue	**(174,559)**	(206,848)	(15.6)%
Gross profit	**78,205**	106,369	(26.5)%
Profit (Loss) before income tax	**2,687**	(55,409)	N/A
Profit (Loss) for the period	**2,462**	(55,359)	N/A
Profit (Loss) attributable to owners of the Company:	**2,444**	(55,340)	N/A

	Six months ended June 30,		
	2026	2025	Change
	RMB	*RMB*	
	(Unaudited)	(Unaudited)	
Profit (Loss) per share for profit (loss) attributable to owners of the Company			
Basic	**0.004**	(0.095)	N/A
Diluted	**0.004**	(0.095)	N/A

During the Reporting Period, the Group recorded a revenue of RMB252.8 million, representing a decrease of 19.3% as compared with the same period in the previous year, and recorded a net profit of RMB2.5 million, as compared with a net loss of RMB55.4 million in the same period of the previous year. The continuous improvement in the Group's profitability was mainly attributable to the following:

1. During the Reporting Period, affected by various factors such as centralized procurement and continuous adjustments of testing service prices, the short-term revenue scale of the Group was under pressure. In the face of various adjustments brought about by the market, the Group focused on improving operational quality, continued to optimize customer structure and product mix, and continued to deeply cultivate medical institution alliance clients. Although the overall revenue decreased as compared to the same period of the previous year, the overall operational quality steadily improved. In particular, the proportion of revenue from diagnostic testing services for medical institution alliances further increased, laying a foundation for the long-term development of the Group;

2. During the Reporting Period, the Group continued to improve its operation efficiency and management quality of the whole system. As a result, administrative expenses decreased by 23.4% 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 33.1% 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. As the Group recovered part of the trade receivables from previous years, it reversed the impairment losses on financial assets previously recognised. 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.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2026

		For the six months ended June 30,	
		2026	2025
		RMB'000	*RMB'000*
	Notes	**(Unaudited)**	(Unaudited)
Revenue	*4*	**252,764**	313,217
Cost of revenue		**(174,559)**	(206,848)
Gross profit		**78,205**	106,369
Selling expenses		**(46,057)**	(53,096)
Administrative expenses		**(59,923)**	(78,272)
Reversal of impairment losses (Impairment losses) on financial assets, net		**44,226**	(8,352)
Other income		**2,269**	331
Other (losses) gains, net	*5*	**(2,145)**	31,822
Fair value changes on financial assets at fair value through profit or loss		**(3,758)**	(39,065)
Operating profit (loss)		**12,817**	(40,263)
Finance costs, net	*6*	**(10,130)**	(15,146)
Profit (Loss) before income tax		**2,687**	(55,409)
Income tax (expenses) credit	*7*	**(225)**	50
Profit (Loss) for the period		**2,462**	(55,359)
Other comprehensive income, net of tax			
Items that will not be reclassified to profit or loss:			
– Change in the fair value of financial assets at fair value through other comprehensive income, net of tax		**–**	–
Total comprehensive income (loss) for the period		**2,462**	(55,359)

	Notes	For the six months ended June 30, **2026** *RMB'000* **(Unaudited)**	2025 *RMB'000* (Unaudited)
Profit (Loss) attributable to:			
– Owners of the Company		**2,444**	(55,340)
– Non-controlling interests		**18**	(19)
		2,462	(55,359)
Total comprehensive income (loss) attributable to:			
– Owners of the Company		**2,444**	(55,340)
– Non-controlling interests		**18**	(19)
		2,462	(55,359)
Profit (Loss) per share for profit (loss) attributable to the owners of the Company			
– Basic (in RMB)	*8*	**0.004**	(0.095)
– Diluted (in RMB)	*8*	**0.004**	(0.095)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2026

	Notes	**As at June 30, 2026** *RMB'000* **(Unaudited)**	As at December 31, 2025 *RMB'000* (Audited)
Non-current assets			
Investment properties		**44,288**	44,288
Property and equipment		**288,325**	258,332
Intangible assets		**6,531**	6,874
Interest in an associate		**4,000**	4,000
Prepayments and other receivables	*10*	**39,590**	45,921
Financial assets at fair value through other comprehensive income ("**FVOCI**")		**50,352**	50,352
Financial assets at fair value through profit or loss ("**FVTPL**")		**70,195**	70,195
Deferred income tax assets		**38,040**	37,794
		541,321	517,756
Current assets			
Inventories		**14,710**	13,930
Trade and bills receivables	*9*	**330,731**	348,524
Prepayments and other receivables	*10*	**136,770**	86,221
Financial assets at FVTPL		**178,102**	181,860
Restricted cash		**29,929**	64,211
Cash and cash equivalents		**1,459,738**	1,522,169
		2,149,980	2,216,915
Current liabilities			
Borrowings		**414,716**	511,336
Trade and other payables	*11*	**798,838**	839,676
Current income tax liabilities		**34,825**	34,762
Lease liabilities		**7,491**	7,015
		1,255,870	1,392,789

	Notes	As at June 30, 2026 RMB'000 (Unaudited)	As at December 31, 2025 RMB'000 (Audited)
NET CURRENT ASSETS		**894,110**	824,126
Non-current liabilities			
Borrowings		**259,804**	172,308
Lease liabilities		**6,163**	1,649
Deferred income tax liabilities		**6,032**	5,565
		271,999	179,522
NET ASSETS		**1,163,432**	1,162,360
Equity			
Share Capital and share premium		**610,358**	610,358
Shares held for employee share scheme		**(362,241)**	(362,241)
Other reserves		**946,475**	946,119
Accumulated losses		**(36,648)**	(39,092)
Non-controlling interests		**5,488**	7,216
		1,163,432	1,162,360

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2026

1 GENERAL INFORMATION

The Company was incorporated 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 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 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 specified.

These unaudited condensed consolidated financial statements have been approved by the Board on August 28, 2026.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The condensed consolidated interim financial statements of the Group for the six months ended June 30, 2026 have been prepared in accordance with the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**") and Hong Kong Accounting Standard 34 Interim Financial Reporting ("**HKAS 34**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

This financial information does not include all the notes of the type normally included in an annual report. Accordingly, this report should be read in conjunction with the Group's consolidated financial statements for the year ended December 31, 2025, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") as issued by the HKICPA and any announcements made by the Group during the interim reporting period.

The accounting policies applied in the preparation of this financial information are generally consistent with those applied in the previous financial year and the corresponding interim reporting period, except for the adoption of amended standards as set out below.

(a) Amended standards and interpretations adopted by the Group

The following amendments to existing standards are mandatory for accounting periods beginning on or after January 1, 2026. The adoption of these amendments to existing standards did not have any significant impact on the results and financial position of the Group:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS – Volume 11

(b) New standards, amendments and interpretations to standards that have been issued but are not effective

The following new and amended standards have been issued but are not effective for financial periods beginning on or after January 1, 2026 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
HKFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	January 1, 2027
Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency	January 1, 2027
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Company expects that the application of all other new HKFRSs and amendments thereto will have no material impact on the consolidated financial statements in the foreseeable future.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the interim financial information in accordance with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses.

In preparing the interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied in the Group's consolidated financial statements for the year ended December 31, 2025.

4 SEGMENT AND REVENUE INFORMATION

(a) Segment Description

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

The principal operating entities of the Group are domiciled in the PRC. Accordingly, all of the Group's revenue was derived from the PRC during the six months ended June 30, 2026 (2025: same).

(b) Revenue by business line

	For the six months ended June 30,	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Recognized at a point in time:		
Diagnostic services	**252,764**	313,217

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.

(c) Information about major customers

All revenue derived from any single external customer was less than 10% of the Group's total revenue for the six months ended June 30, 2026 (2025: same).

(d) Unsatisfied performance obligations

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

5 OTHER (LOSSES) GAINS, NET

	For the six months ended June 30	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Gains on disposal of property and equipment	**520**	370
Exchange losses, net	**(1,182)**	(451)
Others	**(1,483)**	31,903
	(2,145)	31,822

6 FINANCE COSTS, NET

	For the six months ended June 30,	
	2026	**2025**
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Finance income		
Interest income	**1,340**	4,445
Finance costs		
Interest on interest-bearing borrowings	**(10,311)**	(19,319)
Interest on lease liabilities	**(267)**	(272)
Other finance costs	**(892)**	–
	(11,470)	(19,591)
Finance costs, net	**(10,130)**	(15,146)

7 INCOME TAX (EXPENSE) CREDIT

	For the six months ended June 30,	
	2026	**2025**
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current income tax	**(4)**	–
Deferred income tax	**(221)**	50
	(225)	50

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 the 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 six months ended June 30, 2026 (2025: 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% (2025: 25%) for the six months ended June 30, 2026.

Certain of the Group's entities in the PRC, which generated most of the Group's revenue, have been approved as high technology enterprises under the relevant tax rules and regulations, and accordingly, are subject to a reduced preferential CIT rate of 15% (2025: 15%) as at June 30, 2026.

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 is subject to a reduced preferential CIT rate of 20%.

8 PROFIT (LOSS) PER SHARE

(a) Basic profit (loss) per share

The basic profit (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 six months ended June 30, 2026, less the shares held under the restricted share unit scheme adopted by the Company on November 23, 2022 (the "**2022 RSU Scheme**") during the same period of approximately 35,905,846 shares (2025: 35,905,846).

	For the six months ended June 30,	
	2026	2025
	(Unaudited)	(Unaudited)
Profit (Loss) attributable to owners of the Company *(RMB'000)*	**2,444**	(55,340)
Weighted average number of ordinary shares in issue less shares held under the 2022 RSU Scheme	**585,344,654**	585,344,654
Basic profit (loss) per share attributable to the owners of the Company *(expressed in RMB per share)*	**0.004**	(0.095)

(b) Diluted profit (loss) per share

Diluted profit (loss) per share is calculated by adjusting the weighted average number of ordinary shares in issue to assume conversion of all dilutive potential ordinary shares.

The Company has no potentially dilutive shares in issue during the six months ended June 30, 2026 and 2025. Therefore, the diluted profit (loss) per share for the six months ended June 30, 2026 and 2025 are the same as the basic profit (loss) per share for the respective periods.

9 TRADE AND BILLS RECEIVABLES

	As at June 30, 2026	As at December 31, 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables *(note (a))*		
– Third parties	**843,681**	939,432
– Related parties	**664**	414
	844,345	939,846
Less: allowance for impairment of trade receivables	**(513,991)**	(593,345)
	330,354	346,501
Bills receivables	**377**	2,023
	330,731	348,524

(a) As at June 30, 2026 and December 31, 2025, the aging analysis of the trade receivables (before allowance for impairment) based on recognition date was as follows:

	As at June 30, 2026	As at December 31, 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Up to 180 days	**164,006**	188,594
181 days to 1 year	**94,409**	96,747
1 to 2 years	**83,956**	90,026
2 to 3 years	**37,647**	43,893
More than 3 years	**464,327**	520,586
	844,345	939,846

(b) The Group's trade receivables were denominated in RMB and their carrying amounts approximated their fair values.

(c) As at June 30, 2026, trade receivables with a carrying amount of RMB200,420,000 (December 31, 2025: same) were pledged to secure the bank borrowings of the Group.

10 PREPAYMENTS AND OTHER RECEIVABLES

	As at June 30, 2026 *RMB'000* **(Unaudited)**	As at December 31, 2025 *RMB'000* (Audited)
Included in current assets		
Prepayments		
– Prepayments to third party suppliers	**34,460**	18,939
– Advance payments for potential investment projects (note (b))	**25,000**	25,000
– Other tax recoverable	**9,531**	7,272
	68,991	51,211
Other receivables		
– Interest receivables (note (b))	**773**	405
– Monies kept in restricted share units trustee	**219**	228
– Deposits receivable	**6,969**	7,831
– Cash advance to employees	**302**	65
– Amounts due from related parties	**1,714**	1,962
– Note receivable (note (c))	**52,225**	22,731
– Other	**6,087**	2,306
	68,289	35,528
Less: allowance for impairment of other receivables	**(510)**	(518)
	67,779	35,010
	136,770	86,221
Included in non-current assets		
Prepayments		
– Prepayments for equipment to third party suppliers	**3,590**	9,921
– Advance payments for potential investment projects (note (d))	**36,000**	36,000
	39,590	45,921
Total	**176,360**	132,142

(a) The Group's other receivables are denominated in RMB. The carrying amounts of other receivables approximated their fair values.

(b) The balance represented advance for an investment totaling RMB25,000,000 to a third party, along with related interest receivable of RMB773,000. 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 products are successfully developed in the future.

The advance is secured by certain machinery owned by a subsidiary of the third party and is guaranteed by personal guarantees provided by its beneficial owner and his/her spouse, bearing interest at a fixed rate of 4.6% per annum, and the advance and interest shall be repayable in September 2026.

(c) The note receivable represented fixed-income notes with an interest rate of 2% per annum, which can be early redeemed upon application by the Group.

(d) 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 unrelated private company A for the acquisition of 3.13% of the equity of a private company in the healthcare industry. Upon completion of business registration, the advance payment will be recognized as a financial asset measured at 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 these private companies depends on whether the private companies can meet certain conditions imposed by the Group within two years. Upon fulfillment of such conditions to the satisfaction of 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.

11 TRADE AND OTHER PAYABLES

	As at June 30, 2026	As at December 31, 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade payables *(note (a))*		
– Third parties	**148,139**	148,374
– Related parties	**548,779**	545,886
	696,918	694,260
Other payables		
– Related parties	**27,341**	28,339
– Marketing and promotion expenses payables	**6,757**	3,124
– Decoration expenses payables	**146**	15,040
– Accrued expenses	**12,859**	33,005
– Deferred revenue	**10,087**	10,220
– Others	**8,174**	9,604
	65,364	99,332
Accrued staff costs	**34,454**	41,522
Other taxes payable	**2,102**	4,562
	798,838	839,676

(a) The aging analysis of trade payables based on goods and services received at the end of the periods indicated is as follows:

	As at June 30, 2026	As at December 31, 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Up to 180 days	**88,529**	136,174
181 days to 1 year	**57,958**	14,094
1 to 2 years	**47,312**	44,569
2 to 3 years	**14,296**	12,578
More than 3 years	**488,823**	486,845
	696,918	694,260

(b) As at June 30, 2026, trade and other payables were denominated in RMB and their carrying amounts approximated their fair values (December 31, 2025: same).

12 DIVIDENDS

The Board did not declare any interim dividend for the six months ended June 30, 2026 (June 30, 2025: nil).

13 CONTINGENT LIABILITIES

As at June 30, 2026, the Group had no material contingent liabilities (December 31, 2025: same).

14 SUBSEQUENT EVENTS

Save as disclosed in this announcement, no material subsequent events took place after June 30, 2026.

MANAGEMENT DISCUSSION AND ANALYSIS

1. INDUSTRY OVERVIEW

2026 is the starting year of the 15th Five-Year Plan. General Secretary Xi Jinping emphasized, "Completing the Building of a Healthy China by 2035 is a strategic decision made by the Central Committee of the Communist Party of China. The 15th Five-Year Plan is a crucial period to achieve this goal; therefore, we must make coordinated plans, accelerate progress, and strive for decisive advancements." The Outline of the 15th Five-Year Plan published in March 2026 dedicated a special chapter to "Accelerating the Building of a Healthy China". In July, the State Council officially issued the 15th Five-Year Plan for National Health (hereinafter referred to as the "Plan"), anchoring the long-term goal of completing the Building of a Healthy China by 2035, and clarifying the primary target indicators, major strategic tasks, major reform measures and major engineering projects for Building a Healthy China during the 15th Five-Year Plan period.

Specifically, the Plan established the overarching concept of "promoting high-quality development of healthcare services as the theme, optimizing a comprehensive, full-lifecycle integrated health service system as the main thread, relying on reform and innovation as the fundamental driving force, and being guided by digital and smart transformation alongside the synergy of traditional Chinese and Western medicine." It clearly required "promoting the healthcare development mode to focus more on health, orienting the service system toward greater quality and efficiency, and directing reform and governance to focus more on system coordination."

With respect to implementation pathways, the Plan expressly states that efforts should be made to "accelerate the advancement of hierarchical diagnosis and treatment, speed up the establishment of the close-knit medical institution alliances, promote the integration of medical, operational and information management functions, and enhance the homogeneity of healthcare services"; "implement the project of strengthening the foundation of medical and health care, promote the high-quality upgrading of county-level hospitals and key central township health centers, and strengthen the sharing of resources for medical imaging, electrocardiographic diagnosis and medical testing at county and district levels"; and "accelerate scientific and technological innovation in healthcare, advance the digital and intelligent development of national health, and promote the application of digital and intelligent technologies in an orderly manner in such areas as assisted diagnosis and treatment, precision medicine and health management."

For the third-party medical diagnostics industry, the systematic arrangements under the Plan will drive the industry from broad-based, large-scale expansion to a new phase of high-quality development centered on quality and efficiency, technological innovation and system-wide coordination. This represents both a leap in industry value and a critical window for reshaping the competitive landscape.

1.1 *Full-scale Implementation of the "Project of Strengthening the Foundation" and Accelerated Advancement of Hierarchical Diagnosis and Treatment to Drive Rapid Expansion of Market Demand*

The Outline of the 15th Five-Year Plan identifies the "implementation of the project of strengthening the foundation of medical and health care" as a key measure to reinforce the primary healthcare service network. Its core lies in addressing shortcomings at the primary level, and promoting the allocation of premium healthcare resources to lower-tier regions to achieve a more balanced regional distribution. Under the overall deployment of the "Project of Strengthening the Foundation", in April 2026, the General Office of the State Council issued Several Measures on Accelerating the Development of the Hierarchical Diagnosis and Treatment System (《關於加快建設分級診療體系的若干措施》) (hereinafter referred to as the "Measures"), setting out several measures such as completing the coordination mechanism for hierarchical diagnosis and treatment with the close-knit medical institution alliances as the starting point, guiding the public toward initial primary care consultation focusing on common and chronic diseases, and strengthening referral service management with a goal of enhancing the continuity of medical care.

In perfecting the coordination mechanism for hierarchical diagnosis and treatment with the close-knit medical institution alliances as the starting point, the Measures emphasized the development requirements concerning quality improvement and coverage expansion for close-knit medical institution alliances, and detailed the specific connotations of medical resource sharing among the close-knit medical institution alliances. It required accelerating the development of close-knit medical institution alliances (including close-knit county-level medical communities and close-knit urban medical groups) to promote the integration of medical treatment, operations, and information management. By 2030, a hierarchical diagnosis and treatment coordination mechanism with the close-knit medical institution alliances as the starting point will be basically established. It demanded the coordination of existing medical resources, the construction of resource-sharing centers for medical imaging, electrocardiogram diagnosis, medical testing and other areas, and the enhancement of healthcare service homogenization within medical alliances.

In guiding the public toward initial primary care consultation focusing on common and chronic diseases, the Measures require strengthening the diagnosis and treatment of common diseases alongside the management of chronic diseases at the primary level, and progressively increasing the proportion of primary care visits for common and chronic diseases. Primary healthcare institutions should conduct chronic disease prevention and control, promote healthy lifestyles and weight management, facilitate the concurrent prevention and co-management of multiple diseases, and enhance the early detection and intervention for populations at high risk of chronic diseases.

In strengthening referral service management with a goal of enhancing the continuity of medical care, the Measures required clarifying referral rules and channels, as well as reinforcing the guidance of medical insurance policies.

In May 2026, the National Health Commission released the Guidelines for the Development and Services of Medical Testing Centers Within Close-Knit County-Level Medical Communities (Trial) (《緊密型縣域醫共體醫學檢驗中心建設與服務指南(試行)》), refining policies into practicable standards, explicitly stipulating the reliance on the high-quality resources of the hospitals that take the lead to build a county-level medical service network defined by "hierarchical collaboration, precision services, homogeneity, and high efficiency," and requiring "the realization of cross-institutional real-time sharing and mutual recognition of testing data, and the exploration of artificial intelligence-assisted testing."

The full implementation of the Project of Strengthening the Foundation and the accelerated advancement of hierarchical diagnosis and treatment are systematically revitalizing the primary healthcare market. The quality improvement and coverage expansion of close-knit medical institution alliances and the development of resource-sharing centers will open up market space for third-party medical testing institutions to undertake large-scale and professional testing services. Meanwhile, the strengthened initial primary care consultation and health management focusing on common and chronic diseases has substantially boosted the volume of primary testing demand, laying a continuous and stable business growth foundation for the industry. Against this backdrop, third-party medical testing, drawing on its technological depth and large-scale operational capabilities, will become an indispensable professional synergistic force within the system of hierarchical diagnosis and treatment, bearing broad market prospects.

1.2 *AI-Empowered Medical Testing: Policy Dividends Opening the Window for Scale Expansion*

In August 2025, the State Council issued the Opinion on Further Implementing the "Artificial Intelligence +" Action (《關於深入實施"人工智能+"行動的意見》), requiring "promoting the application of artificial intelligence in an orderly manner in scenarios including assisted diagnosis and treatment, health management, and medical insurance services." Based on this, in October 2025, five departments including the National Health Commission jointly issued the Implementation Opinion on Promoting and Standardizing the Application and Development of "AI + Healthcare" (《關於促進和規範"人工智能+醫療衛生"應用發展的實施意見》), explicitly outlining a two-stage objective: by 2027, intelligent assisted primary diagnosis and treatment, intelligent assisted decision-making for clinical specialties and specific diseases, and intelligent services for patient visits will be widely applied across healthcare institutions; by 2030, AI-assisted applications for primary diagnosis and treatment will basically achieve full coverage, and secondary and higher-level hospitals will broadly implement AI technology applications such as intelligent assisted diagnosis for medical imaging, and intelligent assisted decision-making for clinical diagnosis and treatment. The document placed particular emphasis on "focusing on primary healthcare," requiring "strengthening the roles of resource sharing centers of medical imaging diagnosis, electrocardiographic diagnosis, medical testing, and pathological diagnosis," while simultaneously requiring "providing 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." The intensive promulgation of the aforementioned policies has provided fundamental compliance and directional guidance for the cultivation and application of AI technologies within medical testing scenarios. Moreover, AI technologies, represented by large models, are undergoing rapid iterations, substantially lowering the technical thresholds and implementation cost for applying AI in healthcare scenarios, and providing an unprecedented technological foundation for the digital and smart transformation of the medical testing industry.

In the first half of 2026, local practices proactively unfolded concurrently, as AI-empowered medical testing shifted from policy documents directly to the primary-level healthcare practices. The Guangzhou Municipal Health Commission published the "Ten, Hundred, Thousand" three-year development blueprint for medical AI scenarios – in three years, focusing on ten key domains, to spearhead the R&D of over one hundred vertical models for specialties, to set an example by materializing over one thousand intelligent medical application scenarios, and to concurrently launch the "Guangzhou Medical Intelligent Engine" (穗醫智擎) platform, supporting medical institutions of all levels, especially primary-level institutions, to invoke AI capabilities with a "zero threshold." At the same time, Fengkai County in Zhaoqing established Guangdong Province's first county-level AI-assisted diagnosis and treatment platform, comprehensively connecting three county-level hospitals that took the lead and sixteen township health centers (community healthcare service centers) to realize the interconnectivity between county-level testing and AI-assisted diagnosis. The synchronized advancement of city-level platforms and county-level practices indirectly reflected that AI-empowered medical testing has crossed from the policy design stage into a new stage of practical implementation.

Facing the dual convergence of policy dividends and technological transformation, enterprises that proactively develop automated and intelligent testing platforms, build intelligent agent applications and data ecosystems, and sustainably lower human labor cost, enhance testing efficiency and innovate their business model, will build a differentiated competitive moat in the new round of industry competition.

1.3 Policy Reforms and Regulatory Rectifications: Driving the Industry Towards High-Quality Development

During the Reporting Period, medical insurance payment reform and regulatory system upgrades were simultaneously advanced, forming a unified policy driving force propelling the third-party medical testing sector toward high-quality development. This transformation began with the comprehensive implementation of the DRG/DIP payment method reform; in 2021, the National Healthcare Security Administration issued the Three-Year Action Plan for DRG/DIP Payment Method Reform (《DRG/DIP 支付方式改革三年行動計劃》), which expressly required attaining comprehensive coverage across the four elements of "co-ordinating regions, medical institutions, disease type groups, and medical insurance funds" by the end of 2025, enabling payment method reforms to drive medical services away from "scale expansion" toward being "quality and efficiency-driven". In parallel, the regulatory system underwent an upgrade simultaneously. In February 2026, the National Healthcare Security Administration released the Notice on Properly Conducting the Regulatory Work for the Medical Security Fund for 2026 (《關於做好 2026 年醫療保障基金監管工作的通知》), which required "continually intensifying unannounced inspections, coordinating national unannounced inspections, provincial unannounced inspections, and municipal cross-inspections, whilst integrally advancing annual unannounced inspections, specialized unannounced inspections, and 'targeted' unannounced inspections, thereby achieving full coverage of unannounced inspections across all provinces nationwide." Annual unannounced inspections focus on domains like tests and examinations, and propose the "innovative exploration of regulatory applications of artificial intelligence and other cutting-edge technologies as well as new scenarios". These serial deployments revealed that the supervision over medical insurance funds is penetrating deeply into a full-chain intelligent regulation extending from "post-event tracking and punishing" to "pre-event early warning, in-event intervention, and post-event stringent checks", imposing drastically firmer rigid constraints regarding the compliance of testing behaviors in medical institutions, which signified that the supervision over the industry entered into a new normalized and institutionalized governance stage.

The rollout and enforcement of the aforementioned policies exerted pressure on hospitals from both the payment and the supervision sides, forcing their transformation. On the payment side, the "retention of balances" mechanism inherent in DRG/DIP compels hospitals to proactively control testing cost, driving them to rigorously reconsider the necessity, rationalization, and cost-effectiveness of their testing projects. On the supervision side, with unannounced inspections completely covering all provinces, and the tests and examinations named as annual principal focus areas, hospitals found to have engaged in irregularities such as unnecessary intensive testing and bundling orders are subject to subsequent fund recovery and administrative penalties. Constrained by the double pressure, hospital management transitioned from extensive development into refined operation, shifting development focus from "treatment-centric" directly towards being "health-centric".

Against the backdrop of upgraded policy reforms and standardized rectification within the industry, third-party medical testing institutions are facing short-term transitional pains — DRG/DIP mechanisms are compelling hospitals to optimise their cost structure, directly subjecting the overall revenue of the third-party medical testing industry to downward pressure; meanwhile, strict investigations of non-compliance through unannounced inspections are accelerating the market exit of non-compliant small and medium-sized institutions. However, in the long term, the demand from hospitals for cost control and efficiency improvement will continue to increase. Third-party medical testing institutions that can leverage their advantages in intensive operations and quality systems to deeply participate in the intensive development of medical communities through models such as the co-construction of laboratories and cooperation in regional testing centers, thereby assisting hospitals constrained by cost control in safeguarding testing capacity and quality, will gain broader room for growth during this round of industry reshuffle.

2. BUSINESS REVIEW

In the first half of 2026, 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", remaining steadfast amidst transformation and forging ahead under pressure. By continuously optimizing the flexible and resilient operational platform, we have further consolidated our "one horizontal, one vertical" business foundation and deepened the key capability systems supporting our development, thereby withstanding external uncertainties with a steady operational pace.

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 and intelligent transformation in healthcare scenarios.

During the Reporting Period, the Group's efforts yielded initial results in various key initiatives, further consolidating the foundation for high-quality development:

2.1 *Continuous Consolidation of Operational Foundation with Steady Recovery in Profitability*

In the first half of 2026, affected by multiple factors such as the centralized procurement program, cost controls of medical insurance, and intensified competition in the industry, the Group's operation was under pressure in the short term. In the face of profound market adjustments, the Group deepened its internal reforms and refined management, achieving initial results. During the Reporting Period, although the Group's overall revenue remained in an adjustment phase, it recorded a net profit of RMB2.5 million, representing a turnaround from loss to profit compared to the same period of the previous year, and continuing the trend of profitability improvement from the full year of 2025. Cost-efficiency and workforce efficiency management mechanisms were further optimized, resulting in a year-on-year decrease in selling expenses and administrative expenses of 13.3% and 23.4%, respectively, with continuously delivered results in cost reduction and efficiency enhancement. At the same time, through a combination of measures such as dynamically optimizing the customer structure, setting up dedicated teams to implement targeted collection of long-aged receivables, and orderly exiting from major loss-making customers, the operational risk exposure has been effectively narrowed and substantive results have been achieved. At a time when the overall industry is under pressure, the Group's operational resilience has been further strengthened.

2.2 *Steadily Implementing "One Horizontal, One Vertical" Strategy with Continuous Optimization of Business Structure*

Horizontally: Deepening the lean operation of medical institution alliances and continuously expanding multi-model collaboration services

Since its establishment, the Group has always taken the joint development model of medical institution alliances as its core business direction. It has accumulated rich experience in multi-model collaboration operations and standardized service systems in serving medical institutions at all levels and driving the integrated development of regional testing resources, which is highly aligned with the national direction of vigorously advancing the "project of strengthening the foundation of medical and health care" and the development of close-knit county-level medical communities during the 15th Five-Year Plan period. In the face of the industry trend where the development of medical institution alliances is upgrading from "framework building" to "high-quality operation", the Group, relying on its profound accumulation and first-mover advantage, is continuously transforming its capabilities into practical support to assist medical institutions at all levels in enhancing their discipline construction capabilities and service levels.

During the Reporting Period, in line with the deep advancement of 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 continuously deepened the "one horizontal" strategy. Adhering to our service philosophy of "professionalism as the foundation, standardization as the core, digital and smart intelligence as the means, and synergization as the goal", we precisely addressed the needs of medical institution alliance clients at different levels, and continuously extended the lean management system and platform-based service capabilities.

As of the end of the Reporting Period, the Group continued to deepen its engagement with nearly 450 medical institution alliance clients. Focusing on exploring incremental value among existing clients, we promoted and deepened the upgrade of client collaboration models towards multi-model and multi-domain joint development, and extended the scope of our services to high value-added sectors, including AI+ digital and smart intelligence solutions for medical institution alliances, comprehensive collaborations with medical laboratories, joint development of hospitals/regional medical centers, solutions for precision medicine centers, and specialty-based solutions for alliance development, thereby effectively assisting medical institutions at all levels in enhancing their discipline construction capabilities and service levels.

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 among medical institution alliances, generating revenue of RMB157.6 million, representing a year-on-year decrease of 12.6%. The medical institution alliances business remained the largest business segment of the Group, with its proportion to the total revenue further increasing by approximately 4.8 percentage points, continuously consolidating our competitive advantage.

Vertically: Deepening the Integrated Innovation Ecosystem for Diagnostic Testing and Promoting R&D Commercialization and Product Implementation

The Group continued to strengthen the leading role of the "joint innovation platform for diagnostic testing", building it into a core hub linking clinical demands, scientific research and industrial translation. Supported by multi-technology platforms, the platform focuses on key areas such as infection, oncology and psychiatry, driving the continuous translation of cutting-edge testing technologies into precision diagnostic products with high clinical value. During the Reporting Period, the platform achieved breakthroughs in both R&D commercialization and academic collaboration:

In terms of R&D commercialization and product innovation, the project entitled "Applied Research on Precision Medicine for Individualized Disease Progression Monitoring and Biological Prediction of Efficacy in Allergic Rhinitis" under the Guangxi Science and Technology Scheme jointly applied with Guangxi Hospital Division of The First Affiliated Hospital, Sun Yat-sen University, has progressed smoothly. During the Reporting Period, 4 related invention patents were applied for, among which, 1 was authorized and 3 entered the substantive examination stage; and 1 product was successfully commercialized. Meanwhile, the project for the identification of mycobacterium and drug resistance gene testing of mycobacterium tuberculosis complex, jointly developed by the Group and Guangzhou Chest Hospital, was successfully implemented. The continuous enrichment of R&D commercialization and product innovation injects sustained momentum into the long-term high-quality development of the Group.

In terms of academic collaboration and enhancement of industry influence, during the Reporting Period, the Group, together with several top-tier hospitals in the Guangdong-Hong Kong-Macao Greater Bay Area, including The First Affiliated Hospital, Sun Yat-sen University, Nanfang Hospital, Southern Medical University and Guangdong Provincial People's Hospital, jointly drafted the group standard Construction Specifications for Allergic Disease Outpatient Clinics in Medical Institutions (《醫療機構過敏性疾病門診建設規範》) published by the Guangdong Precision Medicine Application Association. The implementation of this standard not only fills the gap in domestic group standards in this field, but also signifies that the construction of allergic disease outpatient clinics is transitioning from an experience-driven approach to a new stage governed by standards and evidence, demonstrating the Group's professional strength and responsibility in leading specialty construction and promoting the standardization process of the industry.

Looking ahead, the Group will continue to take "one horizontal, one vertical" as its core strategic axis. Amidst the era of the "project of strengthening the foundation of medical and health care" and the full coverage of county-level medical communities during the 15th Five-Year Plan period, we will ride the momentum, take proactive actions, and transform national policy benefits into definitive increments for high-quality corporate development.

2.3 *Steady Advancement of Digital and Intelligent Innovation and Empowerment of Clinical Diagnosis and Treatment*

As the state has rolled out a series of policies empowering healthcare with AI and explicitly designating medical testing and pathological diagnosis as key AI-empowered areas, the digital and intelligent transformation has been propelled from "forward-looking exploration" to "large-scale implementation", thereby charting a clear development path for the industry.

During the Reporting Period, the Group continued to upgrade digital intelligence across the entire process of medical testing. In terms of the high-throughput sequencing testing process, we continued to deepen the full-chain digital and intelligent integration of sample information, wet-lab parameters, and bioinformatics results. In terms of the automated processing of testing data, the analysis time for a single sample was shortened from minutes to seconds, while achieving a high degree of standardization in the data processing. In terms of intelligent report interpretation, for pathogenic tNGS projects, the intelligent pathogen pre-interpretation function driven by machine learning technology has been put into application, improving delivery efficiency by approximately 30%. Furthermore, for genetic NGS projects primarily involving human whole exome sequencing + mitochondrial genome testing (WES), the automated genetic data matching and intelligent grading functions driven by AI technology have been put into application, significantly improving customer service quality and delivery efficiency, thereby facilitating a substantial increase in the sample volume of the genetic NGS business. The digital and intelligent development of medical testing provides strong support for the continuously expanded collaboration with medical institution alliances.

In the field of pathological diagnosis, the Group deepened the integration of the Zhiyun Digital and Intelligent Pathology Information System. Driven by AI technology, this information system builds a digital and intelligent information platform covering the entire process of the pathology department, realizing cross-campus multi-center collaborative diagnosis and quality management, and empowering clinical research and the development of precision medicine. Specifically, through this digital and intelligent information platform: in terms of AI-assisted diagnosis, the AI detection sensitivity in cervical liquid-based cytology screening is industry-leading, the overall slide reading efficiency has doubled, the diagnosis speed per case has increased by 50%, the positive detection rate has increased by 3 percentage points, and the writing time for a single pathology report has decreased by 33%; in terms of remote consultation, it supports multi-terminal access and provides intraoperative frozen section consultation, MDT discussions, and a three-tier review mechanism, decentralizing high-quality resources towards primary medical institutions; in terms of data governance, disease-specific databases break through links between the pathology and clinical data, forming standardized multi-modal data assets, and supporting clinical research and the development of precision medicine.

In addition, an embedded AI-integrated chromosome analysis system was launched in the first half of the year. Powered by a core algorithm trained on a database of millions of sample images, the system can automatically perform chromosome segmentation, counting and precise localization of abnormal bands, thereby effectively compensating for the shortcomings of traditional manual analysis.

Looking ahead, the Group will steadfastly advance the deep integration and systemic reconstruction of digital and intelligent technologies across the entire chain, accelerating the comprehensive leap of medical testing and clinical diagnosis and treatment services from "process digitalization" to "decision intelligence". Driven by data and guided by scenarios, we will continue to build a full-chain intelligent system spanning sample collection, testing and analysis, intelligent interpretation and clinical decision-making, with a view to continuously enhancing testing accuracy, report quality, and delivery efficiency. By leveraging digital intelligence to break through spatial and temporal barriers, we will enable high-quality testing and diagnostic resources to benefit the primary care more efficiently.

FINANCIAL REVIEW

Overview

The financial summary set out below is extracted or calculated from the unaudited condensed consolidated financial statements of the Group for the Reporting Period which were prepared in accordance with the applicable disclosure provisions of the Listing Rules, including compliance with Hong Kong Accounting Standard 34 Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants.

Revenue

During the Reporting Period, the Group recorded revenue of RMB252.8 million, representing a decrease of 19.3% as compared to the same period in 2025. The decrease in the Group's overall revenue was mainly due to the short-term pressure placed on the Group's revenue by multiple factors, including the slowdown in the growth of demand from hospitals, centralized procurement, and the continuous downward adjustment of testing service prices, and the Group's further efforts to optimize its customer portfolio, resulting in a year-on-year decrease in overall revenue of diagnostic testing services.

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

	For six months ended June 30,		
	2026	2025	Change
	RMB'000	*RMB'000*	
	(Unaudited)	(Unaudited)	
Diagnostic testing services for medical institution alliances	**157,597**	180,333	(12.6)%
Diagnostic outsourcing services	**81,684**	118,491	(31.1)%
Diagnostic testing services for non-medical institutions	**13,483**	14,393	(6.3)%
	252,764	313,217	(19.3)%

Diagnostic testing services for medical institution alliances

The Group has been deeply engaged in the joint construction of medical institution alliances for a long term. In the process of serving medical institutions at all levels and promoting the integrated development of regional testing resources, it has accumulated rich multi-model operational experience and standardized systems, which are highly aligned with the national "15th Five-Year Plan" for strengthening the foundation of medical and health care and the construction of county-level medical communities. At present, relying on its profound accumulation, the Group is translating its capabilities into solid support for facilitating the high-quality operation of medical institution alliances and the capability enhancement of medical institutions at all levels. During the Reporting Period, the diagnostic testing services for medical institution alliances have continued to be the Group's largest business segment. During the Reporting Period, revenue from this business segment accounted for 62.4% of the total revenue, representing an increase of approximately 4.8 percentage points as compared to the same period last year.

Diagnostic Outsourcing Services

During the Reporting Period, diagnostic outsourcing services recorded revenue of RMB81.7 million, representing a decrease of 31.1% as compared to the same period of 2025. The prices of routine testing services were further reduced due to multiple factors including the centralized drug-procurement program, cost controls of medical insurance, and intensified competition in the industry, resulting in pressure on short-term results. In addition, the Group continuously maintained its commitment to medical institution alliances business, 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, this business segment recorded revenue of RMB13.5 million, representing a decrease of 6.3% as compared to the same period in 2025. The decrease in revenue was mainly affected by factors such as 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 15.6% from RMB206.8 million for the six months ended June 30, 2025 to RMB174.6 million for the six months ended June 30, 2026, which was primarily attributable to an overall decline in its revenue, which in turn led to a corresponding decrease in cost of revenue.

Gross Profit and Gross Profit Margin

The Group's gross profit decreased by 26.5% from RMB106.4 million for the six months ended June 30, 2025 to RMB78.2 million for the six months ended June 30, 2026. The Group's overall gross profit margin decreased from 34.0% for the six months ended June 30, 2025 to 30.9% for the six months ended June 30, 2026. The decrease in overall gross profit was mainly due to the decrease in overall revenue, which in turn led to a corresponding decrease in gross profit. Affected by factors such as the continuous downward adjustment of testing service prices, the gross profit margin decreased.

Other Income

Other income increased from RMB0.3 million for the six months ended June 30, 2025 to RMB2.3 million for the six months ended June 30, 2026. The increase was primarily due to the increase in rental income from investment properties.

Other (Losses) Gains, Net

Other gains, net for the six months ended June 30, 2025 were RMB31.8 million, as compared to the other losses, net of RMB2.1 million for the six months ended June 30, 2026. The change was primarily due to (i) in the same period of last year, the provision for legal disputes totaling RMB31.5 million was transferred to other income as a result of the withdrawal of the lawsuit, and (ii) increase in charitable donation expenses.

Selling Expenses

The Group's selling expenses decreased by 13.3% from RMB53.1 million for the six months ended June 30, 2025 to RMB46.1 million for the six months ended June 30, 2026, mainly due to its implementation of measures such as strengthened cost control and precise expenditure allocation, leading to a reduction in selling expenses.

Administrative Expenses

The Group's administrative expenses decreased by 23.4% from RMB78.3 million for the six months ended June 30, 2025 to RMB59.9 million for the six months ended June 30, 2026, primarily due to (i) a decrease in the Group's expenses in connection with restricted share awards accrued under the 2022 RSU Scheme by RMB7.6 million; and (ii) the Group's continuous optimization of its management process and strictly controlled costs to improve efficiency, which resulted in a further reduction in administrative expenses.

The Group's R&D expenses mildly decreased from RMB21.1 million for the six months ended June 30, 2025 to RMB19.3 million for the six months ended June 30, 2026, and the R&D expenses as a percentage of the total revenue increased from 6.7% for the six months ended June 30, 2025 to 7.6% for the six months ended June 30, 2026, mainly due to the Group's unwavering commitment to the development direction of pursuing growth through innovation, with continued investment in product innovation, operating system innovation as well as digital and intelligent innovation during the Reporting Period.

Reversal of Impairment Losses (Impairment Losses) on Financial Assets, Net

The Group's impairment losses on financial assets were mainly provisions for trade receivables. For the six months ended June 30, 2026, the Group's reversal of impairment losses on financial assets was approximately RMB44.2 million, as compared to the impairment losses on financial assets of RMB8.4 million for the six months ended June 30, 2025. 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. During the Reporting Period, the Group recovered trade receivables aged 2 years and more of approximately RMB62.5 million in total, resulting in a reversal of impairment losses on financial assets of RMB44.2 million for the period.

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 Hong Kong Financial Reporting 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.

Finance Costs, Net

The Group's net finance costs decreased from RMB15.1 million for the six months ended June 30, 2025 to RMB10.1 million for the six months ended June 30, 2026, primarily due to the Group's proactive optimization of its debt structure and reduction of its borrowing level, which led to a decrease in interest expenses on interest-bearing borrowings.

Profit (Loss) Before Income Tax

As a result of the aforementioned factors, for the six months ended June 30, 2026, the Group recorded a profit before income tax of RMB2.7 million, as compared to a loss before income tax of RMB55.4 million for the six months ended June 30, 2025, marking a turnaround from loss to profit.

Income Tax (Expenses) Credit

The Group recorded income tax expenses of RMB0.2 million for the six months ended June 30, 2026 as compared to income tax credit of RMB0.1 million for the six months ended June 30, 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 properties 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 increased from RMB258.3 million as at December 31, 2025 to RMB288.3 million as at June 30, 2026, mainly due to an increase in the amount of construction in progress resulting from the Group's continuous investment in the civil construction project in Guangzhou.

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 June 30, 2026, the balance of financial assets at FVTPL was RMB248.3 million, representing a decrease of RMB3.8 million as compared to RMB252.1 million as at December 31, 2025, due to exchange rate fluctuations.

As at June 30, 2026, the balance of financial assets at FVOCI was RMB50.4 million, remaining unchanged as compared to RMB50.4 million as at December 31, 2025.

Inventories

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

The Group's inventories increased from RMB13.9 million as at December 31, 2025 to RMB14.7 million as at June 30, 2026, and the change was not significant.

Trade and Bills 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 at June 30, 2026:

	As at June 30 2026	As at December 31 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables		
– Third parties	**843,681**	939,432
– Related parties	**664**	414
	844,345	939,846
Less: allowance for impairment of trade receivables	**(513,991)**	(593,345)
	330,354	346,501
Bills receivables	**377**	2,023
	330,731	348,524

The Group's trade and bills receivables decreased from RMB348.5 million as at December 31, 2025 to RMB330.7 million as at June 30, 2026, 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 increased from RMB132.1 million as at December 31, 2025 to RMB176.4 million as at June 30, 2026, primarily due to an increase in fixed-income bills receivables during the Reporting Period.

Trade and Other Payables

The Group's trade and other payables decreased from RMB839.7 million as at December 31, 2025 to RMB798.8 million as at June 30, 2026, primarily due to 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 its shareholders (the "**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 decreased from RMB1,522.2 million as at December 31, 2025 to RMB1,459.7 million as at June 30, 2026, primarily due to the continued capital investment in the Guangzhou land construction project which commenced construction in 2025 and the payment of amounts due. 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 at the dates indicated:

	As at June 30, 2026 ***RMB'000*** **(Unaudited)**	As at December 31, 2025 *RMB'000* (Audited)
Current assets		
Inventories	**14,710**	13,930
Trade and bills receivables	**330,731**	348,524
Prepayments and other receivables	**136,770**	86,221
Financial assets at FVTPL	**178,102**	181,860
Restricted cash	**29,929**	64,211
Cash and cash equivalents	**1,459,738**	1,522,169
Total current assets	**2,149,980**	2,216,915
Current liabilities		
Borrowings	**414,716**	511,336
Trade and other payables	**798,838**	839,676
Current income tax liabilities	**34,825**	34,762
Lease liabilities	**7,491**	7,015
Total current liabilities	**1,255,870**	1,392,789
Net current assets	**894,110**	824,126

The Group's net current assets increased from RMB824.1 million as at December 31, 2025 to RMB894.1 million as at June 30, 2026, 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.

	For the six months ended June 30,	
	2026	2025
Gross profit margin[1]	**30.9%**	34.0%
	As at June 30, 2026	As at December 31, 2025
Current ratio[2]	**1.71**	1.59
Quick ratio[3]	**1.70**	1.58
Debt to asset ratio[4]	**0.57**	0.57

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.

Contingent Liabilities

As at June 30, 2026, 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.

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 a 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 a forward foreign exchange currency swap arrangement for borrowings that are denominated in Swiss francs to mitigate foreign 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 a 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 bearing interest 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 resulting 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 cash reserves 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 June 30, 2026, the Group had borrowings of RMB674.5 million (December 31, 2025: RMB683.6 million), of which RMB179.7 million were at fixed interest rates (December 31, 2025: RMB356.1 million). As at June 30, 2026, borrowings equivalent to approximately RMB48.0 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 at the same date) is set out in the table below:

	As at June 30, 2026 *RMB'000* **(Unaudited)**	As at December 31, 2025 *RMB'000* (Audited)
Interest-bearing borrowings	**674,520**	683,644
Lease liabilities	**13,654**	8,664
Total interest-bearing borrowings and lease liabilities	**688,174**	692,308
Total equity	**1,163,432**	1,162,360
Total equity plus other financial liabilities	**1,163,432**	1,162,360
Gearing Ratio	**59.2%**	59.6%

The gearing ratio of the Group (calculated as total interest-bearing borrowings and lease liabilities divided by total equity plus other financial liabilities as at the same date) was 59.2% as at June 30, 2026, as compared to 59.6% as at December 31, 2025, representing an insignificant change.

Pledge of Assets

As at June 30, 2026, borrowings of approximately RMB234.3 million (December 31, 2025: RMB213.7 million) were secured by the Group's certain equipment and lands, and pledged by certain trade receivables and the equity interest in a subsidiary.

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

As of June 30, 2026, 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 June 30,2026**	**Unrealised gains during the Reporting Period**	**Compared to the Group's total assets as of June 30, 2026**
Windward Ascent SPC[(i)]	US$24,000,000	US$26,150,000	US$2,150,000	6.6%

(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 a segregated 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 June 30, 2026 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 at the date of this announcement.

Employees and Remuneration

As at June 30, 2026, the Group had 1,008 employees (as at June 30, 2025: 1,146). The total remuneration cost (including Directors' remuneration) incurred by the Group for the six months ended June 30, 2026 was RMB94.5 million (for the six months ended June 30, 2025: RMB124.6 million). The total remuneration of employees for the six months ended June 30, 2026 includes approximately RMB0.4 million of expenses related to restricted share awards (for the six months ended June 30, 2025: RMB8.0 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 with effect from 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.

OTHER INFORMATION

Compliance with the Code Provisions set out in Part 2 of the Corporate Governance Code in Appendix C1 to 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 the 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 has 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 Appendix C3 to 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 with 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

Neither the Company nor any subsidiaries or consolidated affiliated entities of the Group purchased, redeemed or sold any of the listed securities of the Company or any of its subsidiaries (including disposal of treasury shares) during the Reporting Period. As at June 30, 2026, the Company did not hold any treasury shares.

Interim Dividend

The Board did not declare any interim dividend for the six months ended June 30, 2026 (for the six months ended June 30, 2025: nil).

AUDIT COMMITTEE

The Audit Committee has reviewed the unaudited condensed consolidated financial statements for the six months ended June 30, 2026 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.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

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

The interim report for the six months ended June 30, 2026 containing all the information required by the Listing Rules will be despatched to the Shareholders (upon request) and 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
August 28, 2026

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