



Yunkang Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 2325



2024

**ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT**

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1 ABOUT THIS REPORT

Yunkang Group Limited is pleased to announce its third annual Environmental, Social and Governance (“ESG”) Report (the “Report”), which provides a full view of the Company’s ESG-related strategic approach, management measures and performance to address the concerns and expectations of stakeholders on the Company and enhance their understanding of and trust in the sustainability strategies and actions of the Company.

REPORTING SCOPE

The Report is an annual report. Unless otherwise specified, the content in the Report covers a period from January 1, 2024 to December 31, 2024 (“2024”, the “Year” or “Reporting Period”). The reporting scope of the Report is consistent with that of the 2024 annual report (the “Annual Report”) of the Company. The policies and data provided in the Report cover the Company and its subsidiaries.

DEFINITIONS OF TERMS

To facilitate presentation and reading, unless otherwise specified, “Yunkang Group”, “Yunkang”, the “Company” or the “Group” in the Report refers to Yunkang Group Limited. The term “co-laboratories” in the Report also refers to as “on-site diagnostic centers” and “co-construction services” as “diagnostic testing services for medical institution alliances”.

DATA SOURCE

The information and data used in the Report are mainly derived from Yunkang’s official documents and reports, internal statistical data and public information. Where not otherwise stated, monetary amounts referred to in the Report are measured in Renminbi (“RMB”). The Company undertakes that the Report contains no false records or misleading statements, and is responsible for the authenticity, accuracy and completeness of its content.

REPORT PREPARATION STANDARD

The Report complies with mandatory disclosure requirements and the “comply or explain” provisions in the *Environmental, Social and Governance Reporting Guide* (the “ESG Reporting Guide”) set out in Appendix C2 of the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* (the “Hong Kong Listing Rules”) issued by The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”). An index of content of “comply or explain” provisions is provided in Appendix 2 of the Report for quick reference.

REPORTING PRINCIPLES

Reporting Principles	Definitions of Reporting Principles in the <i>ESG Reporting Guide</i>	Yunkang's Response
Materiality	The threshold at which ESG issues determined by the board are sufficiently important to investors and other stakeholders that they should be reported.	The Group has identified material issues which are relevant to the Group through the materiality assessment and disclosed them in the Report. The process of materiality assessment includes identifying the Group's key stakeholders, updating the database of potential ESG issues, and conducting analysis on material issues. For more information on the materiality assessment process, please refer to the section headed "Materiality assessment" in the Report.
Quantitative	KPIs in respect of historical data need to be measurable. The issuer should set targets (which may be actual numerical figures or directional, forward-looking statements) to reduce a particular impact. In this way the effectiveness of ESG policies and management systems can be evaluated and validated. Quantitative information should be accompanied by a narrative, explaining its purpose, impacts, and giving comparative data where appropriate.	To provide comprehensive assessment on the Group's ESG performance for the Reporting Period, the Group has disclosed the applicable quantitative KPIs in the <i>ESG Reporting Guide</i> , and specified the criteria, methodology, assumptions and reference basis for the calculation used in the quantitative KPIs, including the sources of the main conversion factors.
Consistency	The issuer should use consistent methodologies to allow for meaningful comparisons of ESG data over time.	Where practicable, the Report uses the consistent statistical and collection methodology as used in the previous reporting period to allow stakeholders to make meaningful comparisons of the performances for the Reporting Period. If there is any change in the methodology, such change will be presented and elaborated in the corresponding section.
Balance	The ESG report should provide an unbiased picture of the issuer's performance. The report should avoid selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the report reader.	The Report provides an unbiased picture of the Group's performance for the Reporting Period. The Report avoids selections, omissions, or presentation formats that may inappropriately influence decisions or judgment by the Report readers.

REPORT ACCESS AND CONTACT

The Report is published in both Chinese and English, respectively and in case of any discrepancies, the Chinese version shall prevail. The electronic version of the Report is available on the HKEXnews website of the Hong Kong Stock Exchange (www.hkexnews.hk) or the Company's official website (www.yunkanghealth.com). If you have any questions or comments about the Report and its content, please contact us through the following contact methods.

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2 MESSAGE FROM THE CHAIRMAN

2024 is a pivotal year for Yunkang Group as we strived for transformational upgrades and drove high-quality development. Facing a dynamic global economic landscape and significant shifts within the medical industry, we remained committed to our corporate vision of “creating a happy life”, and continued to deepen our expertise in the healthcare sector. By fostering innovation and acting with responsibility to safeguard health, we have made substantial progress on the path of high-quality development.

As a leading medical operation service provider in China, we are keenly aware of our responsibilities and mission. Over the past year, fueled by technological innovation and service enhancements and with our Medical Inspection Joint Innovation Platform as the driving force, we deeply integrated top-tier resources from industry, academia, and research. This convergence has facilitated the translation of multiple breakthrough findings in the fields of infection, oncology, personalized medication, allergens, etc., enabling us to deliver more precise and effective solutions for clinical diagnosis and treatment and assist medical institutions at all levels in improving their overall diagnostic capabilities, lowering medical expenses, and expanding access to care for a broader population.

Regarding our digital transformation, we have comprehensively optimized and upgraded our 10 “cloud” systems with the aim of improving both cost efficiency and operational effectiveness. Specifically, within the “AI + medical care” domain, we continuously explored AI-powered pathology diagnosis and promoted the application of artificial intelligence technologies in precision diagnosis and intelligent analysis. This has facilitated the broader access of high-quality medical resources to benefit communities at the grassroots level and allows us to spearhead future development through digital technology.

In operations management, guided by the strategic principles of “in-depth services, lean operations”, Yunkang built a comprehensive, multi-layered lean management system. Through digitalization and standardization, we enhanced the quality of medical diagnostic services, continuously improving service delivery, setting industry standards, and maximizing value for our customers.

Upholding a “people-oriented” development philosophy, Yunkang comprehensively prioritized employee welfare and rights, fostering a sense of belonging and happiness. By continuously refining training systems and incentive programs, we empowered employee growth, unleashed innovative potential, and enabled every employee to thrive and achieve mutual success with the Company.

Recognizing that enterprise development is intrinsically linked to a healthy natural environment, Yunkang highlighted green operations. We have established a robust environmental management system to fully standardize environmental management practices and optimize energy efficiency in our operations. We also actively promoted green logistics to minimize the environmental footprint of our business activities.

While pursuing corporate growth, we remain dedicated to giving back to society. Through a range of public benefit activities, Yunkang delivered professional medical and health services to the grassroots level to benefit a wider population, contributing to the improvement of the public health system and tangibly supporting the “Healthy China” strategy.

Looking ahead, we will continue to strengthen our ESG strategy, with ongoing emphasis on innovative development, digital empowerment, quality management, talent development, green operations, and community engagement. Our goal is to further promote the advancement of medical technology and service capability and extend access to superior healthcare resources in less developed regions. Yunkang is committed to providing the public with increasingly professional, efficient, precise, and convenient medical and health diagnostic services, advancing towards its vision of becoming a world-class medical and health enterprise and contributing to the well-being of humanity.

Zhang Yong

Chairman and Chief Executive Officer of Yunkang Group

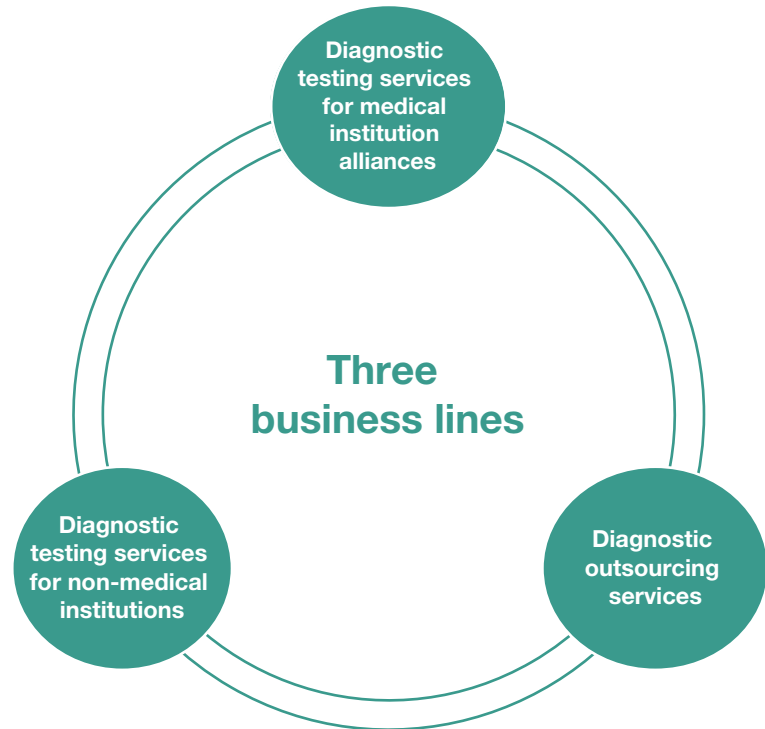
April 2025

3 ABOUT YUNKANG GROUP

3.1 BUSINESS OVERVIEW

Yunkang Group is a leading medical operation service provider in China, dedicated to meeting the healthcare needs of its customers. We deliver efficient solutions through professional medical diagnostic service, strong standardization processes, and innovative business models, with the ultimate goal of enhancing public health and well-being. As a comprehensive medical operation service platform, Yunkang boasts core competencies in three key business domains: diagnostic testing services for medical institution alliances, diagnostic outsourcing services and diagnostic testing services for non-medical institutions.

As one of China's first medical operation service organizations to simultaneously achieve both ISO 15189 and CAP certifications, Yunkang Group leverages its professional technical expertise and standardized services as core competitive advantages, actively contributing to the advancement of medical diagnosis and health management within China. Yunkang's services encompass clinical disease areas, including infectious diseases, hematological disorders, reproductive genetics, clinical immunity, cardiovascular endocrinology, and solid tumors. To support these services, Yunkang has established a suite of advanced technology platforms, including high-throughput sequencing, gene chips, high-sensitivity PCR, protein spectrometry, digital remote pathology, and ultra-micro pathology, providing clinical testing and pathology diagnostic services to hospitals at all levels and medical institution alliances. By integrating the expertise and expert resources of leading hospitals, Yunkang has delivered the advanced technologies and services to lower-level hospitals, enhancing the diagnostic and treatment capabilities of primary medical institutions and assisting them in implementing effective referral programs, thereby supporting the development of a tiered diagnosis and treatment system. Yunkang also offers medical co-construction services, such as co-building diagnostic centers for hospitals within the medical institution alliances, comprehensively improving their clinical diagnostic capabilities.



As of December 31, 2024, independent medical laboratories of Yunkang can offer approximately 3,800 testing items for clinical use with an annual specimen processing volume exceeding 10 million. Furthermore, Yunkang has provided over 1,500 medical institutions in collaboration with medical institution alliances from over 430 on-site diagnostic centers of medical institution alliances with medical technical service solutions to meet their core demands.

3.2 VALUE SYSTEM

With over 20 years of experience in the medical service industry, the Company remains committed to its vision of “Yunkang, create a happy life” and the core values of “Integrity, honesty and client-oriented”. We strive to provide professional, precise, efficient, and convenient medical and health services to our customers, comprehensively serving the public’s health needs and helping them achieve a better quality of life.



Vision

Yunkang, create a happy life



Values

Integrity, honesty and client-oriented



Mission

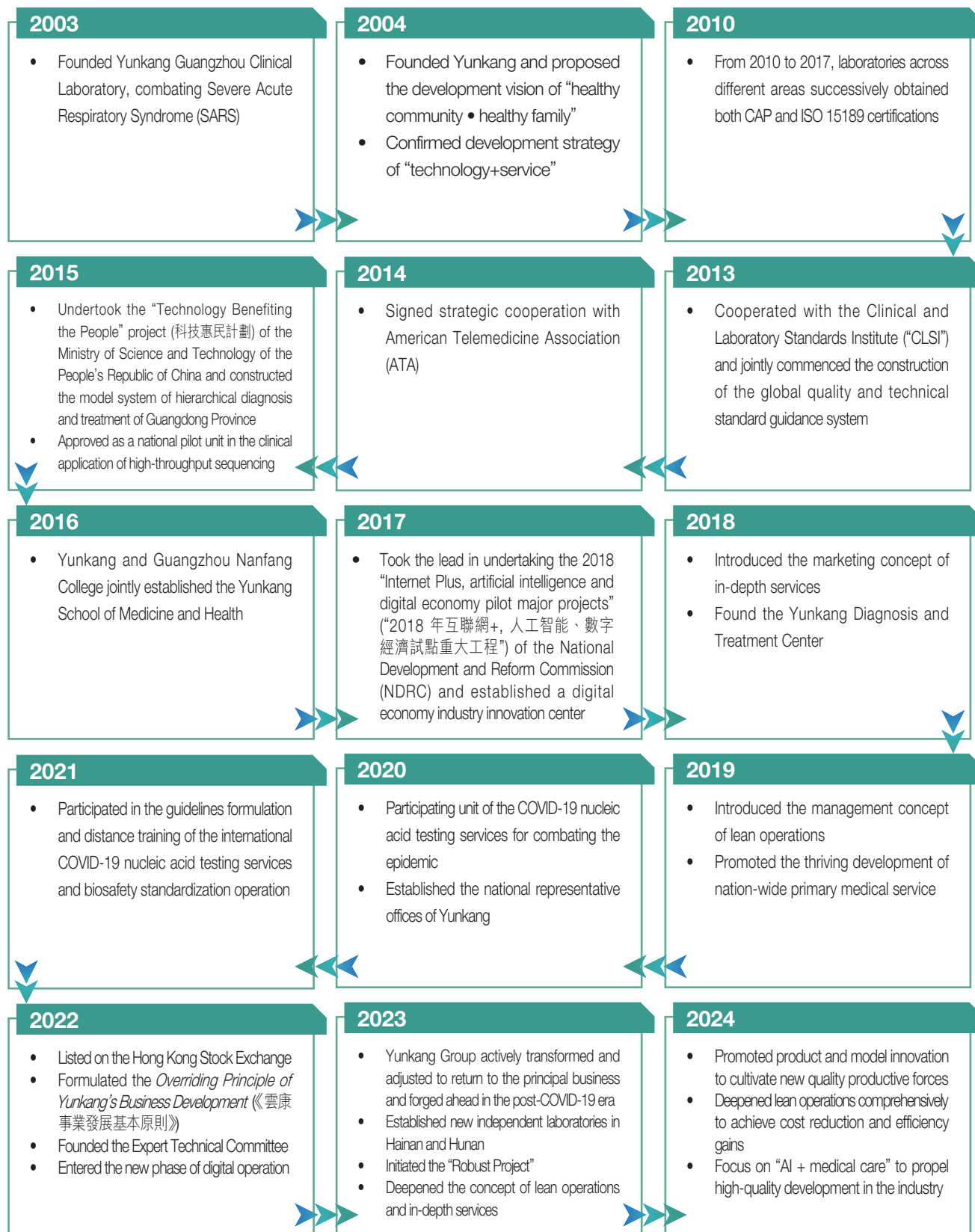
Focus on the health needs of the public and strive to provide customers with professional, accurate, efficient and convenient medical and health services



Code of Conduct

The execution is of paramount importance

3.3 MILESTONES



3.4 PERFORMANCE OF THE YEAR

Business

Total assets
RMB3,228 million

Total revenue for 2024
RMB712 million

Operation

Annual specimen processing
volume over
10 million

Medical testing items covered by the
Remote Pathology Consultation Platform
nearly 800 items

Governance

No litigation
on corruption for the full year

Proportion of independent Directors
more than 40%

Proportion of female Board Directors
28.6%

Employees

Percentage of female in the management
34.44%

Percentage of female employees
56.69%

Cumulative learning on the “Fu Yun”
learning platform
35,900 person-times

Total training hours of employees
19,370 hours

Number of work-related fatalities for the full year
0 people

Environment

Energy consumption intensity
8.55
thousand kWh/million RMB

Carbon emission intensity
4.59
tCO₂e/million RMB

Percentage of new energy vehicles of
nationwide cold chain logistics vehicles
approximately 57.1%

Society

Total number of launching community
charitable clinical diagnostic activities
more than 240 times

Total number of complimentary
medical examination
more than 25,160 person-times

Health lectures
approximately 107 sessions

3.5 HONORS AND RECOGNITIONS



Crucial Qualifications

- Core leading construction unit of national genetic testing demonstration center
- Professional clinical pilot unit of high throughput sequencing for prenatal screening and diagnostic
- Clinical pilot unit of high throughput sequencing for tumor diagnosis and treatment project
- National High-tech Enterprise
- The only execution institution and branch of Clinical and Laboratory Standards Institute (CLSI) in China
- The chief R&D unit and execution unit of the Global Primary Diabetes Prevention and Treatment Program under the International Diabetes Federation (IDF)
- Laboratory Accreditation Certificate (ISO 15189) by the China National Accreditation Service for Conformity Assessment
- Certificate of Accreditation by the College of American Pathologists (CAP)
- China Inspection Body and Laboratory Mandatory Approval (CMA) certification
- Quality Management System Certificate (ISO 9001)
- The Authentication Certificate of Information Technology Service Management System (ISO 20000-1)
- Information Security Management System Certificate (ISO 27001)
- The Certificate of Privacy Information Management System (ISO 27701)
- The Certificate of Compliance Management System (ISO 37301)
- Environmental Management System Certificate (ISO 14001)
- The Certificate of Training Management System (ISO 10015)
- Occupational Health and Safety Management System Certificate (ISO 45001)
- The Certificate of Integrity Management System (GB/T 31950-2023)
- The Certificate of Quality Credit Evaluation AAA (GB/T 31863-2015)
- Five-star After-sales Service System Certification (GB/T 27922-2011)
- Pilot Enterprises for the National Standard of the *Operational Specification for Cold Chain Logistics of Medical Laboratory Biological Samples* 《醫學檢驗生物樣本冷鏈物流運作規範》 (GB/T 42186-2022)
- CASME Enterprise Credit Rating AAA Certification
- Pilot Enterprises for National Standard of the *Operation Specifications for Medical Product Cold Chain Logistics* 《藥品冷鏈物流運作規範》 (GB/T 28842-2012)
- Guangdong Engineering and Technology Research Center for Clinical Examination of Infectious Diseases and Birth Defects
- Demonstrative Center for Standardization Management of Diabetic Retinopathy
- Medical Cold Chain Logistics Service Platform-Certificate of New and Hi-tech Products of Guangdong Province
- Yunkang Digital Pathology Remote Diagnosis Platform-Certificate of New and Hi-tech Products of Guangdong Province
- Provincial Enterprise Technology Center of Guangdong Provincial Department of Industry and Information Technology
- Guangdong Provincial Clinical Gene Amplification Laboratory Training Base

Major Honors

- High-Tech Enterprise – Award for Outstanding Achievement (for 15 consecutive years)
- Included in the S&P Global Sustainability Yearbook (China Edition) 2024
- Excellent Team Award and Excellent Organization Award at the 1st Medical Testing Industry (Pathology Technology) Team Knowledge Competition (第一屆醫學檢驗檢測行業(病理技術專項)團隊知識競賽) hosted by the Guangzhou Development District and Huangpu District Trade Union System (廣州開發區廣州市黃埔區工會系統) in 2024
- “Greater Bay Area Listed Companies ESG 100 Green Advancement Awards Ceremony” — Environmental Stewardship Award (“大灣區上市公司 ESG100 綠色發展大獎”—環境守護獎) of the Guangdong-Hong Kong-Macao Greater Bay Area Association of Listed Companies (粵港澳大灣區上市公司聯合會) in 2024
- Included in the 2023 Guangzhou Headquarters Enterprises List (廣州市 2023 年度總部企業名單)

Pictures of Qualifications and Honors (Partial)



4

INNOVATIVE YUNKANG, EMPOWERING HIGH-QUALITY MEDICAL DEVELOPMENT

- BUILDING A HEALTHIER FUTURE TOGETHER
- EMPOWERING PRECISION DIAGNOSIS AND TREATMENT
- CATALYZING SCIENTIFIC RESEARCH AND INNOVATION
- IMPROVING INNOVATION MANAGEMENT



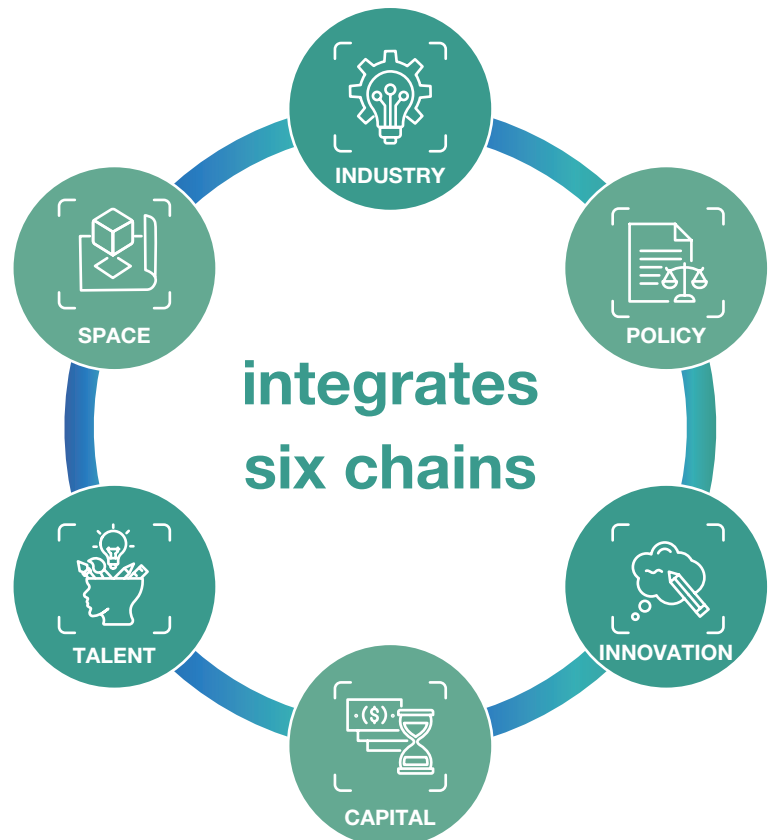
4 INNOVATIVE YUNKANG, EMPOWERING HIGH-QUALITY MEDICAL DEVELOPMENT

4.1 BUILDING A HEALTHIER FUTURE TOGETHER

2024 is a critical year for comprehensively advancing the high-quality development of the medical and health service system. As healthcare reform enters a new phase, the government is intensifying efforts to expand access to quality medical resources, promote balanced regional distribution, and enhance public health and primary care service capabilities, aiming to better meet the comprehensive, full-cycle health needs of the public. While significant progress has been achieved, challenges remain, including the uneven distribution and insufficient supply of medical resources.

In this context, Yunkang has actively supported healthcare reform policies, driving innovation in medical services and resource integration through its core strategy of “in-depth services, lean operations”. On one hand, Yunkang enhances precision diagnosis and digital medicine by continuously deepening technological innovation and collaborating with upstream and downstream partners to upgrade medical technology and service capabilities, ultimately meeting the evolving needs of clinical medical institutions.

On the other hand, Yunkang speeds up the expansion of its national service network. Centered around “technology innovation driving industry innovation”, it constructs a model that integrates six chains: industry, policy, innovation, capital, talent, and space, providing a multi-dimensional empowerment to various levels of medical institutions through “government-industry-academia-research-application” collaboration. Furthermore, based on the actual needs of regional healthcare ecosystems, the Company has actively explored and built innovative partnership models to facilitate the deployment of high-quality resources over the underserved areas. These efforts support the development of regional medical and health service systems and contribute to the realization of the Healthy China Initiative.



In 2024, driven by technological innovation and focusing on translation of scientific research into practice, Yunkang continuously empowered clinical diagnosis and treatment through innovative service models, including the Medical Inspection Joint Innovation Platform, collaborative initiatives spanning government, industry, education, research, medicine, and application, and co-construction of county-level medical alliances. By helping medical institution alliance members expand testing items and improve diagnostic capabilities, we have promoted equitable distribution of regional medical resources and ensured more people have access to high-quality medical services. Currently, Yunkang has provided over 1,500 medical institutions in collaboration with medical institution alliances from over 430 on-site diagnostic centers of medical institution alliances with medical technical service solutions to meet their core demands, positioning Yunkang as a key driver in fostering high-quality development within these alliances.

4.1.1 Medical Inspection Joint Innovation Platform

In recent years, Yunkang has been accelerating the integration of technological innovation into clinical practice. Pioneering the Medical Inspection Joint Innovation Platform, Yunkang has partnered with dozens of top medical institutions nationwide in joint innovation for medical inspection and successfully developed a range of testing products for infectious syndromes. These partnerships also extend to joint submissions for major science and technology initiatives and development of data information systems supporting clinical services, continuously propelling the translation of research findings into practical application. During the Reporting Period, innovative products arising from the Medical Inspection Joint Innovation Platform have demonstrated high growth in both testing volume and revenue, fueling Yunkang's long-term, high-quality growth trajectory.

In 2024, Yunkang joined hands with the Guangxi Hospital Division of The First Affiliated Hospital, Sun Yat-sen University to establish a medical inspection joint innovation platform. Their initial scientific achievement, a *Clonorchis sinensis* nucleic acid detection project, enables rapid diagnosis and treatment efficacy evaluation for Clonorchiasis. Leveraging the innovative platform, "1+N" collaborative network, this product has been deployed to ASEAN countries, facilitating rapid and accurate assessments of *Clonorchis sinensis* infections in multiple regions globally.

4.1.2 Government-Industry-Academia-Research-Medicine-Application Collaboration

Based on a collaborative model integrating "government, industry, academia, research, medicine and application", Yunkang explored a new model of joint innovation in partnership with the People's Government of Ou Hai District, Wenzhou and Wenzhou Medical University to promote the high-quality development of the medical industry by focusing on policy leadership, clinical development, technology breakthroughs, industrial services and application promotion.

In 2024, Yunkang entered into a strategic cooperation agreement with the People's Government of Ou Hai District, Wenzhou 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 center 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.

4.1.3 Co-construction of County-level Medical Alliances

Through a close-knit medical alliance cooperation model with the county-level general hospitals (integrating county-level people's hospitals, county-level maternal and child health hospitals, and county-level TCM hospitals, among others), Yunkang helps to optimize the allocation of medical resources at the county level, enhance the efficiency of medical services, and achieve full integration of laboratory services.

In 2024, Yunkang assisted the General Hospital of Yilong County, Sichuan Province, in establishing and operating a regional medical logistics network that spans five hospital campuses and 34 towns, enabling the efficient flow of laboratory specimens and medical supplies, thereby significantly improving regional medical service capabilities and expanding their reach.

4.1.4 Construction of Close-Knit Medical Alliances

In active response to national healthcare reform policies, Yunkang collaborated with key provincial and ministerial hospitals to advance the construction of close-knit medical alliances. By establishing cooperative frameworks that include regional co-construction, technical assistance, and talent development, Yunkang supported medical institutions at all levels in enhancing their diagnostic and treatment capabilities, thereby providing practical support for the implementation of a tiered diagnosis and treatment system.

A key example of this commitment is the cooperation agreement signed between Yunkang and the National Regional Clinical Laboratory Center of Shandong Provincial Hospital in 2024. This partnership aims to propel the creation of regional clinical laboratory centers and facilitate the wider accessibility of high-quality medical resources. Functioning as a vital link between the regional clinical laboratory center and its partner hospitals, Yunkang will collaborate with Shandong Provincial Hospital to elevate diagnostic and treatment standards across the region. By leveraging the regional laboratory center, we are able to implement standardized specimen testing and quality control protocols and ensure the mutual recognition of test results, realizing the goal of a "single report for universal acceptance (報告一單通)". This approach has not only boosted the efficiency of diagnoses and treatments but also demonstrably reduced medical expenses for patients.

4.2 EMPOWERING PRECISION DIAGNOSIS AND TREATMENT

As one of the first domestic pilot units for high-throughput gene sequencing technology in cancer diagnosis and treatment projects, Yunkang, driven by “clinical needs”, has built a comprehensive array of advanced technology platforms, encompassing high-throughput sequencing, gene chips, high-sensitivity PCR, protein spectrometry, cytogenetics, digital remote pathology, and ultra-micro pathology. Addressing the diverse landscape of clinical applications, we have engineered targeted solutions and services that have been providing precision diagnostic support for critical disease areas like oncology, infectious diseases, and reproductive genetics.



Aware of the uneven distribution of precision medical services and the high testing cost, Yunkang utilizes its technology platforms and widespread service network to provide convenient, high-quality precision medical diagnostic services, making such services more accessible to a broader patient population. By now, Yunkang has offered more than 500 precision diagnostic services using cutting-edge technologies such as high-throughput sequencing and protein spectrometry, across five major medical fields including infectious diseases, reproductive genetics, solid tumors, hematological diseases, and personalized medicine. In 2024, Yunkang 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 precision medicine.

Precision Diagnostic Services

More than 500



4.2.1 Supporting Precision Diagnosis of Infectious Diseases

Infectious diseases have become a pervasive global health concern, especially invasive fungal infections (IFIs) marked by high morbidity and mortality rates. China also faces a significant challenge with high mortality rates and diagnostic complexities in fungal infections. To address this, Yunkang has introduced a targeted next-generation sequencing (tNGS) product for pathogen identification, which delivers efficient and comprehensive testing for fungal infections, supporting earlier diagnosis and treatment. In 2024, Yunkang Precision Medicine Center, in collaboration with Guangdong Provincial People's Hospital, launched two new tNGS fungal panels, adding to their existing suite of testing products for various infectious syndromes in various fields such as respiratory tract infections and central nervous system infections. These advancements have garnered widespread clinical praise and demonstrably improved treatment results of clinical infectious diseases.



4.2.2 Driving Precision Diagnosis of Hematological Tumors

Yunkang has launched a hotspot gene next-generation sequencing (NGS) assay for hematological tumors, targeting key genes involved in diagnostic typing, prognosis, precision treatment, and molecular residual disease (MRD) monitoring. This assay represents a significant advancement over traditional Sanger sequencing, providing superior cost-effectiveness and delivering efficient, economical diagnostic and treatment solutions to clinicians. Furthermore, Yunkang has partnered with leading national experts to develop an integrated hematological disease diagnostic center. Leveraging technology platforms like four-plex assays, high-resolution flow cytometry, and high-throughput sequencing, the center has launched a comprehensive menu of testing services for lymphohematopoietic malignancies, delivering full-cycle patient management, from early screening to prognosis monitoring, to both patients and high-risk individuals, and significantly enhancing the precision diagnosis and treatment of hematological tumors.



4.2.3 Facilitating Precise Diagnosis of Genetic Diseases

Yunkang has continuously upgraded its testing services for rare genetic diseases in recent years, now capable of accurately diagnosing 6,550 genetic editions. This coverage includes 207 rare diseases listed in the two collections of *Rare Disease Catalogs* 《罕見病目錄》 issued by the National Health Commission. Yunkang's testing supports the screening and diagnosis of neurological diseases such as Parkinson's disease, leukodystrophies, primary epilepsies, mental retardation, and amyotrophic lateral sclerosis (ALS), providing specialized support to rare disease families.



4.2.4 Fueling Personalized Precision Treatment

In 2024, Yunkang introduced 26 novel, internally developed personalized medication tests to address inter-individual genetic variations in drug response and to mitigate the risk of inappropriate medication use. These tests span cardiovascular, endocrine, psychiatric, and immunosuppressant diseases. By evaluating drug metabolism rates, sensitivities, and safety profiles, we have created tailored treatment regimens, striving for safe, cost-effective, and highly effective treatments that maximize therapeutic benefits while minimizing adverse effects.

4.3 CATALYZING SCIENTIFIC RESEARCH AND INNOVATION

Yunkang is dedicated to building new quality productive forces by accelerating the translation of research findings, fostering stronger partnerships between industry and education, and enhancing collaborations across the healthcare sector. These initiatives inject innovation momentum into medical and health endeavors, while also supporting the industry's progression towards a more sustainable, higher-quality future.

4.3.1 Facilitating Translation of Research Findings

By leveraging its extensive clinical resources and nationwide service network, Yunkang actively fosters an innovation ecosystem integrating “industry, academia, research and medicine” through collaboration with universities, research institutions, and industry chain partners, contributing to societal health and well-being.

Yunkang signed a memorandum of understanding with Zhangjiang Research Institute of Fudan University

In 2024, Yunkang and Zhangjiang Research Institute of Fudan University signed a memorandum of understanding to jointly establish the “Collaborative Innovation and Translation Center” to promote the innovation and results transformation of medical diagnostic technologies. Combining their strengths in disciplines, talent, research, clinical practice, and industry chain, the two organizations will concentrate on major diseases, rare conditions, and precision medicine diagnostics and jointly build an innovative diagnostic technology laboratory, which is designed to forge a complete chain from research and development to industrial production. This collaboration will serve as a model for the integrated efforts across “government, industry, academia, research, medicine and application”. Yunkang will incorporate clinical needs to guide the R&D of pioneering diagnostic items and offer practical assistance in the development and implementation of Laboratory Developed Test (LDT) policies, supporting the integration of medical resources and the high-quality development within the Yangtze River Delta region.



4.3.2 Deepening Industry-Education Integration

Recognizing the current national strategic emphasis on industry-education integration, Yunkang actively forges long-term partnerships with leading institutions both domestically and abroad, including MIT, Baylor College of Medicine, Fudan University, Sun Yat-sen University, and Southern Medical University, aimed at providing the medical and health industry with high-caliber professionals who meet evolving market demands. Employing a “collaborative education by enterprises and universities” model, Yunkang and its partner institutions have jointly established a council management mechanism, driving the initiative of “bringing enterprise into education” to precisely align talent supply with industry needs. Furthermore, Yunkang is committed to converting research into tangible outcomes, bridging the gap from the “first mile” of research institutions to the “last mile” of industrial application.

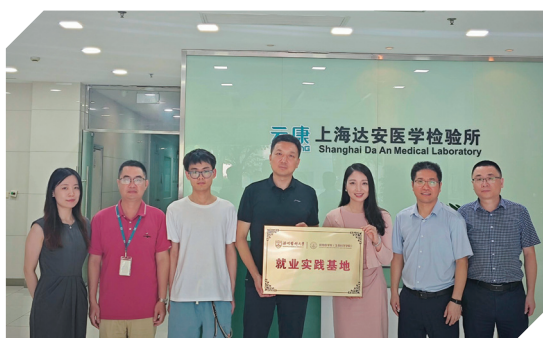
Yunkang signed a cooperation agreement with the Central University of Finance and Economics, Greater Bay Area Research Institute

In 2024, Yunkang and the Central University of Finance and Economics, Guangdong-Hong Kong-Macao Greater Bay Area (Huangpu) Research Institute entered into an industry-education integration cooperation agreement. Together, they will establish an industry-education integration practice base, deepen research collaboration in the medical and health sectors, share findings, and promote the practical application of research results. They will also bolster collaborative talent development, supplying the Greater Bay Area’s medical and health industry with practice-ready professionals. This initiative fosters the deep integration of the education and talent pipelines with the industry and innovation chains, injecting fresh momentum into the Greater Bay Area’s medical and health sector and supporting the objectives of the “Belt and Road” Initiative.



Wenzhou Medical University Employment Practice Base established at Yunkang Shanghai

In a move to accelerate industry talent development and empower innovative advancements in the medical sector, the Wenzhou Medical University Employment Practice Base was officially inaugurated at Yunkang Shanghai Da An Medical Laboratory in 2024. This collaboration marks the establishment of a stable and enduring “industry-academia-research” cooperation mechanism between Wenzhou Medical University and Yunkang Group, providing students with expansive opportunities for hands-on experience and infusing the medical and health industry with both innovative drive and talented personnel. The establishment of the Wenzhou Medical University Employment Practice Base exemplifies a new milestone in strategic cooperation, and both entities will consolidate their respective strengths to promote research exploration and translation of discoveries and cultivate a new ecosystem of industry-education integration.



4.3.3 Enhancing Industry Collaboration

Guided by the principles of “openness, collaboration, and sharing”, Yunkang actively collaborates with leading global resources. These partnerships aim to deepen cooperation in the translation of research findings and technological innovation and explore new paths for internationalization and accelerating the advancement of China’s medical and health sector.

Yunkang worked with top international experts to enhance global scientific research, innovation, and exchange

With the deepened advancement of its second five-year strategic partnership with the Clinical and Laboratory Standards Institute (CLSI), Yunkang Group has welcomed heavyweight figures in the international medical sector to its international advisory team: Mr. Carl D. Mottram, MD, Professor Emeritus at Mayo Clinic College of Medicine, and Dr. Patrick Mateta, Chair of ASLM Board of Directors. These experts will leverage their extensive academic knowledge and industry experience to support Yunkang in developing state-of-the-art medical laboratories and driving the continued advancement of clinical precision diagnostic technologies. This collaboration has established a robust platform for Yunkang to explore novel opportunities in the deep integration of international medical technology and services.



CARL D. MOTTRAM

President - PFVConsulting LLC
Associate Professor of Medicine, Emeritus – Mayo Clinic College of Medicine
Author – Manual of Pulmonary Function Testing



Patrick Mateta, MBA

Chair of ASLM Board of Directors
Vice President, Global Health Partnerships,
Clinical and Laboratory Standards Institute, USA

Driven by innovation, Yunkang Product Center promoted academic development and industry collaboration throughout 2024 by participating in and co-hosting over 100 academic conferences, including nearly 10 national first-class conferences, to advance medical testing technologies. Yunkang further strengthened the synergy between research and industry by holding numerous product innovation public welfare activities and university-enterprise industry-academia-research exchanges.

Participate in and co-host
over **100** academic
conferences



Participate in and co-host
nearly **10** national first-class
conferences

4.4 IMPROVING INNOVATION MANAGEMENT

Innovation is essential to enterprises. In recent years, Yunkang has consistently improved its R&D system, stimulating team creativity, solidifying research and innovation outcomes, and strategically expanding its intellectual property portfolio, thereby persistently strengthening its innovation capabilities and core competitiveness.

4.4.1 R&D Management System

Yunkang has established a comprehensive R&D management system encompassing policies including the *Research and Development Project Management Regulation* (《研發項目管理制度》), the *Research and Development Investment Accounting Management System* (《研發投入核算管理制度》), and the *Management System of the Research and Development Center* (《研發中心管理制度》) to fully support innovation and R&D investments while bolstering team building and drive continuous improvements in technological R&D capabilities and management, thereby building a strong base for our sustainable growth.



Management Process and Responsibilities of R&D Projects

Group CEO	Coordinate, review and approve annual R&D plans, and supervise and evaluate the implementation of the plans
R&D centers	Develop R&D project plans and design implementation plans, as well as launch the promotion and application of the transformation of scientific research results
Relevant departments	Provide suggestions for the R&D projects construction as a reference and assist R&D personnel management and cost monitoring

4.4.2 Stimulating Innovation Energy

Yunkang promotes continuous innovation with high R&D investment. In 2024, the Company's R&D investment reached RMB53.0 million, facilitating iterative product technology enhancements and empowering medical institutions at all levels. To foster scientific research and innovation, the Company has established and implemented initiatives such as the *Performance Reward Management System for Research and Development Personnel* (《研發人員績效獎勵管理制度》) and the *Organizational Implementation and Incentive Reward System for Achievement Transformation* (《成果轉化的組織實施與激勵獎勵制度》), and comprehensively evaluated the performance of R&D personnel from the dimensions of technical content, advanced technical indicators and development difficulty. The Company also gives economic incentives to the achievements of intellectual property rights, papers, new technologies and new methods, and fully encourages the enthusiasm of R&D personnel. Concurrently, Yunkang, through its *Management System for the Introduction, Cultivation and Training of Talents* (《人才引進、培養及培訓管理制度》), has attracted top molecular biology experts and bio-informatics professionals were introduced to continuously inject new momentum into the Company. By the end of the Reporting Period, Yunkang had built a robust team of 109 researchers.

4.4.3 Consolidating R&D Achievements

Capitalizing on its strong research foundation and technological prowess, Yunkang actively cultivates a highland for technological innovation, demonstrating its capabilities through accolades and driving progress through innovation. Building upon core strengths such as independent innovation, the translation of research findings, and a strategic intellectual property portfolio, the Company has successively earned numerous national qualifications and recognitions, including the "National High-tech Enterprise", the "National Demonstration Center for the Application of Gene Testing Technology", Pilot Enterprises for National Standard of the *Operational Specification for Cold Chain Logistics of Medical Laboratory Biological Samples* (GB/T 42186-2022), Pilot Enterprises for National Standard of the *Operation Specifications for the Medicinal Product Cold Chain Logistics* (GB/T 28842-2012). Notably, we have secured the "National High-tech Enterprise" designation for the sixth consecutive time, a testament to our exceptional performance in technological innovation, R&D capabilities, and the delivery of high-quality products and services.



"National High-tech Enterprise" Certificate

4.4.4 Intellectual Property Management

Yunkang has formulated the *Administration of Intellectual Property Rights* (《知識產權管理辦法》) to strictly regulate the protection and management of scientific and technological achievements, clarify the intellectual property declaration process and the protection responsibilities of all parties. Furthermore, the Company has set up an intellectual property project team dedicated to the comprehensive operation and management of intellectual property, ensuring the effective protection and appropriate utilization of innovative outputs.

As of 2024, Yunkang accumulated 328 patents and intellectual property rights, including 17 invention patents, 23 utility model patents, 1 appearance patent, 98 software copyrights and 189 trademarks. These achievements highlight Yunkang's comprehensive strength and sustainable development capabilities in technological innovation and intellectual property protection.



5

DIGITAL YUNKANG, PIONEERING THE FUTURE OF THE INDUSTRY

- DIGITAL OPERATION
- DIGITAL BUSINESS



5 DIGITAL YUNKANG, PIONEERING THE FUTURE OF THE INDUSTRY

Leveraging new medical technologies, cloud computing, big data, Internet of Things, 5G, and AI, Yunkang has developed an “AI + medical care” professional service platform, which is integrated with 10 digital “cloud” operating systems to achieve remote guidance, consultation and training, accelerate the interconnection of information within the medical institution alliances and distribute high-quality medical resources to underdeveloped areas, so as to benefit a wider population and fully spearhead the digital and intelligent evolution of the healthcare sector.

5.1 DIGITAL OPERATION

5.1.1 Digital “cloud” systems

Fueled by its 10 digital “cloud” systems, Yunkang has fully sped up its digital and intelligent transformation. These systems provide comprehensive coverage across vital business areas, encompassing laboratory operations, sales management, human resources, employee training, and customer services, contributing to the creation of a one-stop intelligent medical diagnostic solution from “sample collection” to “report delivery”. Internally, Yunkang uses digital insights to identify problems and opportunities and optimize operational processes to reduce costs and improve quality, so as to digitalize all the scenarios of corporate management and upgrade lean management. Externally, Yunkang 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.



• “Xin Yun” system

The “Xin Yun” system aims to resolve customers’ pain points such as the need to log into multiple systems, the inability to track samples through every process stage, the reliance on offline channels for submitting change requests, and associated account security vulnerabilities. By offering features such as online submission and real-time tracking for sample testing process, report inquiries and service changes, the system digitalizes and automates information flow, creating a closed-loop management process that dramatically improves customer experience, boosts efficiency, and enhances corporate profitability.



• “Teng Yun” system

In 2024, the Company refined its marketing management system, “Teng Yun”. By promoting an online full-cycle, closed-loop management initiative, we achieved improvements in the transparency, traceability, and management efficiency of our business processes. Simultaneously, the Company bolstered risk control through stringent reviews of crucial business activities like bidding, contracting, and customer engagements, minimizing unproductive investments. Furthermore, improvements to the customer management dashboard and the introduction of an operation management reporting system ensure the invested resources are efficiently aligned with business results. Serving as Yunkang’s “Management Cockpit”, this system delivers real-time, accurate data support to the management via automated data extraction, analysis, and presentation, effectively addressing the data analysis requirements for the Company’s business expansion.

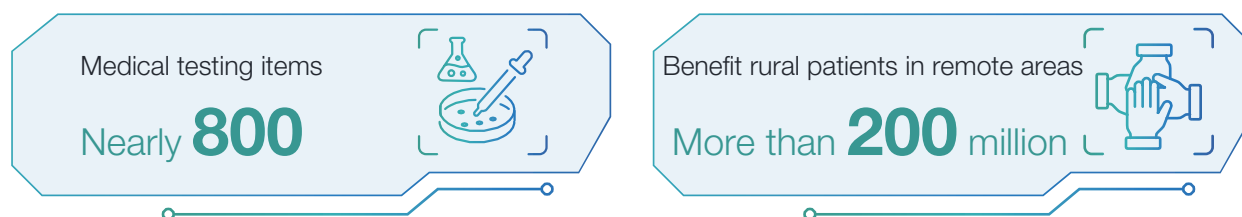
5.2 DIGITAL BUSINESS

5.2.1 Build a Digital Remote Platform

Yunkang actively promotes the “medical + digital” development, builds and optimizes the remote pathology consultation platform, and strictly follows CAP and CLSI and domestic pathological standards, with advanced digital section image processing and network communication technology, as well as the resources of authoritative pathology expert team, which can provide remote pathological consultation, section reading, online teaching, quality control and academic exchanges. Relying on the support of the network of authoritative pathologists at home and abroad and well-known international institutions, the platform provides integrated solutions for pathology departments at all levels of hospitals to promote remote diagnosis, resource sharing, academic learning and regional medical collaborative development.

As of the Reporting Period, Yunkang remote pathology consultation platform has covered nearly 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.

Coverage of Yunkang remote pathology consultation platform:



5.2.2 AI-assisted Diagnosis

Yunkang has continuously strived in the field of AI-assisted diagnostics, adheres to the strategy of “introducing one item once it is mature” and closely follows the development trend of the industry. As of 2024, we have 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.



AI-assisted diagnosis protects women's health. Yunkang helps improve the efficiency of cervical cancer screening

In response to the *Action Plan to Accelerate the Elimination of Cervical Cancer (2023-2030)* 《加速消除宮頸癌行動計劃(2023-2030年)》 actively, Yunkang provides efficient and accurate technical support for cancer screening through AI-assisted diagnosis technology and integrated pathological diagnosis program. The cervical cytology AI technology is introduced to achieve 24-hour efficient scanning, greatly improving the efficiency and accuracy of diagnosis.

Over the past 10 years, relying on its nationwide laboratory network and chain community health service model at the grass-roots level, Yunkang has expanded its screening services from provincial cities to rural villages and towns in remote areas. At present, Yunkang's services have covered Guangdong, Sichuan, Shanghai, Jiangxi, Anhui, Yunnan, Guangxi, Guizhou, Shandong and other provinces and cities, providing health screening services for hundreds of thousands of women.



6

CREDIBLE YUNKANG, REINFORCING THE PILLARS OF RESPONSIBILITY

- CORPORATE GOVERNANCE
- SUSTAINABLE DEVELOPMENT GOVERNANCE



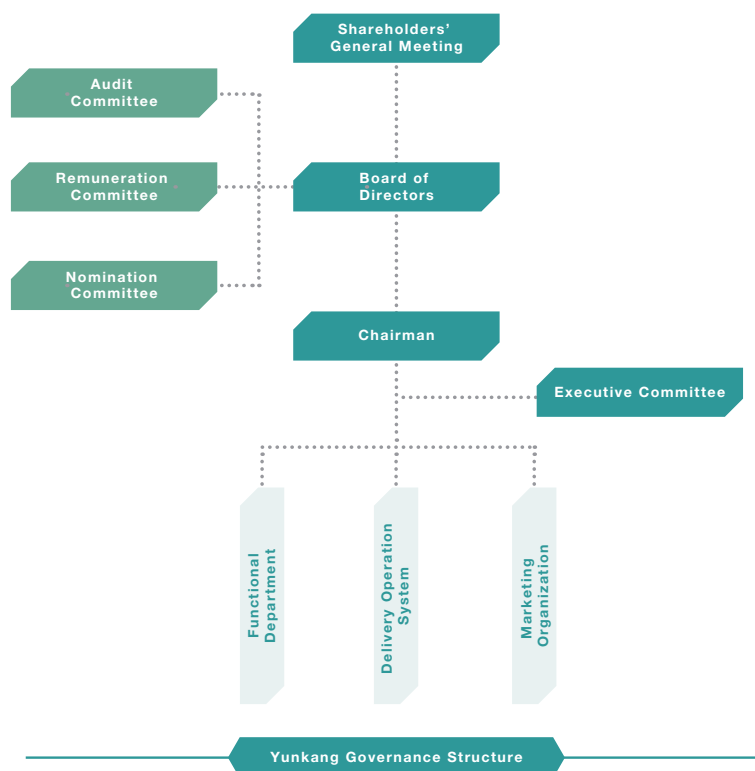
6 CREDIBLE YUNKANG, REINFORCING THE PILLARS OF RESPONSIBILITY

Perfect governance system is the basis for enterprises to achieve steady development. Adhering to the basic principles of integrity, transparency, accountability and independence, Yunkang continuously optimizes its governance system and strengthens its internal control and risk management mechanism. Under the guidance of compliance and business ethics of high standard, Yunkang is committed to safeguarding shareholders' rights and interests, creating long-term value for shareholders, and constantly building a trustworthy brand image and corporate culture of integrity.

6.1 CORPORATE GOVERNANCE

6.1.1 Governance Structure

Yunkang strictly complies with the relevant requirements of the *Company Law of the People's Republic of China* 《中華人民共和國公司法》 and the *Corporate Governance Code* 《企業管治守則》 of the Hong Kong Stock Exchange, and focuses on improving corporate governance. By improving the functions of the Board of Directors and constantly standardizing the rights and responsibilities of the entity, the Company implements operational responsibilities and improves the efficiency of supervision. On this basis, the Chairman leads the Executive Committee to work closely with various functional departments, delivery operation systems and marketing organizations to effectively fulfill the Company's objectives and continuously strengthen standardized management and operation, ensuring that the Company moves steadily towards compliance governance.



As of April 2025, there were seven members of the Board of Yunkang Group, including three independent Directors, accounting for 42.9% of total Directors, and two female Directors, accounting for 28.6% of total Directors. The Company has adopted a *Board Diversity Policy* 《董事會多元化政策》 in order to enhance the effectiveness of the Board and maintain a high level of corporate governance. All appointments to the Board are made on the principle of “meritocracy” and selection is made with due regard to the diversity of the Board members. The members of the Board have rich and diverse management experience and three independent non-executive Directors have expertise and extensive experience in finance, accounting, management, biomedicine, technological research and product development respectively.

The gender and age structure of the members of the Board are as follows:

Gender structure of the Board



Male
5 members



Female
2 members

Age structure of the Board



Aged 30-50
1 member



Aged 51 and above
6 members

Sound corporate governance plays an important role in the overall performance of the Company. The Board has established the Audit Committee, the Remuneration Committee and the Nomination Committee to carry out external performance evaluation of the Board, strengthen operational supervision and enhance transparency to ensure the interests of all shareholders.

Audit Committee	Remuneration Committee	Nomination Committee
Chaired by an independent non-executive Director	Chaired by an independent non-executive Director	Chaired by an executive Director
67% of members are independent non-executive Directors	67% of members are independent non-executive Directors	67% of members are independent non-executive Directors

6.1.2 Internal Control and Risk Management

Yunkang strictly builds an internal control mechanism focusing on risk management and control, and adheres to the principle of “risk warning and prevention” to constantly improve the risk management system. The Company incorporates risk management into the management responsibilities and supervision procedures at all levels, dynamically identifies and evaluates operation risks and changes thereof, and adopts effective response and mitigation strategies to comprehensively enhance its risk resilience capacity.

Internal Control and Risk Management Framework

Board	The Board of the Group has overall responsibility for the risk management and internal control systems and reviews their effectiveness, and is responsible for assessing and determining the nature and extent of risks that the Group is willing to take in order to achieve its strategic objectives and for establishing and maintaining appropriate and effective risk management and internal control systems
Audit Committee	The Audit Committee assists the Board in leading and overseeing the management in the design, implementation and monitoring of the risk management and internal control systems, and is responsible, under the authority of the Board, for the ongoing supervision of the Group’s risk management and internal control systems and for reviewing the effectiveness of the systems on an annual basis
Internal Control Department	The internal control department analyses and independently evaluates the adequacy and effectiveness of the Company’s risk management and internal control mechanisms and assigns the relevant personnel responsible for identifying and overseeing the Group’s risks and internal control matters, and reports any findings and follow-up actions directly to the Audit Committee

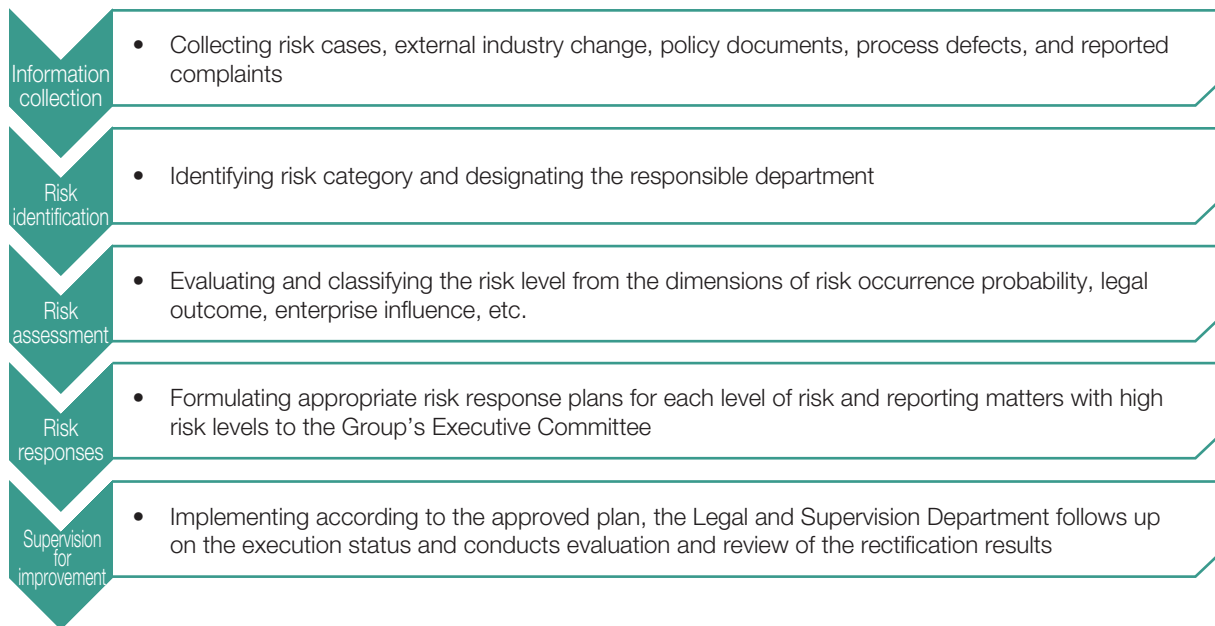
Additionally, Yunkang promotes the creation of a clean and compliant culture through the *Supervision and Management Measures* 《監察管理辦法》 to prevent the major risks and protect the rights of the stakeholders. The Company sets up supervisory organs and standardizes working procedures, and the Legal and Supervision Department is responsible for the implementation to ensure the effective implementation of the supervisory activities. Furthermore, the Company has explicitly outlined requirements in the *Employee Handbook* and adopts a zero-tolerance policy on any violations, with consequences ranging from warnings to punitive measures and termination without compensation, depending on the severity of the infringement. The Company also conducts compliance training for new employees and incorporates compliance behavior into the evaluation system to comprehensively elevate employees’ awareness of compliance issues.

Yunkang also attaches importance to risk control and management optimization, with its Guangzhou clinical laboratory being awarded the certification of ISO 37301 compliance management system in 2024. The Company also participates in special projects such as “sunshine procurement” and data compliance to promote compliance implementation, initiates the 2024 enterprise control project, updates risk assessment and improves internal control mechanisms to continuously enhance compliance management level.

Yunkang implements a multi-dimensional major risk prevention and control mechanism, carries out risk identification through daily process sorting, event feedback, active collection of information, receives complaints and reports, and evaluates the identified risks, and actively implements rectification. In 2024, the Company had no major risk events.



The Certificate of Compliance
Management System



Internal Control and Risk Management Process

6.1.3 Anti-corruption and Anti-fraud

Upholding the core values of integrity and honesty, Yunkang strictly complies with the laws and regulations such as the *Anti-Money Laundering Law of the People's Republic of China* 《中華人民共和國反洗錢法》 and the *Anti-Unfair Competition Law of the People's Republic of China* 《中華人民共和國反不正當競爭法》, and has developed internal systems including the *Supervision and Management Measures of Yunkang Group* 《雲康集團監察管理辦法》, the *Staff Business Conduct Code of Yunkang Group* 《雲康集團員工業務行為準則》, the *Organization Principles and Cadre Management Outline of Yunkang* 《雲康組織原則與幹部管理綱要》, the *Eight Regulations on Cadre Style Management of Yunkang* 《雲康幹部作風管理八項規定》 and the *Dedication and Self-discipline Declaration of Cadre of Yunkang* 《雲康幹部敬業與自律宣言》, thereby establishing a comprehensive anti-corruption compliance framework.

In 2024, Yunkang achieved important results in terms of integrity and credit management. Guangzhou Clinical Laboratory under Yunkang received the GB/T 31950-2023 Certificate of Integrity Management System and the GB/T 31863-2015 Certificate of Quality Credit Evaluation rating AAA, reflecting the Company's outstanding performance in business integrity.



Certificate of Integrity Management System and Certificate
of Quality Credit Evaluation Management System

Standardize the reporting process and set up protective measures

Yunkang is committed to strengthening corporate governance and internal controls to ensure integrity and compliance in operations, and encourages employees and stakeholders to report corruption and violations through dedicated supervisory mailbox (jiancha@yunkanghealth.com), complaint hotlines, and customer service lines. Emails sent to the dedicated mailbox are received and handled by designated personnel to ensure quick response and proper handling of information.

The Legal and Supervision Department is responsible for collecting information on complaints and reports of corruption, reporting to the Group's Executive Committee and conducting investigation as instructed. The Executive Committee will issue a decision based on the investigation results, notify the relevant personnel in writing, and make it public. Those under supervision having any objection have the right to appeal to the Executive Committee, which will review the final result. The Legal and Supervision Department will also follow up on the execution of decisions and properly file the records.

To protect the legal rights of the informants, the Company strictly prohibits pursuing responsibility for reports made without malice and ensures the confidentiality of informants' information. The Legal and Supervision Department and relevant investigators shall not disclose the information of informants to the subjects of supervision or the departments under supervision. Should any breach of confidentiality or retaliatory actions occur, the Company will handle the matter seriously, imposing warnings, demerits, or dismissal as appropriate. In addition, the Company will commend or reward stakeholders who provide crucial information or make significant contributions as appropriate to further encourage participation in supervision work.

Within the framework of policies such as the *Eight Regulations on Cadre Style Management of Yunkang*, Yunkang integrates anti-corruption training and integrity awareness education into compliance training and daily communication for directors, employees, and partners. Through oath-taking and training sessions, the Company comprehensively enhances the consciousness of integrity and honesty. In addition, the Company requires its suppliers to sign an integrity agreement when entering into procurement contracts to prevent illegal, noncompliant, and dishonest behaviors from the source. During the Reporting Period, there were no concluded corruption lawsuits filed against the Company or its employees, nor any violations related to conflict of interest, money laundering or insider trading.

6.2 SUSTAINABLE DEVELOPMENT GOVERNANCE

6.2.1 Board Statement

Yunkang has established a comprehensive ESG management framework that encompasses the decision-making level, management level, and execution level. The Company's Board of Directors, as the highest decision-making body, assumes full responsibility. To support the Board in performing its related duties, the Company has established an ESG Working Group, which is responsible for matters relating to ESG and climate change. The ESG Working Group is composed of members from the management and functional departments, and is headed by the Chairman of the Company, with the Securities Affairs Department, the Group Office, the Brand Promotion Department and the Legal and Supervision Department acting as executive leaders to assist the Chairman in overseeing the Company's ESG and climate change matters. The ESG Working Group reports regularly to the Board on ESG and climate change strategy, daily operations and risk management and the progress of ESG objectives on an annual basis.

Level	Department in charge	Duty
Decision-making level	The Board	<ul style="list-style-type: none"> Resolving and overseeing the Company's ESG and climate change management approaches, strategies, policies, targets, and their progress, as well as ESG and climate change-related risks and opportunities, and the overall ESG agenda
Management level	ESG Working Group	<ul style="list-style-type: none"> Formulating ESG and climate change management approaches, strategies, policies, and targets, and identifying, assessing, and managing ESG and climate change-related risks and opportunities Enhancing the promotion and monitoring of the implementation of ESG and climate-related policies and initiatives across all relevant business lines, functional departments, and subsidiaries, thereby ensuring the integration of ESG and climate change strategies, targets, and initiatives into the Company's daily operations and business activities
Execution level	Heads of various platform departments	<ul style="list-style-type: none"> Organizing, advancing, and implementing various ESG and climate change initiatives in accordance with the Company's ESG and climate change management approaches, strategies, plans, annual work arrangements, targets, requirements, and division of responsibilities Collecting and reporting internal ESG and climate change policies, systems, and relevant performance indicators Complying with all ESG and climate change-related policies and systems Reporting regularly to the ESG Working Group

6.2.2 Stakeholder Engagement

Effective communication with stakeholders is key to enhancing corporate resilience and advancing sustainable development. Yunkang maintains close interaction with stakeholders through diversified channels, actively listens to their needs and responds in a timely manner. At the same time, the Company conveys its philosophy of corporate responsibility and the outcomes of its practices to stakeholders to deepen mutual trust and cooperation, thereby jointly promoting long-term value creation.

Stakeholders	Significance to Yunkang	Concerned Issues	Yunkang's Practice	Responding Section
Hospital/ Customer	Focus on Yunkang's testing ability, quality and customer service	<ul style="list-style-type: none"> Compliant operations Product quality and safety Information security and privacy protection Customer service management Responsible marketing 	Continue to provide products and services with consistent medical testing quality and operate with integrity to enhance the satisfaction of hospitals and end consumers.	6 Credible Yunkang, Reinforcing the Pillars of Responsibility 7 Meticulous Yunkang, Forging Quality Benchmarks
Government and regulatory bodies	Supervise Yunkang's compliance with laws and regulations in medical testing and operation	<ul style="list-style-type: none"> Compliant operations Product quality and safety Information security and privacy protection Business ethics and anti-corruption Inclusive healthcare Industry cooperation and development 	Abide by laws and regulations, pay taxes in accordance with the law, continue to focus on government policies and assist in policy implementation.	6 Credible Yunkang, Reinforcing the Pillars of Responsibility 4 Innovative Yunkang, Empowering High-quality Medical Development 7 Meticulous Yunkang, Forging Quality Benchmarks
Shareholders and investors	Focus on Yunkang's operating performance, corporate governance, and development	<ul style="list-style-type: none"> Compliant operations Product quality and safety Business ethics and anti-corruption Risk management Green operation 	Continuously improve corporate governance and ESG governance, create good results for the Company and bring returns to shareholders and investors.	6 Credible Yunkang, Reinforcing the Pillars of Responsibility 7 Meticulous Yunkang, Forging Quality Benchmarks 9 Green Yunkang, Committed to Sustainable Development Please refer to the annual report

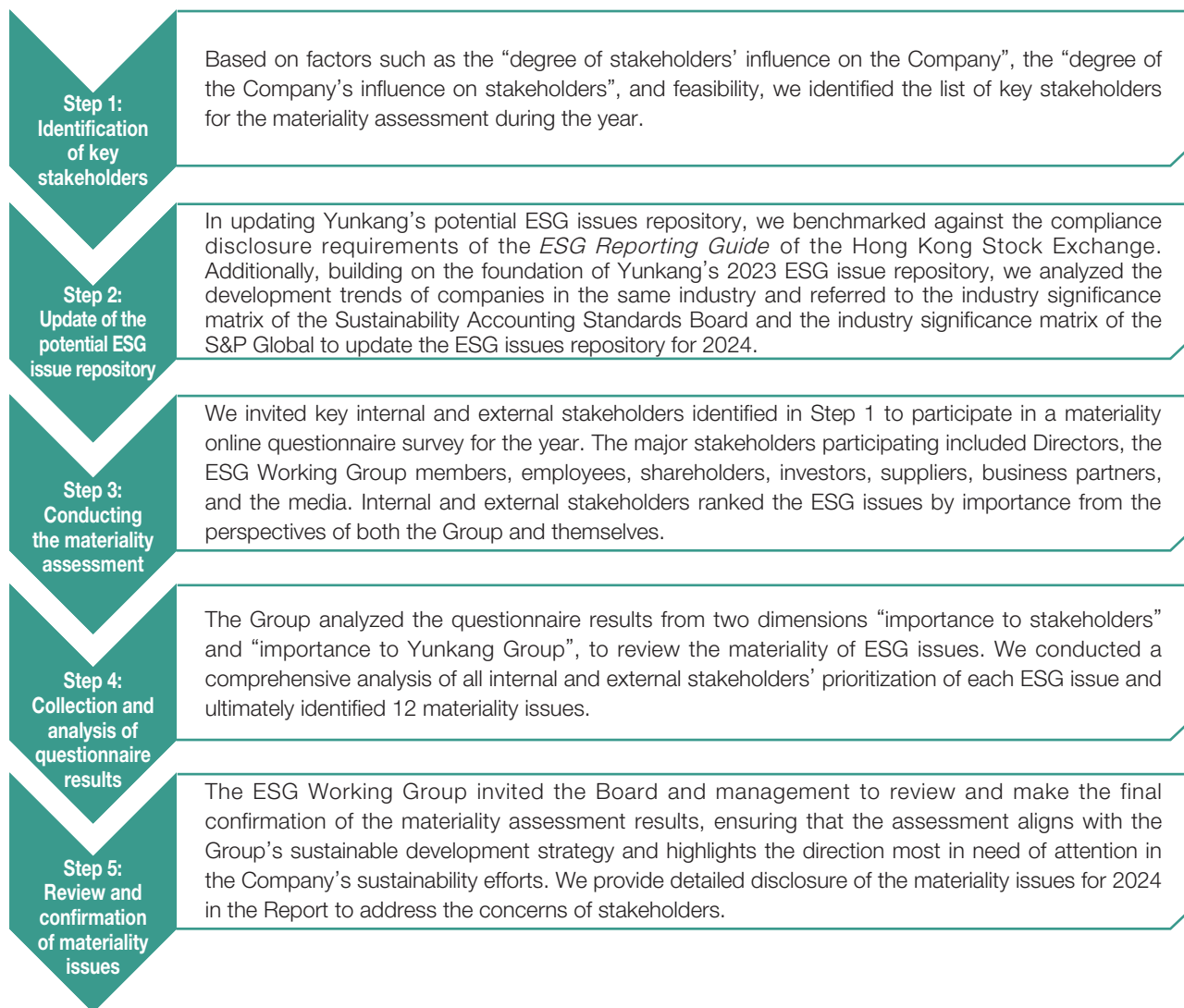
Stakeholders	Significance to Yunkang	Concerned Issues	Yunkang's Practice	Responding Section
Employees	As the key human capital of Yunkang, employees are the foundation of Yunkang's continuous prosperity	<ul style="list-style-type: none"> Talent attraction and retention Employee training and growth Occupational health and safety of employees Employee rights and benefits 	Create a good working environment, expanding opportunities for staff development and building a sustainable workplace.	8 Energetic Yunkang, Building a Shared Future Together
Suppliers/ Partners	Provide reliable medical equipment and services to ensure the operation of Yunkang's medical testing services	<ul style="list-style-type: none"> Technology and innovation Compliant operations Business ethics and anti-corruption Product quality and safety 	Regularly review the performance of suppliers to ensure that the products and services supplied by suppliers meet the requirements.	4 Innovative Yunkang, Empowering High-quality Medical Development 5 Digital Yunkang, Pioneering the Future of the Industry
Industry/ Academic institutions	Scientific support for Yunkang's testing R&D and innovation capabilities	<ul style="list-style-type: none"> Technology and innovation Industry cooperation and development Intellectual property protection 	Insist on science and technology and innovation, always pay attention to the cutting-edge information in the industry, deeply participate in and actively organize professional activities.	4 Innovative Yunkang, Empowering High-quality Medical Development 5 Digital Yunkang, Pioneering the Future of the Industry

Stakeholders	Significance to Yunkang	Concerned Issues	Yunkang's Practice	Responding Section
Patients/ Community	The ultimate beneficiaries of Yunkang's services and social responsibility, a wide range of social groups	<ul style="list-style-type: none"> Community public welfare and health Inclusive healthcare 	Uphold the beautiful vision and concept of "Healthy Community • Healthy Family", deeply explore the needs of the public health, and continue to carry out public welfare practice.	10 Caring Yunkang, Spreading Health and Well-being to Every Home
Media	Media coverage has a profound impact on Yunkang's corporate brand image and reputation	<ul style="list-style-type: none"> Greenhouse gas emissions and management Waste liquid and water management Use and management of water resources Waste management Protection of the environment and natural resources 	Practice the concept of green and low-carbon development, promote environmental protection, optimize resource management and reduce emissions.	9 Green Yunkang, Committed to Sustainable Development

6.2.3 Materiality Assessment

Yunkang attaches great importance to ESG materiality assessments and conducts such assessments on a regular annual basis to comprehensively identify the impact of various ESG issues on the Company's business development as well as the degree of concern they raise among stakeholders. Based on the results of these assessments, the Company proactively adopts targeted measures to continuously optimize its ESG management, enhance the comprehensiveness and transparency of its information disclosure, and advance its sustainable development efforts.

The process of Yunkang's materiality assessment includes the following steps:



The results of the 2024 materiality assessment of the Company are as follows:



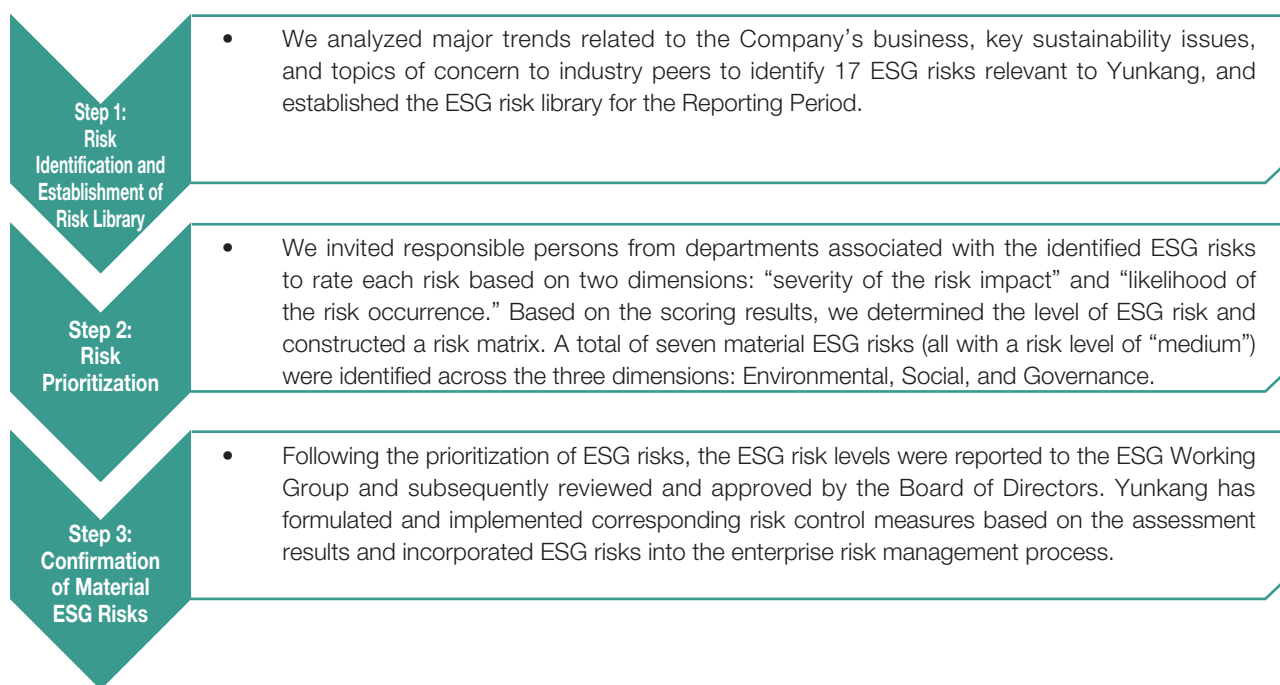
Environmental issues	Social issues	Governance issues
1 Greenhouse gas emissions and management	10 Talent attraction and retention	27 Compliant operations
2 Exhaust emission and management	11 Employee rights and benefits	28 Technology and innovation
3 Waste liquid and water management	12 Diversity and equal opportunities	29 Stakeholder communication
4 Waste management	13 Occupational health and safety of employees	30 Risk management
5 Energy use and management	14 Employee training and growth	
6 Use and management of water resources	15 Labour standards	
7 Protection of the environment and natural resources	16 Supply chain management	
8 Addressing climate change	17 Product quality and safety	
9 Green operation	18 Customer service management	
	19 Intellectual property protection	
	20 Information security and privacy protection	
	21 Responsible marketing	
	22 Digital operation	
	23 Business ethics and anti-corruption	
	24 Industry cooperation and development	
	25 Inclusive healthcare	
	26 Community public welfare and health	

No.	Material issues	Values	Actions and objectives	Responding Section
17	Product quality and safety	"Quality is the lifeline", the quality of products and services represents the personality and dignity of Yunkang staff	Implement various rules and regulations to realize high-quality management of medical testing	7 Meticulous Yunkang, Forging Quality Benchmarks
28	Technology and innovation	China pursues an innovation-driven development strategy, and innovation is a key means for enterprises to build their core competitiveness	Strengthen Yunkang's core competitiveness and drive ongoing innovation in products, technologies, and services, in order to provide medical diagnostic services aligned with market trends	4 Innovative Yunkang, Empowering High-Quality Medical Development
10	Talent attraction and retention	Employees are a vital asset of the Company and the driving force behind its long-term development	Offer internally equitable and externally competitive compensation and benefits to retain outstanding talent and cultivate a broader talent pool	8 Energetic Yunkang, Building a Shared Future Together
27	Compliant operations	Business compliance is the foundation of the enterprise, which is helpful to realize the sustainable development of Yunkang	Establish good business conduct and ethics to ensure sustainable operation of Yunkang, avoid illegal or improper transfer of benefits and reduce operational risks	4 Credible Yunkang, Reinforcing the Pillars of Responsibility
13	Occupational health and safety of employees	The daily safety prevention and management of the operation site is conducive to reducing accidents and property losses, and improving the production efficiency and economic benefits of the enterprise	Provide employees with a healthy and safe working environment and make every effort to safeguard their physical and mental well-being	8 Energetic Yunkang, Building a Shared Future Together
24	Industry cooperation and development	As technologies continue to evolve, enterprises must adopt an open approach and proactively seek external complementary resources to enhance their competitive advantage through collaborative innovation	Remain consistently engaged with cutting-edge industry discussions, and deeply participate in and actively organize professional activities	4 Innovative Yunkang, Empowering High-quality Medical Development

No.	Material issues	Values	Actions and objectives	Responding Section
18	Customer service management	An effective customer communication mechanism contributes to optimizing customer service management, enhancing customer experience, and strengthening Yunkang's market competitiveness	Continuously improve customer service capabilities while pursuing an operating model that balances revenue generation with sustainable development	7 Meticulous Yunkang, Forging Quality Benchmarks
16	Supply chain management	Supply chain management helps enhance efficiency, reduce risks, and drive sustainable development and brand value growth	Strengthen supply chain management by rigorously selecting suppliers to mitigate environmental and social risks across the supply chain	7 Meticulous Yunkang, Forging Quality Benchmarks
21	Responsible marketing	Protecting the legitimate rights and interests of consumers can gain more trust from customers and improve the Company's brand image	Ensure that the product promotion meets the requirements of the Advertising Law	7 Meticulous Yunkang, Forging Quality Benchmarks
14	Employee training and growth	Pay attention to the sustainable development of employees and help them realize their personal professional value	Provide perfect training courses for employees so that they can grow with the enterprise	8 Energetic Yunkang, Building a Shared Future Together
20	Information security and privacy protection	Protecting customers' personal information is the cornerstone for enterprises to create long-term value	Enhance employees' awareness of information security, strengthen data and network security protection, and avoid leakage of customer information	7 Meticulous Yunkang, Forging Quality Benchmarks
9	Green operation	Green operation of enterprises is an inevitable requirement for implementing the concept of green development and a vivid practice for the construction of ecological civilization	Implement electricity-saving measures from day-to-day operations to save energy consumption and reduce Company's operating costs through energy saving measures	9 Green Yunkang, Committed to Sustainable Development

ESG Risk Identification and Assessment

Yunkang has integrated ESG risk management into its existing risk management and internal control systems to effectively identify, assess, prioritize, and manage material ESG risks associated with the Group's business operations. The specific process includes:



According to the ESG risk assessment results, the Group identified the following ESG risks as critical to its operations and business during the Reporting Period (all with a risk level of “medium”), and reviewed the corresponding control measures to ensure that these risks are effectively managed:

Material ESG risks	Corresponding sections for management measures	
Customer service management risk	7	Meticulous Yunkang, Forging Quality Benchmarks
Human capital development risk	8	Energetic Yunkang, Building a Shared Future Together
Employee occupational health and safety management risk	8	Energetic Yunkang, Building a Shared Future Together
Compliance operation risk	6	Credible Yunkang, Reinforcing the Pillars of Responsibility
Medical service accessibility risk	4 10	Innovative Yunkang, Empowering High-quality Medical Development Caring Yunkang, Spreading Health and Well-being to Every Home
Technology and innovation risk	4	Innovative Yunkang, Empowering High-quality Medical Development
Supply chain management risk	7	Meticulous Yunkang, Forging Quality Benchmarks

7

METICULOUS YUNKANG, FORGING QUALITY BENCHMARKS

- ADHERING TO LEAN OPERATIONS
- ENHANCING SERVICE SYSTEMS
- EMPOWERING PARTNERSHIPS FOR MUTUAL SUCCESS



7 METICULOUS YUNKANG, FORGING QUALITY BENCHMARKS

Yunkang consistently upholds the belief that “quality is the lifeline”, safeguarding customer trust through outstanding quality management. With a comprehensive quality management system covering the entire process, Yunkang embodies the spirit of craftsmanship in pursuing excellence, establishing itself as a benchmark for quality in the industry and striving to provide professional, precise, and efficient medical and healthcare services.

7.1 ADHERING TO LEAN OPERATIONS

By advancing lean operations, Yunkang fosters a quality culture of “everyone’s participation and continuous improvement”, continuously enhancing the quality of its products and services and building a trusted professional brand image.

7.1.1 Quality Management System

The Company has strictly complied with the *Interim Measures for Medical Laboratory Management* 《醫學檢驗實驗室管理暫行辦法》, the *Primary Standards and Management Specifications for Medical Laboratory (Trial)* 《醫學檢驗實驗室基本標準和管理規範(試行)》, the *Primary Standards and Management Specifications for Pathology Diagnostic Center (Trial)* 《病理診斷中心基本標準和管理規範(試行)》 and other laws and regulations and industry standards, established and improved the laboratory quality management system and medical cold chain logistics management system. The Company has formulated quality objectives and regularly monitored progress to ensure the efficient operation of its management systems. During the Reporting Period, with the joint efforts of all employees, Yunkang fully achieved its quality objectives. Meanwhile, Yunkang established a Quality Management Committee, which conducts regular internal laboratory audits and management reviews annually, ensuring the effectiveness of the quality system and driving continuous improvement and optimization of quality management processes.



≥99%
Specimen
qualification rate



≥99%
Reporting
qualification rate



≥98%
Reporting
timeliness
rate



≥95%
Noncompliance
improvement rate



≥95%
Customer
satisfaction

Yunkang’s quality objectives (partial)

• Improving Management Documentation to Standardize Quality Management Activities

Yunkang has established a comprehensive set of quality management system documents, including the *Quality Manual* 《質量手冊》, the *Control Procedures for Records* 《記錄控制程序》, and the *Quality Assurance Procedures for Testing Results* 《檢驗結果質量保證程序》, to standardize various quality management activities and ensure the accuracy and reliability of test results. The Company has formulated and implemented quality control procedures covering the entire testing process to ensure the efficient operation of the management system and has adopted multiple measures to strengthen the control of testing quality:

Prevention initiatives

- Establish internal procedures such as the *Non-conforming Items Identification and Control Procedures* 《不符合項的識別與控制程序》, identify the existing risks through the proactive analysis, evaluation and identifying of the potential non-conforming factors, take measures to prevent or reduce or even eliminate the occurrence of non-conforming items, and improve the quality continuously.

Criticality and exception management mechanism

- Establish a criticality and exception management mechanism applicable to all qualitative and quantitative tests, and timely record testing anomalies, so as to constantly improve the laboratory testing process.

Proactively participate in external quality assessment

- Actively plan to participate in external quality assessments organized by the Health Commission Clinical Laboratory Center and other institutions, monitor the quality assessment results, and implement corrective measures in a timely manner when control standards are not met;
- For non-assessment items, ensure the credibility of testing results through external comparison tests or exchange of samples with other laboratories.

Record all quality control results and comparison activities

- Record and archive all quality control results and comparison activities. When the quality control results are out of control or the comparison results are clinically unacceptable, prompt corrective measures should be taken and records should be retained.

• Maintaining First-Class International Laboratory Standards Through Authoritative Certifications

Yunkang integrates international standards into its operations and actively obtains authoritative certifications both domestically and internationally to build standardized laboratories, with a commitment to establishing world-class leading laboratories. The Company has established first-class independent laboratories with dual accreditation of ISO 15189 and CAP in key provinces and cities across the country. In 2024, Yunkang's Guangzhou clinical laboratory once again passed ISO 9001 certification, demonstrating its long-standing adherence to internationally advanced quality management standards and its continued provision of high-quality services to customers. Meanwhile, Yunkang's Hefei clinical laboratory also successfully passed the on-site assessment for ISO 15189, marking a new leap in its service quality and testing capabilities.

Guangzhou clinical laboratory has
obtained ISO 15189 certificate for

14 consecutive years



Over the years, Yunkang has consistently passed domestic and international authoritative quality management system certifications such as CAP, ISO 15189, ISO 9001, CMA, and CMMI, demonstrating its internationally first-class level of standardization. Yunkang has remained at the forefront in areas such as molecular diagnostics, cancer screening, high-throughput sequencing, digital remote pathology, and ultramicro-pathology, providing a solid foundation for clinical diagnostic services.

• Significant Increase in Accredited Items through Multiple Assessments

Yunkang Group actively participates in national and provincial external quality assessment activities, has established an external quality assessment management mechanism, and encourages its affiliated laboratories to take part in proficiency testing programs organized by authoritative bodies such as the National Center for Clinical Laboratories ("NCCL") and China National Accreditation Service for Conformity Assessment ("CNAS"), thereby continuously enhancing its professional capabilities.

Record-High Number of ISO 15189 Accredited Items

Yunkang's Guangzhou clinical laboratory successfully passed the re-accreditation and extension assessment for ISO 15189 medical laboratories organized by CNAS, with over 300 items approved – doubling the number from the previous accreditation. The laboratory achieved significant breakthroughs in core technology platforms such as mass spectrometry, biochemical immunoassays, flow cytometry, and pathology.

Outstanding Results in National-Level Proficiency Testing

In the "2024 Pathology Diagnosis Capability Assessment for Single Cancer Types" organized by the National Cancer Center, Yunkang's Guangzhou clinical laboratory and Chengdu clinical laboratory passed the evaluation with outstanding results. The assessment covered six major clinically common cancer types – breast cancer, lung cancer, prostate cancer, thyroid cancer, gastric cancer, and lymphoma – fully demonstrating Yunkang's professionalism and accuracy in pathological diagnosis.

Full Marks in CAP NGS Proficiency Assessment

In the 2024 Solid Tumor NGS Proficiency Testing conducted by the College of American Pathologists (CAP), all test results submitted by Yunkang were fully consistent with the official answers, passing the assessment with full marks. This program covers the entire process including gene testing, experimental procedures, bioinformatics analysis, and result interpretation, validating Yunkang's professional capabilities in the field of high-throughput sequencing and the global comparability and mutual recognition of its test reports.

During the Reporting Period, Yunkang successfully passed a total of 518 CNAS proficiency testing programs. Its independent clinical laboratories collectively participated in 1,686 external quality assessment activities, of which 1,650 were passed with full marks.

Laboratory Quality Assessments in 2024:

518

CNAS-recognized
proficiency testing programs



1,650

external quality
assessment activities passed
with full marks



• Promoting Standardization to Enhance Medical Quality

Seizing the strategic opportunities presented by the “Healthy China” initiative, Yunkang organized an expert team to develop the *Application Guidelines for Medical Laboratory Quality and Competence Standards* 《醫學實驗室質量和能力標準應用指南》, effectively filling the gap in the field of standardized quality management for medical laboratories in China. Based on the ISO 15189 standard and CLSI international standards, and tailored to China’s national context, the Guidelines help medical institutions improve their medical testing capabilities and service quality. This initiative marks a significant milestone in the localization and promotion of the CLSI system in China. In addition, Yunkang’s Guangzhou clinical laboratory participated in drafting the *Guidelines for Planning, Construction and Operation Management of Smart Hospital Clinical Laboratories* 《智慧醫院臨床實驗室規劃建設與運維管理指南》, offering professional insights into the planning, construction, and operational management of hospital clinical laboratories, thereby supporting the industry’s development towards greater standardization and regulatory compliance.



Yunkang participated in drafting the *Guidelines for Planning, Construction and Operation Management of Smart Hospital Clinical Laboratories*

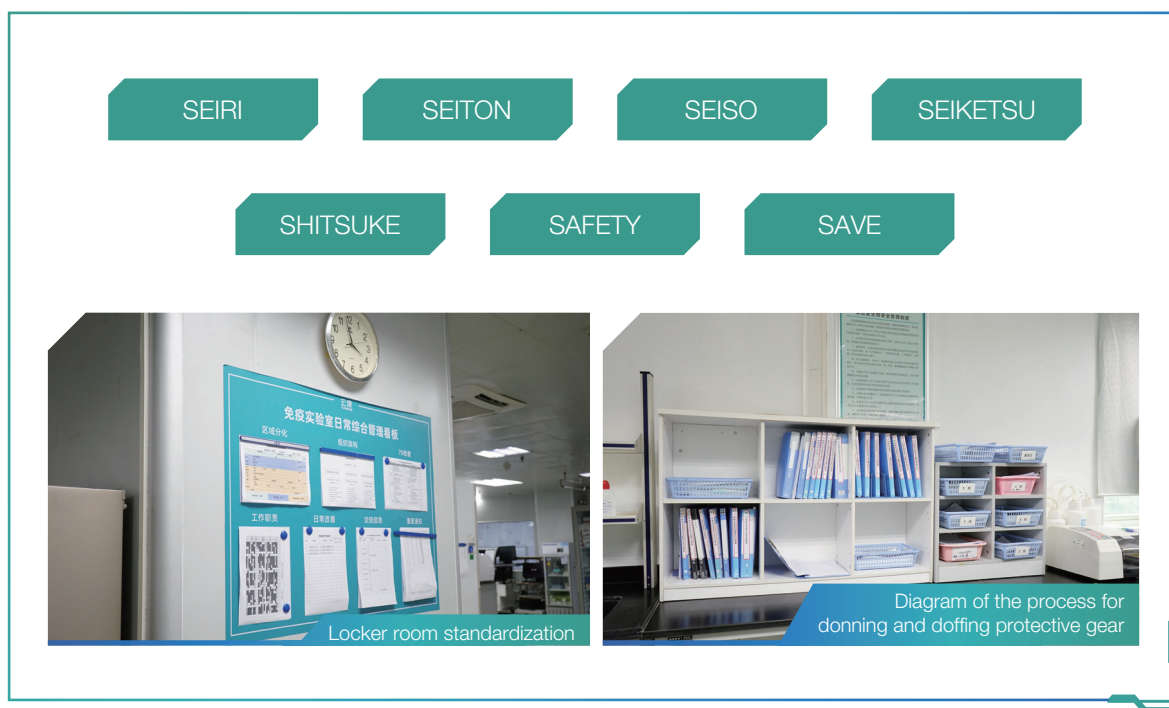
As CLSI’s sole partner in China, Yunkang is authorized to issue CLSI certification and provide guidance on building standardized systems. In 2024, Yunkang actively promoted standardization initiatives across multiple medical institutions, facilitating the alignment of China’s medical infrastructure with international standards.

Furthermore, Yunkang empowered primary-level healthcare institutions by implementing a co-construction model for comprehensive management of community laboratory departments, addressing issues such as equipment shortages, insufficient technical personnel, and lack of standardized process management. At the same time, through a comprehensive cooperation model, Yunkang expanded business volume while achieving a win-win outcome in both economic efficiency and social value. In 2024, Yunkang provided co-construction and integrated operational management services for laboratory departments at multiple community health service centers in Baiyun District, Guangzhou, significantly enhancing the testing capabilities of community-level facilities and offering valuable practical experience for the localization of the CLSI quality management system.

Committed to Lean Management to Enhance Operational Efficiency

Yunkang is dedicated to building a lean management system and has implemented the “7S” on-site management project, standardizing the entire process from specimen collection to report issuance. This initiative has resulted in the creation of quantifiable and replicable standard operating manuals, driving the continuous optimization of laboratory operations and ensuring that products and services consistently meet standardized requirements.

On-site management case: Yunkang’s “7S” management



Enhancing Staff Training and Building a Professional Team

The Company places great importance on the development of its professional teams. Through a unique talent development system and diverse professional training programs, Yunkang continuously motivates its personnel to enhance their technical capabilities, thereby supporting the Company’s high-quality growth.

To improve the professional competence and innovative capacity of laboratory professionals, and to foster high-potential core talent while accelerating the development of medical disciplines, the Laboratory Operating Center, in collaboration with the Human Resources Center, established the “Yunkang Professional Competency Assessment System for Medical Testing Positions”. This system provides training and evaluation across multiple dimensions – including theoretical knowledge, practical skills, quality management, training and mentoring, and innovation – implementing a tiered and classified approach to talent development and team management. At the same time, adhering to the lean management principle of “everyone’s participation and continuous improvement”, the Laboratory Operating Center has driven comprehensive reforms in operational systems, quality management, organizational structure, and employment models, significantly enhancing the laboratory’s core competitiveness in quality, cost, and timeliness.

Yunkang CLSI assessor training program

In August 2024, Yunkang Group held the second Medical Laboratory Quality and Competence Standards CLSI Assessor Training Program. The training covered key topics such as audit methodology and report writing. More than ten core technical staff members passed a rigorous assessment and were certified as CLSI assessors. The training aimed to improve laboratory quality management capabilities, provide professional service support to medical institutions, and promote the internationalization of laboratory quality systems and the continuous improvement of diagnostic capabilities.



Yunkang pathology skills competition

In 2024, the Yunkang Pathology Technology Center successfully hosted the "10th Standardized Pathology Slide Preparation Skills Competition" at the Company's headquarters. Technical experts from Yunkang's pathology laboratories across various regions and member hospitals of the medical alliance gathered together to showcase their technical expertise through assessments of professional knowledge and hands-on slide preparation competitions. The competition not only assessed the professional level of pathology technicians but also fostered cross-regional exchange and collaboration, contributing to the high-quality development of the pathology discipline.



• Improving Cold Chain Management to Enhance Logistics Service Quality

Leveraging its efficient cold chain logistics network, Yunkang Logistics Center strictly adheres to standardized procedures such as the *Operation Procedures for Quality Control of Logistics* 《物流质量控制操作流程》, the *Operating Procedures for Specimen Transport and Handover in Logistics* 《物流标本运输与交接操作规程》, the *Operating Procedures for the Use and Temperature Control of Specimen Boxes in Logistics* 《物流标本箱使用及温度控制操作规程》, to comprehensively regulate logistics operations. By continuously optimizing the quality and safety management of specimens during transit, the Company persistently improves transportation efficiency and controllability, ensuring that specimens are delivered to testing centers in a timely and secure manner.

In alignment with international quality standards such as ISO 15189 and CAP for laboratories, Yunkang has been continuously improving its cold chain logistics service management system. After serving as a drafting unit for the national standard of the *Operational Specification for Cold Chain Logistics of Medical Laboratory Biological Samples* 《醫學檢驗生物樣本冷鏈物流運作規範》, Yunkang was also designated as a pilot unit for the national standard of the *Operational Specification for Cold Chain Logistics of Medical Laboratory Biological Samples* as well as for the national standard of the *Operation Specifications for Medical Product Cold Chain Logistics* 《藥品冷鏈物流運作規範》. In daily operations, Yunkang consistently follows standardized guidelines and relies on an intelligent medical logistics platform to implement online monitoring of the entire process — including specimen collection, packaging, storage, and transportation — thereby comprehensively mitigating risks in cold chain logistics. Through this systematic management model, Yunkang has simultaneously enhanced transportation timeliness and quality assurance, providing professional and standardized medical cold chain logistics services to thousands of service points nationwide, thus contributing to the high-quality development of the industry.



Display of certifications (partial)

7.2 ENHANCING SERVICE SYSTEMS

Adhering to the philosophy of “full-scenario products” and “in-depth services”, Yunkang continuously improves its comprehensive operational system and high-quality service network. In the process of delivering medical testing services, Yunkang remains focused on meeting customer needs, committed to providing high-quality services, continuously enhancing service quality, and achieving a win-win outcome in both market and customer value.

7.2.1 Service Capacity Building

Yunkang adheres to the “technology + service” two-wheel drive strategy to provide professional solutions that are centered on core customer needs and effectively safeguard customers’ legitimate rights and interests. By continuously optimizing its service model and enhancing technological capabilities, Yunkang is committed to improving customer experience and work efficiency, thereby maximizing customer value.

The Company consistently adheres to a service philosophy that is “clinical demand-oriented”, and has established a series of advanced technology platforms including high-throughput sequencing, gene chips, high-sensitivity PCR, proteomics, cellular genetic, digital remote pathology, and ultramicro-pathology. In 2024, Yunkang added nearly 800 new testing items, bringing the total number of available tests for clinical services to approximately 3,800, with an annual testing specimen volume exceeding 10 million cases.

Yunkang’s innovative business model – providing diagnostic testing services to medical institution alliances – has sustained high-quality and healthy development for many years. As of the end of the Reporting Period, Yunkang had provided medical technology service solutions that meet core demands to over 1,500 medical institution alliances-affiliated healthcare institutions via more than 430 on-site diagnostic centers within medical institution alliances. Through close collaboration with leading regional healthcare institutions, Yunkang has helped improve regional diagnostic and treatment capabilities, delivering higher-quality and more efficient healthcare services to the broader public.

In alignment with China’s ongoing promotion of healthcare reform, Yunkang, during the Reporting Period, actively advanced the construction of medical institution alliances by establishing co-development partnerships with leading provincial hospitals and county-level general hospitals across various regions. Acting as a key link between regional diagnostic centers and cooperative hospitals, Yunkang not only provides technical system support to customers but also supports an in-depth service system. This includes the operation of regional diagnostic centers within medical institution alliances, the introduction of new technologies/products, digital specialty development services, medical cold chain logistics services, quality control services, and supply chain services – enabling hospitals to better meet their needs and support their long-term development through in-depth service integration.

Enhancing sub-specialty pathology platforms and driving innovation in precision diagnosis

Leveraging advanced platforms such as frozen section analysis, transmission electron microscopy, and high-throughput sequencing, Yunkang has established thirteen distinctive sub-specialty pathology platforms, including breast pathology, gastrointestinal pathology, gynecologic and obstetric pathology, renal pathology, and respiratory pathology. Among these, the breast pathology sub-specialty platform integrates precision medicine, national expert consultations, and research and innovation platforms to create an all-in-one precision diagnostic solution. In April 2024, Yunkang launched China's first domestically developed and proprietary "PAM50 Test for Breast Cancer", which offers recurrence risk assessment and molecular subtyping to provide personalized treatment guidance for breast cancer patients. As a leading clinical diagnostic support tool in China, this product not only fills a market gap but also significantly enhances the accuracy of stratified diagnosis for breast cancer, advancing precision treatment of breast cancer to a higher level.



7.2.2 Construction of Service Quality

Yunkang strictly adheres to the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests* (《中華人民共和國消費者權益保護法》) and other relevant laws and regulations, and has established a comprehensive customer service and complaint handling process with reference to the ISO 15189 standard. Externally, Yunkang places great importance on customer satisfaction surveys and swiftly formulates solutions in response to identified issues. Internally, Yunkang focuses on standardizing service quality and enhancing team professionalism to deliver a superior customer service experience. The Company's Guangzhou clinical laboratory was awarded the Five-Star Certification for After-sales Service System under the GB/T 27922-2011 standard, highlighting Yunkang's outstanding performance and steadfast commitment in the field of customer service.

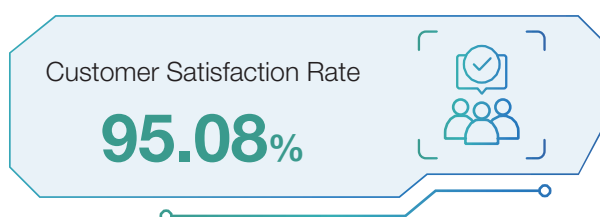


Five-star Certificate of After-sales Service System

- **Customer satisfaction surveys**

Yunkang conducts customer satisfaction surveys to evaluate the service quality of core departments such as laboratories, logistics, and customer service, with the aim of identifying areas for improvement. Based on the survey results, the Company continuously optimizes its project management system and service processes to enhance overall service standards, increase customer satisfaction, and strengthen and expand its customer base.

The surveys primarily focus on aspects such as service attitude, testing quality, and professional competence. The Company follows up with clinicians and laboratory doctors at cooperative hospitals by phone to collect ratings and suggestions regarding the survey topics and records all feedback in detail. In 2024, Yunkang achieved a customer satisfaction rate of 95.08%.



- **Customer consultation and complaint handling**

Yunkang has formulated and implemented the *Customer Consulting and Feedback Management Procedure* 《客戶諮詢與反饋管理程序》 to provide standardized and effective inquiry services for its customers. In order to standardize the process of handling customer feedback and complaints, and clarify the responsibilities of various departments, Yunkang has developed the *Customer Feedback Processing Procedures* 《客戶反饋處理規程》, further optimizing its service quality management. Meanwhile, the Company has established a national customer service center staffed with dedicated customer service personnel. Through multiple channels – including hotlines, email, WeChat official account, and in-person visits – the Company receives customer feedback and complaints, ensuring prompt response and proper resolution.

In 2024, the resolution rate of customer complaints reached 100%. Follow-up confirmations showed a customer satisfaction rate of 100% regarding the complaint handling outcomes.



- **Strengthen management of customer service personnel**

Yunkang continuously strengthens the management of its customer service personnel through standardized procedures, training, and performance management, with the aim of consistently improving service quality and professional competence, while enhancing employee initiative and engagement.

Standardization of services

Yunkang formulates the *Operational Procedures for Handling Result Enquiry of Customer Service Department* 《客服部結果查詢處理操作規程》, the *Operating Procedures for Project Consultation Handling in the Customer Service Department* 《客服部項目諮詢處理操作規程》 and the *Language Standards for Customer Service Operator* 《客戶服務話務員語言規範》 to ensure that the service team meets standardized operations in inquiry, consultation, and language regulation, and implements these standards in daily service practices. The Company requires the customer service department to strictly adhere to professional terminology and service etiquette standards, provide timely and efficient consultation and feedback services, and comprehensively safeguard customer privacy and information security.

Service quality training

Yunkang centrally develops training plans and regularly conducts service training for all customer service staff and new employees. The training content covers internal rules and regulations, standardized operation, testing-related knowledge, and communication skills. A combination of theoretical instruction, practical drills, and case studies is used to enhance training effectiveness. In 2024, the Yunkang Customer Service Center conducted a total of 26 training sessions, achieving a 100% pass rate in assessments.

Management of service rewards and sanctions

In line with the principle of “emphasizing spiritual encouragement and ideological education, supplemented by performance-based punishment”, Yunkang formulated the *Customer Service Department Rewards and Punishments System* 《客服部獎懲制度》 and implemented a rewards and punishments mechanism for customer service work. The Company recognizes outstanding employees and awards monthly performance bonus points based on performance ratings, thereby encouraging proactive and enthusiastic service. At the same time, employees who violate regulations in work order documentation, inquiry handling, consultation, and feedback processes are subject to disciplinary actions in accordance with Company policies.

Implementation of customer service training

Customer service training
sessions

26



Customer service training
assessment pass rate is

100%



7.2.3 Responsible marketing

Yunkang remains committed to the principles of responsible marketing and strictly complies with the *Advertising Law of the People's Republic of China* 《中華人民共和國廣告法》 and other applicable laws and regulations in carrying out brand promotion and marketing activities. In 2024, the Company regulated tendering procedures, enhanced risk management, and provided marketing training to ensure that its marketing activities fully complied with relevant laws, regulations, and industry standards.

Regulating tendering procedures

Yunkang formulated the *Standardized Tendering Operations* 《規範投標操作》, strictly prohibiting the provision of false or fabricated information and any other forms of fraud or deception.

Enhancing risk management

Through effective risk management practices, Yunkang ensures that all marketing activities are conducted in an ethical and legally compliant manner.

Providing marketing training

Yunkang has established a systematic marketing training strategy. By building benchmarks, sharing experiences, enabling through systems, conducting continuous reviews, facilitating on-site exchanges, and implementing scenario-based training, the Company comprehensively enhances the coordination capabilities and standardized operational practices of its marketing teams.

7.2.4 Customer Privacy Protection

Yunkang places great importance on the protection of customers' personal information and data, and strictly complies with the *Cybersecurity Law of the People's Republic of China* 《中華人民共和國網絡安全法》, the *Personal Information Protection Law of the People's Republic of China* 《中華人民共和國個人信息保護法》, and the *Data Security Law of the People's Republic of China* 《中華人民共和國數據安全法》, and other laws and regulations. The Company has formulated and implemented the *Yunkang Group Information Security Management Measures* 《雲康集團信息安全管理辦法》, and established a robust information management system to ensure the confidentiality of trade secrets and customer privacy.

• Information security and privacy management framework

Yunkang adopts a centralized leadership and tiered management approach, under which designated leaders assume responsibility for information security. Responsibilities for information and privacy security are clearly defined and delegated across regions, departments, and individuals, ensuring the confidentiality, authenticity, and integrity of information at every stage. The Group's information security management framework explicitly includes matters relating to privacy protection. In addition, the Company has formulated the *Yunkang Group Information Security Management Measures* to standardize the procedures for handling and reporting information security incidents. In the event of a major information security incident, the head of the Information Center must collaborate with the relevant regional or subsidiary information security officer to report immediately to the Group CEO and Executive Committee, and develop an appropriate response plan.

Group CEO	The Group CEO serves as the top person in charge of Company information security, responsible for making decisions on significant or emergency events related to information security
Executive head of information security	Coordinate and manage security inspections for the Group and laboratory, as well as handle any unexpected information security events, while keeping laboratory heads and representative office managers informed of relevant developments
Information security administrators	Responsible for overseeing the implementation and results of information security inspections for the Group and affiliated laboratories, as well as the correction of any security vulnerabilities. Additionally, responsible for handling any unexpected information security events from a technical perspective
Regional or subsidiary information security officers	The representative office manager or subsidiary head shall assume the role of the first responsible person. Once a major event occurs, it is necessary to closely follow up with the government authorities and give timely feedback to the Group

• Standardization of information security

Yunkang has established and continuously improved an internal and external standardized information security system. The Company has obtained multiple authoritative certifications, including the national information security level protection three-level certification, SPCA certification, and ISO 27001 Information Security Management System certification, covering a wide range of areas such as application software development, information security maintenance, and management. These certifications comprehensively safeguard customer privacy and enhance the Company's information security management capabilities. Each year, Yunkang conducts external audits and risk assessments in accordance with the ISO 27001 standards. These assessments include vulnerability scanning, manual auditing, and penetration testing to ensure the confidentiality, integrity, and availability of its information security systems. In addition, the Company engages third-party providers to conduct simulated cyberattack and defense drills, and performs at least one internal audit annually to ensure the compliance of its management system. During the Reporting Period, the Company's information security risk assessment achieved a 100% pass rate.



Information Technology
Service Management
System Certificate



Information Security
Management System
Certificate

• User information security and privacy protection

The Company, through its comprehensive information security technologies and management processes, makes every effort to prevent the leakage, damage, or misuse of customer data. It also integrates the concept of privacy protection into the entire process of its products and services to ensure the security and controllability of customers' personal information. Yunkang has obtained the ISO 27701 Privacy Information Management System certification. It conducts regular internal and external reviews of its privacy policy every year, deeply integrating privacy management into the enterprise risk management system to comprehensively safeguard the security of customer information.

Yunkang formulates the *User Information and Privacy Protection Policy* (《用户信息及隐私保护政策》) to protect customer privacy and ensure information security. Yunkang only collects necessary customer information to provide products and services and ensures that customers clearly understand Yunkang's information processing methods, including the types and uses of information collected, how to use personal information, how to share, transfer, publicly disclose personal information, and measures to protect and manage personal information, especially rules for handling personal information of minors. Customers can actively decide whether to provide relevant information or not. Meanwhile, Yunkang uses multi-level security protection measures to ensure the security of information. For example, through encryption, information leakage, damage and loss can be prevented. Yunkang has also established special management systems and processes to strictly restrict access to personal information. It requires relevant personnel to observe confidentiality clauses and receive censorship. In case of security incidents such as personal information leakage, Yunkang will initiate contingency plan to prevent the expansion of security incidents, report them in time by the relevant provisions of the *Emergency Response Plan for National Cyber Security Incidents* (《国家网络安全事件应急预案》) and other relevant regulations. Customers will be informed about the situation through emails, push notifications, announcements, etc., and will be provided with security recommendations.

• Strengthen staff management

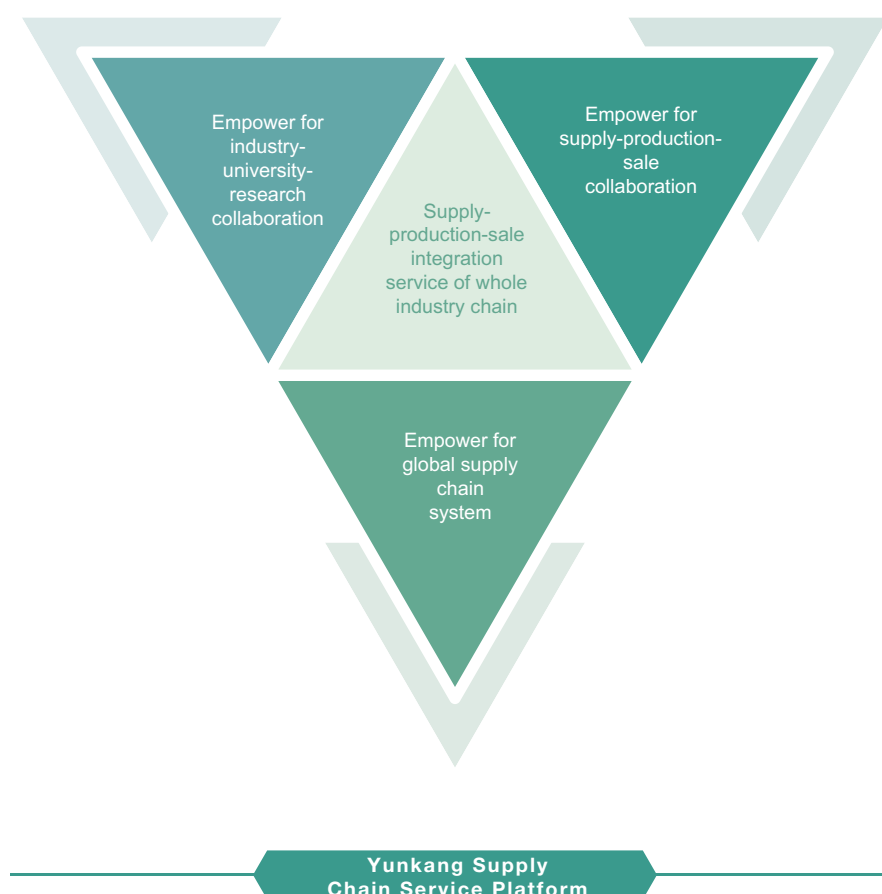
Yunkang has formulated and continuously updated the *Regulations on the Management of Rewards and Punishments for Information Security* 《信息安全獎懲管理規定》, clarified the rights and responsibilities at all levels, and incorporated information security into the performance appraisal of employees. When an information security incident occurs, the Company will impose administrative and economic penalties considering the nature of the incident, the scope of influence, and the severity of the consequences. Those who intentionally damage the information system and cause serious consequences will be investigated for legal liability according to law. Yunkang attaches great importance to the cultivation of employees' awareness of information security, strictly prohibits employees from transmitting business information except for business needs, avoids the leakage of data information and ensures the accuracy of transmitting and reporting data. Yunkang regularly conducts information security awareness campaigns, training sessions, and emergency drills to enhance employees' emergency response capabilities. In 2024, the coverage rate of the Company's information security and privacy training reached 100%, and no serious complaints were received about the leakage of customer privacy or information loss.

7.3 EMPOWERING PARTNERSHIPS FOR MUTUAL SUCCESS

Yunkang focuses on building a responsible supply chain system and continuously strengthens its ability to manage supplier risks. By closely collaborating with high-quality suppliers, the Company helps its partners achieve win-win results, promotes the healthy development of the industry, and jointly creates a sustainable future.

7.3.1 Build a Supply Chain Service Platform

Yunkang is committed to building a service system and supply chain service platform integrating supply, production and marketing of the whole industry chain. Through the linkage with the upstream and downstream enterprises in the industrial chain, the Company's supply chain service platform achieves deep cooperation between Yunkang and all parties in the integration of production, teaching and research, supply, production and marketing, and efficiently integrates and allocates relevant resources for cooperative medical institutions. Meanwhile, Yunkang gives full play to the resources and technological advantages of its global partners, and provides better and more efficient services in many fields, such as technology, products, markets and marketing, to promote the collective development of the whole industry.



7.3.2 Strictly Control the Quality Management of the Supply Chain

Yunkang strictly complies with the laws and regulations such as the *Tendering and Bidding Law of the People's Republic of China* 《中華人民共和國招標投標法》, and establishes sound internal management systems, to regulate the whole process of supplier bidding and procurement, stock selection and evaluation and assessment. Yunkang adheres to the principles of fairness and impartiality, rigorously screening suppliers to ensure high quality and stability in product supply.

Yunkang establishes a supplier life cycle management system according to ISO 15189 standard to minimize risks. Yunkang formulates and implements the *Procurement System of Yunkang Group* 《雲康集團採購制度》 to ensure the compliance of procurement management. The Company adopts the procurement policy of combining centralized procurement with territorial decentralized procurement to pursue the optimal cost effectiveness of different categories of procurement. It follows the principles of openness and transparency, fair competition, fair evaluation, honest operations, and prioritizing efficiency. The Company has also established a procurement committee responsible for the approval of procurement proposals, supplier evaluations, and commercial negotiations for major projects and new projects.

Yunkang manages suppliers following the *Supplier Management Procedure* 《供應商管理程序》, the *Operation Procedure for Supplier Evaluation and Selection* 《供應商評估與選擇操作規程》 and the *Operation Procedure for Supplier Evaluation* 《供應商考評操作規程》, etc. The evaluation criteria cover cost, delivery time, product quality, and service, as well as the supplier's compliance with laws, regulations, or other standards related to quality and safety, business ethics, environmental protection, anti-corruption, information protection, and intellectual property rights. The above-mentioned management systems apply to all suppliers, ensuring that the Group's procurement process is transparent, efficient, and compliant.

Supplier development

- According to the QCDDT (quality, cost, delivery, time) guidelines, investigate new suppliers' Company qualifications, product qualifications, market share, etc., inspect suppliers on-site and form a written *Supplier Survey Form* 《供應商調查表》

Supplier access assessment

- Several suppliers are selected according to the types of products, and suppliers are required to provide supply plans in writing
- Initiate sample/equipment trial application for qualified suppliers and form a *Trial Report* 《試用報告》

Supplier dynamic management

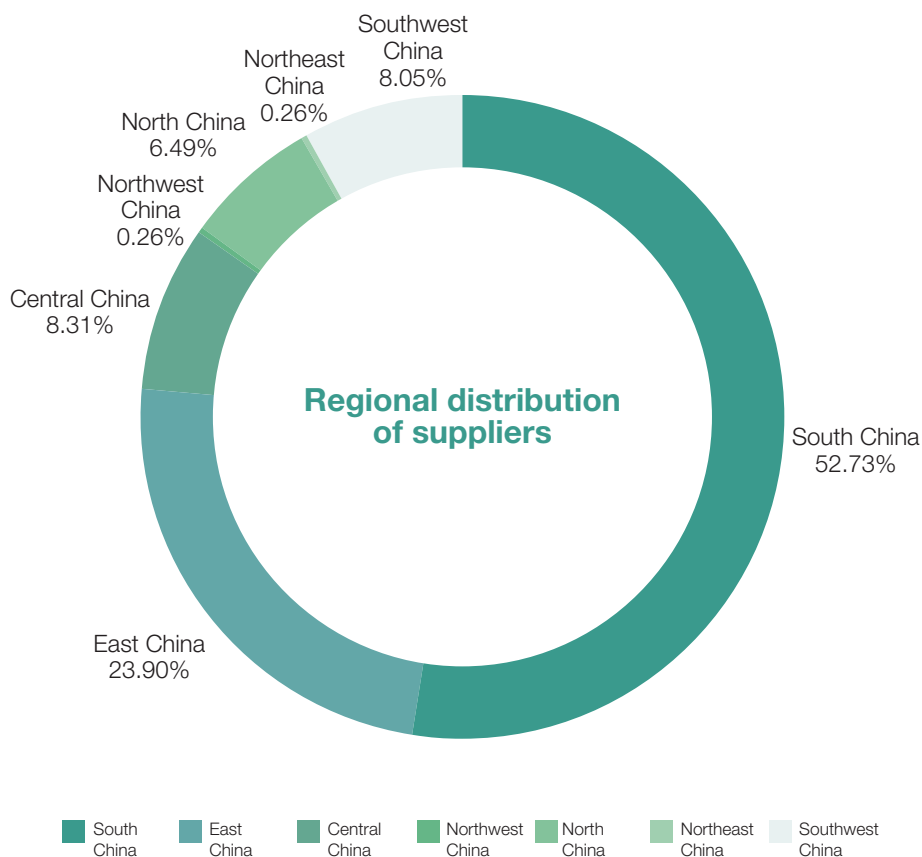
- Set up a review team to review and score suppliers from the dimensions of quality, technology, service, etc. Those with a score of 60 or above are listed as qualified suppliers, and are divided into four grades A, B, C and D according to the scores from high to low, enabling a scientific management by grading and classification
- Sign contracts with qualified suppliers, and the contract stipulates the quality control terms for suppliers

Supplier assessment

- The review team is composed of persons in charge of relevant technical departments such as procurement, finance, and quality, and conducts a strict review of the qualifications, supply capabilities, and product quality of suppliers at least once a year
- Suppliers whose evaluation results are lower than 60 points for two consecutive times will be eliminated

As of December 31, 2024, Yunkang had a total of 385 suppliers of all types. The breakdown of suppliers by region is as follows:

Regional distribution of Yunkang's suppliers:



Yunkang has established a regular evaluation mechanism for cooperative suppliers, and the using departments are responsible for evaluating the quality of the supplier's products. In 2024, Yunkang conducted annual supplier evaluations in the form of written assessments, and the types of suppliers involved included reagent consumables, equipment distributors, manufacturers and service providers. A total of 115 suppliers were evaluated, accounting for 29.9%. During the Reporting Period, all suppliers passed the assessment.

Number of suppliers
assessed

115



Supplier assessment
pass rate

100%



7.3.3 Build a Responsible Supply Chain

Yunkang promotes suppliers to actively fulfill their sustainable development responsibilities and establishes a responsible supply chain by strengthening the risk management of suppliers in various aspects such as environment, society and governance.

- **Governance aspect**

Yunkang actively practices sunshine procurement. It requires all suppliers to sign the *Procurement Integrity Agreement* (《採購廉潔協議》). Suppliers found to be involved in fraud or bribery will be placed on the blacklist and cooperation with them will be terminated to create a fair and honest cooperation environment. During the Reporting Period, the Company has no corruption and fraud incidents involving suppliers.

- **Environmental aspect**

Yunkang continuously implements the concept of environmental protection procurement, pays attention to the environmental performance of suppliers, and gives preference to suppliers with relatively low environmental impact. For decoration service suppliers, Yunkang specifies environmental protection requirements in the procurement contract and signs a quality assurance agreement, in which the responsibilities and obligations of both parties are stipulated. If major projects or high-value procurement projects are involved, the most suitable suppliers will be selected through bidding to undertake the corresponding decoration tasks.

- **Social aspect**

Yunkang attaches great importance to the performance of suppliers at the social level, such as service quality and employee safety. For decoration service procurement, the Company requires suppliers to observe construction quality, safety operation and fire safety specifications to ensure supply chain quality and safety, and reduce social risks. For hazardous chemical procurement, Yunkang requires the suppliers to comply with the qualifications, and requires transport vehicles, transport personnel, storage and transportation methods to comply with regulations, to fully ensure the safety of the supply chain.

At the same time, Yunkang actively addresses national, industry, and commodity-specific risks in supply chain management. For imported products, the Company monitors national-specific risks, considers supply stability, timeliness, and compliance, and specifies arrival requirements. For cold-chain and chemical transportation, the Company requires suppliers to strictly adhere to relevant industry storage and transportation standards. For special commodities such as precursor chemicals and explosives, the Company conducts procurement in accordance with regulations, provides staff training, records vouchers, and sets up dedicated warehouses and protective measures to ensure the safety and compliance of special commodities.

Strengthen supply chain capacity building and personnel training

According to the business needs, the Company regularly communicates with suppliers through telephone, remote meetings, on-site technical training, etc., timely discovers and solves problems in the process of cooperation and maintains a good cooperation relationship. Based on the annual supplier evaluation results, Yunkang communicates with suppliers about identified issues and requests them to provide improvement measures. During regular cooperation, the Company will also promptly urge suppliers to make improvements regarding the deficiencies, to promote the improvement of cooperation efficiency and quality.

Yunkang also strengthens the management of procurement personnel, ensuring that responsible individuals receive professional training and obtain relevant certifications. For the procurement of chemicals, the Company has set up specific chemical warehouses, and warehouse staff are required to undergo professional training in chemical management. Moreover, the Company has established corresponding emergency system documents to ensure that effective response and protective measures are taken in the event of a chemical leak.

8

ENERGETIC YUNKANG, BUILDING A SHARED FUTURE TOGETHER

- SAFEGUARDING EMPLOYEES' RIGHTS AND INTERESTS
- CULTIVATING A HEALTHY WORKPLACE
- INSPIRING EMPLOYEE GROWTH
- CARING FOR EMPLOYEE WELL-BEING



8 ENERGETIC YUNKANG, BUILDING A SHARED FUTURE TOGETHER

Yunkang regards talents as its most precious assets and is committed to safeguarding employees' rights and interests, creating a fair, caring and dynamic working environment where every employee can feel a sense of belonging and value. By providing diverse development opportunities and comprehensive welfare guarantees, the Company pays attention to employees' physical and mental health and joins hands with employees to jointly create a sustainable and beautiful future.

8.1 SAFEGUARDING EMPLOYEES' RIGHTS AND INTERESTS

8.1.1 Employee Management Policies and Diverse Workplace

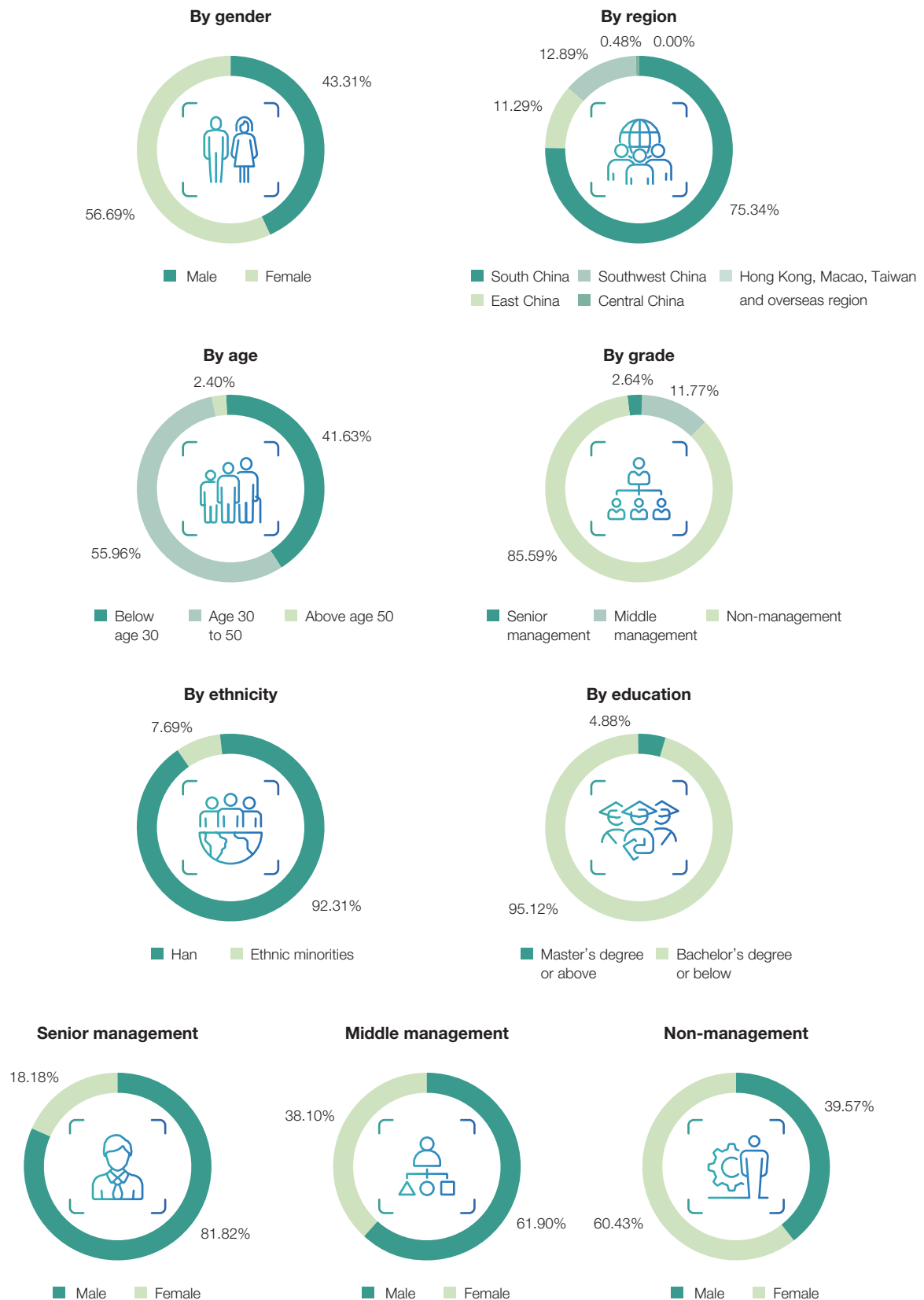
Yunkang strictly complies with the laws and regulations such as the *Labor Law of the People's Republic of China* 《中華人民共和國勞動法》, the *Civil Code of the People's Republic of China* 《中華人民共和國民法典》 and the *Provisions on the Prohibition of the Use of Child Labor* 《禁止使用童工規定》. Yunkang has established the *Yunkang Group Employee Handbook* 《雲康集團員工手冊》 and strictly implements its internal management policies regarding employee remuneration and dismissal, recruitment and promotion, working hours, holidays, equal opportunities, diversity, anti-discrimination and other benefits, as well as the prevention of child labor and forced labor.

Yunkang adheres to the principle of equal employment, and has zero tolerance for all forms of discrimination. It eliminates any differential treatment due to differences in race, religion, skin color, age, gender, nationality, marital status, etc. during the recruitment process and in the workplace. In order to meet talent demands for the development of the Company, Yunkang has formulated and implemented internal systems such as the *Yunkang Recruitment Management Measures* 《雲康招聘管理辦法》, to form efficient and standardized recruitment procedures. In line with the principle of "openness, fairness, competition, merit-based selection, and matching of talents and posts", the Company recruits talents through various channels such as online recruitment, campus recruitment and internal referral. Candidates need to go through standardized procedures such as resume screening, interviews, and salary negotiations, and finally suitable candidates will be hired. In addition, the Company fully implements the principle of equal pay for equal work, ensuring that there is no salary difference between male and female employees in the same position. It is committed to building a fair and just salary system to safeguard employees' rights and interests.

Yunkang attaches great importance to basic human rights and strictly prohibits the use of child labor and forced labor. Yunkang has set up a background investigation and identity verifications during the recruitment stage to ensure that new employees meet the age requirements. At the same time, Yunkang expressly prohibits illegal employment practices, legally applies the five-day eight-hour working system and does not encourage employees to work overtime. Yunkang also provides statutory leave, maternity leave, marriage leave and other holidays in accordance with the national regulations, so as to protect the rights of employees to rest. The Company adopts a zero-tolerance attitude towards violations. If forced labor is found, the Company will initiate an internal investigation and the relevant responsible persons will be held accountable, and compensation will be provided. If child labor is found, the Company will immediately stop using child labor, and notify his/her guardian and relevant departments. During the Reporting Period, the Company did not experience any illegal incidents related to the employment of child labor or forced labor.

As of December 31, 2024, the total number of employees in the Company is 1,249, including 1,228 full-time employees and 21 part-time employees. The Company's employees below age 30 accounted for 41.63%, and female employees accounted for 56.69%. Among the management staff, the proportion of female was 34.44%, and the proportion of female executives was 18.18%, fully reflecting Yunkang's commitment to creating a gender-equal, young and promising workplace. Moreover, 92.31% of the employees are of the Han ethnicity, and 7.69% of the Company's employees are ethnic minorities, further promoting diversity in the workplace.

The percentage of employees by gender, rank, age, region, ethnicity and education is as follows:

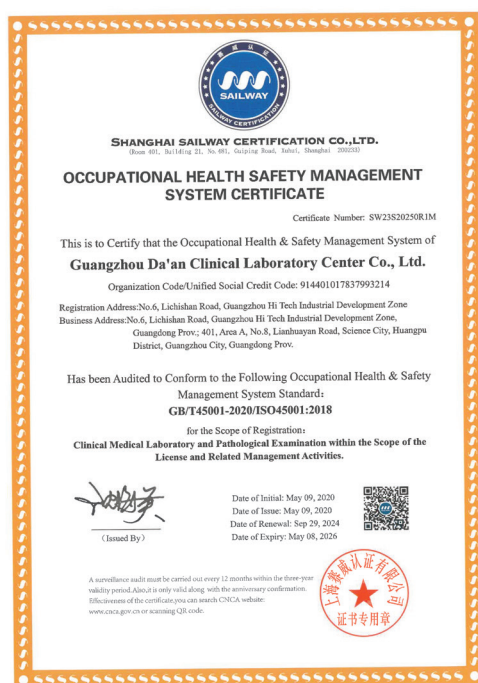


8.2 CULTIVATING A HEALTHY WORKPLACE

8.2.1 Occupational Health and Safety Management

Yunkang adheres to the concept of “safety first” and strictly adheres to national and regional laws and regulations such as the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases* 《中華人民共和國職業病防治法》, the *Work Safety Law of the People's Republic of China* 《中華人民共和國安全生產法》 and the *Fire Protection Law of the People's Republic of China* 《中華人民共和國消防法》. It has formulated and continuously improved the occupational health and safety management system. Yunkang has formulated and implemented internal systems such as the *Production Safety Hazard Inspection Mechanism of Yunkang Group* 《雲康集團安全生產隱患檢驗機制》 and the *Environmental and Occupational Health and Safety Management Handbook* 《環境職業健康安全管理手冊》 to ensure the safety of employees. The Company keeps the production safety management records every year and regularly detects occupational disease hazard factors. Besides, Yunkang has obtained the ISO 45001 Occupational Health Safety Management System Certificate this year, continuously enhancing its occupational health and safety management capabilities.

Meanwhile, the Company has set occupational health and safety targets, including zero fire accidents, zero accidental injury accidents, zero accidents in the storage and use of hazardous chemicals, and zero pathogen infection accidents, in order to strengthen the Company's internal safety management. In 2024, Yunkang achieved all its occupational health and safety targets. In the past three years, there have been no work-related accidents resulting in fatalities in Yunkang.



Production safety management records

Occupational Health Safety Management System Certificate

work-related injuries and
fatalities in 2024

0



major safety liability accidents in 2024

0

8.2.2 Occupational Health and Safety Management Measures

- **Fire safety management**

Yunkang places emphasis on the maintenance of fire safety in the office premises and laboratories. It strictly implements the fire safety management system, equips laboratories with professional fire-fighting equipment, and conducts daily inspections, monthly hidden danger investigations, and equipment detections. A complete inspection and recording mechanism has been established to prevent fire safety risks at the source. Meanwhile, the Company regularly conducts fire drills and safety training every year to continuously improve employees' emergency response capabilities and fire safety awareness.



- **Logistics safety management**

Yunkang continuously improves its logistics safety management system. It formulates and implements the *Operation Procedures for Emergency Response in Logistics Centers* (《物流中心應急處理操作規程》), establishes a professional emergency management team, and promotes emergency response plans. This ensures that emergencies during the logistics transportation process can be handled quickly and efficiently, comprehensively enhancing the level of logistics safety.

Meanwhile, the Company strengthens the safety supervision of vehicles and drivers. It conducts regular comprehensive inspections of vehicles, records and rectifies potential safety hazards to ensure that vehicle operations comply with regulations. For drivers, the Company strictly implements supervision measures to prevent sick or fatigued driving. Through irregular assessments and safety education and training, the Company enhances drivers' safety awareness and operational capabilities, ensuring the safety and reliability of the entire logistics transportation process.

• Biological safety

Yunkang establishes and implements a biosafety management system. Yunkang has formulated the *Biosafety Manual* 《生物安全手册》 in accordance with the regulations in the industry, which implements strict management for personal protective equipment, disinfection and sterilization treatment processes, hand hygiene and disinfection, etc., to ensure the full implementation of biosafety. Also, the Company has formulated the *Occupational Exposure Emergency Plan* 《職業暴露應急預案》, and organizes all laboratory staff to participate in emergency drills and training every year to reduce the risk of occupational exposure. In 2024, the Company conducted several biosafety training sessions for specific positions, and the completion rate and pass rate of all employees reached 100%.

To further strengthen biosafety management, Yunkang has clearly defined safety goals, which include conducting at least two biosafety training sessions each year, ensuring no violations of regulations, and achieving zero safety accident. In 2024, the Company successfully met all biosafety-related goals, comprehensively enhancing the level of biosafety management and providing strong support for the health of employees and the safety of laboratory operations.



Biosafety training

8.2.3 Promoting the Physical and Mental Health of Employees

Yunkang always prioritizes the physical and mental well-being of its employees. By organizing diverse activities such as badminton competitions, sports games and outdoor outreach activities, it comprehensively improves employees' physical fitness and enhances team cohesion. At the same time, the Company attaches great importance to employees' psychological well-being. It regularly holds mental health lectures to provide employees with professional guidance on stress relief and emotion management. This helps employees engage in work with a positive attitude, achieving a win-win situation for both personal growth and career development.



Mental health lectures



Badminton competition

8.3 INSPIRING EMPLOYEE GROWTH

8.3.1 Employee Incentive and Promotion

Yunkang has established a comprehensive performance management, incentive, and promotion mechanism, aiming to build a talent team with high quality, high performance, positive attitudes, and strong self-motivation.

- **Performance Management Mechanism**

Yunkang has formulated the *Yunkang Group Performance Management Method* 《雲康集團績效管理辦法》 and employs a diverse range of performance tools to ensure that the performance management has a clear orientation and is executed efficiently. The Company has established a flexible compensation mechanism. The salary level is set according to job requirements, individual capabilities, and work performance to stimulate employees' motivation. For professional and technical talents, the Company adopts a model of "predominantly fixed salary with supplementary floating performance pay", highlighting the measurement of professional value. For front-line sales teams, assessment is based on four major indicators including sales volume, collection rate, revenue contribution rate, and team building, and the "climbing theory (爬坡理論)" is adopted to stimulate employees' potential and team vitality. The performance evaluation includes individual goal management and is also combined with team performance evaluation. Through monthly, quarterly, and annual performance evaluations, along with methods such as regular meetings, report management, and on-site communication, the Company continuously monitors employees' performance progress, helps employees narrow the gap, improve their abilities, and achieve continuous improvement.

• Promotion Mechanism

To promote the construction of a talent pipeline and the healthy development of the cadre team, Yunkang has formulated the *Yunkang Business Cadre Promotion and Evaluation Management Method* 《雲康業務幹部晉升及評價管理辦法》 and established a scientific and fair promotion and evaluation mechanism. The promotion assessment organized by the Human Resources Center covers five core dimensions: cultural identity, customer awareness, business thinking, teamwork, and work effectiveness. It also undergoes multi-level evaluations from the leader in charge, direct superiors, peers and subordinates to ensure the comprehensiveness and fairness of the evaluation results.

At the same time, the Company has formulated the *Yunkang Group Rank System Management Measures* 《雲康集團職級體系管理辦法》 and designed a dual channels career development path for both professional and management positions to meet the different career development needs of employees. The professional channel encourages technical talents to delve deep into their professional fields and give full play to their professional value. The management channel provides promotion opportunities for employees with leadership skills, helping them lead teams to create greater value. Through this diversified development system, the Company can achieve simultaneous progress in professional technology and management capabilities, and reserve diversified talents for future development.



Dual Channels for Career Advancement at Yunkang

• Internal Referral and Incentive Mechanism

Yunkang has formulated the *Yunkang Internal Referral Management Measures* 《雲康內部推薦管理辦法》, which specifies the internal referral reward standards according to different job categories. The aim is to fully mobilize the enthusiasm of internal employees for referrals, broaden the channels for talent recruitment, and improve the efficiency and quality of recruitment. Yunkang has also established a restricted share unit scheme for the purpose of recognizing and motivating employees who have contributed to the growth and development of the Group through granting share awards, thus promoting the common growth of Yunkang and its employees.

8.3.2 Employee Training and Development

Yunkang attaches great importance to the growth and development of its employees. It has established a comprehensive and diversified training system, continuously improving the quality of training management. The Company endeavors to build a tiered and systematic talent team. Meanwhile, it provides employees with a platform to showcase their talents and achieve their career aspirations.

Yunkang is committed to enhancing employees' comprehensive qualities and meeting the common development needs of both the company and its employees by formulating the *Staff Training and Assessment Management Operating Procedures of Yunkang* 《雲康員工培訓與考核管理操作規程》. To help new employees quickly adapt to the corporate culture, understand company regulations, and strengthen their sense of belonging, Yunkang has introduced the *Yunkang Group New Employee Training Management Measures* 《雲康集團新員工培訓管理辦法》. It offers both online general on-boarding training and offline on-the-job training to assist employees in rapidly integrating into the work environment. Moreover, the Company encourages employees to participate in job-related social training, seminars, and academic conferences. In accordance with the *Yunkang Group Technical Title Management Measures* 《雲康集團技術職稱管理辦法》, it supports employees in obtaining professional qualification certificates through self-learning, aiming to continuously improve their professional skills and work quality. For such proactive learning behaviors, the Company not only provides financial rewards but also reimburses registration fees and travel expenses for external training, providing all-around support for employees to achieve their career development plans. Notably, Yunkang's Guangzhou Clinical Laboratory has obtained the ISO 10015 Training Management System Certification. In 2024, Yunkang's total investment in employee training reached RMB4.5783 million, with an average investment of RMB3,700 per employee. The total training hours for employees were 19,370 hours, with an average of 19.20 hours per employee.



The Certificate of Training Management System

Total investment in employee training reached

RMB **4.5783** million in 2024

Yunkang's employee training system centers around four core aspects: enterprise culture construction, learning platform construction, course system construction and key position capacity construction. Around these four directions, the Company offers a rich and diverse range of training programs to comprehensively support employees' career growth and development.

Yunkang training system construction

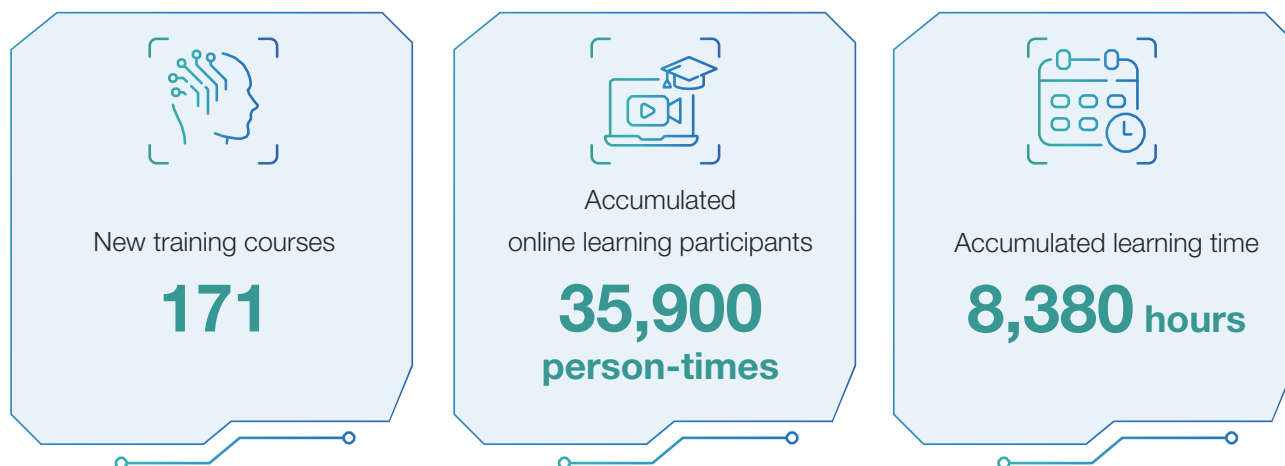
Enterprise culture construction	Learning platform construction	Course system construction	Key position capability construction
<ul style="list-style-type: none"> Strengthen the development of corporate culture, and foster the quality of all employees through publicity and education activities. 	<ul style="list-style-type: none"> Improve the content system of the “Fu Yun” training platform, fully gather and utilize internal and external training resources, and build a normalized training platform for all employees. 	<ul style="list-style-type: none"> Based on job requirements, form a hierarchical and classified curriculum system, strengthen knowledge accumulation, focus on summarizing and refining excellent practical experience from various systems, and make implicit knowledge explicit. 	<ul style="list-style-type: none"> In response to the lines of laboratory technical and marketing positions, training will be focused on improving professional skills, management abilities and professional ethics.

• Enterprise culture construction

To strengthen its corporate culture foundation and unify core values, Yunkang has formulated the *Basic Principles of Yunkang's Career Development* 《雲康事業發展的基本原則》, institutionalizing the core concepts. Through publicity and educational efforts, the Company stimulates the resonance of the concepts among all employees and reinforces the common belief in contributing value.

• Learning platform construction

Yunkang is dedicated to building a learning-oriented organization and advocates for continuous learning and progress among employees. The Company launches diverse and professional training programs and relies on the “Fu Yun” digital platform to expand the training forms. By providing a variety of online learning resources, it further enhances employees' enthusiasm for participating in training and the effectiveness of training. These trainings not only strengthen employees' professional skills and comprehensive qualities, but also cultivate high-quality talents for the Company to adapt to future development, providing solid talent support for Yunkang's continuous innovation and high-quality development in the medical and health field. As of the end of the Reporting Period, 171 new internal courses were added to the “Fu Yun” platform. The total number of online learning sessions throughout the year reached 35,900 person-times, with a total learning duration of 8,380 hours. The average learning time per person was 5.33 hours, and the overall activity rate of the platform was as high as 92%.



• Course system construction

In response to the business needs of the marketing line, laboratory technology line and functional line, Yunkang has established three core course systems to provide employees with comprehensive professional support and stimulate their potential. The Company delves deeply into the professional requirements of each business line, scientifically formulates the training framework, carefully develops the training materials, and constructs a systematic and hierarchical course system to comprehensively enhance the precision and effectiveness of the training.

Marketing line

During the Reporting Period, Yunkang regularly carried out training and combat activities such as marketing case sharing, project review discussions, and product promotion to build a systematic internal training system. The Company developed 21 internal courses covering topics such as marketing cases, project discussions, product knowledge, and payment collection skills. Among them, 13 case-sharing courses were summarized and refined from the excellent practical experiences of the marketing line, forming knowledge resources with practical value.

Laboratory technology line

During the Reporting Period, Yunkang focused on professional skill development and comprehensively developed 136 professional courses for laboratory testing, covering multiple core areas. These included 98 courses on clinical testing, 9 courses on precision medicine, 28 courses on pathology, and 1 course on quality management. This initiative aimed to assist employees in continuously enhancing their professional capabilities and driving the continuous improvement of laboratory testing standards.

Functional line

During the Reporting Period, Yunkang's Logistics Center, in collaboration with the Clinical Testing and Pathology Laboratory and the Human Resources Center, and by fully leveraging external high-quality resources, jointly developed 14 skill-enhancement courses specifically designed for logistics field staff and order entry clerks. These courses comprehensively improved the team's professional capabilities and work efficiency.

• Key position capability construction

Based on the business needs for different positions, Yunkang offers targeted training such as professional lectures and courses for employees to precisely cultivate talents for key positions. At the same time, the Company actively encourages employees to continuously improve their professional competence through active learning and achieve long-term progress and greater accomplishments in their careers.

1. Laboratory technology line

In 2024, Yunkang accelerated the professional competency certification process for laboratory technical talents. For grassroots professional positions, each professional department in the three laboratories organized a total of 123 professional skills training sessions, accumulating 96 hours in total. The number of participants reached 2,274, which further enhanced the employees' professional skills and practical abilities.

2. Marketing line

In 2024, the Company comprehensively promoted multi-level training and practical empowerment initiatives for the marketing "iron triangle" team. The overall training lasted for a total of 50 hours of class time, attracting 2,310 participants. Through a rich and diverse range of training, the Company not only imparted advanced marketing combat methods to the marketing team, but also unified the key behavioural standards for large-customer marketing. This helped the front-line teams to promote business in a more standardized and systematic way, thereby comprehensively enhancing the Company's market competitiveness.

8.4 CARING FOR EMPLOYEE WELL-BEING

8.4.1 Improving Employee Benefits

Yunkang is committed to creating a comprehensive and generous welfare system for employees to fully safeguard their various rights and interests. On the basis of legally paying the pension insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and housing provident fund for employees, the Company additionally purchases commercial insurance for them. At the same time, it provides free annual health check-ups and distributes high-temperature subsidies or relevant benefits to different groups. Yunkang always pays attention to the protection of female employees' rights and actively implements care measures for them. In addition, Yunkang established a Labor Union Committee centered around employees, providing a variety of training courses and services such as tea art, etiquette, yoga, and psychological counseling, striving to safeguard the physical and mental health of all employees and enhance their sense of well-being and belonging. Yunkang also shows an understanding of employees' lives. In specific situations, for example, according to the nature and requirements of the work, employees can apply to the Company for remote work from home.

Yunkang welfare system

Statutory benefits	Paid annual leave	Health benefits	Other benefits
<ul style="list-style-type: none"> Pension insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and housing provident fund Paid annual leave 	<ul style="list-style-type: none"> In addition to the 98 days of maternity leave as required by law, provide additional 80 days of maternity bonus leave to pregnant women Exclusive anti-cancer package for women over 35 	<ul style="list-style-type: none"> Medical check-up package benefits for employees and 3 generations of their immediate family HIV and Hepatitis B testing for technicians 	<ul style="list-style-type: none"> Distribute high temperature subsidies to employees in specific positions Provide free accommodation for fresh graduates for half a year

Yunkang pays attention to the health and well-being of employees and their families. It not only provides free health check-up services for all employees, including interns, but also formulates the "Yunkang 6+1 Health Check-up Program" every year to offer free check-ups for in-service employees and their immediate family members, comprehensively safeguarding the health and safety of employees and their families. In 2024, the Company has completed the health check-ups for more than 200 employees' family members, truly fulfilling its commitment to employees' health protection.

Target participant of the physical examination	Welfare programs
<ul style="list-style-type: none"> Yunkang's in-service employees and their immediate family members The "6" in "6+1" refers to the employee's 6 family members (7-8 for twins or two-child families), including their father, mother, spouse, spouse's father, spouse's mother and children, and "1" refers to employees themselves. 	<ul style="list-style-type: none"> Medical check-up package Interpretation of reports Sending of reports

Yunkang 6+1 Health Check-up Program

Meanwhile, the Company organizes special events such as birthday parties, Women's Day celebrations, and Spring Festival activities according to the characteristics of different employee groups. It is committed to maintaining positive employee relations and further enhancing employees' sense of belonging and cohesion.

Employee activities



Birthday party



Women's Day celebration



Spring Festival celebration

8.4.2 Listening to Employees' Voices

Yunkang attaches great importance to employees' appeals. It has formulated the *Yunkang Employee Internal Communication/Complaint Management Measures* 《雲康員工內部溝通／申訴管理辦法》 and encourages employees to put forward opinions and suggestions through diverse channels. The Company listens to the feedback sincerely and takes practical and effective improvement actions. Yunkang has built a variety of platforms, including the "Hall of Honor" on the Office Automation (OA) system, the "Employees' Emotional Release Station", and an exclusive mailbox for communication among employees. These platforms provide employees with ways to offer suggestions, share and communicate, express their emotions, and relieve stress.

In 2024, the Company achieved a 100% employee satisfaction rate, fully demonstrating employees' high recognition of Yunkang in terms of job satisfaction, career motivation, job happiness, and work-stress management. Regarding the constructive suggestions put forward by employees, Yunkang always responds actively and incorporates them into the improvement plan, continuously creating a workplace environment that satisfies employees. For example, in 2024, employees reported that the food in the canteen was not delicious. In response, the Company now changes the canteen suppliers annually according to employees' feedback.

2024 employee satisfaction

100%



9

GREEN YUNKANG, COMMITTED TO SUSTAINABLE DEVELOPMENT

- ADOPTING GREEN OPERATIONS
- ADDRESSING CLIMATE CHANGE



9 GREEN YUNKANG, COMMITTED TO SUSTAINABLE DEVELOPMENT

Yunkang actively undertakes environmental responsibilities and practices the concept of green and low-carbon development. It continuously contributes to the country's ecological civilization construction, fully supports the realization of the country's "dual carbon" strategic goals, and promotes the coordinated development of the economy and the ecology.

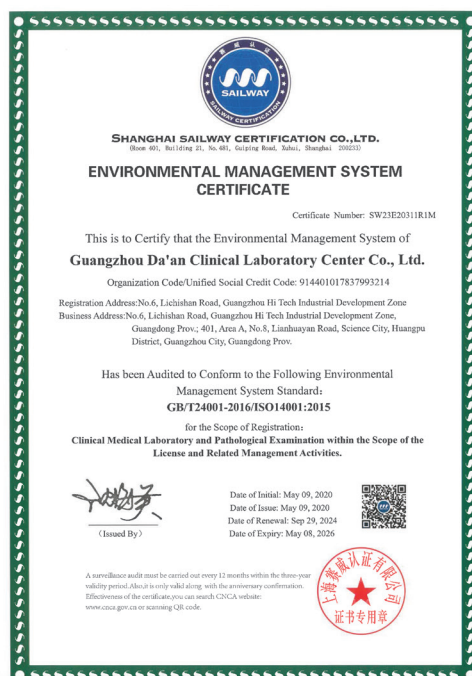
9.1 ADOPTING GREEN OPERATIONS

Yunkang strictly adheres to relevant laws and regulations such as the *Environmental Protection Law of the People's Republic of China* 《中華人民共和國環境保護法》 and relevant environmental protection regulations in the medical and health industry. It achieves low-carbon operations through measures like establishing a comprehensive environmental management system, optimizing resource utilization, and legally disposing of various emissions.

9.1.1 Construction of Environmental Management System

Yunkang has established a comprehensive environmental management system. It has formulated and implemented the *Yunkang Group Environmental Management System* 《雲康集團環境管理制度》, and completed the *Contingency Plan for Emergent Environmental Emergencies* 《突發環境事件應急預案》 and the *Risk Assessment Report for Environmental Emergencies* 《突發環境事件風險評估報告》 to effectively reduce the environmental impact of its business and operations. Meanwhile, the Company actively promotes a green-environmental protection culture. By promoting the publicity of environmental awareness, it encourages employees and partners to take environmentally responsible actions and jointly create a green and low-carbon work atmosphere. To further strengthen environmental safety management, the Company has compiled the *Environmental and Occupational Health and Safety Management Manual* 《環境職業健康安全管理手冊》. The general manager is responsible for formulating or approving environmental safety policies, goals, and commitments, and assumes the environmental safety management responsibility for the main business to ensure the full implementation of various measures.

During the Reporting Period, the Guangzhou clinical laboratory under Yunkang successfully obtained ISO 14001 Environmental Management System Certificate, demonstrating the Company's unremitting efforts in the professionalization and standardization of environmental management.



Environmental Management System Certificate

Environmental Goals

The environmental impacts of Yunkang's business activities mainly include greenhouse gas emissions, waste generation, and energy use efficiency. Therefore, the Company has set environmental goals in these areas to promote responsible environmental management and reduce its environmental footprint.

Target Scope	Environmental Goals	Indicators	Action Plan	Action Plan Timeframe
Greenhouse Gas Emissions	Improve the existing greenhouse gas emissions management system	Establish a complete data collection system	Identify the main emission sources for Scope 1, 2, and 3 emissions, determine the types of data to be collected and the corresponding data, and establish a data collection checklist and guidelines	Short-term Medium-term
	Reduce greenhouse gas emissions	Promote green travel	Advocate the concept of green commuting, such as walking, cycling, and using public transportation within the Company; minimize business travel in first-class and business-class cabins	Short-term
		Promote informatization and digitalization	Improve operational and service efficiency through the adoption of informatization and digitalization, and promote energy conservation and emission reduction	Medium-term Long-term
Waste Generation	Conduct waste reduction at the source	Reduce domestic waste	Minimize the use of disposable items; purchase appropriate amounts of food to reduce kitchen waste and takeout garbage	Short-term
		Promote green office practices and reduce paper usage	Promote paperless office practices, use electronic documents instead of paper; encourage double-sided printing	Short-term Medium-term
	Increase waste recycling rate	Improve the recycling and reuse rate of various types of waste	Identify recyclable and reusable items, and arrange for their recycling or reuse in other areas; engage qualified recyclers to recycle various types of waste	Short-term Medium-term

Target Scope	Environmental Goals	Indicators	Action Plan	Action Plan Timeframe
	Properly dispose of waste	Strengthen the collection and treatment of medical waste	Improve the management system and operating procedures for medical waste, and ensure the proper and lawful collection and treatment of medical waste	Short-term Medium-term
Energy Use Efficiency	Reduce energy waste	Reduce energy consumption in offices and laboratories	Identify high-energy-consuming equipment and gradually replace them with energy-efficient devices; use/procure energy-saving equipment (such as LED lighting, energy-efficient refrigerators, etc.); turn off equipment, air conditioners, and lights promptly to ensure no lights or air conditioners are left on when unoccupied	Short-term Medium-term
	Improve energy use efficiency	Conduct energy management	Carry out energy audits to identify energy-saving opportunities, and continuously optimize and improve work processes and daily operational management	Short-term Medium-term
	Use renewable energy	Increase the proportion of renewable energy used	Increase the proportion of new energy vehicles in the logistics fleet	Long-term
All Environmental Target Categories	Enhance employees' awareness of environmental protection and conservation	Provide environmental training for employees	Incorporate environmental training into regular training programs; develop environmental training/promotion plans to regularly hold energy-saving and environmental protection activities	Short-term Medium-term
		Set up environmental protection publicity columns	Place environmental signs and promotional slogans in public facilities and equipment	Short-term

9.1.2 Energy Management

Yunkang strictly abides by the *Energy Conservation Law of the People's Republic of China* 《中華人民共和國節約能源法》, and has formulated internal environmental systems to continuously monitor energy use in order to identify the energy-saving possibilities and optimize the energy consumption control strategy. The Company promotes employees' awareness of energy conservation and emission reduction through standardized and institutionalized energy-saving and consumption-reduction measures, as well as energy-saving education and training, and fully implements the concept of green operations.

In 2024, the Company issued the *Electricity Energy-Saving Management Measures of Yunkang Group* 《雲康集團用電節能管理辦法》, which specified energy-saving goals and measures for public areas, laboratories, meeting rooms, office areas, and dining halls. It strengthened the supervision and control of electricity consumption, reduced energy waste and environmental impacts, and achieved cost reduction and efficiency improvement. Meanwhile, the Company conducts regular energy inspections and audits to further explore energy-saving potential and promote sustainable development.

Yunkang is committed to reducing energy consumption. Some of the energy-saving and consumption-reduction measures include:

To strengthen green storage management to reduce daily energy consumption through reasonable temperature control and well-designed site selection



To standardize the use of heating and cooling system, save electricity for air conditioner, and reasonably set the temperature of air conditioner in office areas



To use LED energy-saving lamps with higher lighting efficiency in the Company's office area and major laboratories



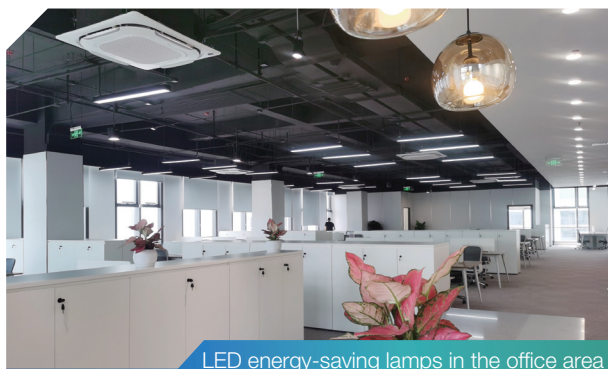
To actively create green logistics, giving priority to new energy vehicles for logistics and transportation



To regularly maintain and repair all kinds of equipment to ensure its normal operation, prolonged service life and guaranteed power consumption efficiency



To form a combinative mechanism of employee self-discipline and administrative inspection to ensure that the air conditioner and lamps are turned off when the area is unoccupied



Building green logistics and creating a zero-carbon future

Yunkang actively practices green logistics operations, especially in the fields of green office, green vehicles, and green logistics packaging, and further reduces energy consumption and environmental pollution caused by the use of office consumables and logistics transportation, thereby achieving low-carbon transformation.

- **Green office system:** In response to the call for a green paperless office, Yunkang Logistics Center has changed the logistics declaration process to online system approval; measures such as photo recording and barcode optimization not only reduce paper consumption but also improve the efficiency of sample reception.
- **Green transportation vehicles:** Yunkang continues to promote the process of “gasoline-to-electricity”. As of 2024, the proportion of the Company’s new energy vehicles has increased to 57.1% from 54.1%.
- **Green packaging through weight reduction:** Yunkang promotes the lightweight upgrade of sample transport box, replaces the original PP+PU material with EPP box body that is 30% lighter in weight, and reduces the use of anti-vibration and crush-resistance cartons. In 2024, the Company fully adopted EPP materials for high-speed rail transportation. Currently, this has covered all high-speed rail transportation routes across the country, achieving 100% application.



EPP sample transport box

Proportion of the Company’
new energy vehicles

57.1%

During the Reporting Period, the total direct and indirect energy consumptions of the Company are as follows:

Energy	Unit	Data in 2024
Total energy consumption	Thousand kWh	6,089.16
Total density of energy consumption	Thousand kWh/million RMB	8.55

9.1.3 Water Resource Management

Yunkang strictly abides by the *Water Pollution Prevention and Control Law of the People's Republic of China* (《中華人民共和國水污染防治法》) and other relevant laws and regulations and attaches great importance to the management and protection of water resources. Yunkang strives to improve water-use efficiency and achieve sustainable utilization of resources. The Company has adopted a number of measures to improve the use of water resources, such as strengthening water management in office areas, laboratories and major industry parks, using water-saving equipment and high-efficiency water-use technologies and posting “Save Water” signs and carrying out internal publicity campaigns, to promote employees’ awareness of water conservation. In addition, the Company regularly monitors the use and quality of water resources to ensure that the use of water resources complies with national environmental standards and industry norms. It also continuously optimizes water resource utilization efficiency through digital management.

During the Reporting Period, the Company’s total water consumption and density were as follows, and there was no problem in sourcing suitable water sources:

Water resource	Unit	Data in 2024
Total water consumption	Cubic meter	17,111.26
Density of water consumption	Cubic meter/million RMB	24.03

9.1.4 Discharges Management

Yunkang strictly abides by the *Regulations on the Administration of Medical Wastes* (《醫療廢物管理條例》), the *Measures for Medical Wastes Management of Medical and Health Institutions* (《醫療衛生機構醫療廢物管理辦法》), the *Regulations on the Safety Management of Hazardous Chemicals* (《危險化學品安全管理條例》) and other relevant laws and regulations, and has formulated and implemented the *Responsibility System for Control and Disposal of Hazardous Waste with Environmental Pollution* (《危險廢物污染環境防治責任制度》), the *Yunkang’s Classified Collection Management System of Medical Waste* (《雲康醫療廢物分類收集管理制度》), the *Standard Operating Procedures for Laboratory Medical Waste Disposal* (《實驗室醫療廢物處置標準操作規程》) and other internal systems to ensure the compliance management and reasonable disposal of various discharges. Yunkang endeavors to reduce its impact on the environment by strengthening medical liquid waste management, wastewater management and air pollutants management.

• Medical liquid waste management

Yunkang strictly complies with the relevant laws and regulations on medical liquid waste management, engages certified third-party environmental protection organizations for standardized recycling and disposal of medical liquid waste, and closely monitors the whole process of removal, transportation and reception of medical liquid waste, to ensure compliance and transparency. At the same time, Yunkang uses a solvent waste liquid recycling machine in the pathology laboratory to recycle xylene waste liquid generated during the testing process, achieving the recycling and reuse of xylene waste liquid to reduce the pollution risk of xylene emissions at its source, minimize its harm to the environment and further promote resource efficiency and environmental protection.

- **Wastewater management**

In addition to engaging qualified third-party companies to treat wastewater, Yunkang has established an internal wastewater treatment system to centralize the purification of wastewater. The wastewater is discharged after pollutants such as chemicals and hazardous substances are effectively removed through advanced treatment equipment and meeting environmental discharge standards. The Company regularly carries out water quality testing to ensure the adequacy and effectiveness of wastewater treatment.

For example, Yunkang has constructed a wastewater treatment station at its subsidiary Guangzhou Clinical Laboratory, which uses an advanced process of “physical and chemical treatment + anaerobic treatment + anoxic treatment + aerobic treatment + MBR”, achieving a processing capacity of 3m³/h, effectively removing pollutants such as suspended solids and dissolved substances, ensuring that wastewater is discharged with stable quality after meeting discharge standard and reducing the impact on the environment. Meanwhile, the Company actively explores water resource recycling and utilizes the treated wastewater that meets the standards for other purposes to achieve dual improvement of the environmental benefits and economic benefits and promote sustainable development.

- **Air pollutants management**

Yunkang emphasizes air pollutant management, and adopts activated carbon adsorption technology for the efficient treatment of air pollution during its daily operations to ensure that the air pollutants are discharged with stable quality in compliance with standards after filtration treatment. Furthermore, the Company proactively identifies equipment that may cause serious air pollution, and eliminates or upgrades it in a timely manner, to continuously reduce the impact on the environment and promote clean operations.

9.1.5 Waste Management

In strict compliance with the *Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes* (《中華人民共和國固體廢物污染環境防治法》), Yunkang conducts classified collection of waste, and takes appropriate treatment measures for hazardous and non-hazardous wastes. Meanwhile, Yunkang monitors the generation and disposal of wastes on an ongoing basis, records daily generation volumes, actively seeks opportunities for emission reduction, and continuously improves the level of waste management, in order to promote environmentally sustainable development.

Hazardous waste management

- The hazardous wastes of the Company mainly include medical wastes, waste toner cartridges, waste ink cartridges, etc.
- The Company has formulated and implemented internal waste management procedures such as the *Classified Collection Management System of Medical Waste* and the *Responsibility System for Control and Disposal of Hazardous Waste with Environmental Pollution*, and strictly supervises and manages the generation, collection, classification, labelling, recording, storage, transportation, and disposal of hazardous waste. The Company also complies with the requirements of relevant laws and regulations in the construction, utilization, and maintenance of temporary hazardous waste storage facilities, to ensure that hazardous waste is disposed of in a compliant manner.

Non-hazardous waste management

- The Company's non-hazardous waste mainly consists of daily office waste and general solid waste generated during operations.
- Domestic waste is sorted and handed over to the environmental protection department for disposal, and renewable materials are handed over to a third-party company designated by the environmental protection department for recycling.
- The cafeteria no longer provides disposable takeout containers. Reusable tableware is used to reduce waste generation.
- The Company fully implements the *Yunkang Group 7S Work Implementation Handbook* 《雲康集團 7S 工作實施手冊》 to optimize the office environment by enhancing waste management, so as to improve operational efficiency.

During the Reporting Period, the amount of waste generated by the Company is as follows:

Waste	Unit	Data in 2024
Total hazardous waste	Tonnes	250.02
Density of hazardous waste	Tonnes/million RMB	0.35
Total non-hazardous waste	Tonnes	52.92
Density of non-hazardous waste	Tonnes/million RMB	0.07

9.2 ADDRESSING CLIMATE CHANGE

Climate change and extreme weather have become serious challenges on a global scale, which pose far-reaching impacts on both the natural environment and human society. Yunkang actively identifies and manages relevant risks and opportunities, and continuously enhances its response capacities. Since 2023, Yunkang has disclosed the Company's climate governance system under the four areas of "Governance", "Strategy", "Risk Management" and "Metrics and Targets" to further strengthen the identification and control of climate-related risks and opportunities.

• Governance

Yunkang has set up a comprehensive governance system for climate change-related issues. It formulated the *Governance System for Climate Change-related Issues – Terms of Reference* 《氣候變化相關事宜管治體系－職權範圍書》, which specifies the climate management responsibilities of the decision-making, management and execution levels. As the decision-making level, the Board of Directors bears the ultimate responsibility for climate change, and is responsible for reviewing and overseeing the Company's climate management approaches, strategies, policies, targets and their progress, and managing climate-related risks and opportunities. As the management level, the ESG Working Group, under the mandates of the Board of Directors, formulates relevant approaches and strategies, identifies, assesses and manages climate-related risks and opportunities, and promotes the implementation of climate change-related policies and work by relevant business lines and functional departments. The ESG Working Group holds meetings regularly every year to review the progress of the Company's climate management. Moreover, the ESG Working Group regularly reports to the Board of Directors on relevant information to ensure that the Board is kept abreast of climate change development trends and the climate risks and opportunities faced by the Company, continuously enhancing its climate governance capabilities.

• Strategy and risk management

Yunkang is of the view that effectively identifying, assessing and managing climate-related issues is crucial to guaranteeing business continuity and achieving sustainable development. Therefore, the Company incorporates climate change into its overall strategic planning, business model and decision-making process, and includes climate risks into its risk management system to constantly strengthen its management capability.

In 2023, based on its own business, value chain, and operation features, through peer benchmarking and internal communication, Yunkang identified a series of climate risks that may have a material impact on its business. According to the national dual-carbon policy timelines and its own business operations, the Company has defined the following durations for climate risk impacts: short-term (to 2025), medium-term (2025-2030), and long-term (2030-2060). At the same time, the Company uses climate scenario analysis, and selects a high emission scenario (the IEA's Stated Policies Scenario, the Representative Concentration Pathway ("RCP") 8.5 scenario) and a low emission scenario (the IEA's Net Zero Emissions Scenario, the RCP 2.6 scenario) to conduct an in-depth analysis of the physical risk and transition risk, and to prioritize the climate risk from two dimensions: the severity of the risk impact and the likelihood of the risk occurrence.

In 2024, the Company reviewed its 2023 climate risk assessment results, confirming that the impact magnitude of climate risks remained consistent with that in 2023, and further identified the financial impacts of climate risks. The table below details the climate risks identified, including risk descriptions and impacts, the duration of the risk impact, the degree of the risks, the financial impacts of climate risks and the countermeasures adopted by the Company.

Risk type	Specific risks	Risk descriptions and impacts	Duration	Degree of risks	Financial impacts	Countermeasures
Physical risks						
Acute physical risks	Adverse impacts caused by frequent extreme weather events	<p>Extreme weather events such as natural disasters (such as floods, typhoons, etc.) may lead to:</p> <p>(1) equipment and assets damage in the Company's offices, laboratories and other places of operation;</p> <p>(2) threat to the personal safety of employees and impacts on the normal operation of the business;</p> <p>(3) supply chain disruptions, and impacts on the supply of materials (e.g., laboratory reagents, consumables, and equipment, etc.).</p> <p>At the same time, the Company's (cold chain) logistics and transportation may be hindered, and the transportation efficiency and capacity may be reduced, which may affect the detection speed and quality of sample testing, and in turn affect the Company's revenue.</p>	Short term	Low	<p>Asset depreciation</p> <p>Cost increase</p> <p>Revenue decrease</p>	<ul style="list-style-type: none"> Develop a sound emergency plan and conduct internal prevention education for employees who may be at risk Establish a hierarchical early warning system, and monitor natural disaster forecasts In the event of extreme weather warnings, immediately notify employees to ensure their safety, conduct safety inspections, and proactively deploy measures to protect the Company's assets In the event of extreme weather, assess inventory and delivery schedules to prioritize material allocation. If material shortages occur, negotiate outsourcing or communicate potential delays with customers

Risk type	Specific risks	Risk descriptions and impacts	Duration	Degree of risks	Financial impacts	Countermeasures
Chronic physical risks	Adverse impacts caused by long-term changes in global climate patterns	<p>The increase in average temperature may lead to:</p> <p>(1) the increase in energy consumption in the Company's offices, laboratories and other places of operation and the increase in the Company's (cold chain) logistics and transportation costs, resulting in an increase in its overall operating costs;</p> <p>(2) impacts on the health of employees and reduction in work efficiency;</p> <p>(3) harms to the health of all human beings, resulting in an increase in human diseases, and increasing customer demand for the Company's testing services, which in turn leads to an imbalance between laboratory capacity load and demand.</p>	<p>Medium term</p> <p>Long term</p>	Low	<p>Cost increase</p> <p>Revenue decrease</p>	<ul style="list-style-type: none"> Track and analyse energy consumption trends, system and implement stricter energy saving measures to reduce energy consumption Monitor the health of employees, offer high-temperature subsidies to employees, implement cooling measures, and strive to avoid having employees work outdoors in high temperatures Track the changes in the demand for testing services, make timely adjustments and layouts, and constantly enhance the efficiency of testing Consider adverse factors such as high temperature in the (cold chain) logistics and transportation, and formulate measures (including temperature node monitoring and early warning, timely control and management of sample temperature by sample recipient and increase of self-operated routes to shorten the sample transit time) to reduce the impact of high temperature

Risk type	Specific risks	Risk descriptions and impacts	Duration	Degree of risks	Financial impacts	Countermeasures
Transition risks						
Policy and legal risks	Pricing on GHG emissions	Global GHG emission policies and regulatory measures are constantly evolving, and China mainland has also launched carbon trading market. Even if Yunkang Group is not currently affected by the cap-and-trade program, future policy requirements related to carbon regulation and carbon pricing in the medical testing industry may directly or indirectly lead to an increase in operating costs.	Medium term Long term	Low	Cost increase	<ul style="list-style-type: none"> Establish a carbon emissions management system, and strive to continuously reduce GHG emissions to mitigate the impact of carbon regulation and carbon pricing Track and understand domestic and international carbon market policy trends to proactively grasp policy direction Adopt advanced medical testing equipment and processes to improve energy efficiency and reduce energy consumption and carbon emissions
	Exposure to legal proceedings	Under stricter environmental laws and regulations, the Company may be exposed to litigation risks if they fail to comply with the relevant legal and regulatory requirements. Fines and judgments resulting from litigation can lead to negative impacts such as loss of business, brand and reputation damage, which in turn can result in increased operating costs.	Medium term Long term	Very low	Increase in liabilities Cost increase	<ul style="list-style-type: none"> Continue to monitor the environmental laws and regulations of the country and the place where we operate, and strictly comply with relevant requirements

Risk type	Specific risks	Risk descriptions and impacts	Duration	Degree of risks	Financial impacts	Countermeasures
	Stricter disclosure requirements for scope 1, 2 and 3 GHG emissions	In order to achieve the goals of carbon peak and carbon neutrality, the governments of China mainland and Hong Kong, as well as relevant regulators, impose higher disclosure requirements for scopes 1, 2 and 3 GHG emissions, which may lead to increased compliance costs.	Short term Medium term	Low	Cost increase	<ul style="list-style-type: none"> Keep abreast of the latest regulatory requirements for GHG emissions, establish and improve the GHG management system, disclose GHG emissions and ensure compliance Enhance energy efficiency and actively explore the carbon trading market Improve internal awareness and capabilities related to carbon emission management and disclosure through training and capacity building initiatives
Technology risks	Expenditures of the transition to low-carbon technologies	Against the backdrop of global climate change, enterprises need to transition to low-carbon operations, including research and development of new technologies (such as digital information technology), and use new energy/energy-saving equipment to replace traditional/energy-intensive and outdated equipment, which may lead to increased operating costs.	Medium term Long term	Low	Asset depreciation Cost increase	<ul style="list-style-type: none"> Launch ten digital “cloud-based” systems and apply big data to achieve digital operations Accelerate the pace of replacement with new energy logistics vehicles Promote paperless office

Risk type	Specific risks	Risk descriptions and impacts	Duration	Degree of risks	Financial impacts	Countermeasures
Market risks	Changes in customer behaviors	More and more customers tend to use eco-friendly products and services, and enterprises need to make more investment in enhancing the energy efficiency of their products and services, to avoid reducing the competitiveness of enterprises and affecting revenue due to failure to meet market demand.	Medium term	Very low	Revenue decrease	<ul style="list-style-type: none"> • Maintain close communication with customers to keep abreast of their demands • Actively adopt energy conservation and emission reduction measures, continuously improve the energy efficiency of our products and services, and reduce GHG emissions
Reputation risks	Stakeholders' growing concern over negative feedback	There is a growing concern over climate change-related issues. Any negative information of the Company and its suppliers on climate change-related issues may affect its reputation.	Medium term Long term	High	Revenue decrease Financing difficulty	<ul style="list-style-type: none"> • Develop emergency plans, establish a crisis management team, and respond quickly to negative news • Regularly publish ESG reports, cultivate a positive image, and build trust • Maintain communication with all stakeholders, promptly address concerns, and share progress updates • Monitor negative coverage of the Company and its suppliers on climate change issues • If a supplier has negative information on climate change-related issues, the Company will assess the risks associated with the negative information and take actions based on the results of the assessment

Meanwhile, Yunkang is also aware of the opportunities that climate change may bring to its business operations. In 2024, Yunkang identified five climate-related opportunities in resource efficiency, energy sources, products and services, markets and adaptability and their financial impacts. Yunkang actively managed and planned for climate opportunities, and adopted several energy conservation and emission reduction measures to continuously reduce its own carbon footprint and promote the transition to low-carbon economy globally.

Type of opportunity	Opportunity description and impact	Duration	Financial impact
Resource efficiency	By implementing resource-saving measures (energy and water resources), the Company can improve its resource utilization efficiency, and reduce energy and water resource consumption, thereby lowering operating costs.	Long term	Cost reduction: Reduced energy and water resource consumption of the Company leads to lower operating costs, such as electricity and water expenses.
Energy sources	By adopting low-emission energy sources, such as procuring more cost-effective “green” reagents, consumables, and equipment, the Company can lower operating costs and reduce their greenhouse gas emissions, thus mitigating the compliance risks associated with greenhouse gas emissions.	Medium term	Cost reduction: Procuring more cost-effective “green” reagents, consumables, and equipment can improve energy efficiency, reduce energy consumption, and lower operating costs. A reduction in greenhouse gas emissions of the Company can minimize compliance risks, such as fines and litigation resulting from violations of environmental regulations.
Products and services	In the context of a global transition to a low-carbon economy, the Company can expand its service scope and enhance market competitiveness by developing climate adaptation-related medical services, such as low-carbon medical testing services and remote medical testing services.	Medium term Long term	Revenue increase: Developing and upgrading climate adaptation-related medical services (e.g., remote medical testing services) helps expand the Company’s service scope and cover a broader customer base, hence increasing revenue.
Market	Environmental impacts from climate change may increase public awareness of health issues, driving demand for medical testing services. If the Company can capitalize on these emerging market opportunities and benefits, it may have more customers and business opportunities.	Medium term Long term	Revenue increase: Increased customers and business opportunities lead to revenue increase of the Company.
Adaptability	By continuously improving the ability to cope with climate change and enhancing the reliability of the overall supply chain and its operational capabilities under different conditions, the Company and its supply chains can increase climate resilience, thereby improving operational efficiency and reducing operational risks.	Medium term Long term	Cost reduction: Increasing climate resilience can help the Company reduce operational risks and decrease unexpected costs associated with climate change, such as disaster recovery costs, thereby lowering operating expenses.

• Metrics and targets

Yunkang strives to reduce GHG emissions by monitoring and disclosing GHG emissions generated by the Company's operations every year and strengthening relevant management on an ongoing basis. During the Reporting Period, the GHG emissions generated by the Company are as follows:

GHG	Unit	Data in 2024
Total GHG emission (scope 1+scope 2)	tCO ₂ e	3,267.44
Density of GHG emission	tCO ₂ e/million RMB	4.59
GHG emission (scope 1)	tCO ₂ e	0
GHG emission (scope 2)	tCO ₂ e	3,267.44

To further strengthen its emissions data management, Yunkang actively carried out Scope 3 identification and management in accordance with the *Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard*. Through close collaboration across departments, we have clearly identified the Scope 3 categories related to our business, including the goods and services purchased, capital goods, upstream transportation and distribution, waste generated in operations, business travel, employee commuting, upstream leased assets, and downstream transportation and distribution. We plan to establish a comprehensive Scope 3 data collection system in the next phase. This system will enable us to more accurately track, report, and ultimately reduce these emissions, supporting our long-term sustainable development strategy.

10 CARING YUNKANG, SPREADING HEALTH AND WELL-BEING TO EVERY HOME

- STRENGTHENING HEALTHCARE SYSTEMS
- COMMUNITY CHARITY AND PUBLIC WELFARE



10 CARING YUNKANG, SPREADING HEALTH AND WELL-BEING TO EVERY HOME

As a responsible corporate citizen, Yunkang actively fulfils its responsibility for sustainable development, participates in public welfare and charity, and strives to create long-term value for the society and improve the health and well-being of the people. In 2024, leveraging its professional expertise, Yunkang delivered high-quality medical services to more people through a series of public welfare activities, including health education, disease screening, and free clinics and check-ups. At the same time, it supported capacity building in primary healthcare institutions, promoted the improvement of the public health system, and promoted the implementation of the “Healthy China” strategy through practical actions, contributing to building a healthy society for all.

10.1 STRENGTHENING HEALTHCARE SYSTEMS

10.1.1 Popularization of Health Knowledge

In 2024, Yunkang held approximately 107 health lectures, covering nutrition and health, hypertension, Traditional Chinese Medicine (“TCM”), vaccination, sleep, tobacco control and other subjects, with a cumulative audience of over 4,350 people. Meanwhile, Yunkang reaches the primary level, conducting numerous health education and nutritional guidance events in kindergartens, primary and secondary schools, and communities, reaching over 7,200 people. Yunkang takes this opportunity to disseminate scientific knowledge and raise public awareness of health issues.



Lectures on health knowledge



Lectures on health knowledge

10.1.2 Supporting Disease Screening

In 2024, Yunkang launched the “2+3” health service package, focusing on diseases such as hypertension, diabetes and hepatitis, which provided free screening services to 15,000 residents. Meanwhile, Yunkang partnered with the Hainan Cancer Hospital Health Alliance to conduct “Five-Cancer” screenings (liver, lung, breast, intestinal and stomach cancers), covering approximately 4,000 people. These efforts continually strengthened early disease management and contributed to the high-quality development of the public health system.



Disease screening



Disease screening

10.1.3 Safeguarding the Health of Special Groups

The elderly, pregnant women and children are always the key groups of medical services. Yunkang pays attention to the health and safety of the elderly, pregnant women, children and other groups on a regular and ongoing basis, continuously promotes disease prevention and control and medical treatment for the elderly, women and children, keeps improving the primary medical service guarantee system, and actively builds a public health prevention and control network to safeguard the health of the people in an all-round way.

In 2024, Yunkang offered free physical examination services to key groups, including children, students and the elderly, focusing on health monitoring and disease prevention to comprehensively improve health management for key groups.



Focus on children's health



Focus on students' health

10.2 COMMUNITY CHARITY AND PUBLIC WELFARE

10.2.1 Giving Back to Society, Benefiting People's Health

Yunkang actively contributes to the society through sincere and warm-hearted public welfare activities. It focuses on public welfare activities such as complimentary medical examinations and charitable clinical diagnostic activities, fully leverages its professional expertise, fulfills its corporate social responsibility and implements the core philosophy of “respecting nature and loving others”, so as to continuously transmit positive and uplifting energy.

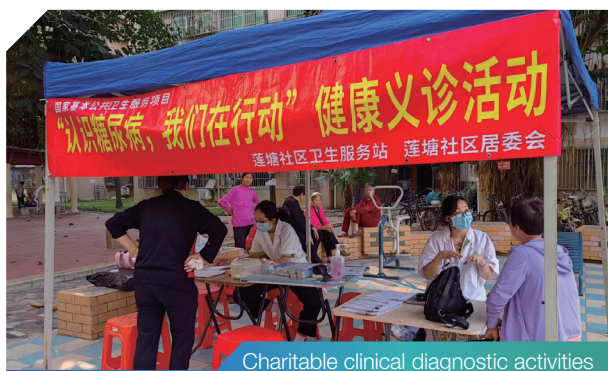
In 2024, Yunkang organized over 237 complimentary medical examinations, serving more than 25,160 person-times. At the same time, we conducted over 240 charitable clinical diagnostic activities, serving more than 20,600 people.



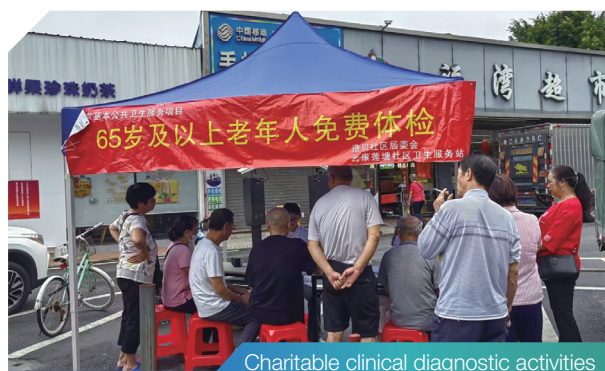
Complimentary medical examinations



Complimentary medical examinations



Charitable clinical diagnostic activities



Charitable clinical diagnostic activities

11 APPENDIX 1: ESG KPIS

11.1 ENVIRONMENTAL KPIS

ESG indicators	Unit	Data in 2024	Data in 2023
A1.1 Air pollutant emissions¹			
Xylene	Tonnes	0.00011	0.00084
Phenols	Tonnes	0	0.0101
TVOC ²	Tonnes	0	0.0145
Total emissions of air pollutant	Tonnes	0.00011	0.02544
Total density of air pollutant emissions	Tonnes/million RMB	1.54×10^{-7}	0.00003
A1.2 Direct and indirect GHG emission³			
GHG emission (scope 1) ⁴	tCO ₂ e	0	0
GHG emission (scope 2) ⁵	tCO ₂ e	3,267.44	10,039.56
Total GHG emission	tCO ₂ e	3,267.44	10,039.56
Total density of GHG emission	tCO ₂ e/million RMB	4.59	11.26
A1.3 Discharge of hazardous waste⁶			
Waste tube	Tonnes	0	0
Waste toner cartridges and ink cartridges	Tonnes	0	0.0005
Medical waste	Tonnes	250.02	228.16
Total hazardous waste discharge	Tonnes	250.02	228.17
Total discharge density of hazardous waste	Tonnes/million RMB	0.35	0.26
A1.4 Discharge of non-hazardous waste⁶			
Waste cartons	Tonnes	8.11	7.34
Office waste paper ⁷	Tonnes	19.00	0.07
Household waste ⁸	Tonnes	24.37	58.89
Waste plastic	Tonnes	1.45	1.48
Total non-hazardous waste discharge	Tonnes	52.92	67.78
Total discharge density of non-hazardous waste	Tonnes/million RMB	0.07	0.08
Waste carton recycled	Tonnes	8.11	7.34
Office waste paper recycled	Tonnes	6.94	0.01
Waste plastic recycled	Tonnes	1.45	1.48
Total non-hazardous waste recycled	Tonnes	16.49	8.83
A2.1 Energy consumption⁹			
Purchased electricity	Thousand kWh	6,089.16	17,604.00
Total energy consumption	Thousand kWh	6,089.16	17,604.00
Total energy consumption intensity	Thousand kWh/million RMB	8.55	19.75
A2.2 Water consumption			
Total water consumption ¹⁰	Cubic meter	17,111.26	24,681.58
Total water consumption intensity	Cubic meter/million RMB	24.03	27.69
Recycled water consumption ¹¹	Cubic meter	0	250.00

Illustration for environmental KPIs:

The time of data collection covers the period from January 1, 2024 to December 31, 2024. The scope of environmental data collection covers the headquarters of the Group and 12 clinical laboratories in Guangzhou, Chengdu, Hefei, Nanchang, Kunming, Shanghai, Jinan, Nanning, Changsha, Shantou, Guiyang and Haikou unless otherwise specified.

1. The emission of air pollutants comes from the use of volatile reagents, including xylene, phenols and TVOC, and the Company does not possess its own official vehicles, so it does not produce conventional air pollutants such as sulfur dioxide, nitrogen oxides, and particulate matter; air pollutants only included the emissions of Guangzhou Da'an Clinical Laboratory, and the emissions of air pollutants in the rest of the laboratories were extremely low and negligible; the calculation of air pollution emissions mainly refers to the Company's monitoring report;
2. TVOC refers to the abbreviation of Total Volatile Organic Compounds;
3. Total GHG emissions include direct GHG emissions and indirect GHG emissions; direct GHG emissions come from the use of refrigerants, and the emission coefficient mainly refers to the Hong Kong Stock Exchange's *Reporting Guidance on Environmental KPIs* 《環境關鍵績效指標匯報指引》; indirect GHG emissions come from purchased electricity. The GHG emission coefficient of purchased electricity in 2024 is based on the 2022 national average carbon dioxide emission factor for electricity set out in the *Announcement on Issuing the 2022 Electric Power Carbon Dioxide Emission Factors* issued by the Ministry of Ecology and Environment of the People's Republic of China and the National Bureau of Statistics; the GHG emission coefficient of purchased electricity in 2023 is based on the 2022 national average grid emission factor set out in the *Notice on the Management of GHG Emissions Reporting for Power Generation Sector from 2023 to 2025* issued by the Ministry of Ecology and Environment of the People's Republic of China;
4. GHG emission (scope 1) comes from the use of refrigerants. No refrigerant was replaced in 2023 and 2024, thus GHG emission (scope 1) was 0;
5. GHG emission (scope 2) comes from purchased electricity. GHG emissions (scope 2) in 2024 decreased due to a significant reduction in purchased electricity as a result of the business adjustments by the Company;
6. According to the Company's business nature and actual operating conditions, hazardous waste includes waste lamp tubes, waste toner cartridges and medical waste; non-hazardous waste includes waste cartons, office waste paper, household waste and waste plastic;
7. The office waste paper generated in 2024 increased due to staff changes and the discarding of data files;
8. The household waste generated in 2024 decreased as a result of staff changes;
9. Energy consumption only includes energy consumption from purchased electricity; the energy consumption in 2024 decreased because of the significant decrease in purchased electricity resulting from business adjustments of the Company;
10. Water resource consumption in 2024 decreased due to business adjustments of the Company;
11. Recycled water consumption only included the amount of recycled water used in Jinan Clinical Laboratory.

11.2 SOCIAL KPIS

ESG indicators		Unit	Data in 2024	Data in 2023
B1 Employment				
B1.1 Total workforce by gender, employment type, age group and geographical region				
Total workforce		person	1,249	1,510
By gender	Male	person	541	652
	Female	person	708	858
By age group	Below age 30	person	520	762
	Age 30 to 50	person	699	708
	Above age 50	person	30	40
By rank	Total senior management	person	33	32
	Male senior management	person	27	25
	Female senior management	person	6	7
	Total middle management	person	147	162
	Male middle management	person	91	99
	Female middle management	person	56	63
	Total non-management	person	1,069	1,316
	Male non-management	person	423	528
	Female non-management	person	646	788
By region	Total employees in China mainland	person	1,249	1,508
	East China	person	141	198
	South China	person	941	1,106
	Central China	person	6	30
	Southwest China	person	161	174
	Total employees in Hong Kong, Macao, Taiwan and overseas regions	person	0	2
By employment type	Full-time	person	1,228	1,483
	Part-time	person	21	27
Total workforce by other categories				
By education	Master and above	person	61	72
	Bachelor and below	person	1,188	1,438
By ethnicity	Han	person	1,153	1,374
	Ethnic minorities	person	96	136

ESG indicators		Unit	Data in 2024	Data in 2023
Other employment data				
Number of researchers		person	109	96
Labor contract signing rate for full-time employees		%	100	100
Social insurance coverage rate for full-time employees		%	100	100
Labor union coverage rate for full-time employees		%	100	100
Proportion of female holding STEM ¹ -related positions		%	60	52
B1.2 Employee turnover rate by gender, employment type, age group and geographical region²				
Total turnover rate		%	35.31	92.52
By gender	Male	%	16.09	34.24
	Female	%	19.22	58.28
By age group	Below age 30	%	20.58	71.79
	Age 30 to 50	%	13.77	20.00
	Above age 50	%	0.96	0.73
By region	China mainland	%	35.15	92.52
	Hong Kong, Macao, Taiwan and overseas regions	%	0.16	0
By rank	Senior management	%	0.40	0.26
	Middle management	%	2.56	1.32
	Non-management	%	32.35	90.93
B2 Health and safety³				
B2.2 Lost days due to work injury				
Lost days due to work injury		day	112	0
B3 Development and training				
B3.1 Percentage of employees trained by gender and employee category⁴				
By gender	Male	%	48.76	46.21
	Female	%	51.24	53.79
By rank	Senior management	%	3.27	2.89
	Middle management	%	13.68	10.65
	Non-management	%	83.05	86.46
Percentage of employees trained by other categories⁴				
By training content	Marketing line	%	19.82	19.13
	Laboratory technology line	%	49.45	47.20
	Functional line	%	30.72	33.66
By age	Below age 30	%	38.45	51.08
	Age 30 to 50	%	59.56	47.11
	Above age 50	%	1.98	1.81
By ethnicity	Han	%	91.87	92.51
	Ethnic minorities	%	8.13	7.49

ESG indicators		Unit	Data in 2024	Data in 2023
B3.2 Average training hours completed per employee by gender and employee category⁵				
By gender	Male	hour	22.11	24.00
	Female	hour	16.42	22.00
By rank	Senior management	hour	23.06	10.00
	Middle management	hour	30.50	22.00
	Non-management	hour	17.18	23.47
Average training hours completed per employee by other categories⁵				
By training content	Marketing line	hour	45.51	21.41
	Laboratory technology line	hour	16.93	32.24
	Functional line	hour	5.87	10.72
By age	Below age 30	hour	17.46	24.80
	Age 30 to 50	hour	20.56	21.30
	Above age 50	hour	11.95	12.20
By ethnicity	Han	hour	19.36	23.00
	Ethnic minorities	hour	17.33	22.00
B5 Supplier management				
B5.1 Number of suppliers by geographical region				
By region	Total suppliers in China mainland	unit	385	353
	North China	unit	25	21
	East China	unit	92	95
	South China	unit	203	175
	Central China	unit	32	33
	Northwest China	unit	1	2
	Southwest China	unit	31	26
	Northeast China	unit	1	1
B6 Product responsibility				
B6.2 Number of products and service related complaints received				
Number of complaints received		case	206	302
Number of customer complaints dealt with		case	206	302

ESG indicators	Unit	Data in 2024	Data in 2023	
B6.5 Consumer data protection and privacy				
Information security breaches or other major network security incidents	case	0	0	
Approval rate of corporate information security risk assessments	%	100	100	
Average hours of information security training per person	hour	8	6	
Coverage rate of informing customers about privacy policies	%	100	100	
Coverage rate of customers using data control services	%	100	100	
Customer opt-in consent rate for privacy policy coverage	%	100	100	
Customer coverage rate for information disclosure policies	%	100	100	
Frequency of information system and data security audits	case/year	3	2	
Employee coverage rate for information security and privacy protection training	%	100	100	
B7 Anti-corruption				
B7.1 Number of concluded legal cases regarding corrupt practices and outcomes				
Number of concluded legal cases regarding corrupt practices	case	0	0	
B7.3 Anti-corruption training provided to directors and staff				
Number of participants trained	Directors	person	4	5
	Staff	person	96	128
Training hours	Directors	hour	12	15
	Staff	hour	221	384
B8 Community investment				
B8.2 Resources contributed to the focus area				
Complimentary medical examinations	case	237	330	
Charitable clinical diagnostic activities	case	240	300	
Health lectures	case	107	370	

Illustration for social KPIs:

1. STEM refers to Science, Technology, Engineering and Mathematics;
2. The employee turnover rate is calculated based on: $\text{Turnover rate (per category)} = \frac{\text{Number of employees in the specified category leaving employment}}{\text{Total number of employees}}$;
3. Social KPIs cover all employees of Yunkang Group;
4. The percentage of employees trained is calculated based on: $\text{Percentage of employees trained} = \frac{\text{Number of employees in the specified category who took part in training}}{\text{Total number of employees who took part in training}}$;
5. The average training hours completed per employee is calculated based on: $\text{Average training hours completed per employee} = \frac{\text{Total number of training hours completed by employees in the specified category}}{\text{Total number of employees in the specified category who took part in the training}}$.

12 APPENDIX 2: INDEX OF ESG REPORTING GUIDE OF THE STOCK EXCHANGE

ESG indicators	Description of indicators	Chapters/Notes
A1 Emissions general disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	9.1 Adopting green operations
A1.1	The types of emissions and respective emissions data.	11.1 Environmental KPIs
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	11.1 Environmental KPIs
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	11.1 Environmental KPIs
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	11.1 Environmental KPIs
A1.5	Description of emission target(s) set and steps taken to achieve them.	9.1 Adopting green operations
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	9.1 Adopting green operations

ESG indicators	Description of indicators	Chapters/Notes
A2 Use of resources general disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	9.1 Adopting green operations
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	11.1 Environmental KPIs
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	11.1 Environmental KPIs
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	9.1 Adopting green operations
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	9.1 Adopting green operations
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable with reference to per unit produced.	Not applicable. Yunkang is a non-production enterprise and does not involve packaging material used for finished products
A3 The environment and natural resources general disclosure	Policies on minimizing the issuer's significant impacts on the environment and natural resources.	9.1 Adopting green operations
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	9.1 Adopting green operations
A4 Climate change general disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted and those which may impact the issuer.	9.2 Addressing climate change
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	9.2 Addressing climate change

ESG indicators	Description of indicators	Chapters/Notes
B1 Employment general disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	8.1 Safeguarding employees' rights and interests In 2024, Yunkang experienced no incidents of discrimination or harassment.
B1.1	Total workforce by gender, employment type (for example, full-time or part-time), age group and geographical region.	11.2 Social KPIs
B1.2	Employee turnover rate by gender, age group and geographical region.	11.2 Social KPIs
B2 Health and safety general disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	8.2 Cultivating a healthy workplace
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	8.2 Cultivating a healthy workplace
B2.2	Lost days due to work injury.	11.2 Social KPIs
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	8.2 Cultivating a healthy workplace
B3 Development and training general disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	8.3 Inspiring employee growth
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	11.2 Social KPIs
B3.2	The average training hours completed per employee by gender and employee category.	11.2 Social KPIs
B4 Labour standards general disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	8.1 Safeguarding employees' rights and interests
B4.1	Description of measures to review employment practices to avoid child and forced labor.	8.1 Safeguarding employees' rights and interests
B4.2	Description of steps taken to eliminate such practices when discovered.	8.1 Safeguarding employees' rights and interests

ESG indicators	Description of indicators	Chapters/Notes
B5 Supply chain management general disclosure	Policies on managing environmental and social risks of the supply chain.	7.3 Empowering partnerships for mutual success
B5.1	Number of suppliers by geographical region.	11.2 Social KPIs
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	7.3 Empowering partnerships for mutual success
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	7.3 Empowering partnerships for mutual success
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	7.3 Empowering partnerships for mutual success
B6 Product responsibility general disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	4.4 Improving innovation management 7.1 Adhering to lean operations 7.2 Enhancing service systems
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable. Yunkang is a non-production enterprise and does not involve products sold or shipped subject to recalls
B6.2	Number of products and service related complaints received and how they are dealt with.	7.2 Enhancing service systems 11.2 Social KPIs
B6.3	Description of practices relating to observing and protecting intellectual property rights.	4.4 Improving innovation management
B6.4	Description of quality assurance process and recall procedures.	7.1 Adhering to lean operations
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	7.2 Enhancing service systems

ESG indicators	Description of indicators	Chapters/Notes
B7 Anti-corruption general disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	6.1 Corporate governance
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	11.2 Social KPIs
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	6.1 Corporate governance
B7.3	Description of anti-corruption training provided to directors and staff.	11.2 Social KPIs
B8 Community investment general disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	10 Caring Yunkang, Spreading Health and Well-being to Every Home
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	10 Caring Yunkang, Spreading Health and Well-being to Every Home
B8.2	Resources contributed (e.g. money or time) to the focus area.	11.2 Social KPIs

FEEDBACK

Dear reader,

Hello! Thank you for reading the Yunkang Group 2024 Environmental, Social and Governance Report. To strengthen communication and exchange with stakeholders and continuously improve the ESG management work of Yunkang Group, we look forward to hearing your valuable feedback.

Yunkang Group Limited
April 2025

1. What is your overall evaluation of this report?
☐ Good ☐ Above average ☐ Average ☐ No opinion
2. Do you think this report can objectively reflect the actual performance of the Company in fulfilling ESG responsibilities?
☐ Yes ☐ Average ☐ No ☐ No opinion
3. How would you rate the clarity, accuracy, and completeness of the information, data, and indicators disclosed in this report?
☐ High ☐ Above average ☐ Average ☐ Below average ☐ Low ☐ No opinion
4. How do you rate the design and layout of this report?
☐ Good ☐ Above average ☐ Average ☐ No opinion
5. Which content section of this report interests you the most?

<input type="radio"/> Innovative Yunkang, Empowering High-quality Medical Development	<input type="radio"/> Digital Yunkang, Pioneering the Future of the Industry
<input type="radio"/> Credible Yunkang, Reinforcing the Pillars of Responsibility	<input type="radio"/> Meticulous Yunkang, Forging Quality Benchmarks
<input type="radio"/> Energetic Yunkang, Building a Shared Future Together	<input type="radio"/> Green Yunkang, Committed to Sustainable Development
<input type="radio"/> Caring Yunkang, Spreading Health and Well-being to Every Home	<input type="radio"/> No opinion
6. Which content section of this report do you think needs the most improvement?

<input type="radio"/> Innovative Yunkang, Empowering High-quality Medical Development	<input type="radio"/> Digital Yunkang, Pioneering the Future of the Industry
<input type="radio"/> Credible Yunkang, Reinforcing the Pillars of Responsibility	<input type="radio"/> Meticulous Yunkang, Forging Quality Benchmarks
<input type="radio"/> Energetic Yunkang, Building a Shared Future Together	<input type="radio"/> Green Yunkang, Committed to Sustainable Development
<input type="radio"/> Caring Yunkang, Spreading Health and Well-being to Every Home	<input type="radio"/> No opinion
7. What information would you like to know that is not disclosed in this report?
8. What are your opinions and suggestions on the ESG work of the Company and the preparation of this report?
You can send your feedback and suggestions to ir@yunkanghealth.com, and we will fully consider your opinions and suggestions.

云康
YUNKANG