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## **Yunkang Group Limited**

**云康集团有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2325)**

### **RENEWAL OF CONTINUING CONNECTED TRANSACTIONS**

References are made to (i) the Prospectus of the Company in relation to, among others, the entering into of the Existing Laboratory Testing Service Framework Agreement and the Existing Reagents, Consumables and Equipment Procurement Framework Agreement and the continuing connected transactions thereunder, all of which will expire on December 31, 2024; and (ii) the announcements dated May 30, 2022 and September 29, 2022 and the circulars dated June 9, 2022 and October 14, 2022 of the Company in relation to, among other things, the revision of annual caps for the transactions contemplated under the Existing Reagents, Consumables and Equipment Procurement Framework Agreement.

The Company proposes to enter into (i) the 2025-2027 Laboratory Testing Service Framework Agreement with Da An Gene to renew the continuing connected transactions under the Existing Laboratory Testing Service Framework Agreement; and (ii) the 2025-2027 Reagents, Consumables and Equipment Procurement Framework Agreement to renew the continuing connected transactions under the Existing Reagents, Consumables and Equipment Procurement Framework Agreement.

#### **2025-2027 LABORATORY TESTING SERVICE FRAMEWORK AGREEMENT**

The Board hereby announces that the 2025-2027 Laboratory Testing Service Framework Agreement was entered into by Da An Gene and the Company on November 11, 2024, pursuant to which Da An Gene Group will continue to provide laboratory testing services to the Group for a term of three (3) years from January 1, 2025 to December 31, 2027.

## **2025-2027 REAGENTS, CONSUMABLES AND EQUIPMENT PROCUREMENT FRAMEWORK AGREEMENT**

The Board hereby announces that the 2025-2027 Reagents, Consumables and Equipment Procurement Framework Agreement was entered into by Da An Gene and the Company on November 11, 2024, pursuant to which the Group will continue to procure reagents, consumables and equipment from Da An Gene Group for a term of three (3) years from January 1, 2025 to December 31, 2027.

### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Da An Gene is a controlling shareholder of the Company and is thus a connected person of the Company under Rule 14A.07(1) of the Listing Rules. Therefore, the transactions contemplated under the 2025-2027 Laboratory Testing Service Framework Agreement and the 2025-2027 Reagents, Consumables and Equipment Procurement Framework Agreement constitute continuing connected transactions of the Company.

#### **2025-2027 Laboratory Testing Service Framework Agreement**

As one or more of the applicable percentage ratios (other than the profits ratio) for the highest annual cap in respect of the procurement of laboratory testing services are more than 0.1% but less than 5%, transactions conducted under the 2025-2027 Laboratory Testing Service Framework Agreement qualify under Rule 14A.76(2) of the Listing Rules as continuing connected transactions exempt from the circular (including independent financial advice) and shareholders' approval requirements but are subject to the relevant annual reporting and announcement requirements set out in Chapter 14A of the Listing Rules.

#### **2025-2027 Reagents, Consumables and Equipment Procurement Framework Agreement**

As the highest applicable percentage ratio (other than the profits ratio) for the highest annual cap in respect of the procurement of reagents, consumables and equipment exceeds 5% and the total consideration is not less than HK\$10,000,000, the transactions contemplated under the 2025-2027 Reagents, Consumables and Equipment Procurement Framework Agreement shall be subject to annual review, annual reporting, announcement, circular (including independent financial advice) and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **EXTRAORDINARY GENERAL MEETING**

An Extraordinary General Meeting will be convened and held at which the Independent Shareholders will consider and, if thought fit, approve the continuing connected transactions and the proposed annual caps contemplated under the 2025-2027 Reagents, Consumables and Equipment Procurement Framework Agreement.

A circular containing, among other things, (i) further details of the 2025-2027 Reagents, Consumables and Equipment Procurement Framework Agreement; (ii) a letter of recommendation from the Independent Board Committee; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the 2025-2027 Reagents, Consumables and Equipment Procurement Framework Agreement; and (iv) a notice convening the Extraordinary General Meeting will be dispatched to the Shareholders on or before November 22, 2024 in compliance with the Listing Rules.

### **I. INTRODUCTION**

References are made to (i) the Prospectus of the Company in relation to, among others, the entering into of the Existing Laboratory Testing Service Framework Agreement and the Existing Reagents, Consumables and Equipment Procurement Framework Agreement and the continuing connected transactions thereunder, all of which will expire on December 31, 2024; and (ii) the announcements dated May 30, 2022 and September 29, 2022 and the circulars dated June 9, 2022 and October 14, 2022 of the Company in relation to, among other things, the revision of annual caps for the transactions contemplated under the Existing Reagents, Consumables and Equipment Procurement Framework Agreement.

The Company proposes to enter into (i) the 2025-2027 Laboratory Testing Service Framework Agreement with Da An Gene to renew the continuing connected transactions under the Existing Laboratory Testing Service Framework Agreement; and (ii) the 2025-2027 Reagents, Consumables and Equipment Procurement Framework Agreement to renew the continuing connected transactions under the Existing Reagents, Consumables and Equipment Procurement Framework Agreement.

## **II. 2025-2027 LABORATORY TESTING SERVICE FRAMEWORK AGREEMENT**

The Board hereby announces that the 2025-2027 Laboratory Testing Service Framework Agreement was entered into by Da An Gene and the Company on November 11, 2024, pursuant to which Da An Gene Group will continue to provide laboratory testing services to the Group for a term of three (3) years from January 1, 2025 to December 31, 2027.

### **1. Principal Terms**

#### ***Date***

November 11, 2024

#### ***Parties***

(i) The Company; and

(ii) Da An Gene

#### ***Major terms***

According to the 2025-2027 Laboratory Testing Service Framework Agreement, Da An Gene agrees to provide laboratory testing services to the Group.

## ***Term***

The term of the 2025-2027 Laboratory Testing Service Framework Agreement is three (3) years from January 1, 2025 to December 31, 2027.

## ***Termination***

Either party shall have the right to terminate the 2025-2027 Laboratory Testing Service Framework Agreement by serving a thirty (30) business days' prior written notice to the other party.

## **2. Pricing Policy**

The service fees under the 2025-2027 Laboratory Testing Service Framework Agreement shall be determined by both parties through arm's length negotiation with reference to (i) the cost to be incurred in performing such laboratory testing by the Group itself; and (ii) comparable market rate offered by other independent suppliers for providing laboratory testing services of similar types and nature. The Group will obtain quotations from not less than two independent suppliers that provide similar services before placing orders with Da An Gene Group. Based on the Group's experience to conduct the test by itself and also the fee quotes provided by other independent suppliers, the Group will be able to ensure that the service fees to be paid to Da An Gene Group by the Group represents the prevailing market price and on normal commercial terms.

## **3. Existing Annual Caps and Historical Amounts**

The annual caps under the Existing Laboratory Testing Service Framework Agreement are RMB14.134 million, RMB15.830 million and RMB17.729 million for the years ended/ending December 31, 2022, 2023, and 2024, respectively.

The actual transaction amounts under the Existing Laboratory Testing Service Framework Agreement for the years ended December 31, 2022, 2023 and the nine months ended September 30, 2024 are approximately as follows:

	<b>For the year ended December 31, 2022 (RMB'000)</b>	<b>For the year ended December 31, 2023 (RMB'000)</b>	<b>For the nine months ended September 30, 2024 (RMB'000)</b>
Laboratory testing services	13,404	13,256	8,638

*Note:* The final transaction amount for the year ending December 31, 2024 is not expected to exceed the annual cap of RMB17.729 million for the year ending December 31, 2024 under the Existing Laboratory Testing Service Framework Agreement.

#### 4. Proposed Annual Caps and Basis of Determination

The following table sets out the proposed annual caps for the procurement of laboratory testing services under the 2025-2027 Laboratory Testing Service Framework Agreement:

	<b>For the year ending December 31, 2025 <i>(RMB'000)</i></b>	<b>For the year ending December 31, 2026 <i>(RMB'000)</i></b>	<b>For the year ending December 31, 2027 <i>(RMB'000)</i></b>
Laboratory testing services	16,807	20,170	24,205

The proposed annual caps are determined with reference to (i) the historical transaction amounts paid by the Group for the laboratory testing services to Da An Gene Group pursuant to the Existing Laboratory Testing Service Framework Agreement; (ii) the estimated testings to be procured from Da An Gene Group for each of the three years ending December 31, 2025, 2026 and 2027; and (iii) the expected purchase price of such laboratory testing service as determined with reference to the prevailing market price.

#### 5. Reasons for and Benefits of Entering into the 2025-2027 Laboratory Testing Service Framework Agreement

Some of the Group's testing procedures are sophisticated and the Group engages third-party laboratories with specific technical skills to perform certain procedures in the test to save costs. Although the Group is able to perform the testing that it procures from third parties on its own, the cost for such testing may be higher due to the lack of scale. As the location of Da An Gene Group's laboratories is close to the Group, Da An Gene Group is able to efficiently complete testing tasks of the Group and respond to the Group's requirements. The Company believes it is in the Group's ordinary course of business to procure laboratory testing services from Da An Gene Group.

#### 6. Listing Rules Implications

As at the date of this announcement, Da An Gene is a controlling shareholder of the Company and is thus a connected person of the Company under Rule 14A.07(1) of the Listing Rules.

As one or more of the applicable percentage ratios (other than the profits ratio) for the highest annual cap in respect of the procurement of laboratory testing services are more than 0.1% but less than 5%, transactions conducted under the 2025-2027 Laboratory Testing Service Framework Agreement qualify under Rule 14A.76(2) of the Listing Rules as continuing connected transactions exempt from the circular (including independent financial advice) and shareholders' approval requirements but are subject to the relevant annual reporting and announcement requirements set out in Chapter 14A of the Listing Rules.

### **III. 2025-2027 REAGENTS, CONSUMABLES AND EQUIPMENT PROCUREMENT FRAMEWORK AGREEMENT**

The Board hereby announces that the 2025-2027 Reagents, Consumables and Equipment Procurement Framework Agreement was entered into by Da An Gene and the Company on November 11, 2024, pursuant to which the Group will continue to procure reagents, consumables and equipment from Da An Gene Group for a term of three (3) years from January 1, 2025 to December 31, 2027.

#### **1. Principal Terms**

##### ***Date***

November 11, 2024

##### ***Parties***

- (i) The Company; and
- (ii) Da An Gene

##### ***Major terms***

According to the 2025-2027 Reagents, Consumables and Equipment Procurement Framework Agreement, Da An Gene agrees to provide reagents, consumables and equipment to the Group.

##### ***Term***

The term of the 2025-2027 Reagents, Consumables and Equipment Procurement Framework Agreement is three (3) years from January 1, 2025 to December 31, 2027.

##### ***Termination***

Either party shall have the right to terminate the 2025-2027 Reagents, Consumables and Equipment Procurement Framework Agreement by serving a thirty (30) business days' prior written notice to the other party.

#### **2. Pricing Policy**

The prices of the reagents, consumables and equipment under the 2025-2027 Reagents, Consumables and Equipment Procurement Framework Agreement shall be determined by both parties through arm's length negotiation with reference to the prevailing market price of similar reagents, consumables and equipment offered by independent suppliers. The Group will obtain quotations from not less than two independent suppliers that provide similar reagents, consumables and equipment before placing orders with Da An Gene Group. Based on the fee quotes provided by other independent suppliers, the Group will be able to ensure that the purchase price to be paid to Da An Gene Group by the Group represents the prevailing market price and on normal commercial terms. The Directors are of the view that the independent suppliers in the market could supply the same or similar reagents, consumables and equipment covered under the 2025-2027 Reagents, Consumables and Equipment Procurement Framework Agreement with Da An Gene.

Typically, there are two to five alternative independent suppliers for each type of reagents, consumables and equipment covered under the 2025-2027 Reagents, Consumables and Equipment Procurement Framework Agreement. The Directors are also further of the view that there will not be any material difference if the Group has to procure reagents, consumables and equipment from alternative suppliers as the procurement price with Da An Gene Group represents the prevailing market price and on normal commercial terms. Even if the Group purchases from other independent suppliers other than Da An Gene Group, the Group will still obtain quotations from not less than two independent suppliers that provide similar reagents, consumables and equipment before placing orders to ensure that the procurement price is consistent with the market price.

The independent non-executive Directors will review the transactions from time to time to assess whether such transactions are conducted in the ordinary and usual course of business of the Group, on normal commercial terms or better, in accordance with the 2025-2027 Reagents, Consumables and Equipment Procurement Framework Agreement, on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The Company's external auditors will review the transactions annually to confirm, among others, whether the pricing terms have been adhered to and whether the annual caps have been exceeded.

The Directors consider that the internal control system of the Group is adequate to ensure that the transactions will be on normal commercial terms and no less favorable to the Group than those offered by independent third parties.

### 3. Existing Annual Caps and Historical Amounts

The Revised Annual Caps (Second Revision) under the Existing Reagents, Consumables and Equipment Procurement Framework Agreement are RMB563.285 million, RMB591.450 million and RMB621.022 million for the years ended/ending December 31, 2022, 2023 and 2024, respectively.

The actual transaction amounts under the Existing Reagents, Consumables and Equipment Procurement Framework Agreement for the years ended December 31, 2022 and 2023 and the nine months ended September 30, 2024 are approximately as follows:

	<b>For the year ended December 31, 2022 (RMB'000)</b>	<b>For the year ended December 31, 2023 (RMB'000)</b>	<b>For the nine months ended September 30, 2024 (RMB'000)</b>
Reagents, consumables and equipment	563,219	17,945	22,753

*Note:* The final transaction amount for the year ending December 31, 2024 is not expected to exceed the Revised Annual Caps (Second Revision) of RMB621.022 million for the year ending December 31, 2024 under the Existing Reagents, Consumables and Equipment Procurement Framework Agreement.



#### 4. Proposed Annual Caps and Basis of Determination

The following table sets out the proposed annual caps for the procurement of reagents, consumables and equipment under the 2025-2027 Reagents, Consumables and Equipment Procurement Framework Agreement:

	<b>For the year ending December 31, 2025 (RMB'000)</b>	<b>For the year ending December 31, 2026 (RMB'000)</b>	<b>For the year ending December 31, 2027 (RMB'000)</b>
Reagents, consumables and equipment	41,083	51,354	64,193

The proposed annual caps are determined with reference to (i) the historical transaction amount paid by the Group for the procurement from Da An Gene Group pursuant to the Existing Reagents, Consumables and Equipment Procurement Framework Agreement; (ii) the expected need of the Group for the reagents, consumables and equipment for each of the years ending December 31, 2025, 2026 and 2027; and (iii) the expected need of reagents, consumables and equipment related to various types of testing for respiratory and digestive tract infectious diseases.

#### 5. Reasons for and Benefits of Entering into the 2025-2027 Reagents, Consumables and Equipment Procurement Framework Agreement

Da An Gene Group has been a reliable supplier in the long-time cooperation with the Group. It is also one of the leading suppliers of certain testing reagents in the industry. The Company believes that it is in the Group's ordinary course of business to procure reagents, consumables and equipment to support the Group's diagnostic testing service from Da An Gene Group as if procuring from other suppliers.

#### 6. Listing Rules Implications

As at the date of this announcement, Da An Gene is a controlling shareholder of the Company and is thus a connected person of the Company under Rule 14A.07(1) of the Listing Rules.

As the highest applicable percentage ratio (other than the profits ratio) for the highest annual cap in respect of the procurement of reagents, consumables and equipment exceeds 5% and the total consideration is not less than HK\$10,000,000, the transactions contemplated under the 2025-2027 Reagents, Consumables and Equipment Procurement Framework Agreement shall be subject to annual review, annual reporting, announcement, circular (including independent financial advice) and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

#### **IV. INFORMATION ON THE PARTIES**

The Group is a China-based company mainly engaged in the provision of diagnostic testing services.

Da An Gene is a biomedical high-tech company listed on the SME Board of the Shenzhen Stock Exchange (Stock Code: 002030.SZ) with a focus on molecular diagnostic technology and is primarily engaged in the research and development, production, and sales of clinical test reagents, instruments, and supporting consumables.

#### **V. APPROVAL BY THE BOARD**

As Ms. Huang Luo is the general manager and a director of Da An Gene, Ms. Huang had abstained from voting on the resolutions at the meeting of the Board for approving the 2025-2027 Laboratory Testing Service Framework Agreement, the 2025-2027 Reagents, Consumables and Equipment Procurement Framework Agreement and the transactions contemplated thereunder.

The Directors (other than Ms. Huang and excluding the independent non-executive Directors in respect of the 2025-2027 Reagents, Consumables and Equipment Procurement Framework Agreement, whose opinion on the continuing connected transactions and the proposed annual caps contemplated under the 2025-2027 Reagents, Consumables and Equipment Procurement Framework Agreement will be set forth in the circular by reference to the advice from the Independent Financial Adviser in that regard) are of the view that the continuing connected transactions and the proposed annual caps contemplated under the 2025-2027 Laboratory Testing Service Framework Agreement and the 2025-2027 Reagents, Consumables and Equipment Procurement Framework Agreement are entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) on terms that are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

#### **VI. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the fairness and reasonableness of the 2025-2027 Reagents, Consumables and Equipment Procurement Framework Agreement, after taking into account the recommendations of the Independent Financial Adviser. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

## VII. EXTRAORDINARY GENERAL MEETING

An Extraordinary General Meeting will be convened and held at which the Independent Shareholders will consider, and, if thought fit, approve the continuing connected transactions and the proposed annual caps contemplated under the 2025-2027 Reagents, Consumables and Equipment Procurement Framework Agreement.

In view of the potential interests of Da An Gene in the 2025-2027 Reagents, Consumables and Equipment Procurement Framework Agreement, Daan International will be required to abstain from voting in relation to the approval for the continuing connected transactions and the proposed annual caps contemplated under the 2025-2027 Reagents, Consumables and Equipment Procurement Framework Agreement at the Extraordinary General Meeting. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, save and except Daan International, no other Shareholder has a material interest in the 2025-2027 Reagents, Consumables and Equipment Procurement Framework Agreement, and therefore, no other Shareholder will be required to abstain from voting at the Extraordinary General Meeting.

A circular containing, among other things, (i) further details of the 2025-2027 Reagents, Consumables and Equipment Procurement Framework Agreement; (ii) a letter of recommendation from the Independent Board Committee; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the 2025-2027 Reagents, Consumables and Equipment Procurement Framework Agreement; and (iv) a notice convening the Extraordinary General Meeting will be dispatched to the Shareholders on or before November 22, 2024 in compliance with the Listing Rules.

## VIII. DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“2025-2027 Laboratory Testing Service Framework Agreement”	the Laboratory Testing Service Framework Agreement dated November 11, 2024 entered into between the Company and Da An Gene
“2025-2027 Reagents, Consumables and Equipment Procurement Framework Agreement”	the Reagents, Consumables and Equipment Procurement Framework Agreement dated November 11, 2024 entered into between the Company and Da An Gene
“Board”	the board of Directors

“Company”	Yunkang Group Limited 云康集团有限公司, an exempted company with limited liability incorporated in the Cayman Islands, the Shares of which were listed on the main board of the Stock Exchange (stock code: 2325)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Da An Gene”	Daan Gene Co., Ltd. (廣州達安基因股份有限公司), a company limited by shares established in the PRC whose shares are listed on the SME Board of the Shenzhen Stock Exchange (Stock Code: 002030.SZ)
“Da An Gene Group”	Da An Gene and its subsidiaries
“Daan International”	Daan International Holdings Limited (達安國際集團有限公司), a company incorporated in Hong Kong with limited liability, a subsidiary of Da An Gene and one of the controlling shareholders of the Company
“Directors(s)”	director(s) of the Company
“Existing Laboratory Testing Service Framework Agreement”	the Laboratory Testing Service Framework Agreement dated February 18, 2022 entered into between the Company and Da An Gene
“Existing Reagents, Consumables and Equipment Procurement Framework Agreement”	the Reagents, Consumables and Equipment Procurement Framework Agreement dated February 18, 2022 entered into between the Company and Da An Gene
“Extraordinary General Meeting”	an extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, approve the continuing connected transactions and the proposed annual caps contemplated under the 2025-2027 Reagents, Consumables and Equipment Procurement Framework Agreement

“Group”	The Company, its subsidiaries and consolidated affiliated entities
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors established for the purpose of advising the Independent Shareholders on the approval of the continuing connected transactions and the proposed annual caps contemplated under the 2025-2027 Reagents, Consumables and Equipment Procurement Framework Agreement
“Independent Financial Adviser”	Topleap Financial Capital Limited (晉凱金融資本有限公司), a corporation licensed to carry on Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the approval of the continuing connected transactions and the proposed annual caps contemplated under the 2025-2027 Reagents, Consumables and Equipment Procurement Framework Agreement
“Independent Shareholder(s)”	Shareholder(s) other than Daan International
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC” or “China”	the People’s Republic of China, but for the purpose of this announcement and for geographical reference only and except where the context requires otherwise, references in this announcement to “China” and the “PRC” do not apply to Hong Kong, Macau and Taiwan
“Prospectus”	the prospectus of the Company dated May 5, 2022

“Revised Annual Caps (Second Revision)”	the second revised annual caps in respect of the procurement of reagents, consumables and equipment from Da An Gene Group by the Group under the Existing Reagents, Consumables and Equipment Procurement Framework Agreement for the financial years ended/ending December 31, 2022, 2023, 2024, which were approved by the Independent Shareholders at the extraordinary general meeting of the Company held on October 31, 2022
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the ordinary share(s) of US\$0.000002 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By order of the Board  
**Yunkang Group Limited**  
**Zhang Yong**  
*Chairman*

Guangzhou, the PRC  
November 11, 2024

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