



YUNKANG GROUP LIMITED
云康集团有限公司

**Yunkang Group Announces First Annual Results Since Listing
Revenue increases by 121.4% to RMB 3,756 million
Profit attributable to owners of the Company of RMB 377 million**

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**Three major businesses grow rapidly through in-depth service and
lean management**

(Hong Kong, March 31, 2023) **Yunkang Group Limited** ("Yunkang" or the "Group"; Stock Code: 2325), a leading medical operation services provider in China, has announced its first annual results for the year ended December 31, 2022 (the "Reporting Period") since its listing.

Driven by the promotion of health care policies in mainland China, the Group has made steady progress in service network expansion, operational efficiency improvement and lean management, and achieved quality growth under the annual goals of "in-depth service, lean management and achieving quality growth". In particular, in the field of diagnostic testing services for medical institution alliances, the Group has developed a set of medical institution alliance construction and operation support solutions with the advantages of "professionalism, standardization and intelligence", which effectively enhanced the diagnostic capabilities and service efficiency of medical institution alliances and continued to have a positive impact on the Group's profitability. During the Reporting Period, the Group's revenue reached RMB3,756 million, representing a year-on-year increase of 121.4%, and its gross profit increased by 45.4% to RMB1,307 million. Profit attributable to owners of the Company reached RMB377 million for the year. The Board of Directors resolved to recommend the payment of a final dividend of HK\$ 0.22 per share for the year ended December 31, 2022.

Three main businesses maintained rapid growth with in-depth services

The Group achieved rapid growth in scale in the provision of **diagnostic testing services for medical institution alliances**. During the Reporting Period, revenue generated from this segment reached RMB1,680 million, representing an increase of 171.3% compared with the same period in 2021. The number of on-site diagnostic centers increased from 275 as of December 31, 2021 to 398 as of December 31, 2022, providing over 840 medical institutions with diagnostic testing services for medical institution alliances and helping medical institutions enhance diagnostic testing capabilities at all levels in the medical institution alliances and improve the efficiency of diagnostic testing services as a whole. The expansion of capabilities and service scope of on-site diagnostic centers after the initial construction and operation, resulting in a rapid growth of 90.9% in the average revenue of the unit on-site diagnostic centers to RMB

4.2 million. As a key business for the Group, diagnostic testing services for medical institution alliances accounted for an increasing proportion of the Group's total revenue, rising from 36.5% for the year ended December 31, 2021 to 44.7% for the year ended December 31, 2022.

During the Reporting Period, revenue from **diagnostic outsourcing services** amounted to RMB1,944 million, a growth of 89.8% when compared with the same period of 2021. The Group's product lines in key areas such as infectious diseases and blood diseases maintained stable growth during the Reporting Period, driving further growth in outsourcing services revenue. As a professional medical diagnostic testing service institution, the Group has continuously improved its diagnostic testing capabilities and developed competitive products to provide customers with more precise medical solutions. It has established nearly 10 new provincial comprehensive laboratories and regional rapid response laboratories in order to respond to customer demands more quickly and efficiently.

Diagnostic testing services for non-medical institutions are mainly provided through the Group's outpatient clinics, serving the general public and other individual customers such as employees of the Group's non-medical institution clients. During the Reporting Period, due to the impact of the COVID-19 pandemic, the demand for COVID-19 testing from individual customers and non-healthcare customers increased significantly, and the diagnostic testing services for non-medical institutions recorded revenue of RMB131.5 million, representing a growth of 147.5% compared with the same period of 2021.

Expand network to guide the allocation of quality medical resources to move downwards

The Group has basically built four models for the development of medical institution alliances, namely urban medical institution alliances, county-level medical alliances, specialist alliances and telemedicine collaboration networks, and has matched them with specific schemes to create various iconic joint projects and help to guide the sharing and allocation of quality medical resources to move downwards, so as to enhance the service capabilities of medical institutions at all levels.

Pursue technological innovation to improve precision diagnostic technology

During the Reporting Period, the Group embarked on a number of domestic and international industrial collaborations in pursuit of an internationally competitive industry position. In 2022, the Company's investment in R&D reached RMB94.7 million, accounting for representing a year-on-year increase of 115.6%. Through external cooperation, the Group continued to develop in a healthy manner and offer competitive products and services to the market.

Achieve lean operations to strengthen operational capabilities

During the Reporting Period, the Group's laboratory lean operation project achieved initial results. The lean operation project mainly consists of two parts, namely the 7S management of self-built labs and the establishment of a management system for collaborative projects.

Digitalization of operations to establish a standardized operation system

In terms of digitalization, the Group successively launched 10 digital operation systems, including "Tengyun", in 2022, to fully integrate the Group's sales management system, human resources system, training system, settlement system, general ledger system, fixed asset system, warehousing system,

logistics system and customer service system. Consequently, Yunkang's digital operation model has taken shape.

Prioritizing quality to raise product and service standards

By adhering to the strategic concept of "Quality is the lifeline", the Group has actively promoted the lean management of production and operation, established world-leading laboratories that meet international standards and continuously improved product quality and service quality to provide customers with professional, precision, efficient and convenient medical and health services. As one of the first medical service companies to establish medical laboratories that meet international standards, the Group has built independent medical laboratories with ISO15189 quality control system certification and CAP dual certification in Southern, Eastern and Southwestern China. As at the end of the Reporting Period, the Group had obtained various domestic and overseas quality certifications, including CAP, ISO15189, ISO9001, CMA, CMMI and ISO27001, of which the Guangzhou laboratory has even obtained the ISO15189 certification for 12 consecutive years.

Mr. Zhang Yong, Chairman and Executive Director of Yunkang Group Limited, said, "The overall demand for public health services from the public has become stronger after the COVID-19 pandemic. This, coupled with the aging population, has led to increased health awareness and demand for health services among the public. In light of this, the government has introduced a series of policies to promote the upgrading of medical service demand and the four models for the construction of medical institution alliances, namely urban medical groups, county-level medical alliances, specialist alliances and telemedicine collaboration networks. On the technology side, the rapid development of biotechnology has facilitated the expansion of the bioeconomy into many other sectors. Driven by multiple favorable factors, the universal health care industry, especially the third-party testing sector, which places high emphasis on quality, cost and efficiency, is bound to see tremendous development opportunities. Looking ahead, the Group will continue to execute "in-depth service and lean management" to enhance its products and co-built solutions through in-depth service marketing; supported by a lean operation system, it will continuously enrich its in-depth service content and optimize the cost structure of the entire value chain. The Group will continue to leverage on its own value, committed to improving people's livelihood and health, and striving to provide more professional, accurate, efficient and convenient medical and health testing services to the medical institutions and general public."

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Yunkang Group Limited (Stock Code: 2325)

Yunkang Group is a leading medical operation service provider in China, which started to provide standardized medical diagnostic services to medical institutions at all levels as early as 2008. Leveraging its own professional diagnostic capabilities and the nationwide service network of integrated healthcare systems, Yunkang has gradually grown to become a medical operation service platform. Meanwhile, Yunkang is a medical operation service provider in China offering a full suite of diagnostic testing services which are diagnostic outsourcing services and diagnostic testing services for medical institution alliances. Yunkang provides diagnostic services through on-site diagnostic centers to collaborative hospitals in the integrated healthcare systems in China, and assists them in improving their clinical diagnosis capabilities through co-developing diagnostic centers. As of December 31, 2022, Yunkang has successfully provided professional services to 398 medical institution alliances and the hospitals we collaborated with were located across 31 provinces and municipalities in China.

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