



YUNKANG GROUP LIMITED
云康集团有限公司

Yunkang Group Releases First ESG Report
Living in Harmony Empowered by Healthcare Services

(Hong Kong, June 1, 2023) **Yunkang Group Limited** ("Yunkang" or the "Group"; Stock Code: 2325), a leading medical operation service provider in China, recently released its 2022 ESG report.

As a professional provider of medical operation services, Yunkang always adheres to its original philosophy of "Health for All", and continuously provides customers with professional, accurate, efficient, and convenient medical and health services, striving to contribute to the cause of "Healthy China". While vigorously promoting business development, Yunkang Group integrates the ESG development concept into all aspects of corporate operation. In 2022, Yunkang strove to fulfill its corporate social responsibility while continuously optimizing its own operation and management in three aspects: environment, society and governance, helping the Group to realize long-term, high-quality and sustainable development.

Prudent Governance, Risk Management

Yunkang attaches great importance to compliance management, continuously improves its governance structure, and promotes the healthy, long-term and steady development of the Group through good corporate governance. The Group continuously optimizes the structure of the Board, to enhance its independence and emphasize diversity. As of 2022, the Group's independent directors accounted for 42.9% of the total number of directors and female director accounted for 14.3% of the total number of directors. Meanwhile, in terms of risk management, Yunkang has set up the principles of "Risk warning and prevention first", and the Group's Business Department, Legal and Supervision Department and the Executive Committee defined management responsibilities and supervision procedures at all levels.

Responsible Management, Value Creation

The Group has established an ESG Working Group consisting of management and functional departments to ensure the effective implementation of the Group's ESG related objectives and daily operational measures. The ESG Working Group identifies ESG risks, ensures that the Group complies with ESG related laws and regulations, reviews ESG related issues and reports to the Board of Directors.

Healthcare Empowerment, Platform Co-development

In terms of business operation, Yunkang has made full use of its industrial chain, experts and technical resources to achieve remarkable results in building the network platform for medical institution alliances, optimizing the service mode of medical institution alliances, empowering primary medical institutions and benefiting patients. By the end of 2022, Yunkang had successfully provided professional services for more than 840 medical institutions from 398 medical institution alliances across China with more than 2,000 diagnostic projects, and had created several typical benchmark projects to facilitate the rapid development of medical institution alliances constructions.

Yunkang has teamed up with professional organizations at home and abroad to promote the standardization of testing and to help primary healthcare institutions improve their service capabilities. The Group has entered into in-depth cooperation with professional standardization associations such as CLSI (Clinical and Laboratory Standards Institute), ISO (International Organization for Standardization), CNAS (China National Accreditation Service for Conformity Assessment) and CAP (College of American Pathologists). With the help of cutting-edge technologies such as digital healthcare and artificial intelligence applications, Yunkang is focusing on promoting the deep integration and innovation of research, production and service, and integrating domestic and international resources such as research institutes, universities and high-quality suppliers. Yunkang actively promotes the integration of enterprises and universities, and maintains long-term, stable, two-way and positive cooperations with a number of higher learning institutions such as Fudan University, Sun Yat-sen University and Southern Medical University on the basis of "university-enterprise collaborative education". In terms of improving scientific research capability, Yunkang continues to maintain a high level of investment in scientific research. In 2022, the Group's R&D investment reached RMB94.7 million, representing a year-on-year growth of 115.6%.

Put Quality First, Guarding Trust

The Group adheres to the quality policy of "independence and impartiality, accuracy and immediacy, continuous improvement, and sincere service" to guide its work. Three pathology laboratories in Guangzhou, Chengdu and Shanghai were double certificated by ISO15189 and CAP at present. As of the end of reporting period, Yunkang has accumulated a number of domestic and international quality accreditation certificates including CAP, ISO15189, ISO9001, CMA, ISO27001 among which, Guangzhou Daan Clinical Laboratory Center of Yunkang has obtained ISO15189 certification for 12 consecutive years.

In order to improve the quality and efficiency of internal management and medical testing operation services, Yunkang has launched ten digital "cloud" systems to perfect the digitalization and information management of laboratory operation, in-depth service marketing, customer service, staff training and other scenarios. In order to continue to accelerate the progress of "medical + digital", the Group launched the Yunkang digital pathology remote diagnosis platform to comprehensively improve testing quality and diagnostic efficiency and build a remote digital pathology consultation system to empower medical institutions at all levels. Yunkang remains

committed to the two-wheel strategy of “technology + service” and has established eight technology platforms including high-throughput sequencing, ultramicro-pathology, gene chips, cellular genetic, mass spectrometry, flow cytometry, molecular diagnostics and digital pathology, while focusing on the three core dimensions of lean, operation and standardization to establish a system formed of seven major operating services. In terms of supply chain, Yunkang has established a customer-centric supply chain service platform, which deepens its in-depth cooperation with each party in the integration of production, learning, research, supply, production and sales. Meanwhile, Yunkang has strengthened supplier quality management and risk management, and enhanced assessment and supervision.

People-oriented Culture, Co-creation and Sharing

The Group adheres to the principle of equal employment to create a gender-equal, young and dynamic workplace. As of December 31, 2022, 69.94% of the Group's employees were under the age of 30 and 60.77% were female. Among the management staff, the proportion of women was 37.82%, and the proportion of female executives was 26.56%

With the goal of forging a professional team with excellent quality, the Group has created the Ying series of talent training systems. The internally developed digital “Fu Yun” system provides employees with a more flexible and convenient learning and training platform, enabling them to improve their professional competence and business skills more efficiently. As of December 31, 2022, the cumulative number of online learning sessions was 93,073, with 21,873 hours of learning, and an average of 5.6 hours of online learning per person. The overall platform activity rate reached 98%.

Green Operation, Clean Environment

Yunkang actively responds to the national call for “energy saving and emission reduction”. In terms of medical waste liquid management, Yunkang uses a solvent waste liquid recycling machine to recycle xylene waste liquid generated during the pathological specimen testing process in the laboratory, realizing the recycling and reuse of xylene waste liquid to reduce the risk of xylene emissions and minimize its harm to the environment. As for wastewater management, Yunkang uses the latest technology and equipment to design wastewater treatment systems to effectively remove pollutants such as chemicals and harmful substances to meet environmental emission standards. The Group also uses new energy vehicles to build green logistics systems, and the percentage of new energy vehicles in the national cold chain logistics vehicles is around 50.2%.

Social Commitment, Healthy Community

Yunkang has been carrying out public welfare activities such as community charitable clinical diagnostic activities, disease screening, and health knowledge dissemination for many years, combining its own development advantages and characteristics. As of December 31, 2022, Yunkang has conducted approximately 500 community charitable clinical diagnostic activities and

more than 140 health knowledge activities. The total cumulative investment value of public welfare donations and public benefits has exceeded RMB5 million.

Looking ahead, Yunkang Group will continue to integrate ESG concepts into various aspects of the Group's development strategies, business management, and external services, exerting its own value and striving to improve public health levels, while providing more professional, precise, efficient, and convenient medical and health services to the 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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