



**YUNKANG GROUP LIMITED**  
云康集团有限公司

**Yunkang Group Announces 2023 Interim Results**  
**Records Revenue of RMB477 Million and Gross Profit of RMB182**  
**Million**

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**Achieves Quality Growth through In-Depth Services and Lean**  
**Management**

(Hong Kong, 30 August 2023) **Yunkang Group Limited** ("Yunkang" or the "Group"; Stock Code: 2325), a leading medical operation services provider in China, has announced its interim results for the six months ended 30 June 2023 (the "Reporting Period").

In the first half of 2023, the Group returned to its principal business of diagnostic testing by leveraging its professional medical diagnostic services, strong standardization capabilities and innovative business model of diagnostic testing services for medical institution alliances, while strengthening the integration of multi-technology platforms and enhancing the capabilities for research and development (R&D) as well as technology conversion. In addition, the Group focused on cutting-edge technologies, continued to expand and deepen cooperation with tertiary and secondary hospitals, and took advantage of favorable policies to promote the development of county-level medical alliances. During the Reporting Period, due to the weakening market demand for diagnostic testing services, the Group recorded revenue of RMB476.9 million, of which, revenue from diagnostic testing services for medical institution alliances, diagnostic outsourcing services and diagnostic testing services for non-medical institutions amounted to RMB197.9 million, RMB254.4 million and RMB24.6 million, respectively. The Group's gross profit was RMB181.7 million and profit attributable to owners of the Company was RMB48.72 million.

**Stable development of PCR co-laboratory business**

PCR testing platforms are widely used in the field of infectious disease testing. During the COVID-19 pandemic, the Group co-built a laboratory service network based on PCR testing platforms and established good cooperative relations with hospital customers. After the stabilization of the COVID-19 pandemic, the Group built upon existing foundation and quickly continued to offer tailored comprehensive solutions to hospitals in relation to the establishment of standardization processes, quality management systems and new technology platforms, promotion of clinical applications, and talent pipeline development, thereby facilitating the development of clinical business and hospitals. Through concerted efforts, many hospitals which are parties to joint initiatives have achieved stable development for PCR co-laboratories, conducting PCR molecular testing for items including viral hepatitis, respiratory infections, gastrointestinal infections, genitourinary infections and reproductive genetics.

### **Returning to the principal business of diagnostic testing, strengthening the integration of multi-technology platforms and enhancing capabilities for R&D as well as technology conversion**

The Group has established disciplinary capabilities in multiple disease areas, including infectious diseases, reproductive health, genetic diseases, solid tumors, blood diseases, clinical immunology, cardiovascular and endocrinology. The Group takes customers' needs into consideration, thoroughly checks and analyzes key items in each disease line to identify demands for new project development and optimize the key testing items. During the Reporting Period, the Group launched more than 150 new testing projects and set up two new independent laboratories in Changsha, Hunan and Haikou, Hainan. Together with the 10 existing independent laboratories, the Group now has a total of 12 independent laboratories, achieving synergies with the Group's co-laboratory business.

### **Deepening cooperation with secondary and tertiary hospitals and consolidating the Group's leading position in the industry**

During the Reporting Period, the Group continued to expand and deepen its cooperation with tertiary and secondary hospitals. As at 30 June 2023, the Group had 410 on-site diagnostic centers, covering a total of 1,167 medical institutions and over 3,700 medical and non-medical customers. Revenue from secondary and tertiary hospitals accounted for almost 77% of the Group's total revenue.

The Group not only provided "3+1" (i.e. tumor, infection, genetics and reproduction + precision medicine) technical system support, but also extends support to in-depth service systems, including the operation of diagnostic centers under regional medical institution alliances, the introduction of new technologies/new products, digital construction services for specialized clinical disciplines, medical cold chain logistics services, quality control services and supply chain services so as to empower the development of hospitals with in-depth services.

With regard to logistics systems, the Group has reached down to town level. During the Reporting Period, 98.7% of the Group's test samples were delivered within 12 hours within the same province and 36 hours across provinces, and 100% of the test reports were delivered within 24 hours. As for medical cold chain logistics, the Group has further improved its logistics compliance management capabilities and successfully renewed the Medical Device Operation License for seven years under the new requirements of the drug administration authorities, helping to standardize the operation of its diagnostic testing business.

### **Tapping deeper into lower-tier markets, seizing the policy opportunities of county-level medical communities to promote their development**

During the Reporting Period, the Group actively deployed county-level medical alliances and created a number of benchmark projects. The Group has engaged in deep cooperation with Longmen County General Hospital for five years, jointly building the Longmen county's own county-level pathology diagnostic center and resolved the hospital's pathology diagnostic shortcomings. The Group has established a county-level medical service network equipped with "integrated management and standardized services" and empowered the construction of the county-level medical community through lean and comprehensive "technology+ service" solutions.

## **Building a digital remote pathology consultation system and a joint innovation diagnostic testing platform**

With the development of information technology, the Group's remote pathology consultation system is beginning to play an important role in upgrading the system to meet the needs of disease-related tests. The Group has a team comprising hundreds of domestic and foreign pathologists and has assisted doctors in issuing digital diagnosis reports, helping hospitals to raise departmental efficiency. By upgrading the system based on the testing needs of diseases such as gynaecologic tumors, liver-biliarypancreatic tumors, digestive system tumors, urological tumors, lung cancer and breast cancer so as to increase the efficiency of diagnosing doctors for reviewing slides, shorten the reporting time, improve information security and achieve real-time monitoring and online management of pathology test samples of collaborating hospitals. At the same time, this reduces patient waiting time for examinations, expedites clinical surgery turnover and saves clinical medical resource consumption.

During the Reporting Period, the Group collaborated with the Laboratory Department of Guangdong Provincial People's Hospital, in establishing the Diagnostic Testing Joint Innovation Platform for the purpose of jointly exploring laboratory developed test ("LDT") innovation projects, providing practical experience for national policies and setting up a national-level demonstration of industry, academia, research, and service integration.

## **Establishment of Yunkang Precision Medicine Center**

The Group believes that precision medicine is a growing trend in the healthcare industry as more and more patients seek personalized medical solutions. Diagnostic testing plays a vital role in the advancement of precision medicine, as it allows doctors to accurately assess patients' symptoms and customize treatment plans accordingly. With its experience in diagnostic testing and its leading position in the market, the Group has taken the initiative to capitalize on this industry opportunity as a first mover. During the Reporting Period, the Group established 4 new precision medicine centers.

## **Reducing costs, increasing efficiency and enhancing operational efficiency**

During the Reporting Period, the Group launched the Robust Project Scheme to improve efficiency by optimizing cost allocation. Pursuant to the scheme, the Group reduced the costs during the COVID-19 epidemic by conducting data analysis at key junctures to identify cost disparity and established benchmarking standards. At the same time, the scheme aimed at regulating supervision mechanism, implement efficient monitoring and establishing an internal auditing system. Through examination and analysis of quality, timeliness and cost control points in the Group's value creation process, the Group constantly optimized and improved the quality and efficiency of its operations. With the use of data, the Group has established management protocols based on standards, rules and mechanisms as core elements with implementation as the starting point, aiming at establishing a management system with clear objectives, specific tasks and well-defined responsibilities to enhance operational efficiency and thereby enhancing the Group's overall operational efficiency.

## **Future development strategies**

The Group has adopted a proactive development strategy to achieve its long-term goals. The Group plans to vigorously expand the diagnostic testing services provided to medical institution alliances. It has consolidated high-quality medical resources from its own industrial chain and various regions to promote

the joint construction of medical institution alliances and county-level medical alliances, and to support the construction of leading medical highlands in various regions. The Group also plans to establish more sales and customer service representative offices to improve customer service and further expand regional markets. In addition, the Group will continue to upgrade and enhance its operational capabilities, expand its portfolio of diagnostic capabilities, collaborate to boost the sales volume of special testing products and customize regional products. Through the Group's unique joint initiative model with hospitals, it will increase the number of departments, tests and penetration rate of partner hospitals at a faster pace, with the view to achieving exponential growth in the future.

**Mr. Zhang Yong, Chairman and Executive Director of Yunkang Group Limited**, said that the medical diagnostic testing market in China is still growing rapidly, benefiting from national policies that favor the establishment of medical institution alliances and precision medicine. Looking ahead to the second half of the year, under the business principles of “in-depth services and lean management”, the Group will focus on connotative development and maintain industry-leading standards in three major areas: quality, cost and efficiency. The Group is committed to contributing to and advancing the integration of medical and healthcare service systems, promoting hierarchical diagnosis and treatment, and enhancing the capability and quality of medical services, thereby bringing long-term profits to shareholders.

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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 June 30, 2023, Yunkang has successfully provided professional services to 410 medical institution alliances and the hospitals we collaborated with were located across 31 provinces and municipalities in China.

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