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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)**

### PROFIT WARNING

This announcement is made by Yunkang Group Limited (the “**Company**”, together with its subsidiaries and consolidated affiliated entities, the “**Group**”) under Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the “**Directors**”) of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the preliminary review of the draft unaudited consolidated management accounts of the Group for the six months ended June 30, 2024, the Group expects to record a net loss in the range of RMB100.0 million to RMB140.0 million for the six months ended June 30, 2024 (the “**Reporting Period**”), as compared to a net profit of RMB48.0 million for the six months ended June 30, 2023. The expected net loss was mainly due to the impact of the overall economic environment, the profound reform in the medical service market and fierce market competition. During the Reporting Period, (i) the growth in demand for routine testing services was slower than expected, (ii) the price of routine testing dropped due to market influence, (iii) the Group recorded relatively high fixed cost input, and (iv) the provision for credit impairment losses increased due to the recovery progress of certain trade receivables having been slower than expected, all of which resulted in the revenue from the overall diagnostic testing services having dropped compared with the same period last year and improminent economies of scale, ultimately leading to an expected net loss. However, without considering the impact of revenue from nucleic acid testing in early 2023, the diagnostic testing services segment provided by the Group for medical institution alliances maintained high-quality growth.

In the short term, the macro-environment has brought difficulties and challenges to the medical industry and the Group. However, in the long term, the growing demand for medical and health services driven by changes in the demographic structure, the state's great emphasis on public health and the healthcare industry and the continuous release of favorable policies, as well as the advancement and extensive application of innovative medical technologies, will provide numerous development opportunities for the healthcare service industry.

The Group has always adhered to promoting development through innovation and overcoming challenges with resilience. In response to the multiple difficulties, challenges and development opportunities brought by the macro-environment, the Group continues to deeply implement its overall business philosophy of "in-depth services and lean operations". On one hand, the Group continues to deepen its understanding and response to the needs of medical institution customers, and continues to explore new methods and modes to improve medical service capabilities and efficiency together with its customers, so as to lay a solid foundation for long-term development. On the other hand, the Group will further improve the mechanisms and processes of corporate operation and management, optimize production capacity layout and eliminate redundancies, and adhere to lean operations through utilizing the rapidly developing digital technologies, in order to achieve a high-quality growth after short-term market adjustments by building an efficient operational system.

## **CAUTION STATEMENT**

The Board wishes to remind the Shareholders and potential investors that the above financial data is based on the draft unaudited consolidated management accounts of the Group for the six months ended June 30, 2024 and the information currently available to the Board. Such information has not been audited or reviewed by the auditors and the audit committee of the Company and is subject to adjustments upon further review. Shareholders and potential investors are advised to read carefully the interim results announcement of the Company for the six months ended June 30, 2024 which is expected to be published in August 2024.

**Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

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

Guangzhou, the PRC  
August 9, 2024

*As of 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 Shiyou, Mr. Lan Fenghui and Mr. Xie Shaohua as independent non-executive Directors.*