

Living in Harmony Empowered
by Healthcare Services



2022

ENVIRONMENTAL, SOCIAL
AND GOVERNANCE REPORT



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01 ABOUT THIS REPORT

INTRODUCTION

Yunkang is pleased to publish its first annual Environmental, Social and Governance (“**ESG**”) Report (the “**Report**”) with an aim to disclose the Company’s ESG-related strategic approach, management measures and performance to address the expectations of stakeholders on the sustainable development and information disclosure of the Company and enhance their understanding of and confidence in the Company.

REPORTING SCOPE

This report is an annual report. Unless otherwise specified, the content in this Report covers a period from January 1, 2022 to December 31, 2022 (“**2022**”, the “**Year**” or “**Reporting Period**”). The policies and data provided in report cover the Company and its subsidiaries.

DEFINITIONS OF TERMS

To facilitate presentation and reading, unless otherwise specified, “Yunkang Group”, “Yunkang” or the “Company” in the Report refers to Yunkang Group Limited. The term “co-laboratories” in the Report also refers to as “on-site diagnostic centers” and “co-construction services” as “testing services provided to medical institution alliances”.

DATA SOURCE

The information and data used in the Report are mainly derived from Yunkang’s official documents and reports, internal statistical data and public information. Where not otherwise stated, monetary amounts referred to in this report are measured in RMB. The Company undertakes that the Report contains no false records or misleading statements, and is responsible for the authenticity, accuracy and completeness of its content.

REPORT PREPARATION STANDARD

The Report complies with mandatory disclosure requirements and the “comply or explain” provisions in the Environmental, Social and Governance Reporting Guide (the “**ESG Reporting Guide**”) set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”) issued by The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”). An index of content of “comply or explain” provisions is provided in Appendix 2 of this report for quick reference.

REPORTING PRINCIPLES

Reporting Principles	Definitions of Reporting Principles in the ESG Reporting Guidelines	Yunkang's Response
Materiality	The threshold at which ESG issues determined by the board are sufficiently important to investors and other stakeholders that they should be reported.	Through continuous communication with stakeholders and taking into account its strategic development and business operations, the Company has identified current material issues on sustainable development and disclosed the risks and management initiatives in environmental, social and governance.
Quantitative	KPIs in respect of historical data need to be measurable. The issuer should set targets (which may be actual numerical figures or directional, forward-looking statements) to reduce a particular impact. In this way the effectiveness of ESG policies and management systems can be evaluated and validated. Quantitative data should be accompanied by a narrative, explaining its purpose, impacts, and giving comparative data where appropriate.	The Company has disclosed its environmental and social key performance indicators in a measurable way, and provided textual explanations on quantitative information.
Consistency	The issuer should use consistent methodologies to allow for meaningful comparisons of ESG data over time.	The Company will ensure that the disclosure scope and reporting methods of the Report are generally consistent every year, making the Company's performance comparable for its stakeholders.
Balance	The ESG report should provide an unbiased picture of the issuer's performance. The report should avoid selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the report reader.	The Company has explained in details the sustainable development matters that have a significant impact on its business, including the results achieved and the challenges it faces.

REPORT ACCESS AND CONTACT

The Report is published in both Chinese and English respectively and in case of any discrepancies, the Chinese version prevails. The electronic version of this Report is available on the HKEXnews website of the Hong Kong Stock Exchange (www.hkxnews.hk) or the Company's official website (www.yunkanghealth.com). If you have any questions or comments about this Report and its content, please contact us through the following contact methods.

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 Website: www.yunkanghealth.com
 Email: ir@yunkanghealth.com

02 MESSAGE FROM THE CHAIRMAN

In the past decade, China's medical technology and service industry has developed rapidly, and public awareness of medical health has been increasing. With the continuous release of domestic policy dividends, Yunkang Group has firmly implemented a dual-wheel drive strategy of "technology + service" to achieve steady performance growth. While vigorously promoting business development, Yunkang Group has integrated the ESG development concept into all aspects of corporate operation, striving to fulfill corporate social responsibility and continuously optimize its own operation and management from three aspects: environment, society, and governance.

In 2022, Yunkang Group successfully listed on the Main Board of the Hong Kong Stock Exchange, receiving extensive recognition from various sectors of society, including investors. The Company won many honors, including the "Most Valuable IPO" award and the Annual Award for Listed Companies. During the year, the Company comprehensively reviewed its ESG-related information and achievements and published its first independent ESG report. For many years, Yunkang Group has been exercising the ESG concept through practical actions, strictly regulating the management of its operation and facilities, effectively identifying, evaluating, and managing various risk factors to reduce or eliminate risks from the Company's internal operation, external environment, and society. The Company takes responsibility for corporate governance, moral compliance, labor protection, customer rights protection, environmental protection, and other aspects.

To establish a solid foundation for corporate governance, Yunkang Group has set the Chairman as the core of the governance structure and initially established the ESG governance structure to comprehensively guide the setting of ESG goals, strategic planning, and operational management. Yunkang actively practices sustainable development by identifying and analyzing ESG-related important issues, and strives to build a stable, risk-controlled, and sustainable management model.

Guided by the core values of "Integrity, honesty and client-oriented", Yunkang Group has become a leading platform in the field of medical operation services in China, with many years of accumulated medical diagnostic experience, strong standardization capabilities, and innovative business models that serve medical institution alliances. In 2022, Yunkang achieved remarkable results in promoting the construction of medical institution alliances, improving nucleic acid testing capabilities, and supporting epidemic prevention and control. As a professional provider of medical operation services, Yunkang always remembers its original intention of "health for all", and continuously provides customers with professional, accurate, efficient, and convenient medical and health services, dedicated to contributing to the cause of "Healthy China".

Yunkang Group always cares for its employees. Guided by the fundamental principle of “people-oriented”, Yunkang strives to provide equal development opportunities for its employees, create a diverse working environment, fully protect their legal rights and interests, care for their safety and physical and mental health, and continuously pay attention to their growth and development. Yunkang is committed to making progress and sharing the fruits of its business with each and every employee.

Yunkang is committed to environmental governance. The Company actively responds to the country’s dual-carbon goals, promotes green operations through practical actions, and implements green development concepts. Yunkang constantly explores and innovates management and technical paths for energy conservation and emission reduction, and actively participates in global climate governance, contributing to the global major environmental issues.

Along the way, Yunkang has been continuously upgrading its own technology and management system. In terms of technology, Yunkang has several world-class independent medical laboratories that are accredited by both ISO15189 and the College of American Pathologists (CAP), and has passed with full scores in multiple inter-laboratory quality evaluations during the year. As the only execution partner for the Clinical and Laboratory Standards Institute (CLSI) medical business in China, Yunkang is committed to introducing international standards to Chinese medical institutions, improving the overall service capabilities and quality of clinical testing services in China. In terms of management, in 2022, Yunkang officially established a Expert Technical Committee, built multiple digital service platforms such as “Teng Yun”, introduced the lean management concept, implemented the “deep service” marketing strategy, and laid a solid foundation for the Group’s technological innovation and effective operation work.

Placing a premium on service, Yunkang empowers healthcare industry with technology. Adhering to the corporate code of conduct of “The execution is of paramount importance”, Yunkang Group continuously improves its medical technology, insists on good strategic planning, and constantly enhances management efficiency, committed to providing competitive testing and diagnostic service solutions. Looking to the future, 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.

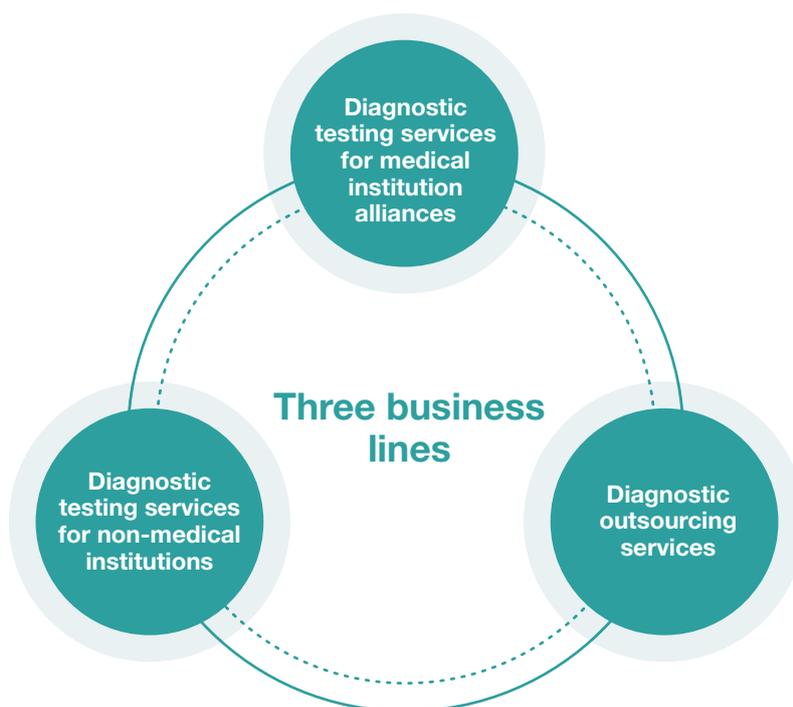
Zhang Yong

Chairman and Chief Executive Officer of Yunkang Group

03 ABOUT YUNKANG GROUP

1. BUSINESS OVERVIEW

Yunkang Group is a comprehensive and professional medical operation service provider in China, providing diagnostic testing services and diagnostic outsourcing services for medical institution alliances, as well as diagnostic testing services for non-medical institutions. Focusing on a two-wheel drive strategy of “technology + service”, Yunkang established an industry chain which integrates “production, university, research and service” in the field of medical tasting and diagnosis, always maintained a leading position in PRC in the fields of molecular diagnostics, genetic tasting, digital pathology and other advanced technologies.



Yunkang has set up a number of world-class medical laboratories in many provinces and cities across China, built 6 major clinical diagnostic support centers, including reproductive genetics, solid tumors, clinical immunity, infectious diseases, haematology integration and cardiovascular diseases, etc. It has also established 7 major operation modules, including laboratory standardization, scientific innovation and research translation, professional discipline construction and support, supply chain management, smart laboratory information system, quality management, medical logistic service and many others, as well as 8 major clinical laboratory technology platforms, including high-throughput sequencing, mass spectrometry, ultramicro-pathology, flow cytometry, gene chips, molecular diagnostics, cellular genetic and digital pathology. Up to now, Yunkang has become a comprehensive medical operation service platform and one of the first third-party medical institutions in China to obtain both ISO15189 and CAP certifications, with over 1,500 medical technicians providing clinical testing services and pathology diagnostic services to medical institutions at all levels.

Meanwhile, Yunkang is also a leading provider of diagnostic testing services to medical institution alliances in China, offering total medical solutions including technology platform co-construction and diagnostic outsourcing services. Focusing on leading hospitals in medical clusters, Yunkang assists leading hospitals and their partner hospitals in medical institution alliances to improve their clinical diagnostic capabilities through co-laboratory construction.

In addition, Yunkang provided diagnostic testing services for non-medical institutions, mainly including personalized diagnostic testing, reporting consultation and referral. According to customers' demands, Yunkang also provided offline health management services.

As of December 31, 2022, Yunkang has more than 10 independent medical laboratories and 398 co-laboratories, carrying out more than 2,000 testing items, with an annual total of more than 10 million testing cases. Yunkang has successfully provided professional services to more than 840 medical institutions from 398 medical institution alliances across the country, forming a customer service network covering about 200 cities in 31 provinces and autonomous regions.



Customer Service Network of Yunkang

2. VALUE SYSTEM

Deeply cultivating in medical service industry for more than a decade, the Company has continuously shaped and formed a special value system, adhered to the corporate vision of “Yunkang, create a happy life” and corporate value of “Integrity, honesty and client-oriented” and is committed to public health demands to provide professional, accurate, efficient and convenient medical and health services for customers.



Vision

Yunkang, create a happy life



Values

Integrity, honesty and client-oriented



Mission

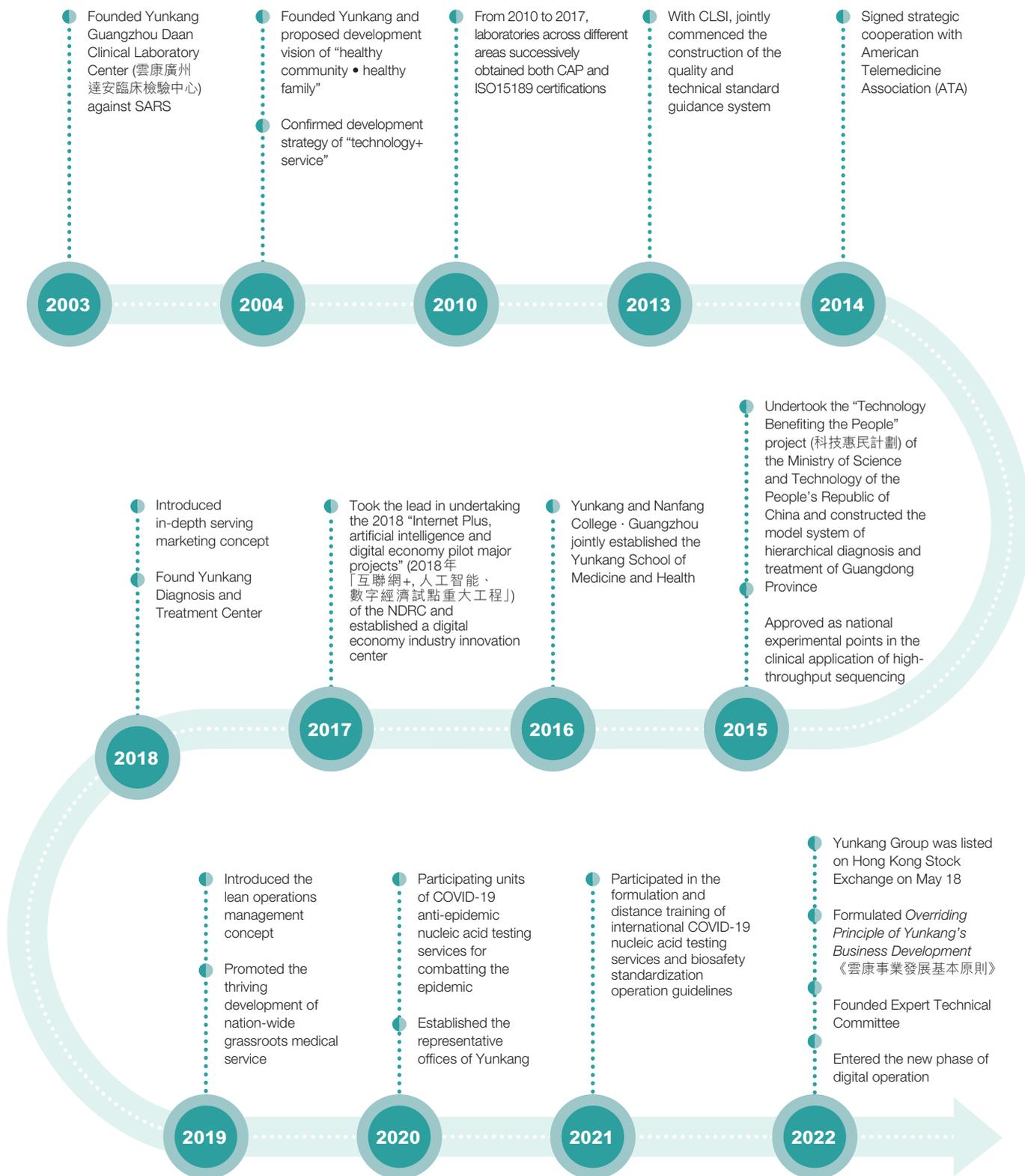
Focus on the health needs of the public and strive to provide customers with professional, accurate, efficient and convenient medical and health services



Code of Conduct

The execution is of paramount importance

3. COMPANY MILESTONES



4. PERFORMANCE OF THE YEAR

Business

Total assets

RMB 4,907 million

Total revenue for 2022

RMB 3,756 million

Annual Profit for 2022

RMB 374 million

Earnings per share

RMB 0.66

Operation

ICLs established nationwide

10+

Digital pathology remote diagnosis platform successfully operating in

200+ co-laboratories

Assessment passing rate of suppliers

100%

R&D investment in 2022

RMB 94.7 million

More than **30** national and provincial core scientific research projects in total

3 laboratories with ISO15189 and CAP certifications

Governance

No litigation on corruption for the full year

Proportion of independent Directors

More than 40%

Proportion of female Board Directors

14.3%

Employees

Percentage of employees aged 30 and below

69.94%

Percentage of female employees

60.77%

Cumulative learning on the "Fu Yun" learning platform

93,073 person-times

Total training hours of employees

188,240 hours

Number of work-related fatalities for the full year

0 people

Environment

Energy consumption intensity

1.48 thousand KWH/ million RMB

Carbon emission intensity

1.21 tCO₂e/million RMB

Percentage of new energy vehicles of nationwide cold chain logistics vehicles

approximately 50.2%

Society

Total number of launching community charitable clinical diagnostic activities

499 times

Total number of cervical and breast cancers screening benefiting for **approximately 3,000 person-times**

5. QUALIFICATION AND HONOR



Crucial Qualifications

- Core leading construction unit of national genetic testing demonstration center
- Professional clinical pilot unit of high throughput sequencing for prenatal screening and diagnostic
- Clinical pilot unit of high throughput sequencing for tumor diagnosis and treatment project
- National High-tech Enterprise
- The only execution institution and branch of Clinical and Laboratory Standards Institute (CLSI) in China
- The chief R&D unit and execution unit of the Global Primary Diabetes Prevention and Treatment Program under the International Diabetes Federation (IDF)
- Laboratory accreditation certificate (CNAS-ISO15189) by the China National Accreditation Service for Conformity Assessment
- College of American Pathologists (CAP) certification
- China Inspection Body and Laboratory Mandatory Approval (檢驗檢測機構資質認定證書)
- Quality Management System Certificate (CNAS-ISO9001)
- Pilot Enterprises for National Standard of *Operation specifications for medical product cold chain logistics* (《藥品冷鏈物流運作規範》) (GB/T 28842-2012)
- Guangdong Engineering and Technology Research Center for Clinical Examination of Infectious Diseases and Birth Defects
- Demonstrative Center for Standardization Management of Diabetic Retinopathy
- Medical Cold Chain Logistics Service Platform-Certificate of New and Hi-tech Products of Guangdong Province
- Yunkang Digital Pathology Remote Diagnosis Platform-Certificate of New and Hi-tech Products of Guangdong Province



Major Honours

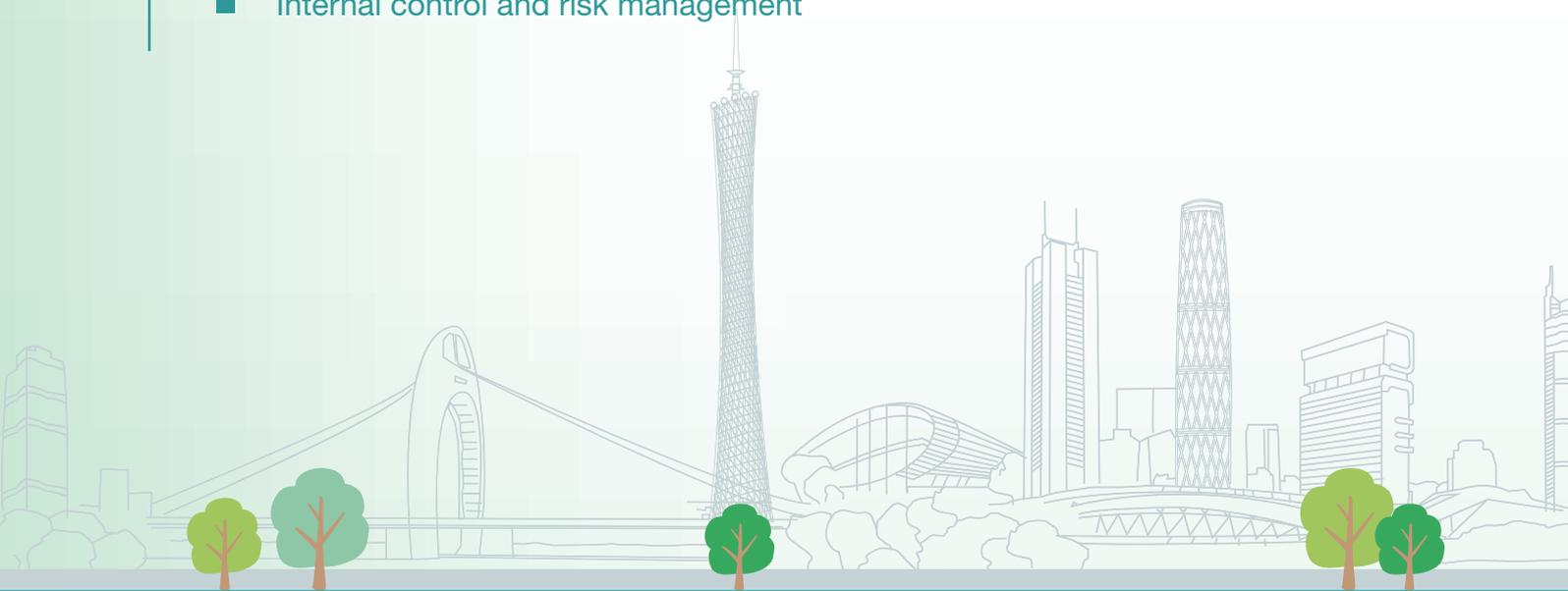
- The Hong Kong Institute of Financial Analysts and Professional Commentators Limited “Outstanding Listed Company Award 2022”
- 2022 GuruClub Global Investment Carnival “Best Listed Company Awards”
- “Top 10 of Golden Kirin Best Hong Kong and U.S. Listed New Companies Awards” by Sina Finance
- “Top 10 Innovative Companies” in National Smart Health Innovation Competition
- Second prize of the “award for outstanding achievement of scientific research (science and technology) science and technology progress in colleges and universities” by the Ministry of Education of the Peoples’ Republic of China
- Guangdong Medical Science and Technology Award by Guangdong Medical Association
- Third prize in the 5th “Blooming Cup” 5G Application Competition (Guangdong Area) by the Ministry of Industry and Information Technology of the Peoples’ Republic of China
- Yunkang was included in international famous journal *Management and Organization Review* (《組織管理研究》) as a case of resilient organization
- China’s Best Employer
- Outstanding contribution enterprises in China during the special period
- Charity unit for poverty alleviation and relief



04

PRUDENT GOVERNANCE, RISK MANAGEMENT

- Governance structure
- Strengthen investor communication
- Anti-corruption and anti-fraud
- Internal control and risk management



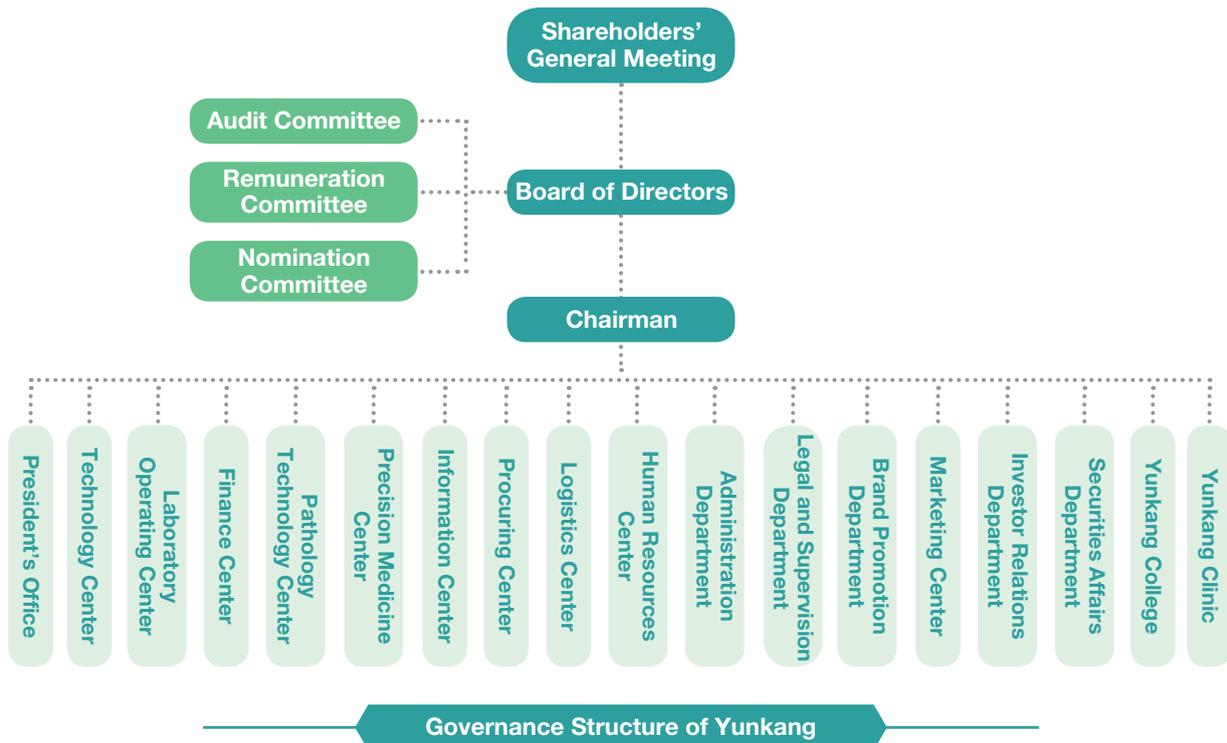


04 PRUDENT GOVERNANCE, RISK MANAGEMENT

Sound governance stands for the foundation of the sustainable development of Yunkang. Yunkang attaches great importance to compliance management, continuously improves the governance structure, and promotes the healthy, long-term and steady development of the Company with good corporate governance. Yunkang has adhered to the basic principles of integrity, transparency, accountability and independence, and is committed to creating long-term sustainable value for shareholders, while paying attention to strengthening inner management, improving the system of risk control, creating an atmosphere of integrity and self-discipline, strengthen the foundation of integrity construction, create a fair and honest culture, and establish a sound brand image.

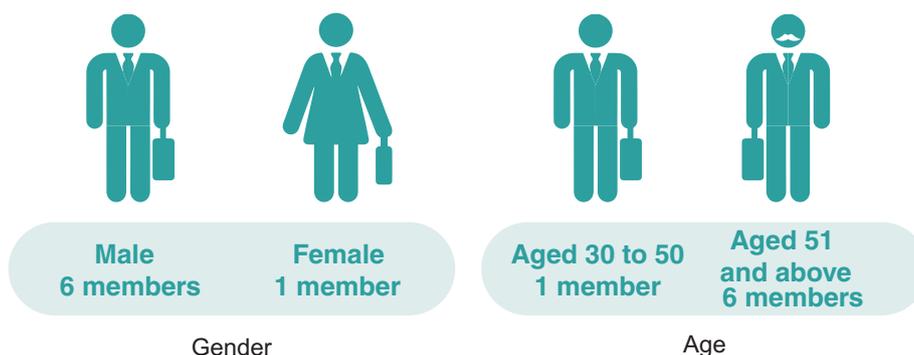
1. GOVERNANCE STRUCTURE

Yunkang strictly abides by the *Company Law of the People's Republic of China* (《中華人民共和國公司法》) and the *Corporate Governance Code* (《企業管治守則》) of the Hong Kong Stock Exchange, standardizes the establishment and implementation of the functions of the shareholders' general meetings and the Board of Directors, and always regards standardizing corporate governance as the focus of the overall work. Meanwhile, the Company constantly standardized the main functions and powers, implemented operational responsibilities, and strengthened the efficiency of supervision. Our Chairman cooperates with various functional departments and regional representative offices to conscientiously execute and implement the specific objectives and management requirements of the Company, with a view to strengthening the Company's standardized management and operation to safeguard the steady development of the Company on the path of compliance governance.



As of the reporting date, there are 7 members of the Board of Directors of Yunkang Group, including three independent Directors, accounting for 42.9% of total Directors and one female Director, accounting for 14.3% of total Directors. To enhance the efficiency of the Board and maintain a high level of corporate governance, the Company has adopted a *Board Diversity Policy* (《董事會多元化政策》). All appointments to the Board are made on a meritocratic basis, with due regard to the diversity of the Board members. The members of the Board have a wide range of management experience, and three independent non-executive Directors have expertise and extensive experience in finance, accounting, business consulting and management respectively.

The gender and age structure of the Board members are as follows:



The Board has set up Audit Committee, Remuneration Committee, and Nomination Committee to implement the external performance evaluation of the Board, strengthening operational oversight and transparency to ensure the interests of all shareholders. Through multiple Board Committees, the Board manages the Company’s overall strategy, sets and monitors the achievement of objectives and targets, supervises financial performance and accounts preparation, develops corporate management practices and policies, and reviews internal control and risk management systems.

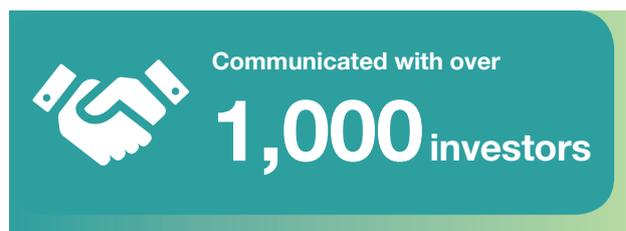
Audit Committee	Remuneration Committee	Nomination Committee
<p>Chaired by an independent non-executive Director</p>	<p>Chaired by an independent non-executive Director</p>	<p>Chaired by an executive Director</p>
<p>67% of members are independent non-executive Directors</p>	<p>67% of members are independent non-executive Directors</p>	<p>67% of members are independent non-executive Directors</p>
<p>To review the Company’s risk management and monitor internal control systems, review the Company’s financial data, review matters relating to the external auditors and their appointment, consider and approve related transactions and make recommendations to the Board</p>	<p>To review the remuneration packages, bonuses and other compensation for Directors and senior management and make recommendations to the Board on the establishment of a formal and transparent process for developing remuneration policies</p>	<p>To review the structure, diversity, size and composition of the Board, assess the independence of the independent non-executive Directors, and make recommendations to the Board on the appointment of Directors and the succession to the Board</p>

2. STRENGTHEN INVESTOR COMMUNICATION

Yunkang is committed to establishing open, fair and multi-dimensional relations with investors, promoting communication with shareholders, and establishing diversified communication channels with institutional and individual investors. In 2022, the Company continuously updated its financial report, published notices and announcements on a timely manner through channels including its official website and Hong Kong Stock Exchange Announcement, delivered the latest operating information to investors, held results announcement and non-deal roadshows timely and conducted site visits. Besides, the Company set up the exclusive mailbox for investor relations and dedicated hotline for the purpose of investors' communication and understanding of the operation of the Company and other aspects of information, so as to promote interaction and communication with investors.

The Company actively communicated with investors, organizing over 100 roadshows to engage with more than 1,000 investors, and dozens of site visits in 2022, so as to continuously improve information transparency and credibility in the capital market and enhance investor confidence.

In addition, Yunkang fully respects the rights and interests of all shareholders, stringently complies with the *Articles of Association* (《公司章程》) and the relevant requirements for information disclosure of the exchanges, and publishes announcement before general meetings, and discloses matters to be considered at the general meetings as well as the date and address of the meetings. The general meetings ensures that all shareholders can fully exercise their rights by way of a combination of on-site voting and online voting.



3. ANTI-CORRUPTION AND ANTI-FRAUD

As integrity is the fundamental principle of Yunkang, the Company strictly abode by laws and regulations such as the *Anti-Money Laundering Law of the People's Republic of China* (《中華人民共和國反洗錢法》), the *Anti-Unfair Competition Law of the People's Republic of China* (《中華人民共和國反不正當競爭法》) and the *Interim Provisions on Banning Commercial Bribery* (《關於禁止商業賄賂行為的暫行規定》), and formulated the *Supervision and Management Measures of Yunkang Group* (《雲康集團監察管理辦法》), the *Staff Business Conduct Code of Yunkang Group* (《雲康集團員工業務行為準則》), the *Organization Principles and Cadre Management Outline of Yunkang* (《雲康組織原則與幹部管理綱要》), the *Eight Regulations on Cadre Style Management of Yunkang Group* (《雲康集團幹部作風管理八項規定》) and the *Dedication and Self-discipline Declaration of Cadre of Yunkang* (《雲康幹部敬業與自律宣言》) and other internal systems, and set up the Company's anti-corruption structure, in which the Group's Executive Committee is the leading body of supervision, which is composed of Company's senior management. The Legal and Supervision Department is the executive agency that performs supervisory functions and ensures the specific implementation of anti-corruption work at all levels.

The Company conducts anti-corruption training and integrity awareness education for Directors, employees and partners throughout the overall compliance training and daily communication, and organizes all staff to take a solemn oath of integrity every year to enhance the integrity awareness of all employees. In 2022, in order to promote self-regulation of all staff, the Company's Legal and Supervision Department led and carried out several anti-corruption training sessions for employees and Directors, with a total of 200 hours, which emphasized the compliance of business and management behavior. For management personnel at all levels, the Company carried out special training on the *Supervision and Management Measures of Yunkang Group* (《雲康集團監察管理辦法》) and the *Supervision Case Training* (《監察案例培訓》), and organized the management of the Company to make a declaration of dedication and self-discipline every year, for the purpose of strengthening the management responsibility of cadres, and acting as a role model to establish a clean and honest culture.

During the year, Yunkang reported no filed or concluded lawsuits against the Company or its employee for corruption.



Yunkang management reading the declaration of dedication and self-discipline

Whistle-blower Protection

In order to detect and deal with violations of legal or regulatory requirements in a timely manner, Yunkang has set up a special monitoring mailbox to receive internal and external complaints and encourage employees to actively report anti-corruption violations to various stakeholders.

In order to protect the reporting behavior of complainants or whistleblowers, the Company requires all departments to jointly fulfill the responsibility of protection and shall not discriminate against or retaliate against complainants and whistleblowers or investigators. In the monitoring work, the Company shall praise or reward the relevant parties who provide key information or have made significant contributions according to the circumstances.



The Company has set up public mailbox (jiancha@yunkanghealth.com) to receive external information and internal feedback, which will be charged and handled by special personnel.

4. INTERNAL CONTROL AND RISK MANAGEMENT

Centering on the strategic goal, Yunkang attached great importance to the establishment of an internal control mechanism based on the risk management system, and constantly improved the risk management system. The Company has set up the principles of “Risk warning and prevention first” for its risk management system, defined management responsibilities and supervision procedures at all levels, and identified and defended business-related risks from multi-dimensions, with a view to ensuring prevention and control of operational risks, finding a balance between risk control and operating income, and promoting the continuous improvement of the Company’s operation and management.



Carry out routine supervision in accordance with regulations and strengthen internal management compliance

In 2022, the Legal and Supervision Department of Yunkang carried out routine supervision over some holding subsidiaries and subordinate laboratories in accordance with the regulations. In the process of supervision, the Legal and Supervision Department conducted on-site visits over the subsidiaries to identify irregularities and put forward rectification suggestions by means of interviews with key responsible persons and laboratory directors, laboratory visits, and document verification. Rectification on various matters has been completed during the year to further enhance the compliance of internal management and strengthen the awareness of members.

Yunkang implemented multi-dimensional major risk prevention and control mechanism, carried out risk identification by way of daily process sorting, event feedback, active collection of information, receiving complaints, etc., and assessed the identified risks and proactively implemented rectification work. In 2022, no major risk events occurred in the Company.

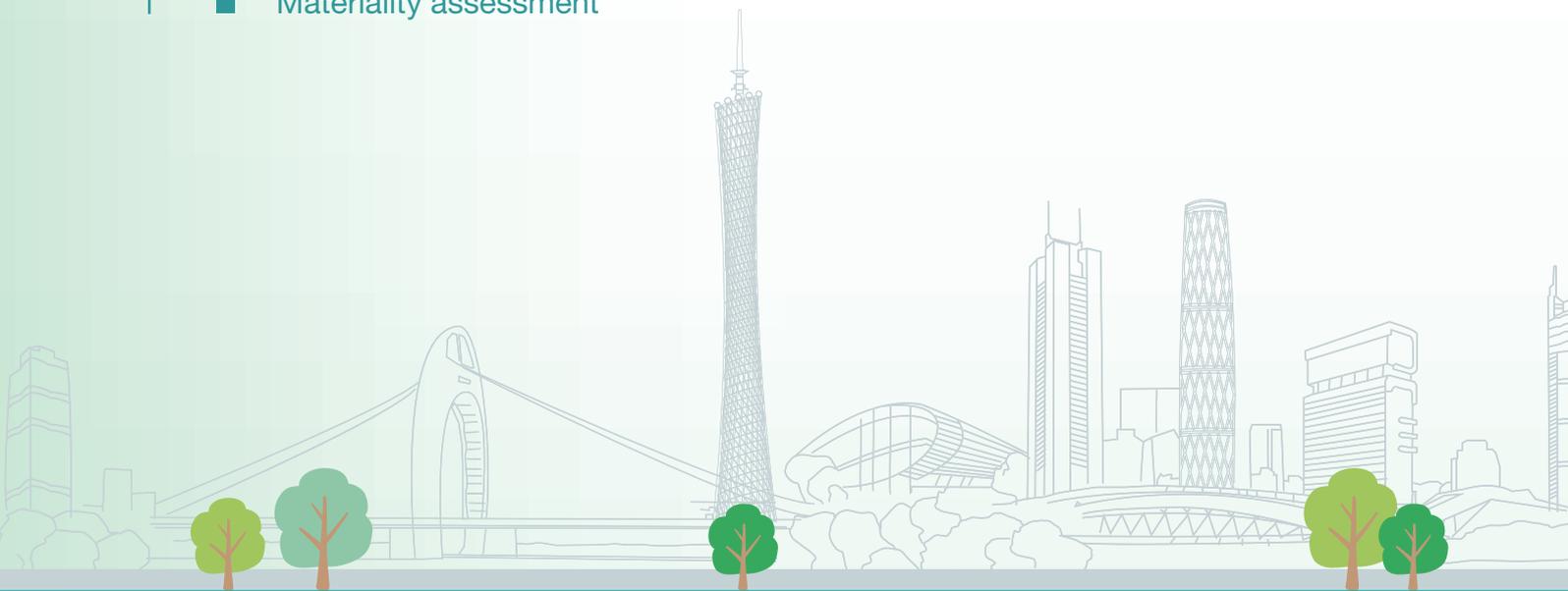


Internal Control and Risk Management Process

05

RESPONSIBLE MANAGEMENT, VALUE CREATION

- Board statement
- ESG governance structure
- Stakeholder engagement
- Materiality assessment





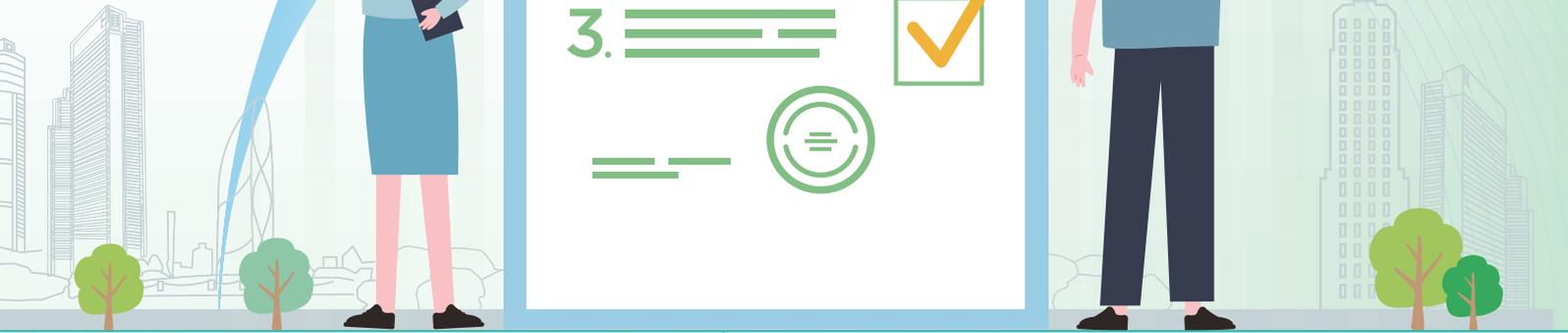
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05 RESPONSIBLE MANAGEMENT, VALUE CREATION

As an active practitioner in the construction of medical institution alliances, Yunkang strives to become a link between medical institutions, healthcare professionals, patients and research institutes, and to create greater benefits for society by building an integrated development system of “medicine, production, research and service”. While pursuing economic benefits and business development, Yunkang incorporates social responsibility into its business strategy, seeks to operate with integrity and compliance, actively fulfills its product and service responsibilities, realizes the common progress and development of employees, society and the environment, and creates value for shareholders and society.

1. BOARD STATEMENT

Yunkang places a high priority on corporate sustainability management and actively follows domestic and international initiatives and standards on ESG. The Company’s Board of Directors is fully responsible for establishing, adopting and reviewing the Company’s ESG vision, management policies, strategies, policies, objectives and their progress, as well as identifying, assessing and addressing ESG-related risks to ensure that the Company has adequate and effective management capabilities in sustainability matters.

To assist the Board in fulfilling the above responsibilities, the Company has established a dedicated ESG Working Group to deal with ESG-related matters, including but not limited to:

- Identify ESG risks and report them to the Board;
- Ensure that the Company complies with ESG related laws and regulations, inform the Board of any changes in such laws and regulations, and timely update the relevant policies of the Company’s ESG;
- Review ESG related issues and report to the Board on a regular basis;
- Review the Company’s disclosures and reports on the Company’s ESG performance and advise the Board in this regard;

Yunkang established a inventory of ESG issues based on ESG risk identification, macro policies and hotspots, and stakeholder communication results. On this basis, Yunkang conducted stakeholder research and expert assessment to assess the materiality of the issues, obtained the priority ranking results of ESG issues, and regarded the management and enhancement of key issues as an annual strategic task for sustainable development.

2. ESG GOVERNANCE STRUCTURE

The Company has established an ESG Working Group comprising management and functional departments. The ESG working Group is headed by the Chairman of the Company, with the Securities Affairs Department, the President’s Office, the Brand Promotion Department, the Legal and Supervision Department, and Investor Relations Department acting as executive leaders to assist the Chairman in overseeing ESG matters and ensuring the effective implementation of the Company’s ESG-related objectives and daily implementation measures.

The ESG Working Group assesses and identifies ESG-related risks and opportunities, and reports regularly to the Board on ESG strategy, daily operations and risk management. The ESG governance issues, including corporate governance policy, risk management system and measures, and sustainable development plan, are regularly reviewed at the Board meetings.

Decision-making level	The Board	<ul style="list-style-type: none"> Assuming the ultimate responsibility for sustainable development strategy, management, performance and reporting, etc. Reviewing and approving the Company’s sustainability objectives, strategies, priorities, initiatives and related material policies and frameworks Reviewing the impact of ESG related risks on the Company’s strategy
Management level	ESG Working Group	<ul style="list-style-type: none"> Developing ESG vision and strategy Identifying and assessing ESG related risks and opportunities Developing ESG targets and reviewing the progress of targets Preparing ESG related reports disclosed to public
Execution level	Business lines, functional departments and subsidiaries of Yunkang	<ul style="list-style-type: none"> Carrying out practical work around issues related to ESG

With a view to managing the Company’s sustainable development strategy in a more effective way, Yunkang reviewed the ESG framework and revised relevant policies during the year to better respond to the Company’s focus on sustainable development. The relevant areas of ESG policy formulated by Yunkang include but not limited to:



3. STAKEHOLDER ENGAGEMENT

Stakeholders' expectations and demands help Yunkang identify potential risks and opportunities, guide the direction of sustainable business development and help the company grow healthily. Therefore, Yunkang attaches great importance to communication with stakeholders through multiple channels in order to better respond to their views and timely respond to their expectations and demands for win-win development.

Stakeholders



Hospital/Customer

Significance to Yunkang

Focus on Yunkang's testing ability, quality and customer service

Concerned Issues

- Medical and testing qualification compliance
- Product quality and safety
- Information security and privacy protection
- Customer service management
- Responsible marketing

Yunkang's Practice

- Continue to provide products, services with consistent medical testing quality and operate with integrity to enhance the satisfaction of hospitals and end consumers.

Responding Section

- 06 Healthcare Empowerment, Platform Co-development
- 07 Put Quality First, Guard the Trust



Government and regulatory bodies

Significance to Yunkang

Supervise Yunkang's compliance with laws and regulations in medical testing and operation

Concerned Issues

- Medical and testing qualification compliance
- Business integrity and compliance
- Product quality and safety
- Information security and privacy protection
- Business ethics and anti-corruption
- Inclusive healthcare
- Industry cooperation and development

Yunkang's Practice

- Abide by laws and regulations, pay taxes in accordance with the law, continue to focus on government policies and assist in policy implementation.

Responding Section

- 04 Prudent Governance, Risk Management
- 06 Healthcare Empowerment, Platform Co-development



Shareholders and investors

Significance to Yunkang

Focus on Yunkang’s testing capabilities, quality and customer service

Concerned Issues

- Medical and testing qualification compliance
- Business integrity and compliance

Yunkang’s Practice

- Continue to create good results for the Company and bring returns to shareholders and investors.

Responding Section

Please refer to the annual report



Employees

Significance to Yunkang

As the key human capital of Yunkang, employees are the foundation of Yunkang’s continuous prosperity

Concerned Issues

- Talent attraction and retention
- Employee training and development
- Diversity and equal opportunities
- Occupational health and safety of employees
- Employee rights and benefits

Yunkang’s Practice

- Create a good working environment, expanding opportunities for staff development and building a sustainable workplace.

Responding Section

08 People-oriented Culture, Co-creation and Sharing



Suppliers/Partners

Significance to Yunkang

Provide reliable medical equipment and services to ensure the operation of Yunkang’s medical testing services

Concerned Issues

- Information security and privacy protection
- Business ethics and anti-corruption
- Industry cooperation and development

Yunkang’s Practice

- Regularly review the performance of suppliers to ensure that the products and services supplied by suppliers meet the requirements of medical testing.

Responding Section

07 Put Quality First, Guard the Trust



Industry/Academic institutions

Significance to Yunkang

Scientific support for Yunkang's testing R&D and innovation capabilities

Concerned Issues

- Technology and innovation
- Industry cooperation and development
- Intellectual property protection

Yunkang's Practice

- Always pay attention to the cutting-edge information in the industry, deeply participate in and actively organize professional activities.

Responding Section

06 Healthcare Empowerment, Platform Co-development



Patients/Community

Significance to Yunkang

The ultimate beneficiaries of Yunkang's services and social responsibility, a wide range of social groups

Concerned Issues

- Community public welfare and health
- Inclusive healthcare

Yunkang's Practice

- Uphold the beautiful vision and concept of "Healthy Community • Healthy Family", deeply explore the needs of the public health, and continue to carry out public welfare practice.

Responding Section

10 Social Commitment, Healthy Community

4. MATERIALITY ASSESSMENT

Yunkang attaches great importance to the ESG materiality assessment, timely and comprehensively understands the importance of various ESG issues and the degree of concern of stakeholders on the Company's business development through policy analysis, internal interviews and external communication and other forms, and actively take responsive measures to continuously improve the Company's ESG information disclosure and management level of related matters.

The specific work steps are as follows:

Material Issues Identification

Yunkang updates ESG material issues in 2022 based on the development and business characteristics of Yunkang, combined with macro policies and industry trends, and in accordance with the disclosure requirements of the ESG Reporting Guide of the Hong Kong Stock Exchange.



Stakeholder Communication

The management of Yunkang collects concerns of relevant departments regarding ESG work through interviews, and communicates with external stakeholders to collect their feedback and expectations on the Company's ESG performance in 2022.



Determine Material Issues

The management of the Company determines the final ranking and matrix of material issues by understanding the requirements and expectations of different internal and external stakeholders, and combining with the analysis results of market hot spots and peer standards.



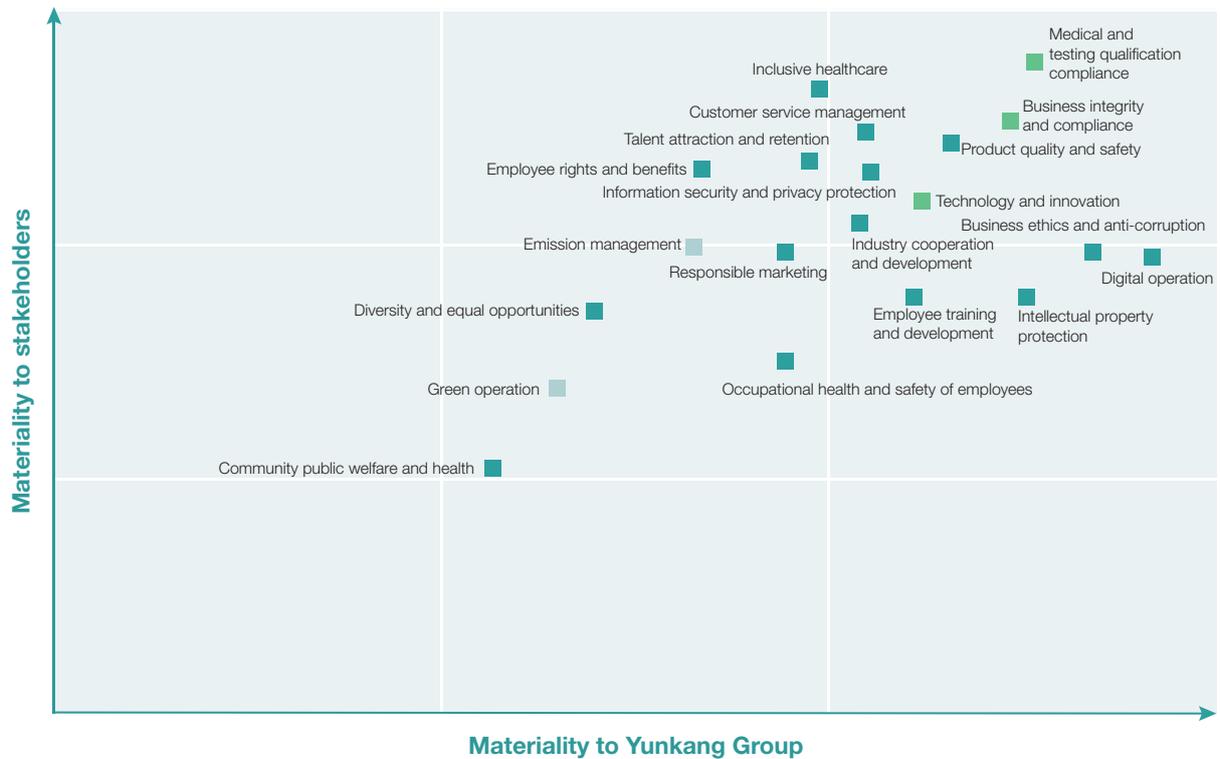
Material Issues Response

Based on the opinions of stakeholders and the results of materiality analysis, the management of the Company discussed and determined the disclosure priorities of ESG report during the year and the key contents of Yunkang's future ESG work.

The results of 2022 ESG materiality assessment of the Company are as follows:

1	Medical and testing qualification compliance	11	Talent attraction and retention
2	Business integrity and compliance	12	Responsible marketing
3	Product quality and safety	13	Employee training and development
4	Technology and innovation	14	Diversity and equal opportunities
5	Information security and privacy protection	15	Occupational health and safety of employees
6	Business ethics and anti-corruption	16	Employee rights and benefits
7	Digital operation	17	Emission management
8	Inclusive healthcare	18	Green operation
9	Customer service management	19	Intellectual property protection
10	Industry cooperation and development	20	Community public welfare and health

■ Governance category ■ Environmental category ■ Social category



No.	Material issues	Values	Actions and objectives	Response to SDGs
1	Medical and testing qualification compliance	Compliance with laws and regulations is the bottom line requirement for business survival and an important cornerstone for long-term development	Ensure that the laboratory conducts its daily operations in accordance with national requirements for medical testing facilities and that accreditation is regularly renewed in accordance with regulatory requirements	
2	Business integrity and compliance	Business integrity is the foundation of the enterprise, which is helpful to realize the sustainable development of Yunkang	Establish good business conduct and ethics to ensure sustainable operation of Yunkang, avoid illegal or improper transfer of benefits and reduce operational risks	
3	Product quality and safety	"Quality is the lifeline", the quality of products and services represents the personality and dignity of Yunkang staff	Implement various rules and regulations to realize high quality management of medical testing	
4	Technology and innovation	The state implements the innovation-driven development strategy, and innovation is an important means for enterprises to build their own core competitiveness	Strengthen Yunkang's core competitiveness, provide medical testing services in line with the market trend, increase revenue and improve corporate image	
5	Information security and privacy protection	Protect customers' personal information is the cornerstone for enterprises to create long-term value	Enhance employees' awareness of information security, strengthen data and network security protection, and avoid leakage of customer information	
6	Business ethics and anti-corruption	Abiding by business ethics and eliminating corruption can effectively enhance the reputation of enterprises	Focus on improving employees' initiatives in work, and promote the construction of the Company's business ethics and anti-corruption system by combining with the enhancement of system construction	
7	Digital operation	Achieving digital transformation can help Yunkang to enhance its awareness and control of the business, helping healthcare providers to improve the efficiency and accuracy of their diagnosis	Introduce the concept of data-driven, break through the traditional management thinking, and explore more efficient and reasonable management models and operation means	

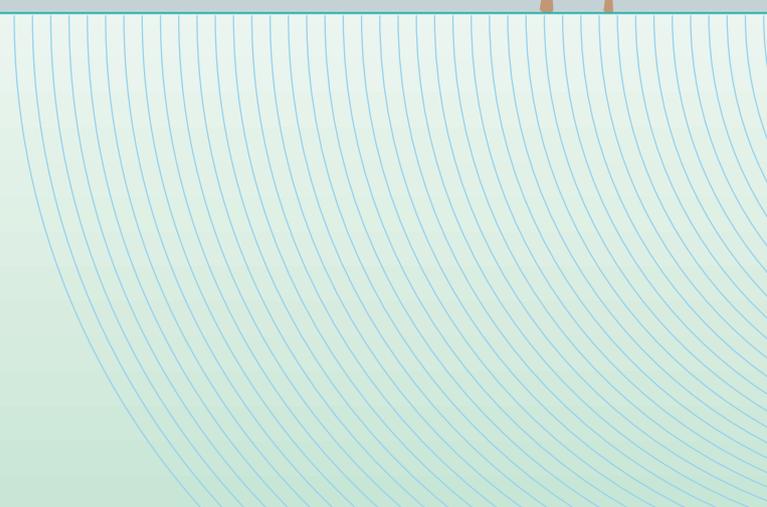
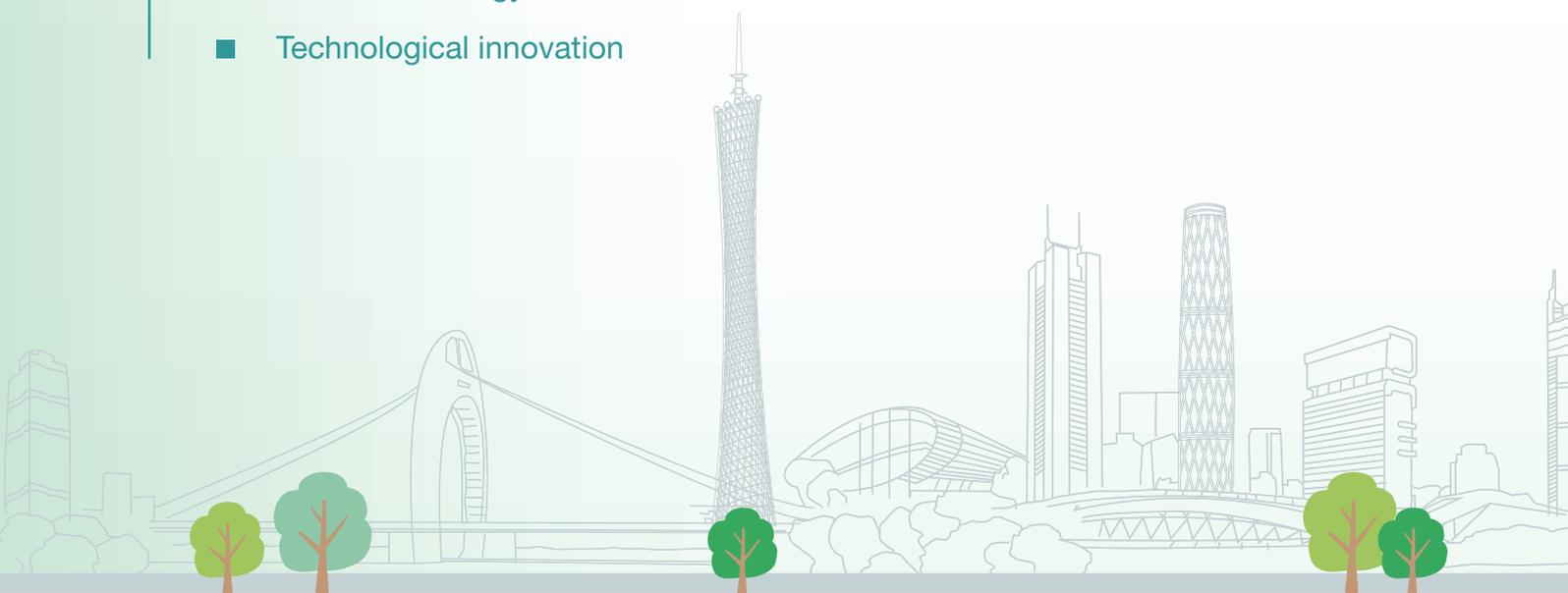
No.	Material issues	Values	Actions and objectives	Response to SDGs
8	Inclusive healthcare	Promoting inclusive healthcare is the inevitable requirement of building “Healthy China”, which is conducive to the realization of people's health and coordinated economic and social development	Actively respond to the policy guidance of “hierarchical diagnosis and treatment”, meet the actual needs of regional governments and medical institutions at all levels, and assist medical institution alliances and medical institutions at all levels to improve the ability of medical diagnosis and collaborative services	
9	Customer service management	An effective customer communication mechanism is conducive to optimizing customer service management, enhancing customer experience and strengthening Yunkang's market competitiveness	A business model that continuously improves customer service capability and takes into account revenue and sustainable development	
10	Industry cooperation and development	With the continuous upgrading of technology, enterprises need to take an open attitude, actively look for external complementary resources, and enhance their competitive advantage through cooperative innovation	Continuously pay attention to the cutting-edge discussions in the industry, deeply participate in and actively organize professional activities	
11	Talent attraction and retention	Employees are the key capital of the company and a source of motivation for the long-term development of the Company	Provide salaries and benefits that are fair for internal staff and competitive for external individual, retain talents, strengthen cooperation with academic institutions, and cultivate more talents	
12	Responsible marketing	Protecting the legitimate rights and interests of consumers can gain more trust from customer and improve the Company's brand image	Ensure that the product promotion meets the requirements of the <i>Advertising Law</i>	
13	Employee training and development	Pay attention to the sustainable development of employees and help them realize their personal professional value	Provide perfect training courses for employees so that they can grow with the enterprise	
14	Diversity and equal opportunities	Adhere to the principles of fairness, impartiality and openness, and strive to eliminate all internal inequalities	Comply with the norms of the labor law, attach importance to labor human rights and gender equality; implement the policy of diversity and integration to create an inclusive, friendly and respectful working environment	 

No.	Material issues	Values	Actions and objectives	Response to SDGs
15	Occupational health and safety of employees	The daily safety prevention and management of the operation site is conducive to reducing accidents and property losses, and improving the production efficiency and economic benefits of the enterprise	Provide a safe workplace to employees and ensure that employees wear protective equipment in accordance with the requirements of each laboratory	
16	Employee rights and benefits	Employees are the value source of the Company's development	Provide employees with high-quality salaries and benefits, perfect career development system, sound promotion mechanism, so that employees and the company grow together, so that the company becomes a guarantee of employees' life, the soul of belonging and the dignity of being human	
17	Emission management	Environmental protection is a necessary condition for the sustainable development of enterprises	Strictly carry out the classification of medical waste and entrust qualified manufacturers to deal with it so as to reduce the impact of medical waste on the environment	
18	Green operation	Green operation of enterprises is an inevitable requirement for implementing the concept of green development and a vivid practice for the construction of ecological civilization	Implement electricity-saving measures from day-to-day operations to save energy consumption and reduce company operating costs through energy saving measures	
19	Intellectual property protection	Respecting knowledge achievements and simultaneously safeguarding their own interests is an important means to protect the interests of the Company	Improve the intellectual property management process to ensure that the Company's newly developed testing technology and digital tools are effectively protected	
20	Community public welfare and health	Promoting social public welfare and health is the social responsibility that enterprises must undertake	Continue to pay attention to social needs, deeply participate in public welfare undertakings, create a public welfare service system with the Company's characteristics, and practice social responsibility	 

06

HEALTHCARE EMPOWERMENT, PLATFORM CO-DEVELOPMENT

- Support on medical institution alliances construction
- Industrial ecology
- Technological innovation





06 HEALTHCARE EMPOWERMENT, PLATFORM CO-DEVELOPMENT

With the mission of “Focus on the health needs of the public and strive to provide customers with professional, accurate, efficient and convenient medical and health services”, Yunkang has achieved 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 taking full advantages of its own industrial chain, experts and technology resources.

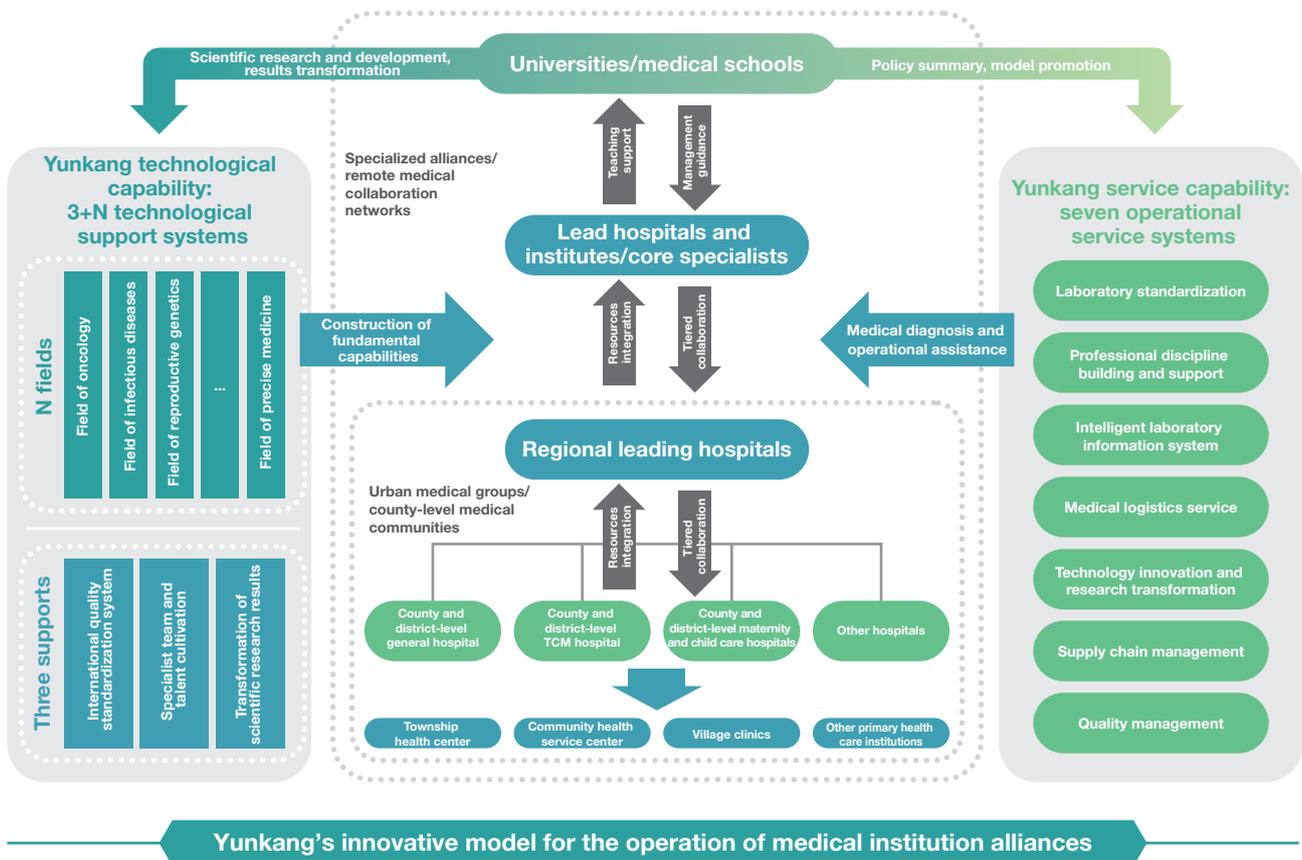
1. SUPPORT ON MEDICAL INSTITUTION ALLIANCES CONSTRUCTION

Policy Background of Medical Institution Alliance Construction

- In recent years, driven by policies such as the *Guidance on Promoting the Construction and Development of Medical Institution Alliance* (《關於推進醫療聯合體建設和發展的指導意見》), the *Measures for the Management of Medical Institution Alliance (Trial)* (《醫療聯合體管理辦法(試行)》) and the *Implementation Plan for the Construction of a Quality and Efficient Medical and Health Service System in the “14th Five-Year Plan”* (《十四五「優質高效醫療衛生服務體系建設實施方案」》), the state has vigorously deepened the reform of the medical and health system, accelerated the construction of medical institution alliances, promoted the downward distribution of medical resources, pushed forward the equalization of basic medical and health services, and effectively resolved the problem of the public’s difficulty in accessing medical services.
- The construction of medical institution alliances is an important step and institutional innovation in deepening medical reform, which is not only conducive to adjusting and optimizing the structural layout of medical resources, promoting the downward shift of the focus of medical and health work and the sinking of resources, enhancing the capacity of grassroots services, but also effectively facilitating the upward and downward integration of medical resources, improving the overall effectiveness of the medical service system, better implementing hierarchical treatment and meeting the health needs of the public.
- A medical institution alliance refers to a regional medical institution alliance consisting of primary, secondary and tertiary medical institutions. The construction of medical institution alliance is an outcome of the reform of the medical system with Chinese characteristics, and is an important tool to promote primary medical services as well as the hierarchical diagnosis and treatment system. By establishing links between the leading regional hospitals and their subordinate county hospitals and primary medical institutions, China optimizes the distribution of medical resources, thus solving the problem of uneven and unreasonable distribution of medical resources.

Since the launch of the new healthcare reform, Yunkang has responded positively to the policy call of hierarchical diagnosis and treatment and assisted medical institutions at all levels within the medical clusters to improve their medical diagnostic and collaborative services according to the actual needs of regional governments and medical institutions at all levels, and explored a unique and innovative mode of operation of medical institution alliances through years of practical experience. By assisting leading hospitals in each region, Yunkang has constructed testing and pathology laboratories, and built a regional collaborative medical association service system and assisted medical institutions at all levels within the medical institution alliances to build testing service capacity and improve testing service quality.

At the same time, Yunkang helped hospitals to carry out various medical testing services and ensured professional and reliable test results through its own technical advantages and standardized quality control system, so as to achieve mutual recognition and use of test results among medical institutions at all levels and greatly avoid the waste of medical resources caused by repeated testing. In this way, Yunkang truly empowered medical institutions and benefits patients, and became a firm practitioner in the construction of medical consortium with innovative mode and exquisite technology, thereby developing into a firm practitioner of the construction of medical institution alliances with its innovative model and exquisite technology.



Yunkang's innovative model for the operation of medical institution alliances

Technical Competence

Through the "3+N" technical support system, Yunkang provides diagnostic testing technologies in different clinical specialties such as oncology, infection and genetics to the medical institution alliances, and uses its own expert resources to precisely empower medical institutions at all levels within the alliances.

Service Capabilities

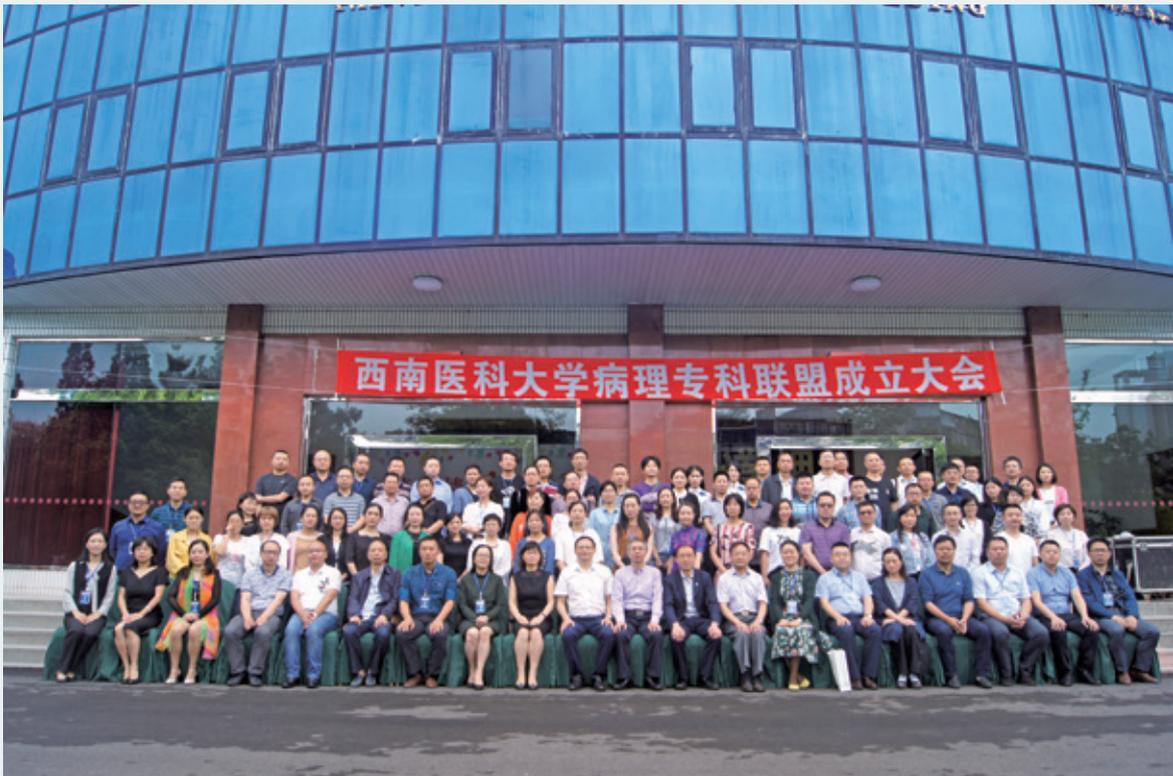
Yunkang has established seven operational service systems, including laboratory standardization construction, professional discipline construction and support, and medical logistics services, to provide assistance to medical institution alliances with its own industrial chain advantages and efficient operational management.

As at the end of the reporting period, Yunkang has successfully provided professional services for more than 840 medical institutions from 398 medical institution alliances across China with over 2,000 diagnostic projects, and created several typical benchmark projects to help the rapid development of medical institution alliances construction.

Yunkang joined hands to build West China Pathology Alliance to help the downward distribution of quality pathology resources

In collaboration with the Institute of Clinical Pathology of West China Hospital of Sichuan University, Yunkang took efforts to build the West China Pathology Alliance to play an important role as the technical organizer and demonstration center of the alliance. The alliance was established in accordance with the requirements of the “Digital Medical Diagnostic Equipment and Artificial Intelligence Cloud Diagnostic Platform Application Demonstration” (《數字醫學診斷設備及人工智能雲診斷平台應用示範》), a key R&D project of the Ministry of Science and Technology of the People’s Republic of China, for which Yunkang provided continuous in-depth services and technical empowerment, and by the time the project was completed, 11 regional centers had been connected to the tertiary platform, radiating to a total of 236 primary hospitals.

With the support of Yunkang, West China Pathology Alliance mainly applied digital pathology cloud technology as platforms to enhance the hierarchical collaboration among specialized alliances medical institutions in terms of the construction of laboratory and clinical support, better promoted the downward distribution and optimal allocation of medical resources in the western region, and driven the common development of pathology at all levels.



Service Case of West China Pathology Alliance

Yunkang established a provincial specialized alliance with Kunming City Maternal and Child Health Hospital to improve the accessibility of medical resources

Yunkang assisted the Kunming City Maternal and Child Health Hospital in Yunnan Province to build a medical diagnosis and service center covering the province's maternal and child system, strengthen the hierarchical collaboration among medical institutions in the specialist alliance, promote the downward distribution of advantageous resources and facilitate hierarchical treatment. The network of medical institution alliances has served 89 counties and administrative regions, with a coverage rate of 69%, and has access to more than 100 counties and district-level specialized hospitals for women and children. It has been enabling centralized testing of specimens in hospitals at all levels within the alliance, improving the efficiency of medical resource allocation and use, unifying quality standards, promoting mutual recognition of test results, reducing duplication of tests and alleviating the burden on medical insurance and patients.



Establishing a provincial specialized alliance



2. INDUSTRIAL ECOLOGY

Yunkang always insists on building an open, cooperative and shared platform, actively seeking to establish long-term strategic partnerships with partners to collectively build a professional ecosystem and realize the industry common prosperity situation of "1+1>2". Yunkang emphasized on integrating the advantageous resources of various parties in the industry, combining the characteristics of its own platform, continuously polishing its professional strength and establishing innovative medical services ahead of the industry.

1 Standardization and international cooperation

Yunkang has teamed up with professional organizations at home and abroad to promote the standardization of testing and to help primary health care institutions improve their service capabilities. The Company 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 Pathologist), as well as domestic and international research institutions such as Baylor College of Medicine in U.S and Sun Yat-sen University. With the advantages of multiple parties, Yunkang has been introducing high standards of laboratory construction and quality standards for medical institutions at all levels at home and abroad, so as to improve the level of testing and the technical level of their staff in primary medical institutions and to promote their improvement of medical testing capabilities.

Yunkang collaborated with CLSI to promote medical testing standardization construction

As the only execution partner of CLSI's healthcare business in China, Yunkang actively involved in bringing international standards and guidelines to Chinese healthcare institutions. Since the partnership in 2013, Yunkang and CLSI have worked together to help standardize medical testing services and improve the quality of clinical medicine in relatively under-resourced primary medical institutions across the China. At the same time, the two parties collaborated to develop the first *Guide for Specification of the COVID-19 Testing Services (Pre-analytical) Construction* (《新冠病毒核酸檢測服務(分析前)建設規範指南》) and *Standards and Guidelines for the Operation of Primary Medical Laboratories* (《基層醫學實驗室操作標準與指引》) in China, and organized a training course for CLSI's primary care laboratory quality and competency standards assessors. In the future, Yunkang will continue to strengthen the close cooperation with CLSI to further promote the construction of a standardized primary health care system in China.



2 Supply-production-service collaboration

By practicing the innovative concept of “co-construction, co-existence and sharing”, Yunkang established an integrated partnership with suppliers and customers. In addition to strategic cooperation with leading companies in the industry, Yunkang united all aspects of the industry chain and consolidated resources and advantages, effectively enhancing the accessibility of medical resources and providing patients with more professional, accurate, efficient and convenient medical and health services.

Yunkang and Roche Diagnostics established a co-laboratory for precision medicine



Co-laboratory for precision medicine

Yunkang and Roche Diagnostics established a joint center of excellence for precision medicine to jointly build a cutting-edge clinical laboratory with precision diagnostics as its core. Through the collaboration, Yunkang is further exploring the application of next-generation sequencing solutions of precision medicine such as oncology, genetic diseases, infections, pharmacogenomics and reproductive health, in order to help clinics achieve precision prevention, precision diagnosis and precision treatment for the benefit of more patients.



Strategic cooperation signing ceremony of co-laboratory for precision medicine

Yunkang and Danaher jointly established a lean managed co-laboratory

The strategic cooperation between Yunkang and Danaher enabled the establishment of a lean managed co-laboratory, where lean process management and resource sharing allowed the organic integration of products, processes and clinical applications, and accelerated the translation of research results into clinical practice. In addition, the two companies further focused on health screening and clinical testing for oncology, reproductive genetics and infectious diseases, providing personalized treatment solutions for clinical patients and better meeting the public's needs for diversified and multi-level health services.



Signing Ceremony between Yunkang and Danaher

3 Research-production-service collaboration

Yunkang is committed to 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 with the help of cutting-edge technologies such as digital healthcare and artificial intelligence applications, to build a platform for hospitals to innovate and transform their research results, so as to better meet the research and clinical needs of hospitals, accelerate the downward distribution and promotion of high-end medical resources, and bring more quality services to patients.

Yunkang assisted the First Affiliated Hospital of STUMC to build the first joint prenatal diagnosis laboratory

With the technical assistance of Yunkang, the First Affiliated Hospital of Shantou University Medical College (the “First Affiliated Hospital of STUMC”) set up its first joint prenatal diagnostic laboratory. The laboratory can provide testing services, including non-invasive prenatal testing (NIPT), prenatal diagnosis, genetic testing, molecular pathology and others, for the medical institution alliances and over 20 medical institutions at all levels in the region, to enhance the level of precision diagnosis technology and standardization in the region.



Opening Ceremony

4 Production-university-research collaboration

Technological innovation is the inexhaustible driving force for enterprise development. Yunkang attached great importance to in-depth cooperation with academia, actively promoted the integration between enterprises and universities, and established a two-way benign cooperation relationship with universities and colleges based on “university-enterprise collaborative education”. At the strategic cooperation level, the enterprise and university jointly established a council management mechanism to actively “introduce enterprises into universities”, and continued to make efforts in ensuring the supply of talents, promoting the integration of disciplines and accelerating the transformation and application of scientific research results. As of December 31, 2022, Yunkang has maintained long-term and stable cooperation with a number of institutions of higher learning, including Fudan University, Sun Yat-sen University and Southern Medical University, providing them with a broad platform and opportunities for joint education, practical training and scientific research.

A new model of cooperative talents-cultivating, being the establishment of Yunkang School of Medicine and Health

Adhering to the innovative education concept of “based on clinical needs and strengthening practical ability”, since 2016, Yunkang and Nanfang College · Guangzhou have cooperated to establish Yunkang School of Medicine and Health. The College has set up three major disciplines, namely Medical Laboratory Technology, Diagnostic Pathology Technology and Rehabilitation Therapy, and formed the “four early training characteristics” of “early entry into clinical practice, early entry into scientific research, early entry into industrial practice and early alignment with international development”, provided international professional guidance from CLSI, aiming to train quality medical technology personnel with professional skills and innovative abilities, in line with the needs of social development and with a global perspective. Since 2018, a total of 634 students have graduated from Yunkang Medicine and Health College, and there are currently more than 600 students in the school, with an employment rate of 95.8% for the graduates.

For improving the management mode and operation mechanism of collaborative education in school-enterprise operating school, Yunkang, together with Nanfang College · Guangzhou, established the College Council to ensure the college’s development planning, talent training, educational development and major decisions from the overall design and organization model, and enable the institutionalization and standardization of bilateral cooperation from the governance structure.

In November 2022, Yunkang once again joined hands with Nanfang College · Guangzhou to establish the “Nanfang College · Guangzhou — Yunkang Enterprise/University/Research Joint Health Technology and Public Policy Research Center (廣州南方學院—雲康產學研聯合健康技術與公共政策研究中心)” and jointly undertaken tasks including relevant project research, talent exchange and training, in order to promote the major theoretical innovation, model innovation and application demonstration of development of medical and health system and universal health industry with professional think-tank contribution.



Inauguration Ceremony of
Yunkang School of Medicine
and Health

3. TECHNOLOGICAL INNOVATION

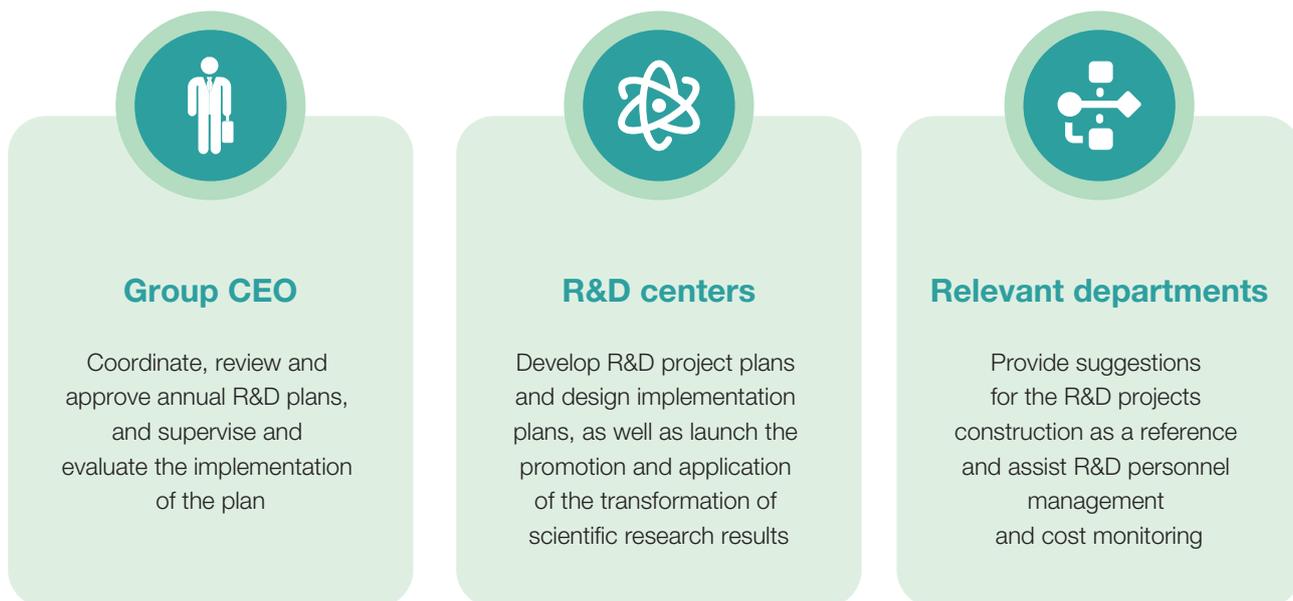
Deeply cultivating in health care industry, Yunkang focused on its R&D innovation capabilities, striving to be the forerunner of medical testing technology and mode innovation. In practice, the Company continued to improve the research and innovation management system, strengthen the research foundation and team building, and provide competitive solutions for medical institution alliances with a professional technology platform and a strong innovation model.

1 Improving R&D management system

Technological innovation is the driving force for an enterprise’s sustainable development. In order to improve the level of diagnostic technique, optimize the diagnostic product portfolio and provide competitive solutions, with the continuous efforts in the construction of the technological R&D system, Yunkang has established the *Research and Development Project Management Regulation* (《研發項目管理制度》), *Research and Development Investment Accounting Management System* (《研發投入核算管理制度》), *Management System of the Research and Development Center* (《研發中心管理制度》) and other systems.



Management Process and Responsibilities of R&D Projects



2 Stimulating innovation energy

In terms of improving the ability of scientific research, Yunkang continued to maintain high investment in scientific research to comprehensively empower medical institutions with its solid strength, excellent team and professional services in scientific research. In 2022, the Company's R&D investment reached RMB94.7 million, representing a year-on-year growth of 115.6%. At the same time, in order to fully mobilize the R&D team's incentive to create, the Company implemented an effective incentive scheme for research personnel. The Company would reward R&D personnel who make outstanding contributions to R&D projects and technological innovation correspondingly in accordance with the requirements under the *Performance Appraisal and Reward System for R&D Personnel* (《研發人員績效考核獎勵制度》), *Systems of Organized Implementation and Incentive Reward for Achievements Transformation* (《成果轉化的組織實施與激勵獎勵制度》) and others.

In order to support the construction of technical platforms and research projects, Yunkang has established the *Management System for the Introduction, Cultivation and Training of Talents* (《人才的引進、培養及培訓管理制度》), under which a number of top molecular biology experts and bio-informatics professionals were introduced to continuously inject new momentum into the Company. As of the end of the reporting period, Yunkang has successfully built up a strong team with 93 research specialist staff. At the same time, the Company has conducted dozens of cutting-edge training activities, creating an academic atmosphere for researchers to learn and improve through a series of abundant and systematic knowledge-sharing activities, thereby strengthening the research strength of the innovation team and stimulating innovation energy.

The Technical Committee of Yunkang Group was established to build up the backbone of scientific research

In April 2022, Yunkang formally established the Technical Committee and formulated the *Charter of the Technical Committee of Yunkang Group* (《雲康集團技術委員會章程》), actively integrating of Yunkang's technical expert resources to promote technological innovation. The Charter stipulated that the Technical Committee, as the highest decision-making body on technology of the Group, shall co-ordinate and perform the functions of deliberation, consultation and support for the technology development direction of Yunkang, so as to further strengthen the Company's overall innovation and technological capacity construction and enhance the level of scientific and technological demonstration and decision-making. During the meeting, Yunkang issued official letters of appointment to 9 chief technical experts from laboratory medical standards, reproductive genetics, hematologic diseases and other professional fields.



Group photo on the establishment of Yunkang Technical Committee

The technical committee took the lead in conducting expert lectures to strengthen the profession through learning to application

Since June 2022, Yunkang Technical Committee has played its expert-led role to elaborate a series of high-quality courses closely related to product development, business development and technical services, inviting chief experts in various disciplines to deliver special lectures every week.

In 2022, 22 lectures held by the Technical Committee covered cutting-edge contents of tumor immunotherapy, hematologic disease and reproductive genetics, effectively enhancing the theoretical and practical levels of the research team and creating a high-quality and professional team for the Company.



Expert lectures

3 Consolidate the achievements of research and innovation

Yunkang is committed to building a technology innovation highland with outstanding technological advantages and obvious scientific advantages. Since its establishment, Yunkang’s innovation strength has been widely recognized, and has been accredited with certain national key qualifications, including “National High-tech Enterprise”, “National Demonstration Center for the Application of Gene Testing Technology”, Pilot Enterprises for National Standard of *Operation Specifications for Medicinal Product Cold Chain Logistics* (《藥品冷鏈物流運作規範》) (GB/T 28842-2012), highlighting Yunkang’s scientific research and technological strength.



National key qualifications (partial)

In order to further standardize the protection and management of scientific research and technological achievements, Yunkang formulated the Measures for the *Administration of Intellectual Property Rights* (《知識產權管理辦法》) to clarify the intellectual property declaration process and the protection responsibilities of all parties, and set up an intellectual property project team responsible for the overall operation of the Company’s intellectual property rights. By the end of the reporting period, the Company had obtained a total of 302 patents and intellectual property rights, including authorized invention patents, authorized utility model patents, software copyright patents.



Intellectual property management system certification (partial)

Based on its own advanced scientific research technology platforms and well-established clinical service system, Yunkang and its subsidiaries have undertaken more than 30 national and provincial key scientific research projects and research topics partnered with Peking University, Sun Yat-sen University, South University of Science and Technology of China, Shanghai Jiao Tong University. At present, Yunkang has carried out a series of practices with innovative models in the fields of medical laboratory technology research and development, gene detection application demonstration, hierarchical diagnosis and treatment innovative service, digital economy + healthcare big data, 5G + telemedicine application, which has developed into one of the important medical science and technology innovation bases in China.



The project of Guangdong Health Care Big Data Hierarchical Collaborative Diagnosis and Treatment Innovation System Construction (《廣東健康醫療大數據分級協同診療創新體系建設》) was successfully concluded

Yunkang led nine partners to collaboratively participate in the project of the National Development and Reform Commission's *Major Pilot Projects for the Digital Economy* in 2018 (《數字經濟試點重大工程》), and realized the conclusion on the national project of 《Guangdong Health Care Big Data Hierarchical Collaborative Diagnosis and Treatment Innovation System Construction》 in June 2022. Through the health care big data service platform construction, the project realized the interoperability and data integration of health care information across institutions and departments, which was of great significance to address the uneven distribution of medical resources, accelerate the distribution of high-quality medical resources to lower tier, and improve the quality and management level of primary healthcare.



The project of Establishment and Application of Platform for Precision Management of Diabetes and Retinopathy Screening (《糖尿病精準管理及視網膜病變篩查平台的建立及推廣應用》) won the Science and Technology Award of Guangdong Province

In 2022, the 《Establishment and Application of Platform for Precision Management of Diabetes and Retinopathy Screening》 Project jointly completed by Yunkang, Guangdong Institute of Public Health, the Third Affiliated Hospital of Sun Yat-sen University and Zhongshan Ophthalmic Center of Sun Yat-sen University, awarded the second prize of “Science and Technology Progress Award” of Science and Technology Award of Guangdong Province in 2022. By focusing on the prevention and treatment of diabetes, the project combined “government, production, university, research, application” to build a standardized and normalized community Internet-based health management platform for diabetes. Such platform provides diabetic patients with diabetic retinopathy monitoring and screening services and health care education services, aiming to help patients quickly screen for the risk of blindness caused by diabetes, so as to achieve wide screening, early detection and early prevention of diabetes and promote the prevention and treatment of diabetes and other chronic diseases.





The project of *Key Technology and Application of Smart Health Home Integrated Application System* (《智慧健康家庭融合應用系統關鍵技術及應用》) won National Prize for Progress in Science and Technology

In 2022, Yunkang, together with Sun Yat-sen University and TCL Group, jointly applied for the project *Key Technology and Application of Smart Health Home Integrated Application System* (《智慧健康家庭融合應用系統關鍵技術及應用》) and won the second prize of the “National Excellent Achievement Award (Science and Technology) Science and Technology Progress Award” from the Ministry of Education of the People’s Republic of China. This award is an excellent organizational case in resource linking cooperation and also the first time that an enterprise has won an award at the level of the Ministry of Education.



Yunkang won the Third Prize in Guangdong Regional Competition of “Blooming Cup” 5G Application Contest held by MIIT

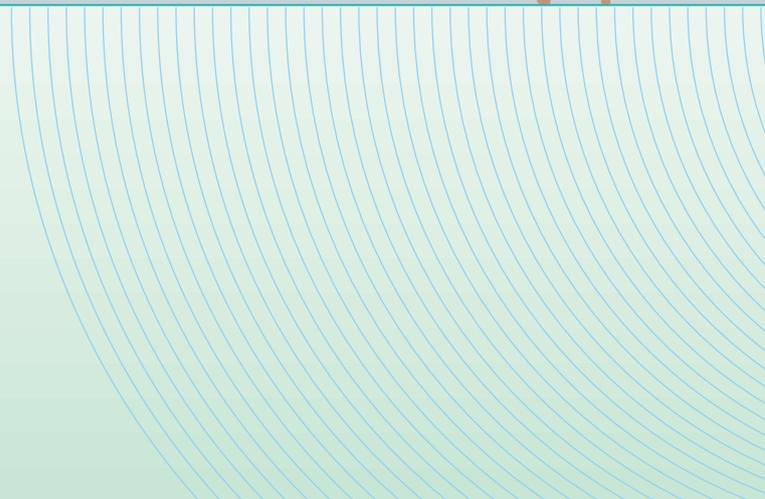
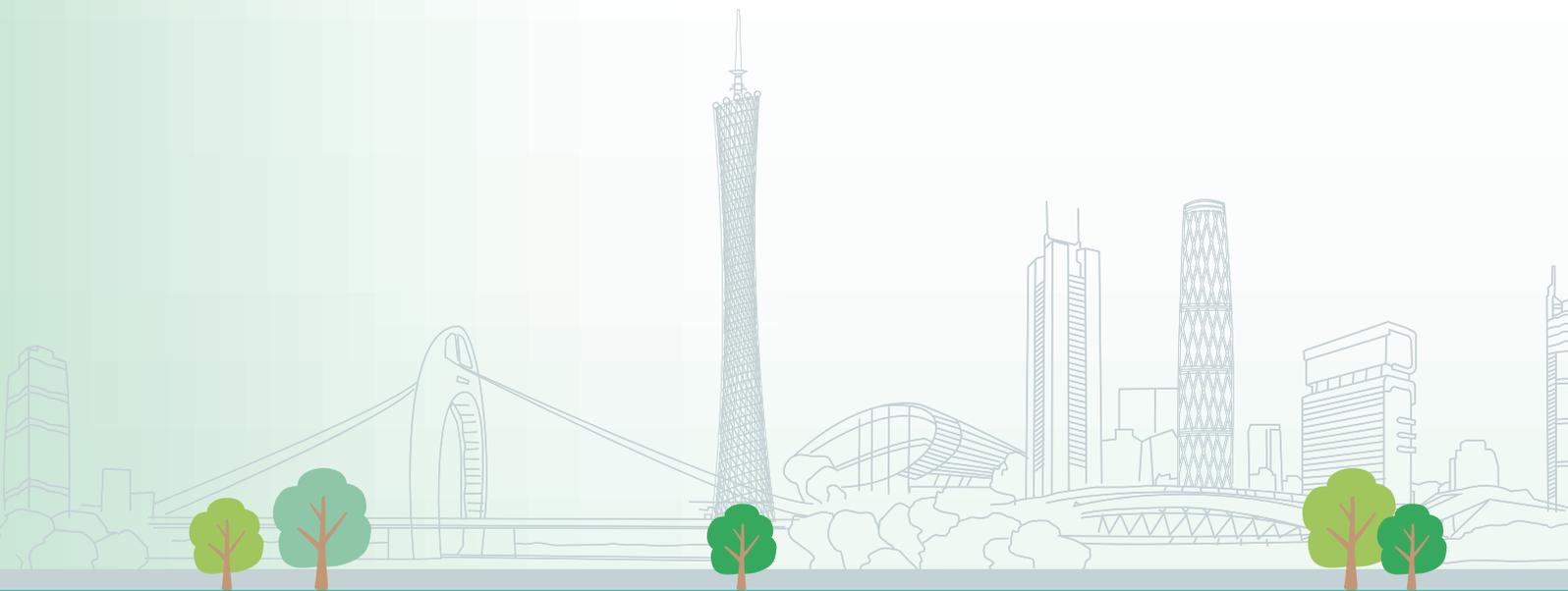
Guangzhou Daan Clinical Laboratory Center, a subsidiary of Yunkang, has jointly built a 5G-based “technology+service” collaboration model among medical institution alliances with Guangdong Provincial People’s Hospital, with the three platforms’ establishment of “5G-based remote pathology diagnosis platform”, “5G+ cytogenetic AI analysis platform” and “5G+ COVID-19 whole-process information management platform” in collaboration and their pilot applications. Among them, taking “5G-based remote pathology diagnosis and COVID-19 screening service application and empowerment project” as the application demonstration, the two parties jointly declared the Guangdong Regional Competition of 5th “Blooming Cup” 5G Application Contest held by National Ministry of Industry and Information Technology (MIIT) of the People’s Republic of China, and won the third prize, achieving a new win-win situation of mutual growth and mutual sharing.



07

PUT QUALITY FIRST, GUARD THE TRUST

- Lean management, digital empowerment
- Integrity promotion, sincere service
- Information security, privacy protection
- Transparent procurement, co-developed industry





07 PUT QUALITY FIRST, GUARD THE TRUST

Insistence on quality development and maintenance of customers' trust has been the career development principle of Yunkang. With the firm belief that "product quality is the lifeline for enterprise", Yunkang has regulated the quality management in such way and upheld the pursuit of quality in customer service, striving to build an enterprise image of trustworthy brand, professional and reliable service and constantly improving quality.

1. LEAN MANAGEMENT, DIGITAL EMPOWERMENT

Yunkang has participated in many domestic and international authoritative certifications, established standardized operating management processes covering laboratory and logistics, made every effort to develop a world-class leading laboratory with quality level in line with international standards, and mainly focused on the quality of products and services, so as to provide professional, accurate, efficient and convenient healthcare services to our customers. Meanwhile, Yunkang actively engaged in digital transformation and upgrading and established internal digital platforms and clinical application platforms relying on 5G, AI and other digital technologies, effectively improving the quality management level and efficiency and promoting high-quality clinical development.

1 Quality management system

The Company strictly complied with the *Interim Measures for Medical Laboratory Management* (《醫學檢驗實驗室管理暫行辦法》), *Primary Standards and Management Specifications for Medical Laboratory (Trial)* (《醫學檢驗實驗室基本標準和管理規範(試行)》), *Primary Standards and Management Specifications for Pathology Diagnostic Center (Trial)* (《病理診斷中心基本標準和管理規範(試行)》) and other laws and regulations and industry standards, established and improved the quality management system including laboratory quality management system and medical cold chain logistics management system, and set several quality objectives to comprehensively guide the quality management of the Company with "independence and impartiality, accuracy and immediacy, continuous improvement, sincere service" as the quality policy.



Laboratory quality management

Yunkang placed a high priority on laboratory quality management, established a strategic partnership with the American Clinical Laboratory Standards Institute (CLSI), and strictly complied with domestic and international standards including CAP, ISO15189, ISO9001, CMA to formulate and implement several internal quality policies such as *Quality Manual* (《質量手冊》), *Control Procedures for Quality and Technical Records* (《質量與技術記錄的控制程序》), *Pre-test Quality Control Procedures* (《檢驗前質量控制程序》), *Post-test Process Management Procedures* (《檢驗後過程管理程序》), *Control and Operating Procedures for Quality and Technical Records* (《質量與技術記錄控制操作規程》) and *Quality Assurance Procedures for Testing Results* (《檢驗結果質量保證程序》), and laboratory management practices, providing a reliable basic framework for the accuracy and stability of testing results.

Yunkang has set up corresponding quality control procedures and implemented corresponding initiatives throughout the pre-, mid- and post-test analysis process to ensure the effective operation of the quality management system. Yunkang has adopted the following measures to control the quality of testing:



Prevention initiatives

- Establish internal procedures such as *Non-conforming Items Identification and Control Procedures* (《不符合項的識別與控制程序》), *Management Procedures for Preventive Measures* (《預防措施管理程序》), identify the existing risks through the proactive analysis, evaluation and identifying of the potential non-conforming factors, take measures to prevent or reduce or even eliminate the occurrence of non-conforming items, and continuous improve the quality



Management Procedures for Traceability of Testing Results

- Develop and implement internal procedures such as the *Management Procedures for Traceability of Testing Results* (《檢驗結果的量值溯源管理規程》), so that the measurement results can be connected with the measurement reference through a continuous comparison chain with a defined uncertainty, ensuring the accuracy and consistency of the testing results from a technical perspective.



Criticality and exception management mechanism

- Establish a criticality and exception management mechanism applicable to all qualitative and quantitative tests, and timely record inspection anomalies, so as to constantly improve the laboratory testing process.



Proactively participate in external quality assessment

- Actively plan to participate in external quality assessments organized by Center For Clinical Laboratories and other institutions, monitor the quality assessment results, and implement corrective measures in a timely manner when control standards are not met;
- For non-assessment items, ensure the credibility of testing results through external comparison tests or exchange of samples with other laboratories.



Record all quality control results and comparison activities

- Record and archive all quality control results and comparison activities. When the quality control results are out of control or the comparison results are clinically unacceptable, prompt corrective measures should be taken and records should be retained.

Lean management

For continuously improving the management level, effectively achieving high quality and efficiency and efficiently empowering our customers, Yunkang placed emphasis on building a lean management system to cultivate the corporate culture of pursuing perfection in the long run. Centering on three core dimensions of lean, operating and standardization, the system endeavored to implement “7S” on-site management project and establish SOP standardization projects for customer-oriented products and co-laboratory management system projects. Yunkang insisted on improving “7S” management standards, regulating the whole process of on-site management from specimen collection to report issuance, forming a quantifiable and propagable standardization manual, and promoting standardization of laboratory operating process management.

On-site Management Case: Yunkang “7S” Management

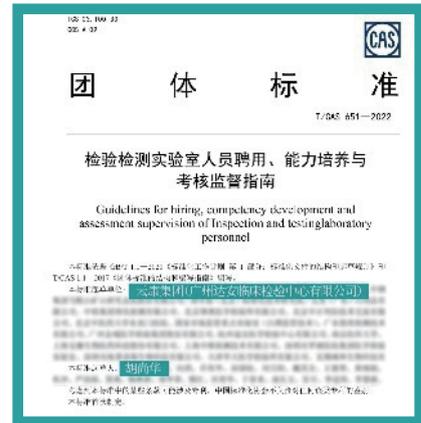
- **SEIRI:** Increase operating areas to smooth logistics and prevent misuse;
- **SEITON:** Make workplaces neat, clear and well-regulated, so as to reduce the time spent on picking and placing items to improve efficiency and maintain a well-organized workplace;
- **SEISO:** Clean the dirt on sites and material wastes in operating areas;
- **SEIKETSU:** Make the work of organizing, tidying and cleaning a practice and system, which is the basis for standardization and the beginning of the formation of corporate culture in a company;
- **SHITSUKE:** Make our employees comply with the rules and regulations and have good work ethics and habits;
- **SAFETY:** Ensure the employees’ safety as well as the regular operation of safe production;
- **SAVE:** Maximize the effectiveness of time, space and energy.



“7S” lean management in the laboratory

Establishment of inspection team

Yunkang attaches great importance to the construction and professional skill improvement of inspection team. In order to promote the standardization of laboratory team management, Yunkang participated in the formulation of the team standard of *Guidelines for Hiring, Competency Development and Assessment Supervision of Inspection and Testing Laboratory Personnel* (《檢驗檢測實驗人員聘用、能力培養與考核監督指南》), which considered multiple dimensions from personnel recruitment, training, performance management, personnel capacity development, and personnel technology management, improved the content of laboratory assessment and supervision and stipulated the management requirements of professional competence assessment and cultivation of laboratory personnel, so that the quality and talent of laboratory personnel can be developed continuously. In addition, Yunkang provided a variety of professional inspection training for inspection personnel and encouraged them to join skill competitions, thus comprehensively strengthening their professional skills and level and ensuring the effectiveness and stability of laboratory quality.



Group standard of
*Guidelines for Hiring, Competency
Development and Assessment
Supervision of Inspection and
Testing Laboratory Personnel*

Yunkang Pathology Skills Competition

In 2022, Yunkang held its annual pathology skills competition with “pathology section quality evaluation” as the main content for the year, selecting the top performers through two parts of professional knowledge competition and individual sectioning ability competition. Taking such competitions as an opportunity, Yunkang continuously strengthened the overall professional construction of pathology laboratories and encouraged pathology technicians to further develop their skills to serve clinical diagnosis career and patients with more exquisite pathology techniques.



Pathology skills competition site

Qualification assurance

Yunkang continued to introduce international advanced quality management methods and actively participated in domestic and international authoritative certifications to ensure the quality management level of our laboratories. Three pathology laboratories in Guangzhou, Chengdu and Shanghai were double certified 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.

3 laboratories with double certified by ISO15189 and CAP

Guangzhou laboratory has obtained ISO15189 certification for 12 consecutive years



Quality certifications (partial)

Guangzhou Daan Clinical Laboratory Center, a subsidiary of Yunkang, passed ISO15189 re-accreditation and expansion accreditation

From October 21 to 23, 2022, Guangzhou Daan Clinical Laboratory Center owned by Yunkang received the on-site re-accreditation of CNAS Medical Laboratory Proficiency Accreditation. Upon strict assessment, Yunkang's Guangzhou laboratory successfully passed the ISO15189 re-accreditation and expansion accreditation. After the first successful accreditation in 2010, Yunkang has passed the professional accreditation for 12 consecutive years.

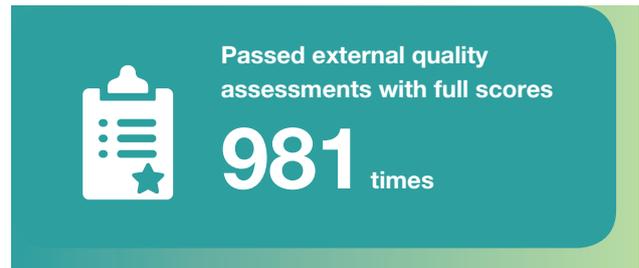


Group photo on re-accreditation site of CNAS Medical Laboratory Proficiency Accreditation

In addition, the Company established an external quality assessment management procedure and encouraged its subordinate medical testing laboratories to actively participate in various national external quality assessment activities organized by the National Center for Clinical Laboratories (NCCL), China National Accreditation Service for Conformity Assessment (CNAS), and various external quality assessment activities organized by provincial clinical laboratory centers.

During the year, Yunkang participated in 464 proficiency tests recognized by CNAS in total and 142 external quality assessment comparisons; six subordinate ICLs of Yunkang participated in 1,082 external quality assessments in total, of which 981 were passed with full scores.

Participation in external quality assessments in 2022:



Guangzhou Daan Clinical Laboratory Center, a subsidiary of Yunkang, has passed five external quality assessments with full scores

In 2022, Guangzhou Daan Clinical Laboratory Center, a subsidiary of Yunkang, passed the five items of external quality assessment, being genetic disease mutation high-throughput sequencing (Trio pedigree), genetic disease high-throughput sequencing bio-informatics analysis, chromosomal genome structure abnormality, DMD gene testing and neonatal deafness gene testing with full scores. Such external quality assessment affirmed the ability of Yunkang in the overall molecular detection of single gene disease, bio-informatics analysis and genetic analysis interpretation of the field of molecular diagnosis of reproductive genetics, highlighting Yunkang's highly stable, professional and reliable testing strength and strict laboratory quality management system.



External quality assessment certification (partial)

In addition to actively participating in the external quality assessment certified by domestic and foreign authorities, Yunkang has established internal quality control procedures and inter-laboratory comparison procedures in its quality management system. Yunkang effectively controlled the various aspects of testing process through regular comparisons with external institutions, such as class III hospitals, accredited units, customers, etc., and internal institutions, so as to ensure comparability and reliability of testing results. For after-sales quality services, Yunkang formulated and implemented certain systems such as *Standard Operating Procedures for Handling Major Quality Feedback* (《重大質量反饋處理標準操作規程》) and *Customer Feedback Handling Procedures* (《客戶反饋處理規程》), which regulated the Company's service quality management and clearly specified the process of reporting and handling events such as customer feedback and complaints.

During the year, Yunkang has neither products and services subject to recall nor recalls of products and services due to safety or health concerns.

Quality management of cold chain logistics

The Company has built a rapid response and efficient cold chain logistics network, formulated and implemented the *Operating Procedures for the Use and Temperature Control of Specimen Boxes in Logistics* (《物流標本箱使用及溫度控制操作規程》), *Operating Procedures for Specimen Transport and Handover in Logistics* (《物流標本運輸、交接操作規程》), *Operation Procedures for Quality Control of Logistics* (《物流質量控制操作規程》), *Operation Procedures for Returned Specimen Handling in Logistics* (《物流退單標本處理操作規程》), *Operation Procedures for Emergency in Logistics* (《物流應急處理操作規程》) and other management specifications during the whole process from specimen collection, transportation and handover to deepen the standardized management of different process of logistics. Yunkang actively promoted the construction of intelligent cold chain logistics, carried out professional skills training for logistics personnel and participated in the formulation of industry standards, so as to continuously improve the quality management level of medical cold chain logistics.

Active Establishment of An Intelligent Cold Chain Logistics System

Yunkang has been continuously deepening the digital construction of cold chain logistics business. The Company independently developed a patented intelligent specimen box with double functions of GPS positioning and temperature control, which enabled the storage of samples in separate temperature zones and visualization management of specimens during the whole process in the specimen box.

Meanwhile, Yunkang's self-developed intelligent information logistics system, "Su Yun", and signpost system and intelligent labeling system for quality monitoring, which can be networked with intelligent specimen box to realize real-time transmission of logistics information and visual monitoring of specimens in the transit, and promote the intelligent and automatic management of medical cold chain business.



Yunkang's self-developed intelligent specimen box



Real-time temperature, GPS positioning, temperature profile and vehicle trail of the specimen box can be checked in real time on the interface of signpost system

Yunkang has continued to provide training to our logistics personnel and actively participated in the establishment of industry standards for medical cold chain logistics, so as to continuously improve the operation level and operation specifications of front-line personnel in medical cold chain logistics and promote the standardization of such industry.

Yunkang participated in Drafting *Operational Specification for Cold Chain Logistics of Medical Laboratory Biological Samples* (《醫學檢驗生物樣本冷鏈物流運作規範》)

To promote the standardization of medical cold chain logistics, Yunkang participated in drafting *Operational Specification for Cold Chain Logistics of Medical Laboratory Biological Samples* (《醫學檢驗生物樣本冷鏈物流運作規範》), a national standard. The standard document has regulated the workflow and requirements of facility management, property operation, risk control, personnel training and organizational requirements in the process of medical laboratory biological samples' cold chain logistics, so as to ensure the quality and safety of sample transportation. The introduction of such standard achieved a zero breakthrough in the national standard on medical testing cold chain logistics industry, unified the standards and specifications of medical testing cold chain logistics, and accelerated the standardized development of medical cold chain logistics services. At the same time, Yunkang was approved as the "Pilot Unit of National Standard for Pharmaceutical Cold Chain Logistics".



The official publish and implementation of *Operational Specification for Cold Chain Logistics of Medical Laboratory Biological Samples* (《醫學檢驗生物樣本冷鏈物流運作規範》)

The 11th National Logistics Skills Competition of Yunkang in 2022

In August 2022, the Company's 11th National Logistics Skills Competition was held in the Southwest Yunkang Laboratory, where Yunkang's outstanding employees in logistics skills from various regions of China gathered to compete. The logistics skills competition set up three events, including practical simulation exercises, online knowledge competitions and on-site quick quizzes, aiming to further enhance the skills proficiency of logistics team and improve the overall logistics quality management level by promoting learning and practice through the competition.



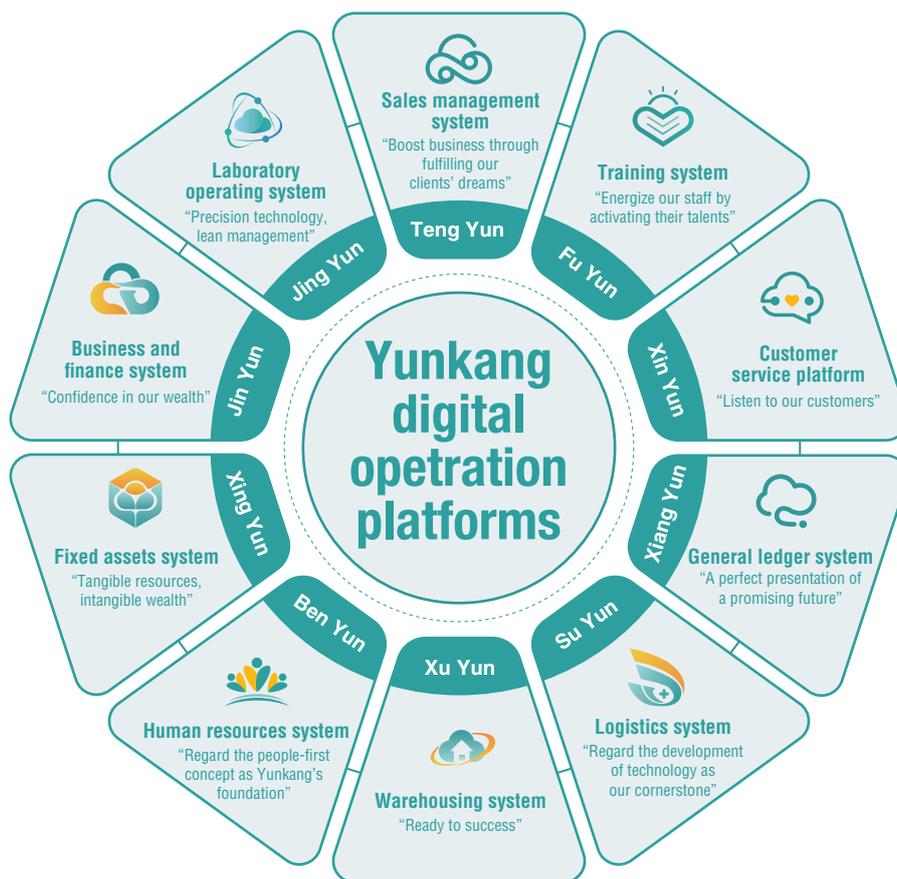
Group Photo of the Participants of the 11th National Logistics Skills Competition of Yunkang

2 Digital operation

By introducing several digital cloud systems, Yunkang strengthened organization effectiveness and efficiency and further improved enterprise management processes. At the same time, Yunkang fully supported the innovative application of digital information technologies in medical big data analysis and clinical diagnosis, and continued to improve the accuracy and efficiency of Yunkang’s laboratories testing and create new scenarios of digital healthcare to accelerate clinical development through various initiatives such as building data platforms and remote digital pathology diagnosis platforms.

Application of digital “cloud” systems

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 terms of internal management, such “cloud” systems have further optimized the enterprise management process to achieve the overall improvement of organization efficiency; in terms of business services, these systems have realized the whole-process visualization management of samples from logistics acceptance to report issuance to help the division and collaboration and all-level coordination of regional medical treatment business, as well as promote the information exchange and resource sharing among various hospitals.



Innovative application of digital technology

Based on our own advanced research technology platform and clinical service system, focusing on new digital information technologies such as medical big data, cloud computing, IoT and 5G mobile network, Yunkang has collaborated with major research institutes to tackle cutting-edge topics, and carried out a series of model innovations in the fields of medical testing technology research and development, digital economy + health care big data and 5G telemedicine application.

Combining the advantages of technology and industry, Yunkang gained significant achievements in new viruses testing, pathology support and co-construction support. Among them, in terms of pathology support, Yunkang recognized the importance of telepathology in medical resources integration, hospitals' diagnostic capability improvement and overall quality enhancement of pathology diagnosis. Therefore, Yunkang has continued to accelerate the pace of strengthening "medical + digital" in recent years and quickly launched Yunkang digital pathology remote diagnosis platform. As of December 31, 2022, Yunkang digital pathology remote diagnosis platform has covered 502 medical testing items and successfully operated in over 200 co-laboratories, with a total of 1,171,806 tests accumulated, comprehensively improving testing quality and diagnostic efficiency and building a digital pathology remote consultation system to empower medical institutions at all levels.

Yunkang digital pathology remote diagnosis platform has covered:



In 2022, Yunkang Group focused on optimizing the functions of the pathology system, mobile section-reading terminal and regional pathology system, and successfully completed the construction and operation of several clinical diagnosis and treatment application platforms, such as the 5G+ telepathology digital diagnosis and treatment platform and AI-assisted pathology screening.

Yunkang Digital Pathology Remote Diagnosis Platform

Yunkang digital pathology remote diagnosis platform is designed and developed based on CAP, CLSI and domestic pathology standard, with the advanced digital section image processing and network communication technology, as well as the resources of Yunkang pathology expert team, which can carry out distance pathology consultation, distance section reading, online education, quality control and inner academic exchange. It has provided overall telepathology service solutions for pathology departments of many hospitals in China.



Yunkang Remote Pathology Platform Structure

Empower primary medical institutions

Bring convenience to patients



Enhance primary care level

It enables doctors to break through geographical limitations and share patients' case information, allows well-known experts and primary doctors to discuss medical treatment, scientific research and difficult cases through the platform, and provides medical technical support for primary doctors.



Improve the professional and technical level of medical staff

Through distance training, more medical staff can learn relevant professional knowledge nearby and conveniently, so as to improve their professional skills.



Facilitate patients' access to authoritative diagnosis

The digital pathology remote diagnosis platform enables patients in primary hospitals to enjoy authoritative expert diagnosis, avoids the inconvenience of long-distance travel and accommodation in different places, and saves non-medical expenses.



Facilitate the timely diagnosis of critically ill patients

For critically ill patients hospitalized locally, it is feasible to avoid the aggravation or deterioration of their condition during transfer to another hospitals and gain time for timely and accurate treatment.

5G+ Digital Pathology Remote Diagnosis Service Platform

In 2022, Yunkang built a 5G+ digital pathology remote diagnosis service platform and continued to carry out pilot applications and provided overall solutions for improving the pathological diagnosis ability for various medical institutions. Being an innovative platform in the field of telemedicine that integrates pathology, image processing technology and 5G network information technology, it consists of remote frozen section consultation, difficult case consultation, quality control, distance training and other functions, which is able to overcome the time-space limitation, share pathologist resources, ease the problem of shortage of pathology resources and accessibility of pathology services in far scattered areas, saving the cost of cross-regional diagnosis and treatment for patients to a certain extent and greatly improving the precision and accuracy of testing and diagnosis.



Yunkang Remote Pathology Platform Structure

AI Assisted Cervical Pathological Screening

In 2022, based on the *Cervical Cancer Screening Work Plan* (《宮頸癌篩查工作方案》) issued by the Health Commission, which required that the cervical cancer screening rate of age-appropriate women should reach more than 50%, Yunkang actively introduced AI-assisted diagnostic technology and services for cervical pathological screening, thereby effectively improving the grassroots screening ability. Such method can realize a 24-hour operation of pathological cytology diagnostic services, which not only significantly improves the diagnostic efficiency and reduces the rate of misdiagnosis, but also addresses the challenge of cooperative construction of stationed pathologists under the cervical cytopathology project, reducing the demands for stationed pathologists.

Publish of the *Telepathology – System Construction and Clinical Application* (《遠程病理學—系統構建及臨床應用》)

In November 2019, Yunkang presented the first Chinese telepathology book and innovative digital pathology solution *Telepathology – System Construction and Clinical Application* (《遠程病理學—系統構建及臨床應用》) at the Annual Meeting of Chinese Pathologists. As the first professional work on telepathology in China, such book has collected Yunkang's exploration achievements in the field of telepathology, systematically analyzed the theoretical knowledge and practical application of telepathology, and focused on the practical problems faced by the development of telepathology, such as the lack of normative guidance and the inconsistency of technology and quality control standards. With the help of this guideline, Yunkang has established a set of comprehensive operating specifications providing a standardized reference for the implementation of telepathology projects, which makes a contribution to promoting the digital transformation of pathology.



2. INTEGRITY PROMOTION, SINCERE SERVICE

In the process of transforming the market value of medical testing services, Yunkang has been taking customers' needs as the core. In 2022, Yunkang maintained the concepts of "full-scenario products" and "in-depth services", and continued to create operating systems, strengthen professional capabilities, expand service network and improve service quality, thereby fully protecting our customers' legitimate rights and interests and maximizing their value.

1 Service capacity building

Yunkang firmly believes that professional solution service is the essence of services marketing and always adheres to the two-wheel strategy of "technology + service". Under the guidance of the marketing concept of "in-depth service", Yunkang actively provides customers with service solutions through "full-scenario products", being medical technology service solutions meeting their core value demands and operating service solutions enhancing customers' experience and working efficiency.

In terms of technical capacity development, Yunkang has established eight technology platforms including high-throughput sequencing, ultramicro-pathology, gene chips, cellular genetic, mass spectrometry, flow cytometry, molecular diagnostic and digital pathology to provide customers and patients with more accurate and diversified testing services.



Building eight technology platforms

In terms of operating capability management, Yunkang has developed a lean operation management system, integrated front-end functions such as laboratory delivery and back-end functions such as logistical support covering personnel, finance, material, and established a system including seven major operating services comprising laboratory standardization construction, scientific and technological innovation and research transformation, professional discipline construction and support, supply chain management, medical logistics service, intelligent laboratory information system and quality management. Such system enables medical institutions at all levels to enjoy the standardized, streamlined and digitalized services from Yunkang, greatly enhancing the operational efficiency and quality of testing.



Furthermore, Yunkang continues to optimize its marketing management mechanisms, rules, and processes, constantly improving its compliance with marketing regulations and promoting its services with a scientific and rigorous attitude. In 2022, Yunkang has hosted several clinical departmental conferences and large-scale national and regional conferences, including the 17th National Hematology Conference of the Chinese Medical Association, the 2nd National Bacterial and Fungal Infection Conference of the Chinese Medical Association, and the First Genetic Counseling Summit Forum of Fudan University, attracting tens of thousands of online and offline participants. At these events, the Company's professional services received widespread recognition in the industry and helped the enterprise brand stand out in the academic and specialty field.

Experts from home and abroad gathered at the “National Hematology Conference” to discuss the future development of hematologic disease

In September 2022, Yunkang was invited to participate in the “17th National Hematology Conference of the Chinese Medical Association in 2022”. With unique clinical diagnosis solutions in the field of hematologic disease, Yunkang attracted a large number of customers to consult. Yunkang’s service personnel explained in detail and exchanged cutting-edge technologies with professional peers in the exhibition, which showed Yunkang’s professional service model and industry insights.



Actively communicated with participant at the exhibition site

Support the 2022 Huizhou Medical Association Inspection and Testing Society Academic Annual Meeting

In November 2022, the “2022 Huizhou Medical Association Inspection and Testing Society Academic Annual Meeting and In-vitro Diagnostic Domestic Technology Summit Forum”, sponsored by the Huizhou Medical Association of Guangdong Province and co-organized by Yunkang, provided a grand academic exchange and cooperation opportunity for the medical testing industry.

The meeting has invited well-known experts from Guangdong Province to give on-site lectures. The chief diagnostic expert of Yunkang Blood Platform has presented a special topic on *CMICMO Integrative Diagnosis Model* (《關於四片聯檢到多學科信息 (CMICMO)整合診斷模式》), demonstrating Yunkang’s innovation and technology in the field of hematologic disease quality.



Chief diagnostic expert special topic sharing on Yunkang Blood Platform

New testing products (Yunkang Hu-81 tNGS) debuted at the academic conference

In December 2022, Yunkang was invited to participate in the “Second Academic Conference on Bacterial Infection and Drug Resistance Prevention and Control of Guangdong Medical Association” to discuss the rational use of antibacterial drugs, pathogenic microbial diagnosis, antimicrobial pharmacodynamics, clinical pharmacology with industry experts. During the satellite conference, experts from Yunkang were invited to share the “clinical application of tNGS detection of respiratory pathogens”, and focused on the introduction of Yunkang’s “Targeted Sequencing (tNGS)” detection of 81 respiratory pathogens.



The Conference of “The Second Academic Conference on Bacterial Infection and Drug Resistance Prevention and Control of Guangdong Medical Association”

2 Construction of service quality

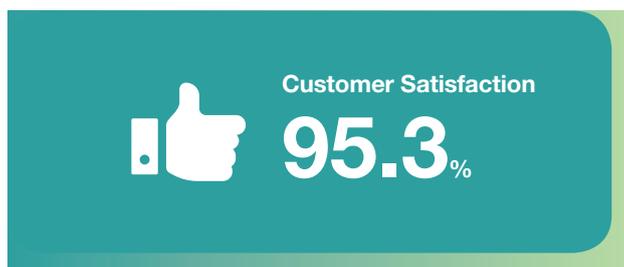
Yunkang strictly adheres to laws and regulations such as the *Advertising Law of the People’s Republic of China* (《中華人民共和國廣告法》) and the *Law of the People’s Republic of China on the Protection of Consumer Rights and Interests* (《中華人民共和國消費者權益保護法》), and establishes consultation services and complaint handling processes in accordance with relevant regulations such as ISO15189. The customer service department of Yunkang and the national customer service center, as a dedicated service team, are responsible for answering inquiries and complaints from customers from all over the country. At the same time, the Company has widened the channels for receiving customer demands and feedback, including 800/400 hotlines, letters, emails, WeChat public accounts, and visits, and conducts return visits on some customer service feedback to ensure timely responses to customer opinions.

Yunkang is committed to building a “customer-centric” deep service system and continuously improving its customer service management level. In order to improve overall customer service quality of the Company, Yunkang has been focusing on both internal and external management. In terms of external management, Yunkang continued to conduct customer satisfaction surveys and make timely improvements to problems. In terms of internal management, Yunkang is committed to establishing standardized service quality and improve the professional level and knowledge skills of the customer service team.

Customer satisfaction surveys

Yunkang insists on providing customers with high-quality, timely and comprehensive services. We understand customers’ opinions through annual customer satisfaction surveys. The customer service department carefully sorts out different types of opinions and provides timely feedback to logistics, products and other business departments to jointly solve and optimize plans to continuously improve service quality.

In 2022, Yunkang carried out customer surveys through online and offline questionnaires, and the customer satisfaction rate was 95.3%.



Efficient response to complaints handling

The Company has established clear processes, responsibilities, and management requirements for handling customer complaints to ensure that employees at all levels can solve customer problems in a timely and effective manner, thereby improving customer satisfaction. Yunkang has standardized and regulated each step, including recording customer feedback issues, generating work orders, following up on feedback work orders, and filling customer feedback report forms. Customer service personnel are required to complete follow-up within one working day to avoid long customer waiting times. If customer complaints are not resolved on schedule due to the negligence or mistakes of related departments, resulting in serious losses or negative impact on the Company, Yunkang will hold the relevant personnel accountable.

During the reporting period, the Company received 197 customer complaints, and the percentage of complaints returned to customers and properly resolved reached 100%.

Proactive response to customer inquiries



Properly handle customer complaints



Strengthen management of customer service personnel

In order to support the in-depth service system of “customer-centered”, Yunkang establishes and improves the knowledge system and management system, and continues to pay close attention to service quality and professionalism standard of personnel in terms of standardization, training, and performance. Meanwhile, Yunkang focuses on leveraging the strengths of the service team, mobilizing the team’s enthusiasm and service self-driving force. In 2022, under the organization and coordination of the customer service department, Yunkang carried out a total of 33 customer service training sessions focusing on medical professional knowledge, customer service work, case review and summary, and 100% of the trainers passed the training assessment to ensure that the customer service team had fully equipped with professionalism.

Standardization of Services

Yunkang has formulated the *Report Result Querying Operating Procedures* (《報告結果查詢操作規程》), *Inspection Item Consultation Processing Operating Procedures* (《檢驗項目諮詢處理操作規程》), and *Customer Service Personnel Language Specifications* (《客服人員語言規範》), which clearly strengthen the requirements for standardization, uniformity, and normalization in the process of query handling, consultation processing, language specifications, and other aspects. The professional standards for language and etiquette, customer privacy protection, and customer information query are strictly specified for the customer service department, ensuring that the operators can provide standardized and timely consultation and feedback services.

Service Quality Training

Yunkang has formulated the *Customer Service Personnel Training Regulations* (《客服人員培訓規定》), which are organized and developed by the Company to establish training plans and regularly conduct service training for the entire customer service team, as well as newly hired personnel. The training content includes regulations, standardized operations, business knowledge, communication skills, and more. The training methods include theoretical lectures, practical exercises, case analysis, and more. Yunkang incorporates service training into employee promotion assessments and performance evaluations. Additionally, the Company utilizes the “Teng Yun” system and project management tools to strengthen the construction of the customer service talent team and promote the systematic development of in-depth service management.

Management of Service Rewards and Sanctions

Yunkang adheres to the principle of “emphasizing spiritual encouragement and ideological education, supplemented by performance-based punishment” and implements a system of rewards and punishments for customer service work. The Company has formulated and implemented the *Customer Service Personnel Rewards and Punishments System* (《客服人員獎懲制度》). For employees who perform well in customer service work, the Company fully recognizes and praises them, and provides monthly performance bonuses based on their performance level, in order to motivate their service initiative and enthusiasm. Employees who violate rules in work order recording, querying, consultation, feedback and other work processes will be punished accordingly.

Implementation of customer service training



33 customer service training sessions



Customer service training assessment pass rate is

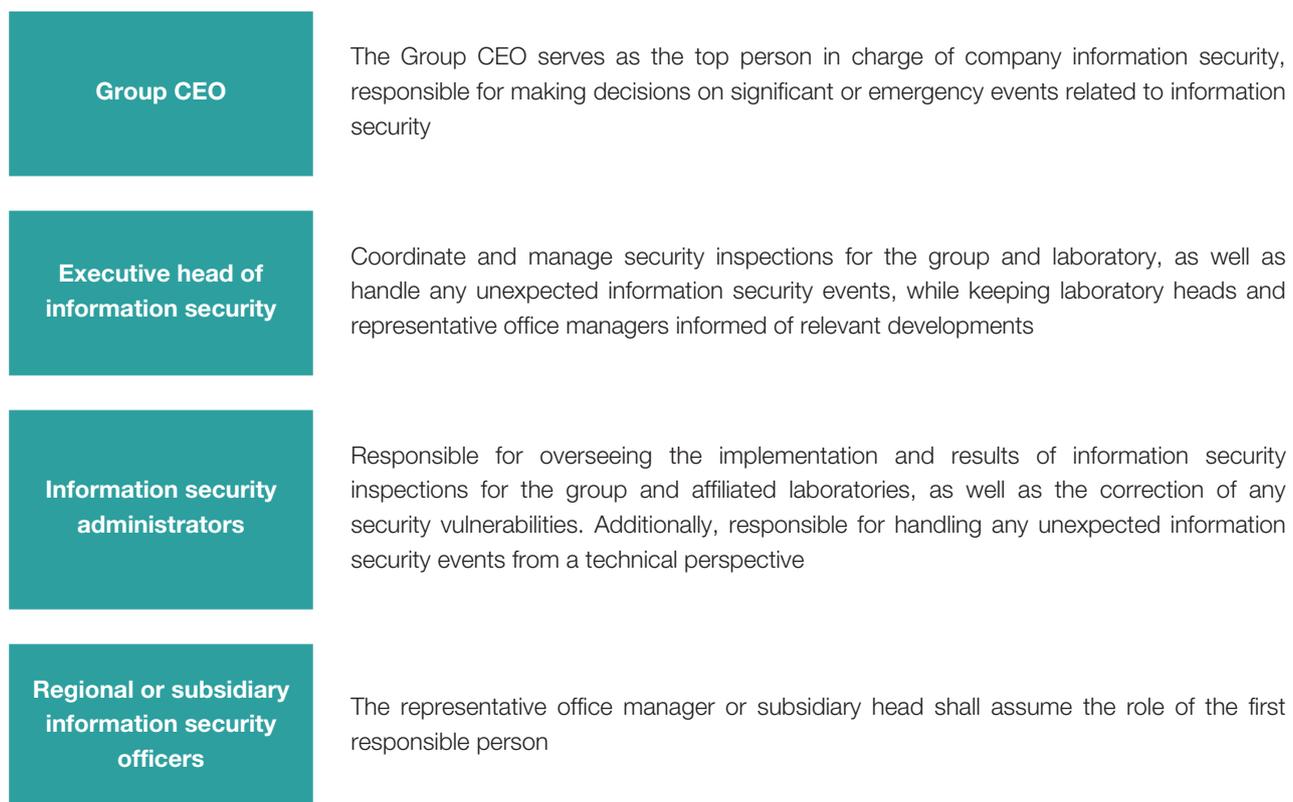
100%

3. INFORMATION SECURITY, PRIVACY PROTECTION

Yunkang strictly adheres to laws and regulations such as *The Cybersecurity Law of the People's Republic of China* (《中華人民共和國網絡安全法》), the *Information Protection Law of the People's Republic of China* (《中華人民共和國信息保護法》), and the *Data Security Law of the People's Republic of China* (《中華人民共和國數據安全法》). The Company has developed and implemented the *Yunkang Group Information Security Management Measures* (《雲康集團信息安全管理制度》), improved the information management mechanism, conducted standardized certification applications and daily maintenance, and regularly organized data security training to protect the Company's trade secrets and ensure customer privacy security and weave a tight net of information security.

1 Management framework of information security

The Company implements unified leadership and hierarchical management, with responsible leaders in charge. The principle of “who is in charge, who is responsible; who operates, who is responsible; who uses, who is responsible” is adhered to. The Company implements information security responsibilities at the local, departmental and individual levels, and strives to implement security requirements for confidentiality, authenticity, integrity and other aspects of information in every aspect.



2 Standardization of information security

Yunkang actively promotes the construction of internal and external information security standardization systems, and has completed multiple third-party guidelines for information security certification and the Company's security standards guidelines. As of the end of the reporting period, the Company has passed a number of system certifications such as the national information security level protection three-level certification, CMMI, ISO27001, and obtained authoritative certification in application software development, maintenance and information security management. In addition, Yunkang has sorted out a number of information security management standardization guidelines to build a solid information defence line to protect customer privacy and improve the Company's security management level, so as to promote sustainable business development.

During the year, the Company's information security risk assessment pass rate reached 100%.



Network Security Level Protection Test



Information System Security Level Protection Filing



Information Security Management System Certification



Information Security Management Standardization Guidelines (partial)

3 Strengthen management of employees

Yunkang places great emphasis on improving its employees' awareness of information security. In addition to strictly prohibiting employees from leaking business information outside of work-related connections, it also requires employees to ensure the accuracy of reported information when reporting and transmitting data. Furthermore, the Company regularly promotes and trains employees' awareness of information security, and conducts emergency plan drills.

Yunkang always adheres to take laws and regulations as the criterion, and has "zero tolerance" for violations of information security and customer privacy. Once an information security incident occurs, Yunkang will conduct a traceability investigation and impose strict penalties on non-compliant employees and pursue their legal responsibility as appropriate.

In 2022, the Company had 100% employee coverage of safety and privacy training and received no serious complaints about breaches of customer privacy or loss of customer information.

Information Security Emergency Plan Training

In July 2022, in response to possible emergencies that may occur in the Company's information system, Yunkang held a training drill for emergency plans during public hours, including lectures on emergency response plans, simulating of emergency response and testing emergency response capabilities. This training further improved employees' information security awareness and information protection capabilities, and minimizes the possibility of information leakage.



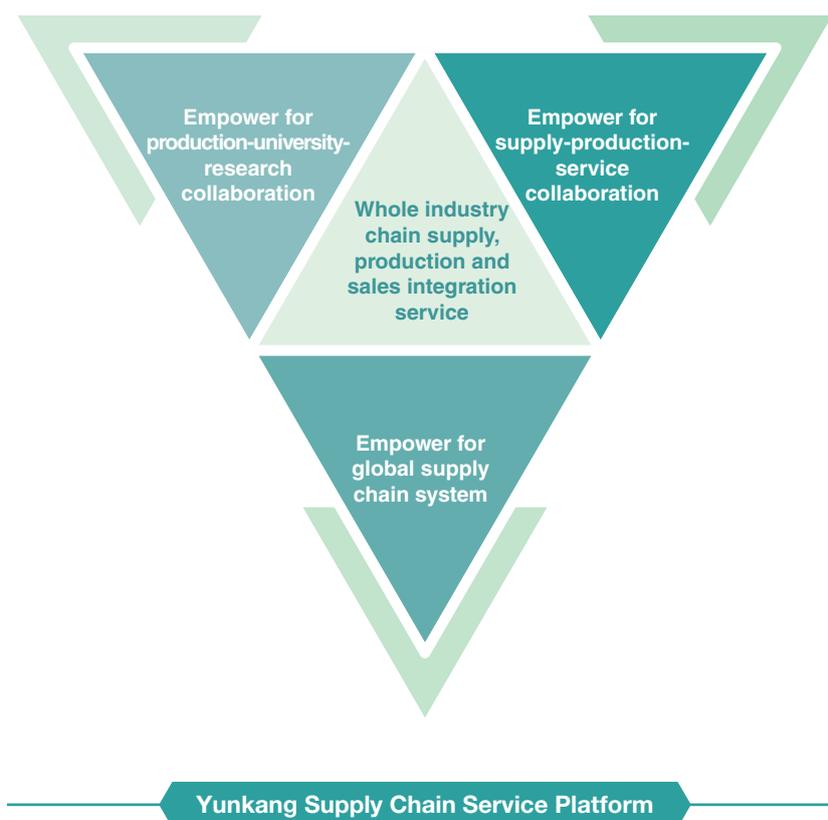
Information security emergency plan training

4. TRANSPARENT PROCUREMENT, CO-DEVELOPED INDUSTRY

Yunkang regards supply chain management as an important part of business operations. In the practice of supply chain management, the Company continuously optimizes the construction of a responsible supply chain, strengthens supplier quality management and risk management, and cooperates with high-quality suppliers to actively contribute to corporate social value, help the development of the industry, and achieve a shared win-win situation.

1 Build a supply chain service platform

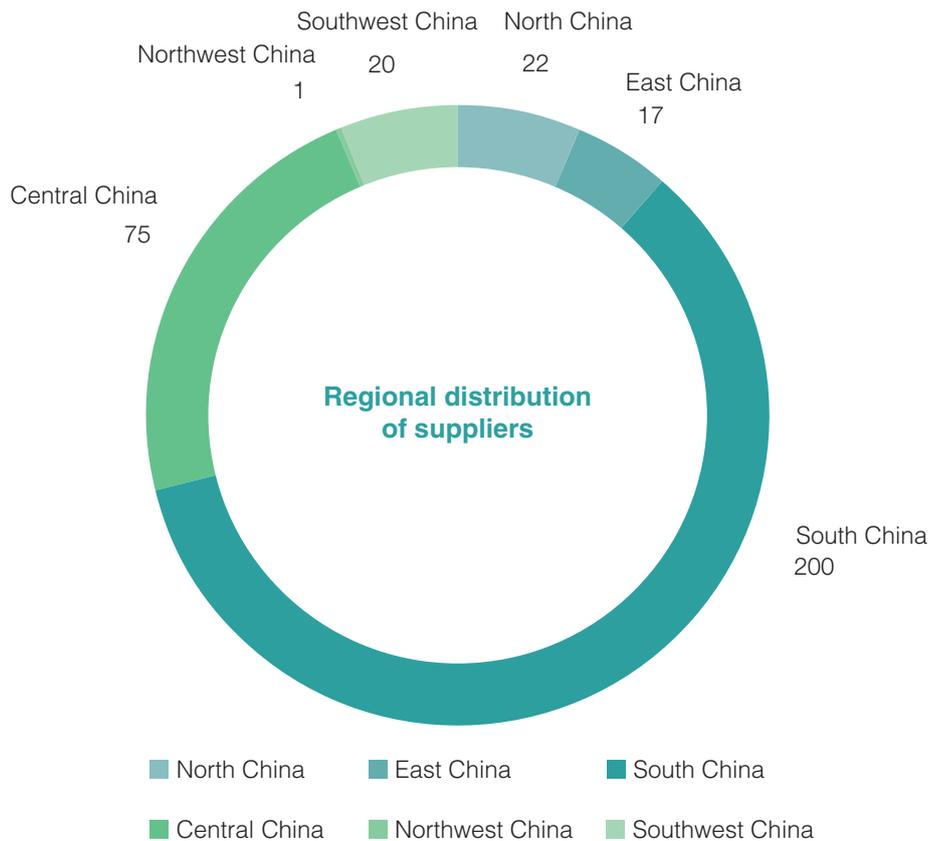
Yunkang is committed to creating an integrated service for supply, production and sales of the entire industry chain, and has established a customer-centric supply chain service platform. The platform deepens its in-depth cooperation with each party in the integration of production, learning, research, supply, production and sales by linking upstream and downstream enterprises in the industrial chain, and can efficiently integrate and allocate high-quality resources for cooperative medical institutions. Technology, products, marketing, promotion and many other fields fully empower customers and drive the common progress of the industry.



2 Strictly control the quality management of the supply chain

Yunkang strictly complies with the laws and regulations of the *Tendering and Bidding Law of the People's Republic of China* (《中華人民共和國招標投標法》), and formulates and implements internal management systems such as *Operating Procedures for Supplier Evaluation and Selection* (《供應商評估和選擇的操作規程》) and *Purchase information Management System* (《採購資料管理制度》) to clearly regulate the whole process of management of supplier bidding and procurement, stock selection and evaluation and assessment, to ensure the fairness and justice in the introduction of supplier and the quality of products.

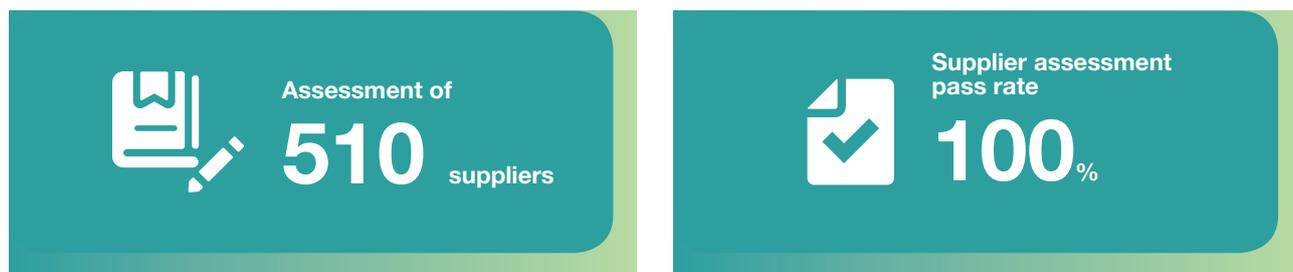
As of December 31, 2022, Yunkang had a total of 335 suppliers of all types, including 294 manufacturing enterprises and 41 non-manufacturing enterprise. At the same time, according to the needs of business strategy, the Company classified suppliers into three levels of A, B, and C from the maintenance dimensions of COVID-19, routine testing, scientific research and office support, and conducted scientific management by grading and categorizing. The breakdown of suppliers by region is as follows:



Regional Distribution of Yunkang's Suppliers

Yunkang is comprehensively building a lean supply chain and creating a supplier lifecycle management system and management mechanism according to standards such as the ISO15189 standard system to reduce supply chain risks. The Company strictly follows the *Operation Procedures for Supplier Evaluation and Selection* 《供應商評估和選擇的操作規程》 to carry out procurement work and implements specific tasks for suppliers in the development, access, introduction, and quarterly assessment processes in accordance with regulations. The entire process controls supplier quality to create a competitive and high-quality supply chain system.

During the year, Yunkang has completed quarterly assessment of suppliers in all quarters of the year, covering a total of 510 suppliers, all of them passed the assessment.



<p>Supplier development</p>	<ul style="list-style-type: none"> ■ According to the QCDT (quality, cost, delivery, time) guidelines, investigate new suppliers' company qualifications, product qualifications, market share, etc., inspect suppliers on site and form a written <i>Supplier Survey Form</i> 《供應商調查表》)
<p>Supplier access assessment</p>	<ul style="list-style-type: none"> ■ Several suppliers are selected according to the types of products, and suppliers are required to provide supply plans in writing ■ Initiate sample/equipment trial application for qualified suppliers and form a <i>Trial Report</i> 《試用報告》)
<p>Supplier dynamic management</p>	<ul style="list-style-type: none"> ■ Set up a review team to review and score suppliers from the dimensions of quality, technology, service, etc. Those with a score of 60 or above are listed as qualified suppliers, and are divided into four grades of A, B, C and D according to the scores from high to low ■ Sign contracts with qualified suppliers, and the contract clearly stipulates the quality control terms for suppliers
<p>Supplier assessment</p>	<ul style="list-style-type: none"> ■ The review team is composed of persons in charge of relevant technical departments such as procurement, finance, and quality, and conducts a strict review of the qualifications, supply capabilities, and product quality of suppliers at least once a quarter ■ Suppliers whose evaluation results are lower than 60 points for two consecutive times will be eliminated in time

In addition, as a leader in health service operations, Yunkang attaches great importance to establishing, maintaining and keeping a good win-win relationship with suppliers. According to the needs of actual business conditions, the Company regularly communicates with suppliers through telephone, remote meetings, on-site technical training, etc., timely discovers and solves problems and difficulties in the process of cooperation, maintains a good cooperation relationship.

3 Build a responsible supply chain

As a responsible enterprise, Yunkang has been committed to establishing a stable and long-term cooperative relationship with partners and building a responsible supply chain. On the basis of ensuring cooperation with suppliers with high standards, Yunkang actively promoted its fulfillment of sustainable development responsibilities, and delivered responsible values to all suppliers from the aspects of quality, environment, integrity and social responsibility.

In order to continuously improve the ESG management and risk control of suppliers, Yunkang fully considers its performance in all aspects of supplier admission and evaluation:

01 Governance level

Yunkang is committed to creating a fair and incorruptible environment, attaches great importance to the ethical behavior of suppliers, and practices sunshine procurement. When the Company signs contracts with suppliers, it requires all suppliers to sign the *Procurement Integrity Agreement* (《採購廉潔協議》). For blacklisted suppliers with fraud, bribery and other problems in the cooperation process, the Company will remove them from the supplier database and no longer cooperate. During the year, the Company has no corruption and fraud incidents involving suppliers.

02 Environmental level

Yunkang continuously publicizes and implements the concept of environmental protection procurement to ensure that the products provided by suppliers do not contain substances that violate the relevant environmental regulations of the place of operation, and will give priority to products that cause low environmental loads. At the same time, it actively explores the construction of a green supply chain and strengthens suppliers' awareness of environmental protection and ability to save energy and reduce waste.

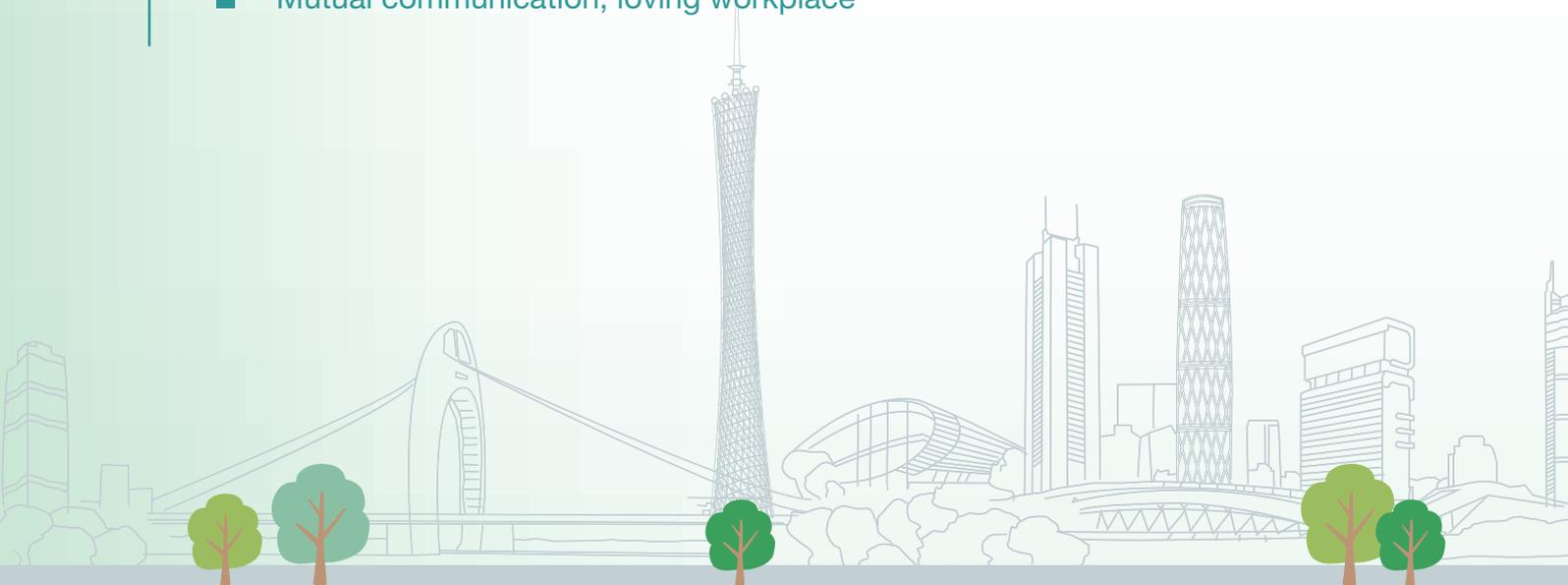
03 Social level

In terms of social responsibility, the Company pays attention to win-win cooperation with suppliers who actively fulfill their social responsibilities. During the COVID-19 period, suppliers cooperating with the Company actively participated in social welfare, such as donating mobile cabins and epidemic prevention materials to the Shanghai Red Cross, and shared their charity practice results and experience with the Company.

08

PEOPLE-ORIENTED CULTURE, CO-CREATION AND SHARING

- Equal employment, inclusive workplace
- Motivating employees, cultivating talents
- Employee's safety, caring health
- Mutual communication, loving workplace





08 PEOPLE-ORIENTED CULTURE, CO-CREATION AND SHARING

Adhering to the concept of “people-oriented”, Yunkang follows the principle of “respecting nature and loving others, and achieving oneself by accomplishing others”, and regards employees as important participants in sustainable development, actively creates a fair, caring and warm working environment for employees, and is committed to inspiring the employees’ sense of identity, sense of belonging, sense of accomplishment, sense of honor, sense of gain and sense of happiness to the Company. At the same time, the Company respects the rights and interests of employees, is committed to providing employees with equal opportunities and diversified career development channels and follows the basic principle of “safety first”, and cares for employees’ physical and mental health.

1. EQUAL EMPLOYMENT, INCLUSIVE WORKPLACE

The Company strictly complies with the laws and regulations such as the *Labor Law of the People’s Republic of China* (《中華人民共和國勞動法》), *Labor Contract Law of the People’s Republic of China* (《中華人民共和國勞動合同法》), and the *Provisions on the Prohibition of the Use of Child Labor* (《禁止使用童工規定》) to regulate the employment management work. Yunkang respects, guarantees, and promotes basic human rights, and to eliminate the use of child labor in any form, Yunkang sets up a background investigation and review process during the recruitment stage, strictly verifying the age and identity information of new employees. At the same time, Yunkang legally stipulates working and rest hours, does not encourage employees to work overtime, and expressly prohibits illegal employment practices such as forced labor. If forced labor is found, the Company will initiate an internal investigation and hold accountable those responsible, while compensating employees who were subjected to forced labor. During the reporting period, the Company did not experience any illegal incidents related to the employment of child labor or forced labor.

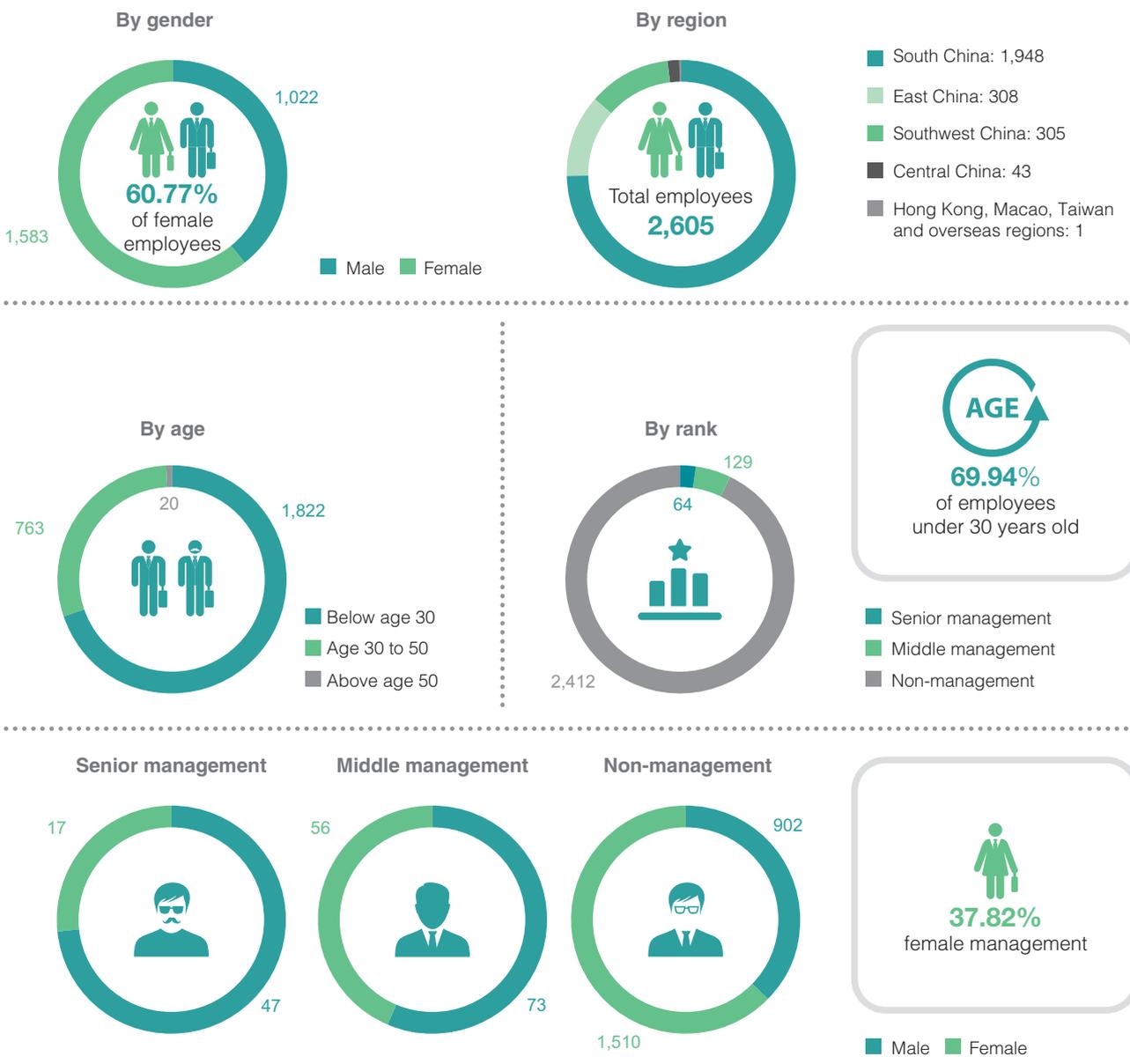
The Company adheres to the principle of equal employment, introduces excellent talents, and eliminates any differential treatment due to differences in race, religion, skin color, age, gender, nationality, marital status, religious beliefs, etc. during the recruitment process and in the workplace. Yunkang welcomes new forces to join, and formulates and abides by internal systems such as *Yunkang Recruitment Management Measures* (《雲康招聘管理辦法》), *Yunkang Recruitment Operation Guide* (《雲康招聘操作指南》), *Yunkang Recruitment Management Operating Procedures* (《雲康招聘管理操作規程》), in the spirit of “openness, fairness, competition, merit selection, and recruitment The principle of “matching” regulates its own personnel recruitment process. In addition, Yunkang adheres to a diversified talent recruitment strategy. According to its own business development, it recruits new talents through various channels such as online recruitment, regional talent market, headhunting agency, campus recruitment, internal recommendation, etc., and widely attracts the like-minded excellent partners to join hands.



Campus Recruitment Site of Yunkang

As of December 31, 2022, the total number of employees in the Company is 2,605, with employees under the age of 30 accounting for as high as 69.94%, and female employees accounting for 60.77%. Among the management staff, the proportion of women is 37.82%, and the proportion of female executives is 26.56%, fully reflecting Yunkang's commitment to creating a gender-equal, young and promising workplace.

The number of employees by gender, rank, age and region is as follows:



2. MOTIVATING EMPLOYEES, CULTIVATING TALENTS

1 Employee motivation and promotion

The Company actively safeguards the basic rights and interests of employees and provides employees with attractive remuneration and benefits. Yunkang pays five insurances and one housing fund for employees according to law, and purchases commercial insurance for them on this basis. At the same time, Yunkang cares for female employees and effectively protects women’s rights; it sets up various allowances and subsidies, provides various health checks, and puts care into practice. The Company established a Union Committee and insisted on putting employees at the center. It provides employees with training courses such as tea art, etiquette, yoga, and psychological counseling, striving to improve their social skills and comprehensively safeguard their physical and mental health.

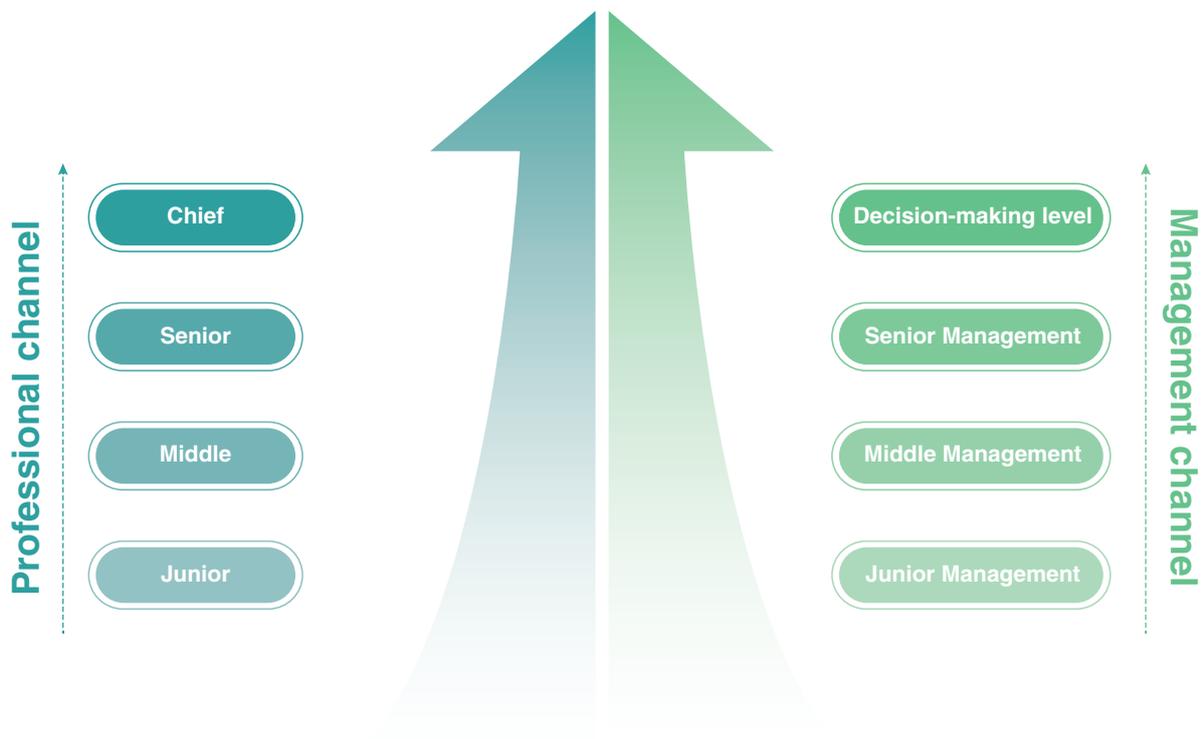
Yunkang Welfare System

 Statutory benefits	 Women’s welfare	 Health benefits	 Other benefits
<ul style="list-style-type: none"> • Insurance and Housing Fund • Paid annual leave 	<ul style="list-style-type: none"> • In addition to the 98 days of maternity leave required by law, 80 days of maternity bonus leave are also provided for pregnant women • Exclusive anti-cancer package for women over 35 	<ul style="list-style-type: none"> • Medical check-up package benefits for employees and 3 generations of their immediate family • HIV and Hepatitis B testing for technicians 	<ul style="list-style-type: none"> • Distribute high temperature subsidies to employees in specific positions • Provide free accommodation for fresh graduates for half a year

Yunkang continues to improve employee performance management, incentive and promotion mechanisms, and is committed to building a positive talent team with high realm, high quality and high performance. The Company practiced the concept of “one hole for profit and one hole for strength” (「利出一孔、力出一孔」), established a target performance management system, and formulated the *Yunkang Group Performance Management Method* (《雲康集團績效管理辦法》) to help Yunkang achieve the overall goal and the simultaneous growth of employees.

Yunkang has established corresponding performance mechanisms based on different positions. In terms of performance incentives, the Company adopts the principle of “fixed salary as the main component, floating performance as the auxiliary component” for professional technical teams, measuring their contributions with professional value. For front-line sales teams, assessment is based on four major indicators including sales volume, collection rate, revenue contribution rate, and team building, and incentive tension is formed through the “climbing theory” (「爬坡理論」) to stimulate organizational and individual vitality. In terms of performance assessment, the Company conducts monthly, quarterly, and annual performance evaluations based on different job characteristics, and sets up a performance communication and coaching process. Through diversified methods such as daily meetings, report management, and on-site communication, the Company follows up and supervises the progress of employee performance goals, discovers performance gaps in a timely manner, helps them find solutions, and promotes continuous employee progress.

In addition, Yunkang formulates and implements the cadre management system of “being able to go up and down” (「能上能下」), formulates and strictly abides by the *Yunkang Business Cadre promotion and Evaluation Management Method* (《雲康業務幹部晉升及評價管理辦法》), from five aspects: cultural identity, customer awareness, business thinking, teamwork, and work effectiveness Carry out promotion evaluation, try to make a fair evaluation of each selector, and provide fair opportunities for promotion and development. In terms of promotion space, Yunkang has designed clear professional and management career promotion dual channels for employees. Through the setting of professional channels, employees who have developed in depth in the professional and technical fields are encouraged to play their own value; through the setting of management channels, employees with certain professional technical capabilities and experience are encouraged to effectively lead the team and create performance results.



Dual Channels for Career Advancement at Yunkang

2 Employee training

Talents are the foundation of an enterprise. Yunkang attaches great importance to the growth and development of employees, sets up training objectives, enriches and improves the training system, optimizes training-related management work, and develops diversified training plans to create a gradient talent training system. Provide employees with a big stage where they can display their talents and achieve their careers.

The Company takes forging a professional team with excellent quality as its talent training goal, and creates the Ying series of talent training systems, combined with hierarchical classification, online and offline courses, to stimulate the strategic and cultural identity of all employees, and enhance the core of individuals and organizations ability, and continuously cultivate professional talents for the development of the industry.

Talent Training Plan



- Yuning Plan Strategic talent
- Dingying Plan Operations management staff and technical personnel
- Shanying Plan Social recruitment of new employees
- Diying Plan Fresh Graduates

Combination of domestic and foreign universities/social practice

Diying Plan

As the first step of the growth journey, Yunkang takes the training project of "Diying Plan" as the starting point to provide a series of special training courses for fresh graduates to improve the content of the induction training module.

In September 2022, the eighth phase of Yunkang's "Diying Plan" came to a perfect conclusion. Through the four rounds of military training at the Whampoa Military Academy, offline training with cultural models, online learning, and job practice, Yunkang provides professional quality for fresh graduates, Yunkang system introduction, professional knowledge, basic rules and regulations and other training content, and fully integrated into the gamification teaching, so that learning and playing are integrated. The "Diying Plan" completed 4 weeks of online courses, organized 3 themed activities and 5 live broadcasts of high-qualified teachers, and trained a total of 296 fresh graduates.



The eighth phase of "Diying Plan"

Yunkang adheres to the training concept of “giving employees a pair of wings to grow”, formulates and strictly follows the *Staff Training and Assessment Management Operating Procedures of Yunkang* (《雲康員工培訓與考核管理操作規程》), and focuses on corporate culture construction, learning platform construction, course system construction and key position capacity building in four aspects. The Company will continue to further promote the construction of the training system and improve the management of employee training.

Yunkang Training System Construction

Enterprise culture construction	Learning platform construction	Course system construction	Key position capability construction
<p>Carry out a comprehensive study and discussion on the career development theory among all staff members, and complete the compilation of the career development theory and the promotion of the concept among all staff members by 2022.</p>	<p>Improve the content system of the “Fu Yun” training platform, fully gather and utilize internal and external training resources, and build a normalized training platform for all employees.</p>	<p>Based on job requirements, form a hierarchical and classified curriculum system, strengthen knowledge accumulation, focus on summarizing and refining excellent practical experience from various systems, and make implicit knowledge explicit.</p>	<p>In response to the lines of marketing and laboratory technical positions, training will be focused on improving professional skills, management abilities, and professional ethics.</p>

Enterprise culture construction

To shape the core values, strengthen the belief in valuing contributions, and fundamentally realize the transformation from personalized emotional authority to institutionalized rational authority, Yunkang has issued the *Basic Principles of Yunkang’s Career Development* (《雲康事業發展的基本原則》) and organized all employees to conduct cultural promotion and concept advocacy, launched the “Cloud-Based Shared Learning” (「雲基共學」) project to help improve the management literacy of all staff.

Yunkang’s Great Discussion on Career Theory

In 2022, Yunkang issued the *Basic Principles of Yunkang’s Career Development* (《雲康事業發展的基本原則》) and organized a comprehensive discussion on career theories for all employees, with participation of more than 3,000 person-times. This deepened the understanding of the career theories among all staff and provided theoretical support for the transformation into practical actions.



Seminar on theoretical discussion on the business of Yunkang



Poster for theoretical discussion on the business of Yunkang

“Cloud-Based Shared Learning” Training Project

Yunkang launched the “Cloud-Based Shared Learning” Project about management classics and organized the management teams of various departments to learn together through online learning and offline thematic sharing methods to study classic management works. In 2022, a total of six classes with 92 people participated in the study.



“Cloud-Based Shared Learning” Training Project and Completion Ceremony

Construction of learning platform

To build a learning-oriented company and a strong collective learning atmosphere, Yunkang combines the “Fu Yun” learning platform to enrich the training mode and provide employees with diverse training programs, thereby enhancing the participation and activity of all employees.



“Fu Yun” Learning Platform

“Fu Yun” Learning Platform

Yunkang has developed a digital “Fu Yun” system to provide employees with a more flexible and convenient learning and training platform, and to empower employees to improve their professional competence and business skills more efficiently. The Company has set up columns such as expert lectures, marketing topics, and top ten knowledge centers, and developed 270 diverse new courses in the form of video explanations, micro-animations, etc., with a total course length exceeding 124 hours. At the same time, Yunkang has organized nearly 50 meetings and training live broadcasts of various types, with a total live video course length exceeding 66 hours.

As of the end of the reporting period, a total of 93,073 person-times participation in online learning at Yunkang, with a learning time of 21,873 hours, and an average of 5.6 hours of online learning per person. The overall platform activity rate has reached 98%.



Course system construction

Yunkang has established three core training systems for marketing, laboratory technology, and functional roles, and has matched the training framework by continuously summarizing and refining its professional needs. The Company has also developed training materials required by each business line to build a systematic and structured course system.

Marketing line

Yunkang developed 84 internal courses covering marketing cases, solutions, products, and business, with 5 courses specifically dedicated to sharing case studies derived from summarizing and refining excellent marketing operational experience. Especially, a vast number of online courses on professional technical knowledge are provided for business personnel to utilize their fragmented time to learn anytime and anywhere, strengthening their professional background and providing better professional sales services for customers.

Laboratory technology line

Yunkang has developed 117 professional courses, of which 73 are clinical examination courses and 44 are pathology courses. It has also completed multiple learning maps for large laboratory technicians' positions, which include 23 courses and question banks on topics such as biosafety, quality management, and nucleic acid testing.

Functional line

Yunkang's various functional lines have developed a total of 69 management and professional courses. At the same time, following the Company's strategic planning and business development needs, in 2022, 70 professional line trainings were organized to promote the deep integration of professional knowledge and business on the basis of enhancing professional knowledge level.

Key position capability construction

Yunkang provides targeted training for different positions through expert lectures and professional courses, empowering key personnel with the necessary skills and knowledge. Yunkang also encourages employees to continuously improve their professional knowledge and skills based on the specific requirements of their positions.

1. Laboratory technology line

Yunkang has established a laboratory technical training system around the certification of job qualifications. Based on the abilities required at different job levels, corresponding training courses are developed, and passing the training is a necessary condition for employees' technical job level identification, stimulating the intrinsic motivation of technical personnel to learn. Based on the characteristics of technical operators, the Company implements a mentorship system for training, where experienced mentors help apprentices learn and grow quickly. Additionally, the Company encourages technical personnel to actively participate in job qualification examinations organized by professional organizations. In 2022, a total of 628 technicians at Yunkang obtained the PCR certificate, and over 200 employees obtained certificates for biosafety personnel, laboratory internal auditors, special equipment operators, and middle and senior titles.

To further create a good academic atmosphere and enhance the skills of professional technical personnel, Yunkang has implemented the "Expert Lecture Program," organizing senior medical and technical experts from China and abroad to conduct internal expert lectures once a week to promote normalized technical training and learning. In 2022, the Company completed 25 expert live broadcasts, and the video courses were uploaded to the "Fu Yun" learning platform for all employees to study, providing sufficient learning resources to enhance the professional knowledge level of technical personnel.



2. Marketing line

To practice the "in-depth service" concept and provide professional empowerment to partner hospitals, Yunkang continues to strengthen the medical knowledge training of marketing staff, developing a series of targeted professional medical courses and synchronizing them to the "Fu Yun" learning platform, providing employees with opportunities to learn anytime and anywhere. The Company has created a "mobile course" platform, encouraging marketing staff to use fragmented time to learn online every day, share learning experiences after class, complete monthly course assessments, and constantly improve their professional skills and knowledge reserves.



In 2022, Yunkang organized a total of 352 online and offline training sessions, and the training hours by gender and rank are as follows:



Total training hours in 2022



Average training hours per person in 2022

 All employees	188,240	47.86
 Male employees	35,900	23.85
 Female employees	58,220	23.98
 Senior management	80	20.00
 Middle management	1,280	20.00
 Non-management	92,760	24.00

3. EMPLOYEE'S SAFETY, CARING HEALTH

Yunkang regards providing employees with a secure and safe working environment as one of its top responsibilities. The Company strictly adheres to relevant laws and regulations such as the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases* (《中華人民共和國職業病防治法》), the *Work Safety Law of the People's Republic of China* (《中華人民共和國安全生產法》), and the *Fire Protection Law of the People's Republic of China* (《中華人民共和國消防法》), establishes a comprehensive health and safety management system, sets up the *Yunkang Group Safety Production Hidden Danger Investigation Mechanism* (《雲康集團安全生產隱患排查機制》), and strictly implements the content of the *Environmental Occupational Health and Safety Management Manual* (《環境職業健康安全手冊》). At the same time, Yunkang regularly carries out special plans for fire safety, logistics safety, biological safety, etc., and actively conducts safety evaluations with third parties based on completing internal safety hazard investigations and safety education. The Company comprehensively enhances the standardization and normalization of its safety management and supervises the implementation of occupational health and safety measures for employees, creating a safe working environment for all employees.

1 Occupational health and safety management

Yunkang values employee occupational health and safety management, continuously improving the construction of occupational health and safety management system. During the reporting period, Yunkang has obtained the GB/T45001-2020/ISO45001:2018 occupational health and safety management system certification. Meanwhile, Yunkang has completed free health check-ups for all employees, including interns. In the past three years, there have been no work-related accidents resulting in fatalities in Yunkang, and in 2022, the Company did not experience any work-related injuries or major safety liability accidents.



Occupational health and safety management system certification certificate



2 Fire safety management

Yunkang understands the importance of fire safety and ensures the fire safety of the daily office and laboratory areas. The Company strictly implements the Company's fire safety system and fully equips the laboratory with professional fire-fighting equipment. Daily safety inspections are conducted, and monthly fire hazard investigations are carried out to check fire equipment and fill out record forms, in order to prevent fire safety accidents from occurring at the source. At the same time, in order to improve the ability of employees to escape and their safety awareness, the Company organizes several fire drills every year and through education and propaganda, implements fire safety awareness into daily work.

Regular Fire Safety Drill

Yunkang regularly organizes all employees to participate in fire safety drills to enhance their emergency response capabilities and strengthen their awareness of safety precautions. During daily safety inspections and drills, Yunkang ensures that the fire safety systems are functioning properly, passageways are clear, and there are no sharp corners. During fire extinguishing drills, Yunkang provides employees with standardized training on the use of fire extinguishers, gas masks, and fire hydrants to ensure that they have a good grasp of the operation skills of fire-fighting equipment.



Fire-fighting equipment use drill

3 Logistics safety management

To standardize logistics safety management, Yunkang strengthens the safety management of operating vehicles and drivers. Yunkang formulates and strictly complies with the *Emergency Management System for Logistics Centers* (《物流中心應急管理制度》) and establishes an emergency management team to timely activate emergency plans, ensure that unexpected events encountered during the logistics transportation process can be resolved in a quick manner, and improve the logistics safety index. At the same time, Yunkang strengthens the safety supervision of driving vehicles and drivers. For driving vehicles, the Company conducts vehicle safety inspections, records various unsafe factors in detail and corrects them in a timely manner. For drivers, the Company strictly checks whether drivers are driving with illness or fatigue, and conducts regular and frequent driver safety training and assessments.

4 Biosafety management

As a medical service provider, Yunkang pays high attention to laboratory biosafety management. According to relevant industry regulations, Yunkang has developed a *Biosafety Manual* (《生物安全手冊》) and established a company's biosafety management system, which clearly specifies biosafety management standards from personal protective equipment, disinfection and sterilization processes, hand hygiene, and disinfection. At the same time, Yunkang has formulated the *Occupational Exposure Emergency Plan* (《職業暴露應急預案》) and implemented occupational exposure prevention and control work through emergency drills and training. In 2022, the Company conducted multiple biosafety training sessions for specific positions, and the completion rate and pass rate of all employees reached 100%.

Occupational Protection Emergency Drill

In May 2022, the Company conducted laboratory occupational protection emergency drills and training sessions with simulated scenarios such as spillage, sharp object injuries, centrifuge tube explosion, and virus exposure. Laboratory technicians learned the correct medical procedures for emergency situations, standardized personal protective measures prevented the risk of sudden occupational exposure.

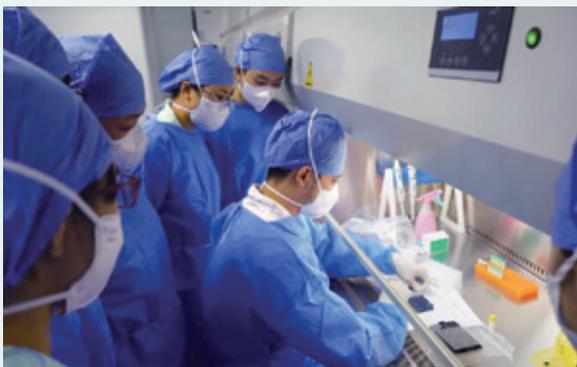


Occupational health training site

Health and Safety Management of Laboratory Technicians

Yunkang has developed the *Management System for Health Monitoring of Laboratory Staff* (《實驗室員工健康狀況監測管理制度》) to implement the health management of laboratory technicians. At the same time, each department and division should establish a health ledger for employees and designate a special person to register the health records of all staff in the department. They should fill in the *Registration Form for Abnormal Health Monitoring of Employees* (《工作人員健康監測異常情況登記表》) according to any abnormal health conditions and ensure timely reporting of infectious diseases.

In 2022, Yunkang participated in 4 nosocomial infection assessments in Guangdong Province and Guangzhou, and a total of 2,559 person-times participation in the Yunkang Headquarters, co-constructed laboratories and laboratories in each region.



Safety management of laboratory technicians

Automatic System for Separating Sample and Filling to Reduce the Risk of Infection

In the prevention and control of the COVID-19, in order to reduce the infection risk of testing personnel, Yunkang introduced automatic system for separating sample and filling to create a new automatic and pipelined working mode, which effectively improved the biosafety management level in the testing process. This system would significantly reduce the potential errors by manual operation, and could achieve a daily production capacity of nearly 6,000 servings per machine, greatly reducing the work pressure of the Yunkang inspection team. In addition, Yunkang adopted the fully automatic high-throughput integrated detection instrument, which could reduce errors and pollution problems caused by manual operations, and reduce the risk of infection among staff.

4. MUTUAL COMMUNICATION, LOVING WORKPLACE

Yunkang appreciates the dedication of all employees, and cherishes the diversified humanistic value that all Yunkang staff have brought to the Company. The Company advocates the combination of work and rest, actively carries out diverse team construction activities and distributes holiday benefits, being committed to creating a comfortable, pleasant and companionate working environment for all employees. While enriching the sparetime life, Yunkang always pays attention to the physical and mental health of employees, actively communicates with employees to understand to their innermost thoughts, takes employee satisfaction as the core standard for Yunkang's continuous improvement, and join hands with all employees to create a positive team atmosphere.

Birthday Celebration for Employees

Yunkang holds a birthday party for employees with birthdays in the same month and provides a variety of birthday benefits including handicraft activities, movie parties, games, birthday gifts, and on-site afternoon tea, creating a warm, joyful and harmonious atmosphere.



Yunkang's birthday activities

Women's Day Activities

Yunkang respects and cares for every woman, and actively carries out various activities to care for women. In March 2022, the Company held a Women's Day celebration for all female employees and carefully prepared warm holiday greetings and gifts to create a strong festive atmosphere, so that female employees can feel the care of the Yunkang family and further enhance their sense of happiness.



Yunkang Women's Day celebration

Provide self-service holiday gift packages for employees and their families

On important holidays such as Chinese New Year, Mid-Autumn Festival, Dragon Boat Festival, etc., Yunkang always sends holiday greetings and care to employees and their families. The Company prepares 4 to 5 exquisite gift packages for employees to choose from freely, and they can choose what they need based on their practicality and preference. The Company then delivers the gift packages to the designated recipients, greatly enhancing the welfare experience of employees and their families.



Gift packages on the Mid-Autumn Festival



Gift packages on the Chinese New Year

The Company attaches great importance to employees' inner thoughts, fully responds to employees' expectations and demands, and actively establishes sound communication with employees so as to earnestly handle employees' advice and suggestions. Yunkang regularly distributes employee feedback forms to collect employees' ideas in a timely manner, and sets up "Yunkang Enterprise Wechat Colleague Bar" as a platform for employees to share and communicate with each other. At the same time, Yunkang set up an "Employees' Emotional Release Station" to encourage employees to express their emotions, vent their emotions and release their stress.



Yunkang "Employees' Emotional Release Station"

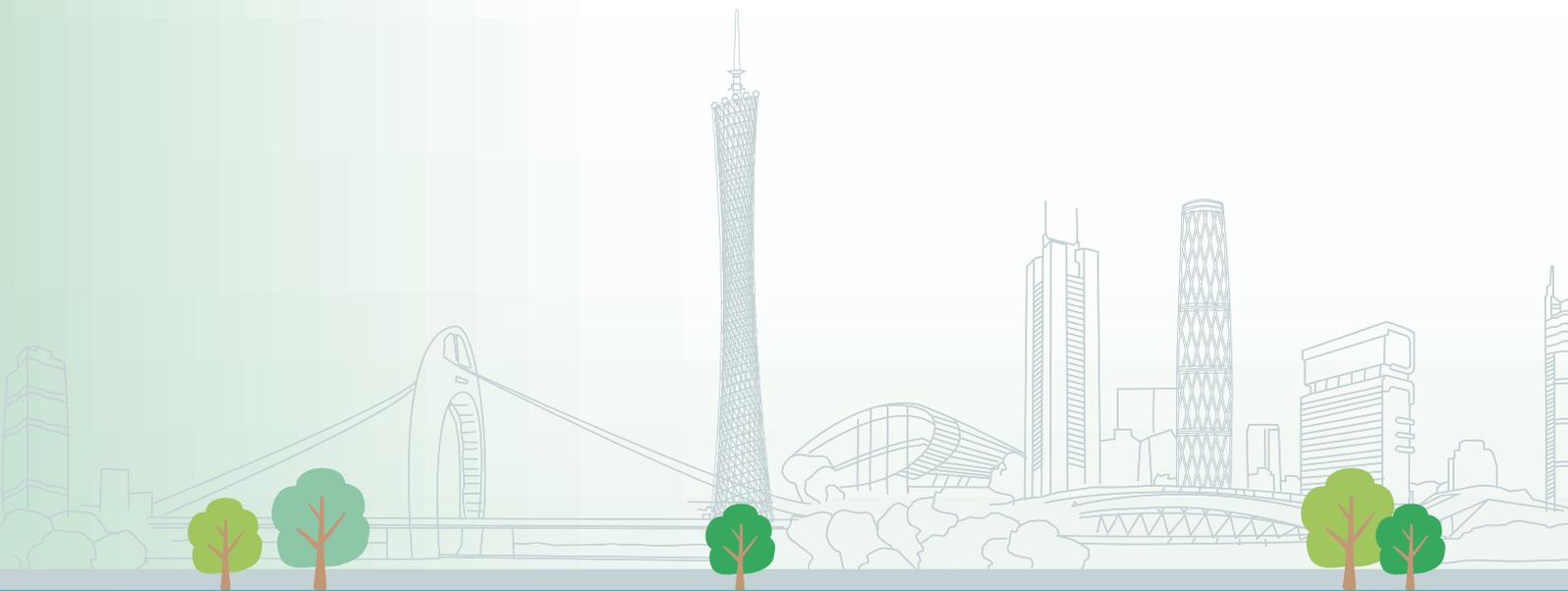
In 2022, the employee satisfaction rate of the Company reached 90%, and the employees responded positively and recognized Yunkang's workplace environment, growth space, and caring initiatives. For constructive feedback from employees, Yunkang pays full attention and actively adopts them in future improvement plans, to further create a sustainable workplace that satisfies employees.



09

GREEN DEVELOPMENT, HARMONIOUS COEXISTENCE

- Climate change, risk response
- Green operation, clean environment





09 GREEN DEVELOPMENT, HARMONIOUS COEXISTENCE

Currently, there is global attention on the risks and opportunities of climate change. Yunkang aims to achieve harmonious coexistence between humans and nature, and practices the concept of green and low-carbon development. Yunkang actively carries out green actions regarding climate change, green operations, and clean production. Through continuously improving the efficiency of energy and water resource usage, and promoting resource recycling, Yunkang strives to contribute to adding ecological colors to the country.

1. CLIMATE CHANGE, RISK RESPONSE

Yunkang is well aware of the significant impact that extreme weather disasters caused by climate change can have on business operations. To address this, Yunkang refers to the Task Force on Climate-related Financial Disclosures (TCFD) framework to regularly review climate risks and impacts on business activities. The Company identifies climate change risk factors with potential significant impacts from two dimensions: physical risks and transition risks.

Physical risks

Yunkang defines physical risks as the risks of direct harm to its operational activities caused by extreme or abnormal weather events. This includes acute physical risks resulting from sudden weather events, such as an increase in the frequency and severity of hurricanes or floods, as well as chronic physical risks resulting from long-term changes in climate patterns, such as changes in annual precipitation or temperature.

Transition risks

Yunkang defines transition risks as the risks the Company faces during the transition to a low-carbon economy, which may involve risks related to changes in policies, regulations, technologies, market preferences, and the Company's reputation. For example, regulatory disclosure requirements, the technology and cost of clean energy alternatives, and the use and promotion of environmentally friendly materials.

Yunkang actively responds to the national call for “energy saving and emission reduction” policy, mainly by reducing the negative impact of climate change from two aspects: management and operation. The Company seizes the opportunities brought by climate risks to deal with the challenges of climate change.



In terms of management, the Company has incorporated climate change risks into its enterprise risk management system and continuously optimized its risk management structure. Based on its own business development strategy and planning, the Company identifies, evaluates, and manages climate-related risks and opportunities. It identifies climate-related opportunities in resource use, energy efficiency, products and services, markets, and adaptability, and implements corresponding management and planning.



In terms of operations, for physical risks, the Company has developed comprehensive emergency plans and provided internal prevention education for employees who may face risks. In the event of natural disasters, accidents, public health incidents, and other emergencies, the Company issues graded warning signals based on the urgency, development trend, and potential harm caused by the incident. Meanwhile, the Company strengthens cooperation with local governments, customer suppliers, etc. to ensure the safety of employees and the public's life and property. To address transition risks, the Company adopts multiple energy-saving measures to reduce carbon emissions and seize opportunities in the global low-carbon economy transition, such as improving energy efficiency, using renewable energy, promoting low-carbon transportation and procurement, etc.

During the reporting period, the carbon emissions generated by the Company are as follows:

 GHG	Unit	Data of 2022
Total GHG emission (scope 1+scope 2)	tCO ₂ e	4,534.45
Total density of GHG emission	tCO ₂ e/million RMB	1.21
GHG emission (scope 1)	tCO ₂ e	51.35
GHG emission (scope 2)	tCO ₂ e	4,483.10

2. GREEN OPERATION, CLEAN ENVIRONMENT

The Company strictly abides by laws and regulations such as the *Environmental Protection Law of the People's Republic of China* (《中華人民共和國環境保護法》), the *Law of the People's Republic of China on Environmental Impact Assessment* (《中華人民共和國環境影響評價法》) and environmental protection regulations for the health care industry, closely keeps abreast of the national green development strategy, and unswervingly follows the basic line of green development.

1 Construction of environmental management system

Yunkang unceasingly improves the internal environmental management system and continuously optimizes the Company's management and control measures over energy and resource. The Company establishes an environmental management system based on its own business characteristic, and formulates and implements the *Yunkang Group Environmental Management System* (《雲康集團環境管理制度》), and completes the *Emergency Plan and Risk Assessment Report for Emergent Environmental Practices* (《突發環境實踐應急預案及風險評估報告》), and is committed to reducing the possible impact of its own business operations on the ecological environment. At the same time, the Company advocates the concept of green environmental protection, implements environmental protection publicity work, and strives to penetrate the awareness of green environmental protection into the Company's daily operation and management. During the year, Yunkang has passed the certification by GB/T 24001-2016/ISO 14001:2015 environmental management system.



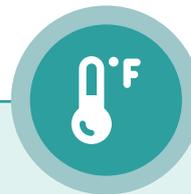
Environmental management system certificate (partial)

2 Energy management

Yunkang strictly abides by the *Energy Conservation Law of the People's Republic of China* (《中華人民共和國節約能源法》), formulates internal environmental systems such as *Yunkang Group Energy Management System* (《雲康集團能源管理制度》), *Office Water, Electricity, and Paper Management Regulations* (《辦公室用水、用電、用紙管理規定》), and continuously monitors energy use data in order to identify the energy-saving possibilities in each link and timely adjust the energy consumption control strategy. The Company takes multiple measures to achieve energy saving and consumption reduction, continues to popularize environmental protection knowledge to employees, and strives to practice the concept of green operation and green office. Certain measures for energy saving and consumption reduction include:



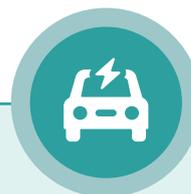
To strengthen green storage management to reduce daily energy consumption through reasonable temperature control and well-designed site selection



To standardize the use of heating and cooling system, save electricity for air conditioner, and reasonably set the temperature of air conditioner in office areas



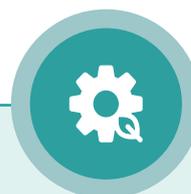
To use LED energy-saving lamps with higher lighting efficiency in the Company's office area and major laboratories



To actively create green logistics, giving priority to new energy vehicles for logistics and transportation



To regularly maintain and repair all kinds of equipment to ensure its normal operation, prolonged service life and guaranteed power consumption efficiency



To form a combinative mechanism of employee self-discipline and administrative inspection to ensure that the air conditioner and lamps are turned off when nobody in

Build green logistics and adhere to low-carbon transportation

Yunkang actively responds to the national green and low-carbon development strategy. Under the premise of ensuring transport compliance and quality control, Yunkang Logistics Center has carried out low-carbon transformation of office equipment and accelerated the pace of new energy for logistics vehicles, further reducing resource and energy consumption:

- Logistics office system:** The logistics declaration process undergoes online system approval to simplify sample information registration. At the same time, by optimizing processes such as taking photos and recording orders, optimizing barcodes, etc., the efficiency of sample reception work is improved, and paperless office is realized;
- Logistics transportation vehicles:** covering more than 30 fast channels such as self-operated main lines, high-speed rails, and aviation. As of the end of the reporting period, the Company has configured 213 new energy vehicles, accounting for 50.2% of the Company's total transportation vehicles.



New energy logistics vehicles



The Company's proportion of new energy vehicles is

50.2%

During the reporting period, the total direct and indirect energy consumption of the Company are as follows:

Energy	Unit	Data of 2022
Total energy consumption	Thousand KWH	5,552.79
Total density of energy consumption	Thousand KWH/million RMB	1.48

3 Water resource management

Yunkang abides by the *Water Pollution Prevention and Control Law of the People's Republic of China* (《中華人民共和國水污染防治法》) and other laws and regulations, and attaches great importance to the management and protection of water resources. The Company has adopted a number of measures to optimize the use and management of water resources, such as strengthening water management in office areas, laboratories and major industry park, and exploring ways to use water-saving equipment and technologies to improve water efficiency. At the same time, the Company also regularly monitors the use and quality of water resources to ensure that the use and management of water resources comply with environmental standards and industry norms.

During the reporting period, the Company's total water consumption and density are as follows, and there is no problem in sourcing suitable water sources:

Water resource	Unit	Data of 2022
Total water consumption	M ³	181,134.56
Total density of water consumption	M ³ /million RMB	48.22

4 Discharges management

Yunkang strictly abides by the *Regulations on the Administration of Medical Wastes* (《醫療廢物管理條例》), the *Measures for Medical Wastes Management of Medical and Health Institutions* (《醫療衛生機構醫療廢物管理辦法》), the *Regulations on the Safety Management of Hazardous Chemicals* (《危險化學品安全管理條例》) and other relevant management provisions, formulates and strictly implements the *Responsibility System for Control and Disposal of Hazardous Waste with Environmental Pollution* (《危險廢物污染環境防治責任制度》), *Yunkang's Classified Collection Management System of Medical Waste* (《雲康醫療廢物分類收集管理制度》), the *Standard Operating Procedures for Laboratory Medical Waste Disposal* (《實驗室醫療廢物處置標準操作規程》) and other internal systems to properly dispose of and reduce various waste discharge.

01

Medical liquid waste management

Yunkang uses a solvent waste liquid recycling machine to recycle xylene waste liquid generated during the pathological specimen testing process in the laboratory, achieving the recycling and reuse of xylene waste liquid to reduce the risk of xylene emissions and minimize its harm to the environment.

02

Wastewater management

Yunkang adopts the latest technology and equipment to design a wastewater treatment system. After collecting the wastewater, the system purifies it through wastewater treatment equipment, effectively removing pollutants such as chemicals and harmful substances to meet environmental discharge standards. At the same time, Yunkang urges various functional departments to implement water pollution prevention and related improvement measures, and provides full assistance throughout the specific work of identifying, assessing, and improving environmental factors.

03

Air pollutants management

Yunkang takes measures to prevent and control air pollution generated during its operations. It also eliminates and replaces equipment that may severely pollute the atmosphere. All exhaust gas is controlled, filtered, and discharged in compliance with standards. During the year, the Company increased investment in building an exhaust gas treatment platform in the Precision Medicine Center, adopting a brand-new air control system to ensure a clean and safe environment in the center.

Wastewater Treatment System

Yunkang has constructed a new wastewater treatment system at its subsidiary Guangzhou Daan Clinical Laboratory Center to better meet the needs of wastewater treatment and reduce environmental pollution. The system uses a treatment process of “physical and chemical treatment + anaerobic treatment + anoxic treatment + aerobic treatment + MBR”. It can reduce pollutants such as suspended solids and dissolved substances, and has a processing capacity of 3m³/h. The treated wastewater meets environmental discharge standards and has stable water quality. In addition, while ensuring compliance, Yunkang also utilizes the compliant wastewater for other purposes to further improve water resource utilization.

5 Waste management

By strictly abiding by the *Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes* (《中華人民共和國固體廢物污染環境防治法》), Yunkang conducts rigorous and compliant management of waste, focuses on monitoring the generation of various wastes and making classification for proper disposal, and continuously improves waste management measures.



Hazardous waste management

- The hazardous wastes of the Company mainly include medical wastes, waste batteries, waste electronic equipment, etc.
- According to the internal waste management procedures, the Company strictly supervises and manages the production, collection, classification, labeling, recording, storage, transportation, and disposal of hazardous waste, and cooperates with professional third-party companies to ensure compliance.



Non-hazardous waste management

- The Company's non-hazardous waste mainly consists of daily office waste and general solid waste generated during operations.
- The Company hires professional third-party companies to collect office waste and transport it to processing facilities for proper disposal on a regular basis.
- The Company promotes waste classification in its office areas and continuously optimizes the environment of each office area through the *Yunkang Group "7S" Management System* (《雲康集團「7S」管理制度》).



Clean and organized workspace

In addition, the Company continues to explore waste reduction, recycling, and harmless in the technology and management paths to enhance employees' awareness of environmental protection. Certain waste reduction measures are as follows:

- The Company's equipment and consumables are all made out of environmentally friendly or reusable materials;
- The intelligent specimen box used for cold-chain transportation is made of environmentally friendly and pollution-free materials, and is recyclable and reusable during use. According to the verification results, the box can be used continuously for 2–3 years without pollution and serious damage, guaranteeing a long service life cycle.

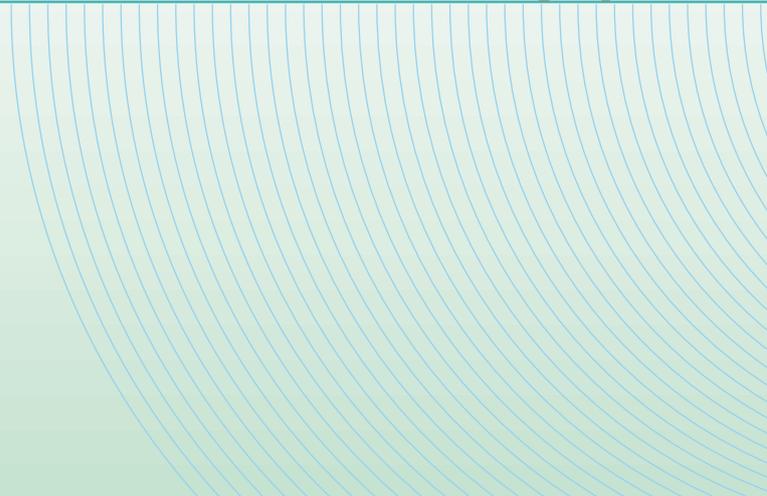
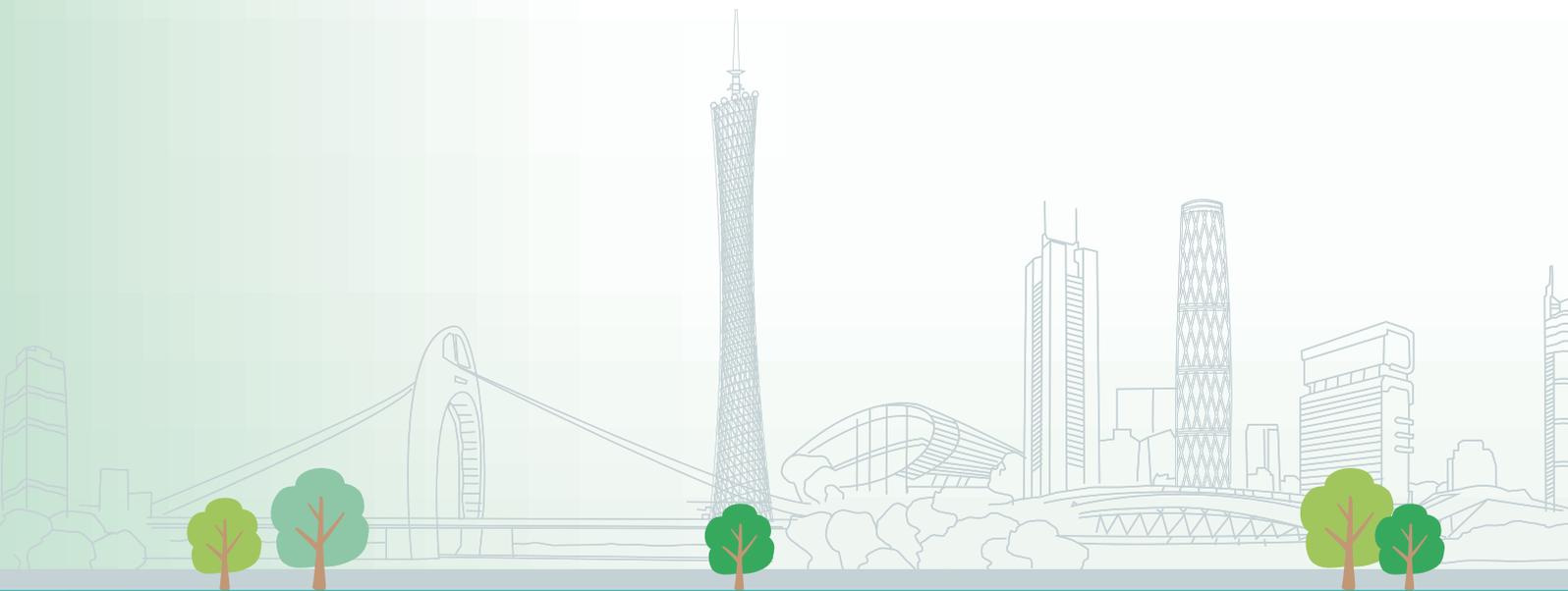
During the reporting period, the amount of waste generated by the Company is as follows:

 Waste	Unit	Data of 2022
Total hazardous waste	Tonne	1.88
Density of hazardous waste	Tonne/million RMB	0.0005
Total non-hazardous waste	Tonne	2.18
Density of non-hazardous waste	Tonne/million RMB	0.0006

10

SOCIAL COMMITMENT, HEALTHY COMMUNITY

- Commit to public, give back to the community
- Take responsibility, overcome difficulties altogether





10 SOCIAL COMMITMENT, HEALTHY COMMUNITY

Yunkang has adhered to the bright vision of “healthy community-healthy family”, dedicated itself to public charity for a long time, and continued to organize a series of public welfare projects, regarding its corporate responsibility to repay the society and serve the public. In the face of the challenges posed by COVID-19 to public health, the Company gave full play to its professional advantages to provide strong professional guarantee for epidemic prevention and made outstanding contributions to the fight against the COVID-19.

1. COMMIT TO PUBLIC, GIVE BACK TO THE COMMUNITY

Yunkang has been carrying out public welfare activities such as community charitable clinical diagnostic activities, disease screening, and health knowledge popularization 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. Total cumulative investment value for public welfare donations and public’s benefits exceeded RMB 5 million. Yunkang actively gives back to society through sincere and warm public welfare activities, demonstrates its professional value, shoulders social responsibility, and promotes the corporate spirit of respecting nature and loving people.

1 Community charitable clinical diagnostic activities

As a professional organization dedicated to serving grassroots medical units, Yunkang has always paid great attention to the service needs of the general public in grassroots communities. Since its establishment, the Company has provided professional technology and operational support to more than 20 community service centers in six major cities across the country, and regularly conducts various forms of health public welfare activities. These activities include organizing charitable clinical diagnostics activities in conjunction with relevant street offices and neighborhood committees, and providing free health check-up services to community residents to help them understand their own health status, improve their health awareness and self-health management capabilities.

Since 2018

Multiple grassroots community health service stations that have received technical assistance and operational support from Yunkang have been carrying out large-scale charitable clinical diagnostic activities continuously, providing residents with free medical services such as women and children’s examinations, screening for cardiovascular and cerebrovascular diseases, and traditional Chinese medicine therapy. These activities enable residents to enjoy free medical services without leaving their homes.

Since 2019

For many years, under the Yunkang service system, Dongkeng Community Health Service Station of Qianshan Street, Zhuhai City, Guangdong Province, has been actively practicing the work of “combination of medical treatment and endowment” and promoting the seamless connection of “medical care, endowment and nursing”. A caring team was formed by community medical staff to provide free physical examination for the elderly people with mobility difficulties.

In 2022

Yunkang held a health charitable clinical diagnostic activity called “Chinese Medicine Tour” at the Cuijing Community Park in Zhuhai City, Guangdong Province. Medical staff patiently explained and answered questions to the public in simple and easy-to-understand language, explaining traditional Chinese health knowledge and popularizing knowledge about Chinese medicine for the community residents.



Community charitable clinical diagnostic activity

2 Disease screening initiatives

In order to actively prevent and control diseases, and achieve early diagnosis, early detection, early prevention, and early treatment, Yunkang has been conducting screening for cervical and breast cancers and chronic diseases in multiple provinces and cities. From 2021 to 2022, Yunkang conducted a total of 38 screenings for cervical cancer and breast cancer, covering 21 cities in Guangdong Province, including Guangzhou, Foshan, Zhuhai, Maoming, Zhanjiang, Yunfu, Shantou, and Chaozhou, benefiting approximately 3,000 people.

Conduct chronic disease screening and build a new model of community health

Yunkang has been working with the International Diabetes Federation (IDF) to promote the implementation of international professional standards for diabetes since 2015. With the Third Affiliated Hospital of Sun Yat-Sen University and Sun Yat-sen University, we jointly undertook the major project of Guangzhou health care collaborative innovation “Construction and demonstration research of Diabetes community Internet health management Platform based on Retina monitoring System”, aiming at achieving wide screening, early detection and early intervention of diabetes. As of the end of the reporting period, this project has been implemented in hundreds of community medical institutions nationwide, providing free fundus screening services for approximately 85,000 community residents.



Provide health guidance for people with chronic diseases

At the same time, Yunkang has also established the community fundus image library of “diabetic retinopathy” (DR). By establishing the film reading mechanism and cooperation channels, it realized the screening model of basic level photography, distance film reading and the issuance of diagnostic reports. The international standard transformation model of “international standard - domestic best practice - operating standard in developing countries - demonstration and promotion” and Internet health management model in the diabetes community were established, so that residents could enjoy high-quality and low-cost chronic disease management services in the community.

3 Popularization of health knowledge

Drawing on its own professional technology, expert resources, and practical experience in the field of health, Yunkang spares no effort in disseminating scientific, professional, and practical health knowledge to the public, continuously enhancing public awareness of health management.

➤ Precise nutrition into communities

Yunkang teamed up with the Public Nutrition Professional Committee of Guangdong Nutrition Society to hold a series of activities named “Precise Nutrition into the Community” during the National Nutrition Week, actively organizing several health lectures for community residents. In addition, Yunkang has established key community pilot projects to carry out health promotion for precise nutrition management of obesity and diabetes, in response to the current situation of chronic diseases in China.

➤ Children’s physical examination

In order to better understand the growth and development of children, prevent common childhood diseases and infectious diseases, and ensure the healthy growth of children, the medical team of Yunkang assisted the Qiaotou Community Health Service Center in Dongguan, Guangdong Province to complete the free health check-up activity for children under the theme of “Attention to Children’s Health”. The target of the physical examination was mainly children aged 3-6 years old, and the examination items included measurement of children’s height, weight, chest circumference, sitting height, oral cavity, hearing, vision, bone, and cardiopulmonary examination, etc.

➤ Public lecture on occupational health

Yunkang has organized public welfare activities on *Health Knowledge Lectures* (《健康知識講座》) in multiple community health service centers. Yunkang’s professional medical team has visited environmental sanitation stations and provided occupational health and prevention knowledge to sanitation workers who work outdoors for long periods of time during high-temperature weather. This includes information on preventing hypertension, emergency measures for heatstroke, and other health reminders to help sanitation workers take precautions for their health.

➤ *Science Popularization by Experts* (《大咖講科普》) and *Face-to-Face with Experts* (《專家面對面》) columns

Yunkang’s *Science Popularization by Experts* (《大咖講科普》) column invites senior experts in the industry to write articles that explain various medical science popularization knowledge in depth and in an easy-to-understand manner from different perspectives, covering professional fields such as pathology, biochemistry, and immunology.

Yunkang’s *Face-to-Face with Experts* (《專家面對面》) column conducts in-depth conversations with experts in different medical fields, helping more readers understand Yunkang’s various technical platforms and the exploration and practice of Yunkang in professional capacity building, and listening to the stories behind professional dedication.



National Nutrition Week



Poster of Face-to-Face with Experts column



“Attention to Children’s Health” free physical examination site



Health awareness seminar at sanitation stations

In addition, Yunkang is committed to improving the medical and health level in underdeveloped areas by donating funds, medical equipment, and medicines to provide medical support to those in need. In 2019, Yunkang joined forces with three Grade III hospitals, including the Guangdong Province No.2 Traditional Chinese Medicine Hospital, Guangzhou Cancer Hospital, and Guangzhou Chest Hospital, to form an expert medical team and carry out a “Medical Aid” poverty alleviation donation activity in rural areas of Qingyuan, providing medical care and medicine to local villagers. Yunkang’s public welfare efforts in this event were highly praised by the local government and villagers and were awarded the honorary title of “Compassionate Enterprise in Poverty Alleviation and Relief.” In July 2022, in response to the national strategy of rural revitalization, Yunkang upheld the spirit of public welfare and charity and actively participated in Guangzhou’s paired assistance and cooperation work to help and support the rural areas.



Yunkang was granted
“Compassionate Enterprise
in Poverty Alleviation and Relief”

2. TAKE RESPONSIBILITY, OVERCOME DIFFICULTIES ALTOGETHER

Faced with the unprecedented and sudden outbreak of COVID-19, Yunkang actively responded to the government’s call, shouldered its mission, joined the battle with full force, and took the lead in the prevention and control of the epidemic at all stages with substantial contributions, accelerating the construction of the national public health system and firmly safeguarding the safety of people’s lives and health. At the same time, adhering to the concept of a community with a shared future for mankind, Yunkang relied on its innovative advantages and experience in the four areas of technology, services, standardization, and industrial chain to contribute professional strength to the international fight against the COVID-19 epidemic.

1 Construction of a strong public health prevention and control network

Since the outbreak of the COVID-19 epidemic, as one of the first government-designated nucleic acid testing institutions, Yunkang has become the main force in testing to combat the COVID-19 infection. It actively responded to calls from various parties, and built and developed a “six-in-one” multi-scenario anti-epidemic model of “central laboratory + provincial comprehensive laboratory + regional laboratory + mobile cabin laboratory + hospital co-laboratories + normalized nucleic acid test location”.



“Six-in-one” Anti-epidemic Model

Yunkang has assisted many regions across the country in rapidly improving their nucleic acid testing capabilities and efficiency, and efficiently completing large-scale screening tasks through a specialized anti-epidemic model and collaboration with industry partners.

Taking on the mission with courage and engaging all employees, Yunkang has made every effort to become the main force in the fight against the epidemic

Yunkang has strengthened the entire process of “collection, transportation, testing, reporting, transfer, and storage” to promote efficient and seamless connection between each link, achieve rapid improvement of nucleic acid testing capacity and efficiency, better meet the testing needs of citizens, and consolidate the achievements of epidemic prevention and control.

From 2020 to 2022, Yunkang actively built local testing capabilities, assisted many secondary and tertiary medical institutions in various places and many regions across the country in continuously improving their nucleic acid testing capabilities and capacity, and enriched local nucleic acid testing resources through various solutions, such as cooperation and joint construction of PCR laboratories and deployment of mobile cabin laboratories.



Assisted Shanghai in creating a “15-minute nucleic acid test circle”



Co-construction of rapid nucleic acid test laboratory

Yunkang escorted the epidemic prevention and control work of the provincial and municipal sessions

From 2020 to 2022, Yunkang provided full-process nucleic acid testing services for important meetings in several provinces and cities in China, including the Guangdong Two Sessions and Sichuan Two Sessions, the 13th Congress of the Communist Party of China of Guangdong Province, and other events, ensuring their safe and successful hosting. With its outstanding performance of “high standards, strong organization, and excellent service”, Yunkang has received Thank-you letters from organizing committees and high praise and recognition from government departments in many regions.



Thank-you letters from the organizing committee (partial)

YunKang helps to fight against the epidemic for many countries

During the global outbreak of the epidemic, Yunkang actively responded to the call of the government departments and did its best to support the international anti-epidemic efforts in countries such as Iraq, Afghanistan, and Ghana. This includes assisting Iraq in building clinical laboratories, donating nucleic acid testing kits and sampling consumables for throat swabs to Afghanistan, and discussing with the visiting delegation of the Ghanaian ambassador about the construction and operation of testing laboratories in China-Ghana and China-Africa cooperation. These efforts aimed to help improve the infectious disease prevention and control capabilities in overseas areas and safeguard the health and safety of local people.



Ghanaian ambassador visited Yunkang

2 Scientific technologies fight against the epidemic

Using its own technological and industrial advantages, Yunkang fully mobilizes its experts and industry resources, and leverages various digital tools such as smart medical logistics systems, digital operation systems, and quality control platforms to quickly establish a service chain covering the entire process of nucleic acid testing. In a short period of time, it has achieved iterative upgrades of testing capacity, and contributed technological strength to precision prevention and control work with a “data + medical” model.

Intelligent Sample Management

By using the “Internet of Things” technology to monitor the real-time temperature, humidity, location, and tilt of samples, intelligent quality and safety assurance have been provided for sample transportation, and efforts have been made to achieve the quality goal of zero defects in the sample transportation process.

Full-process Monitoring of COVID-19

Yunkang has introduced information collection nodes and established node control rules in every step of the COVID-19 sample demand estimation, sampling, transportation, data entry, receipt, preparation, amplification, submission, review, and result upload processes. The real-time progress data of the entire process is monitored and the process is adjusted timely based on the actual situation to assist the epidemic prevention and control work.

Nucleic Acid Screening with Information Technology

In order to respond to the demand for massive data, Yunkang independently developed an information system in a short period of time, expanding the data capacity from around 0.1 to 1 million. Through interface transmission, manual supplementary transmission, and intermediate database connecting with the “Guangdong Nucleic Acid” database, the system ensures that the data is uploaded to the government information platform in a timely manner.

Yunkang’s anti-epidemic technical measures (partial)

Create a COVID-19 full-process operation management system

In 2022, in the face of the rapidly expanding demand for COVID-19 testing, Yunkang launched a full-process operation and management system for COVID-19, which has significantly improved the management efficiency of nodes along the whole process in terms of the needs of COVID-19 samples from estimation, sampling, transshipment, entry, receipt, preparation, amplification, submission, review and upload of results. In this way, the operation and management cost has been reduced, and the informatization level of detection has been improved.



COVID-19 Full-Process Operation System

APPENDIX 1: 2022 ESG KPIS

ENVIRONMENTAL KPI

ESG indicators	Unit	data
A1.1 Air pollutant emissions¹		
Methylbenzene	Tonne	0.12
Xylene	Tonne	0.20
Total emissions of air pollutant	Tonne	0.32
Total density of air pollutant emissions	Tonne/million RMB	0.00008
A1.2 Direct and indirect GHG emission²		
GHG emission (scope 1)	tCO ₂ e	51.35
GHG emission (scope 2)	tCO ₂ e	4,483.10
Total GHG emission	tCO ₂ e	4,534.45
Total density of GHG emission	tCO ₂ e/million RMB	1.21
A1.3 Discharge of hazardous waste³		
Waste tube	Tonne	0.0085
Waste toner cartridges and ink cartridges	Tonne	0.0060
Medical waste	Tonne	1.86
Total hazardous waste discharge	Tonne	1.88
Total discharge density of hazardous waste	Tonne/million RMB	0.0005
A1.4 Discharge of non-hazardous waste³		
Office waste paper	Tonne	0.44
Household waste	Tonne	1.74
Total non-hazardous waste discharge	Tonne	2.18
Total discharge density of non-hazardous waste	Tonne/million RMB	0.0006
A2.1 Energy consumption⁴		
Purchased electricity	Thousand KWH	5,552.79
Total energy consumption	Thousand KWH	5,552.79
Total energy consumption intensity	Thousand KWH/million RMB	1.48
A2.2 Water consumption		
Total water consumption	Cubic metre	181,134.56
Total water consumption intensity	Cubic metre/million RMB	48.22

Illustration for environmental KPIs:

The time of data collection covers the period from January 1, 2022 to December 31, 2022. The scope of environmental data collection covers the headquarters of the Group and seven clinical testing centers in Guangzhou, Chengdu, Hefei, Nanchang, Kunming, Shanghai and Jinan unless otherwise specified.

1. The emission of air pollutants comes from the use of volatile reagents, which only include methylbenzene and xylene, and the Company does not possess its own official vehicles, so it does not produce conventional air pollutants such as sulfur dioxide, nitrogen oxides, and particulate matter; air pollutants only count the emissions of Guangzhou Daan Clinical Laboratory Center, and the emissions of other testing centers are extremely low and negligible; the calculation of air pollution emissions mainly refers to the Company's testing report;
2. Total GHG emissions include direct GHG emissions and indirect GHG emissions; direct GHG emissions come from the use of refrigerants in Guangzhou Daan Clinical Laboratory Center, and the emission coefficient mainly refers to the Hong Kong Stock Exchange's *Reporting Guidance on Environmental KPIs* (《環境關鍵績效指標匯報指引》); indirect GHG emissions come from purchased electricity, and the GHG emission coefficient of purchased electricity refers to the *2019 Baseline Emission Factors for Regional Power Grids in China* (《2019年度中國區域電網基準線排放因子》) issued by the Ministry of Ecology and Environment of the People's Republic of China;
3. According to the Company's business nature and actual operating conditions, the waste mainly comes from clinical testing centers and office environments; hazardous waste includes waste lamp tubes, waste toner cartridges and medical waste produced by 7 inspection centers and the group headquarters; non-hazardous waste includes office waste paper and household waste from the Guangzhou Daan Clinical Laboratory Center and the group headquarters;
4. Energy consumption only includes energy consumption from purchased electricity.

SOCIAL KPIS

ESG indicators		Unit	Data
B1 Employment			
B1.1 Total workforce by gender, employment type, age group and geographical region			
	Total workforce	person	2,605
By gender	Male	person	1,022
	Female	person	1,583
By age	Below age 30	person	1,822
	Age 30 to 50	person	763
	Above age 50	person	20
By rank	Total senior management	person	64
	Male senior management	person	47
	Female senior management	person	17
	Total middle management	person	129
	Male middle management	person	73
	Female middle management	person	56
	Total non-management	person	2,412
	Female non-management	person	1,510
By region	Total employees in China mainland	person	2,604
	East China	person	308
	South China	person	1,948
	Central China	person	43
	Southwest China	person	305
	Total employees in Hong Kong, Macao, Taiwan and overseas regions	person	1
By education	Master and above	person	46
	Bachelor and below	person	2,559

ESG indicators		Unit	Data
B1.2 Employee turnover rate by gender, employment type, age group and geographical region¹			
Total turnover rate		%	20.61
By gender	Male	%	18.30
	Female	%	22.11
By age	Below age 30	%	27.39
	Age 30 to 50	%	4.98
	Above age 50	%	0
By region	China mainland	%	20.62
	Hong Kong, Macao, Taiwan and overseas regions	%	0
B2 Health and safety²			
B2.1 Number and rate of work-related fatalities			
2022		person; %	0; 0
2021		person; %	0; 0
2020		person; %	0; 0
B2.2 Lost days due to work injury			
Lost days due to work injury		day	0
B3 Development and training			
B3.1 The percentage of employees trained by gender and employee category³			
By gender	Male	%	38.27
	Female	%	61.73
By rank	Senior management	%	0.10
	Middle management	%	1.63
	Non-management	%	98.27
B3.2 The average training hours completed per employee by gender and employee category⁴			
By gender	Male	hour	23.85
	Female	hour	23.98
By rank	Senior management	hour	20.00
	Middle management	hour	20.00
	Non-management	hour	24.00

ESG indicators		Unit	Data
B5 Supplier management			
B5.1 Number of suppliers by geographical region			
By region	Total suppliers in China mainland	unit	335
	North China	unit	19
	East China	unit	17
	South China	unit	165
	Central China	unit	72
	Northwest China	unit	1
	Southwest China	unit	20
B6 Product responsibility			
B6.2 Number of products and service related complaints received			
Number of complaints received		case	197
Number of customer complaints dealt with		case	197
B6.5 Consumer data protection and privacy			
Information security breaches or other major network security incidents		case	0
Approval rate of corporate information security risk assessments		%	100
Average hours of information security training per person		hour	5
Coverage rate of informing customers about privacy policies		%	100
Coverage rate of customers using data control services		%	100
Customer opt-in consent rate for privacy policy coverage		%	100
Customer coverage rate for information disclosure policies		%	100
Frequency of information system and data security audits		case/year	2
Employee coverage rate for information security and privacy protection training		%	100
B7 Anti-corruption			
B7.1 Number of concluded legal cases regarding corrupt practices and outcomes			
Number of concluded legal cases regarding corrupt practices		case	0

ESG indicators		Unit	Data
B7.3 Anti-corruption training provided to directors and staff			
Number of participants trained	Director	person	7
	Staff	person	2,605
Training hours	Director	hour	7
	Staff	hour	200
B8 Community investment			
B8.2 Resources contributed to the focus area			
Charity donation amount		RMB	500,000

Illustration for social KPIs:

1. The employee turnover rate is calculated based on: Turnover rate (per category) = Employees in the specified category leaving employment/Number of employees;
2. The social KPIs cover all employees of Yunkang Group;
3. The percentage of employees trained is calculated based on: Percentage of employees trained = Employees in the specified category who took part in training/Employees who took part in training;
4. The average training hours completed per employee is calculated based on: Average training hours completed per employee = Total number of training hours completed by employees in the specified category/Total Number of employees in the specified category.

APPENDIX 2: INDEX OF ESG REPORTING GUIDE

ESG Indicators		Disclosure Information	Page
A1 Emissions General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Disclosed	98–105
A1.1	The types of emissions and respective emissions data.	Disclosed	103
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	98–102
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	104–105
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	104–105
A1.5	Description of emission target(s) set and steps taken to achieve them.	Disclosed	98–102
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Disclosed	104–105
A2 Use of Resources General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Disclosed	100–105
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Disclosed	100–102
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Disclosed	102
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Disclosed	100–102
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Disclosed	102

ESG Indicators		Disclosure Information	Page
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable with reference to per unit produced.	Not applicable, Yunkang is a non-production enterprise and does not involve packaging material used for finished products	
A3 The Environment and Natural Resources General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Disclosed	103–105
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Disclosed	103–105
A4 Climate Change General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted and those which may impact the issuer.	Disclosed	98–99
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Disclosed	98–99
B1 Employment General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Disclosed	78–79
B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Disclosed	78–79
B1.2	Employee turnover rate by gender, age group and geographical region.	Disclosed	119
B2 Health and Safety General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards:	Disclosed	89–92
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Disclosed	119
B2.2	Lost days due to work injury.	Disclosed	119

ESG Indicators		Disclosure Information	Page
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Disclosed	89–92
B3 Development and Training General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Disclosed	81–88
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Disclosed	81–88
B3.2	The average training hours completed per employee by gender and employee category.	Disclosed	81–88
B4 Labour Standards General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	Disclosed	78–79
B4.1	Description of measures to review employment practices to avoid child and forced labor.	Disclosed	78–79
B4.2	Description of steps taken to eliminate such practices when discovered.	Disclosed	78–79
B5 Supply Chain Management General Disclosure	Policies on managing environmental and social risks of the supply chain.	Disclosed	72–75
B5.1	Number of suppliers by geographical region.	Disclosed	72–75
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Disclosed	72–75
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Disclosed	72–75
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Disclosed	72–75

ESG Indicators		Disclosure Information	Page
B6 Product Responsibility General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Disclosed	65–71
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable, Yunkang is a non-production enterprise and does not involve products sold or shipped subject to recalls.	
B6.2	Number of products and service related complaints received and how they are dealt with.	Disclosed	65–71
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Disclosed	45–47
B6.4	Description of quality assurance process and recall procedures.	Disclosed	50–57
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Disclosed	65–71
B7 Anti-corruption General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Disclosed	16–19
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Disclosed	16–19
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Disclosed	16–19
B7.3	Description of anti-corruption training provided to directors and staff.	Disclosed	16–19
B8 Community Investment General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Disclosed	108–111
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Disclosed	108–111
B8.2	Resources contributed (e.g. money or time) to the focus area.	Disclosed	108–111

APPENDIX 3: INDEX OF REPORTING INDICATORS

Report Section	ESG Guide of the Hong Kong Stock Exchange	GRI	SDGs
01 About this Report	/	/	/
02 Message from the Chairman	/	/	/
03 About Yunkang Group	/	/	/
04 Prudent Governance, Risk Management	B7 Anti-corruption B7.1 B7.2 B7.3	GRI205	
05 Responsible Management, Value Creation	ESG Governance	GRI3	
06 Healthcare Empowerment, Platform Co-development	B6 Product responsibility B6.3	GRI416	 
07 Put Quality First, Guard the Trust	B6 Product responsibility B6.2 B6.3 B6.5 B5 Supply chain management B5.1 B5.2 B5.3 B5.4	GRI308, GRI414, GRI417, GRI418	  
08 People-oriented Culture, Co-creation and Sharing	B1 Employment B1.1 B1.2 B2 Health and safety B2.1 B2.2 B2.3 B3 Development and training B3.1 B3.2 B4 Labour standards B4.1 B4.2	GRI2-7, GRI2-27, GRI202, GRI401, GRI402, GRI403, GRI404, GRI405, GRI406, GRI408, GRI409, GRI410, GRI416	     

Report Section	ESG Guide of the Hong Kong Stock Exchange	GRI	SDGs
09 Green Development, Harmonious Coexistence	A1 Emissions A1.1 A1.2 A1.3 A1.4 A1.5 A1.6 A2 Use of resources A2.1 A2.2 A2.3 A2.4 A3 Environment and natural resources A3.1 A4 Climate change A4.1	GRI2-27, GRI302, GRI303, GRI305, GRI306	    
10 Social Commitment, Healthy Community	B8 Community investment B8.1 B8.2	GRI203	    

FEEDBACK

Dear reader,

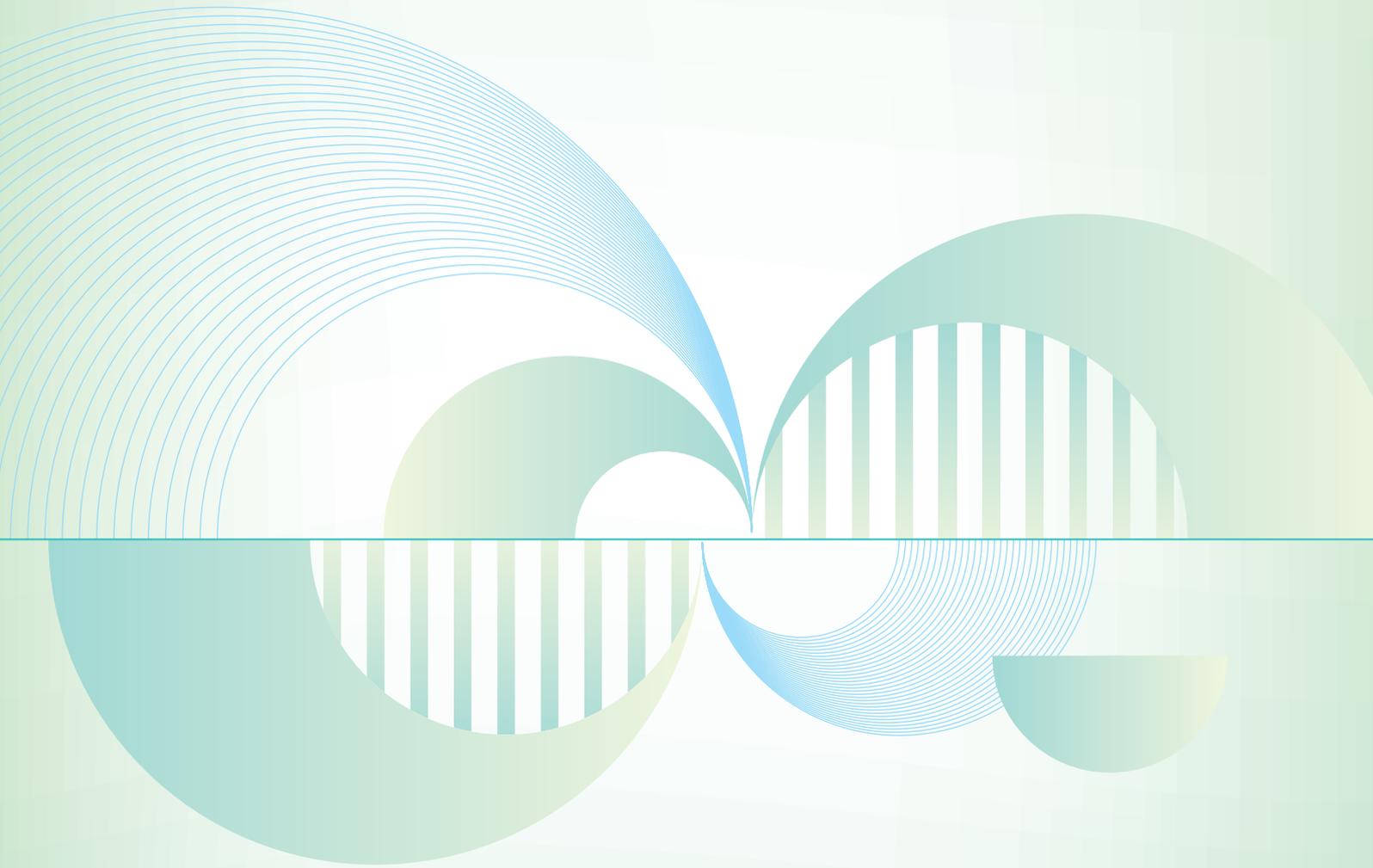
Hello! Thank you for reading the “Yunkang Group 2022 Environmental, Social and Governance Report”. To strengthen communication and exchange with stakeholders and continuously improve the ESG management work of Yunkang Group, we look forward to hearing your valuable feedback.

Yunkang Group Limited
April 2023

1. What is your overall evaluation of this report?
 Good Above average Average No opinion
2. Do you think this report can objectively reflect the actual performance of the Company in fulfilling ESG responsibilities?
 Yes Average No No opinion
3. How would you rate the clarity, accuracy, and completeness of the information, data, and indicators disclosed in this report?
 High Above average Average Below average Low No opinion
4. How do you rate the design and layout of this report?
 Good Above average Average No opinion
5. Which content section of this report interests you the most?

<input type="radio"/> Prudent Governance, Risk Management	<input type="radio"/> People-oriented Culture, Co-creation and Sharing
<input type="radio"/> Responsible Management, Value Creation	<input type="radio"/> Green Development, Harmonious Coexistence
<input type="radio"/> Healthcare Empowerment, Platform Co-development	<input type="radio"/> Social Commitment, Healthy Community
<input type="radio"/> Put Quality First, Guard the Trust	<input type="radio"/> No opinion
6. Which content section of this report do you think needs the most improvement?

<input type="radio"/> Prudent Governance, Risk Management	<input type="radio"/> People-oriented Culture, Co-creation and Sharing
<input type="radio"/> Responsible Management, Value Creation	<input type="radio"/> Green Development, Harmonious Coexistence
<input type="radio"/> Healthcare Empowerment, Platform Co-development	<input type="radio"/> Social Commitment, Healthy Community
<input type="radio"/> Put Quality First, Guard the Trust	<input type="radio"/> No opinion
7. What information would you like to know that is not disclosed in this report?
8. What are your opinions and suggestions on the ESG work of the Company and the preparation of this report?
You can send your feedback and suggestions to ir@yunkanghealth.com, and we will fully consider your opinions and suggestions.



云康
YUNKANG