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YUNKANG GROUP LIMITED

云康集团有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2325)

HIGH CONCENTRATION OF SHAREHOLDING

This announcement is made at the request of Stock Exchange in respect of the high concentration of the shareholding of the Company in the hands of a limited number of Shareholders as at July 8, 2022.

In view of the high concentration of shareholding in a small number of Shareholders, Shareholders and prospective investors of the Company should be aware that the price of the shares of the Company (the “Shares”) could fluctuate substantially even with a small number of Shares traded, and should exercise extreme caution when dealing in the Shares.

This announcement is made by Yunkang Group Limited (the “**Company**”) at the request of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in respect of the high concentration of the shareholding of the Company in the hands of a limited number of shareholders of the Company (the “**Shareholder(s)**”) as at July 8, 2022.

HIGH CONCENTRATION OF SHAREHOLDING

The Company noted that an announcement (the “**SFC Announcement**”) was published by the Securities and Futures Commission (the “**SFC**”) on August 1, 2022.

As disclosed in the SFC Announcement, the SFC has recently completed an enquiry into the shareholding of the Company. The SFC’s findings suggested that, as at July 8, 2022, 18 shareholders held an aggregate of 145,832,500 Shares, representing 23.47% of the issued Shares. Such shareholding, together with 459,891,000 Shares (representing 74.03% of the issued Shares) held by the 2 substantial shareholders, represented 97.50% of the issued Shares as at 8 July 2022.

Therefore, only 15,527,000 Shares (representing 2.50% of the issued Shares) were held by other Shareholders.

According to the SFC Announcement, as at July 8, 2022, the shareholding structure of the Company was as follows:

	Number of Shares held (Shares)	% of total number of issued Shares (%)
YK Development Limited (<i>Note 1</i>)	250,108,000	40.26
Daan International Holdings Limited (<i>Note 2</i>)	209,783,000	33.77
2 cornerstone investors (<i>Note 3</i>)	37,791,500	6.08
A group of 16 shareholders	108,041,000	17.39
Other shareholders	15,527,000	2.50
Total	621,250,500	100.00

Note 1: YK Development is held as to 64.04% and controlled by Huizekx Limited, which is wholly-owned by Mr. Zhang Yong, Chairman, Executive Director and Chief Executive Officer of the Company.

Note 2: Daan International Holdings Limited is wholly-owned by Guangzhou Daan Gene Technology Co., Ltd, and ultimately controlled by Daan Gene Co., Ltd. (廣州達安基因股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (Stock Code: 002030. sz).

Note 3: The 2 cornerstone investors are Harvest International Premium Value (Secondary Market) Fund SPC acting on behalf of Harvest High Yield SP and YHLO (Hong Kong) Limited. Each of the cornerstone investors has agreed that, during the period of 6 months following the listing date, it will not dispose of the Shares they have purchased pursuant to the relevant Investment Agreement.

The SFC Announcement further stated that:

- (a) The Company was listed on the Main Board of the Stock Exchange of Hong Kong Limited on May 18, 2022 by way of public offering and placing of a total of 138,188,000 Shares (comprising 113,188,500 new Shares and 24,999,500 existing Shares) representing 22.54% of the enlarged issued share capital) at HK\$7.89 per Share (the “**IPO Price**”). At the time of listing, the top 25 shareholders held an aggregate of 97.61% of the issued Shares (assuming over-allotment option exercised in full). On June 10, 2022, the Company announced that the over-allotment option was partially exercised in respect of an aggregate of 8,062,500 Shares.
- (b) On the first day of listing (i.e. May 18, 2022), the share price closed at HK\$8.50, representing an increase of 7.73% from the IPO Price of HK\$7.89. The closing price of the Shares continued to rise and closed at \$18.18 on July 8, 2022, which was 130.42% higher than the IPO Price.

- (c) During the period from May 18, 2022 to July 29, 2022, the Company made the following announcements, amongst others:–
- On July 4, 2022, the Company issued a voluntary announcement regarding the formation of a joint venture company to establish a primary-level rapid detection network for respiratory diseases based on medical institution alliances and healthcare service institutions;
 - On July 11, 2022, the Company issued a positive profit alert, expecting its net profits for the six months ended 30 June 2022 to increase by 40% to 50% as compared to that of the corresponding period in previous financial year; and
 - On July 12, 2022, the Company issued a supplementary announcement regarding the positive profit alert that the company is expected to record a net profit approximately in the range of RMB226 million to RMB242 million for the six months ended 30 June 2022.
- (d) As of July 29, 2022, the Shares closed at HK\$17.92, which was 127.12% higher than the IPO Price of HK\$7.89.

The information above is extracted from the SFC Announcement and the board (the “**Board**”) of the directors (the “**Directors**”) of the Company has not independently verified such information. Accordingly, the Board is not in a position to comment on the accuracy of the above information except for (i) the respective shareholdings held by YK Development Limited and Daan International Holdings Limited based on the latest available disclosure of interests notices filed pursuant to Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong); and (ii) the information set out in paragraph (a) to (d) above. Please refer to the SFC Announcement for more information.

PUBLIC FLOAT

Based on the information available and to the Directors' best knowledge after making all reasonable enquiries, the Directors confirm that not less than 25% of the issued Shares were held in public hands as at July 8, 2022 and the date of this announcement, and the Company has maintained a sufficient public float as required under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

In view of the high concentration of shareholding in a small number of Shareholders, Shareholders and prospective investors should be aware that the price of the Shares could fluctuate substantially even with a small number of Shares traded, and should exercise extreme caution when dealing in the Shares. Further, as a result of the high concentration of shareholding, the Company's securities may not have a genuine market or its shareholding may have been concentrated in the hands of a few Shareholders.

By Order of the Board
Yunkang Group Limited
Zhang Yong
Chairman

Guangzhou, the PRC
August 2, 2022

As at the date of this announcement, the executive director, Chairman and Chief Executive Officer of the Company is Mr. Zhang Yong; the non-executive directors of the Company are Mr. Zhou Xinyu, Dr. Guo Yunzhao and Dr. Wang Ruihua; and the independent non-executive directors of the Company are Mr. Yu Shiyong, Mr. Yang Hongwei and Mr. Xie Shaohua.