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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)

VOLUNTARY ANNOUNCEMENT BUSINESS UPDATE

The board (the “**Board**”) of directors (the “**Directors**”) of Yunkang Group Limited (the “**Company**”) would like to provide an update on the business development of the Company, its subsidiaries and the consolidated affiliated entities (collectively, the “**Group**”) for the nine months ended September 30, 2022 on a voluntary basis.

Business Review

Due to the Group’s professional medical diagnostic services, outstanding capabilities of standardization and innovative business models of diagnostic testing services for medical institution alliances, for the nine months ended September 30, 2022, the Group recorded an unaudited revenue of RMB2,328.8 million, representing an increase of 90.9% compared to the same period in 2021. In particular, the unaudited revenue generated from diagnostic testing services for medical institution alliances increased by 143.6%, the unaudited revenue generated from diagnostic outsourcing services increased by 61.8%, and the unaudited revenue generated from diagnostic testing services for non-medical institutions increased by 73.3%, compared to the same period in 2021, respectively.

Diagnostic Testing Services for Medical Institution Alliances

For the nine months ended September 30, 2022, the Group recorded an unaudited revenue of RMB1,043.4 million from diagnostic testing services for medical institution alliances, representing an increase of 143.6% compared to the same period in 2021. The increase was primarily due to (i) the increased number of on-site diagnostic centers from 275 as of December 31, 2021 to 385 as of September 30, 2022; and (ii) the further improved services capability and expanded service scope of the on-site diagnostic centers, which led to rapid growth of the average revenue of unit on-site diagnostic centers. For the nine months ended September 30, 2022, the unaudited average revenue of unit on-site diagnostic centers was RMB2.7 million. In comparison, for the year ended December 31, 2021, the average revenue of unit on-site diagnostic centers was RMB2.2 million.

Diagnostic Outsourcing Services

For the nine months ended September 30, 2022, the Group recorded an unaudited revenue of RMB1,214.3 million from diagnostic outsourcing services, representing an increase of 61.8% compared to the same period in 2021, primarily because the performance of key products of the Group maintained robust growth for the nine months ended September 30, 2022. Particularly, businesses in key disease areas such as tumor, infectious diseases and blood diseases have shown a trend of high-quality development, driving further growth in revenue from the diagnostic outsourcing services.

Diagnostic Testing Services for Non-Medical Institutions

For the nine months ended September 30, 2022, the Group recorded an unaudited revenue of RMB71.1 million from diagnostic testing services for non-medical institutions, representing an increase of 73.3% compared to the same period in 2021. The increase was primarily due to the significant increase in demand for COVID-19 tests by individual customers and non-medical institution customers under the ongoing impact of COVID-19 pandemic.

Business Outlook

In 2022, the PRC government keeps promoting hierarchical diagnosis and strengthening support for development of medical institution alliances. The 2022 Government Work Report 《(2022年政府工作報告)》 has pointed out the necessity to continue to promote hierarchical diagnosis and treatment and enhance the order of medical treatment, expedite the building of national and provincial regional medical centers, promote the extension of quality medical resources to cities and counties and improve the capacity of primary disease prevention and treatment. The Outline of the Fourteenth Five-Year Plan for the National Economic and Social Development and the Long-Range Objectives Through the Year 2035 of the People's Republic of China 《(中華人民共和國國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要)》 has pointed out that the capacity of primary medical and health services should be continuously improved, the comprehensive and full-cycle health services system should be gradually enhanced, and the landscape of hierarchical diagnosis and treatment should be gradually established.

In the future, the Company will keep expanding and deepening the medical institution alliances network in the fields of infectious diseases, tumors, and genetic diseases. The Group will maintain its sustained and stable development by empowering the medical institutions at all levels within the medical institution alliance with professional technology and operational services, which will improve the overall diagnostic capability and efficiency of the medical institution alliances, optimize the effective allocation of medical resources in the region, and facilitate the construction of hierarchical diagnosis.

By order of the Board
Yunkang Group Limited
Zhang Yong
Chairman

Guangzhou, the PRC
October 31, 2022

As at the date of this announcement, the Board comprises Mr. Zhang Yong as chairman and executive Director; Ms. Huang Luo, Dr. Guo Yunzhao and Dr. Wang Ruihua as non-executive Directors; and Mr. Yu Shiyong, Mr. Yang Hongwei and Mr. Xie Shaohua as independent non-executive Directors.