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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)**

### **(1) DISCLOSEABLE TRANSACTIONS IN RELATION TO THE SUBSCRIPTIONS AND REDEMPTIONS; AND (2) CLARIFICATION REGARDING THE INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2022**

#### **SUBSCRIPTIONS AND REDEMPTIONS**

The board (the “**Board**”) of the directors (the “**Directors**”) of Yunkang Group Limited (the “**Company**”, together with its subsidiaries and consolidated affiliated entities, the “**Group**”) announces that in May 2022, the Company subscribed for relevant participating shares attributable to three different segregated portfolios, all of which are under the management of the same investment manager (“**Manager I**”), at an aggregate amount of approximately RMB288,612,713 (namely, “**Subscription I**”, “**Subscription II**” and “**Subscription III**”). In March 2023, the Company requested for full redemptions of Subscription I, Subscription II and Subscription III (the “**Redemptions**”) at a total redemption price of approximately RMB292,315,968, which was completed on March 30, 2023.

The Board further announces that from May 2022 to September 2022, the Company subscribed for relevant participating shares attributable to two different segregated portfolios, both of which are under the management of the same investment manager (“**Manager II**”), at an aggregate amount of approximately RMB209,741,581 (namely, “**Subscription IV**” and “**Subscription V**”, together with Subscription I, Subscription II, and Subscription III, the “**Subscriptions**”).

#### **LISTING RULES IMPLICATIONS**

Subscription I, Subscription II, and Subscription III were all made by the Group within a 12-month period and the relevant segregated portfolios are managed by the same investment manager, Manager I. Pursuant to Rule 14.22 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), Subscription I, Subscription II and Subscription III should be aggregated as a series of transactions. Upon aggregating the subscription amounts, the highest applicable ratio (as defined under Rule 14.07 of the Listing Rules) exceeds 5% but is less than 25%. Therefore, Subscription I, Subscription II, and Subscription III constituted a discloseable transaction of the Company, subject to reporting and announcement requirements but exempt from the shareholders’ approval requirement under Chapter 14 of the Listing Rules.

The Redemptions were all made by the Group within a 12-month period and the relevant segregated portfolios are managed by the same investment manager, Manager I. Pursuant to Rule 14.22 of the Listing Rules, the Redemptions should be aggregated as a series of transactions. The highest applicable ratio (as defined under Rule 14.07 of the Listing Rules) with respect to the Redemptions exceeds 5% but is less than 25%. Therefore, the Redemptions constituted a discloseable transaction of the Company, subject to reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

Subscription IV and Subscription V were both made by the Group within a 12-month period and the relevant segregated portfolios are managed by the same investment manager, Manager II. Pursuant to Rule 14.22 of the Listing Rules, Subscription IV and Subscription V should be aggregated as a series of transactions. Upon aggregating the subscription amounts, the highest applicable ratio (as defined under Rule 14.07 of the Listing Rules) exceeds 5% but is less than 25%. Therefore, Subscription IV and Subscription V constituted a discloseable transaction of the Company, subject to reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

#### **CLARIFICATION REGARDING THE INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2022**

Reference is made to (i) the Company's interim results announcement for the six months ended June 30, 2022 published on August 11, 2022 and (ii) the Company's interim report for the six months ended June 30, 2022 published on September 22, 2022 (the "**2022 Interim Results**").

In the process of preparing the Company's annual results for the year ended December 31, 2022, the Company found that due to the unclear understanding of the Company's accounting personnel on the fund product structure and the relevant accounting treatment, in the 2022 Interim Results: (1) the total subscription amount of approximately RMB554.5 million related to the Subscriptions and the Subscription VII (as defined below) was classified as cash and cash equivalents; and (2) the subscription amount of approximately RMB107.7 million related to the Subscription VI (as defined below) was classified as financial assets at fair value through profit or loss ("**FVTPL**"). In view of the nature of the Subscriptions and Subscription VII, the relevant subscription amounts should be reclassified as financial assets at FVPTL under current assets. Also, in view of the nature of the Subscription VI, the relevant subscription amounts should be reclassified as restricted cash under current assets. There is no change in the Group's total current assets, net current assets, total assets less current liabilities, net assets and total equity after the aforesaid reclassification.

Save as disclosed in this announcement, all other information in the 2022 Interim Results remains unchanged.

## SUBSCRIPTIONS AND REDEMPTIONS

### Subscription I, Subscription II, Subscription III and the Redemptions

The Board announces that in May 2022, the Company subscribed for relevant participating shares attributable to three different segregated portfolios, all of which are under the management of Manager I, at an aggregate amount of approximately RMB288,612,713. In March 2023, the Company requested for the Redemptions at a total redemption price of approximately RMB292,315,968, which was completed on March 30, 2023. The major terms of Subscription I, Subscription II and Subscription III are summarized as follows:

	<b>Subscription I</b>	<b>Subscription II</b>	<b>Subscription III</b>
Date of subscription agreement:	May 19, 2022; and May 29, 2022	May 26, 2022	May 30, 2022
Parties:	1. Company; and  2. the fund, Blue Ocean Fund SPC	1. Company; and  2. the fund, Future Vision Fund SPC	1. Company; and  2. the fund, Evergreen Alpha Fund SPC
Name of segregated portfolio of the fund:	Flagship Fund SP, a segregated portfolio of Blue Ocean Fund SPC, and is managed by Manager I as its investment manager	Value Investment Fund SP, a segregated portfolio of Future Vision Fund SPC, and is managed by Manager I as its investment manager	Ivy Fund SP, a segregated portfolio of Evergreen Alpha Fund SPC, and is managed by Manager I as its investment manager
Subscription Amount:	HK\$102,020,860 (equivalent to approximately RMB87,421,556)	US\$15,000,000 (equivalent to approximately RMB100,869,235)	US\$15,000,000 (equivalent to approximately RMB100,321,922)

**Subscription I****Subscription II****Subscription III**

Management Fee:	No management fee will be charged on the Company.
Basis of Determining Subscription Amount	The subscription amounts were determined through arm's length negotiations between the parties, taking into account the terms of the respective private placing memorandum and the commercial terms of similar funds in the market.
Investment Objective and Strategies:	For each of the segregated portfolio, the investment objective is to achieve long-term growth, irrespective of market direction or volatility. The segregated portfolio will seek to achieve the investment objective by investing in cash or cash equivalents, national debt and other money market instruments.
Voluntary Redemption:	For each of the segregated portfolio, a holder of participating shares shall have the right to request the fund to redeem its participating shares at the price equal to the net asset value attributable to the participating shares to be redeemed as at the close of business of the immediately preceding valuation day, on such date of voluntary redemption.

## Subscription IV and Subscription V

The Board further announces that from May 2022 to September 2022, the Company subscribed for relevant participating shares attributable to two different segregated portfolios, both of which are under the management of Manager II, at an aggregate amount of approximately RMB209,741,581. The major terms of Subscription IV and Subscription V are summarized as follows:

	<b>Subscription IV</b>	<b>Subscription V</b>
Date of subscription agreement:	May 24, 2022	June 8, 2022 September 1, 2022
Parties:	1. Company; and  2. the fund, CRIC Fixed Income Investment Series SPC	1. Company; and  2. the fund, Bo Run SPC
Name of segregated portfolio of the fund:	CRIC Asia Opportunity Fund SP, a segregated portfolio of CRIC Fixed Income Investment Series SPC and is managed by Manager II as its investment manager	China Real Estate Stable Income Fund SP22, a segregated portfolio of Bo Run SPC and is managed by Manager II as its investment manager
Subscription Amount:	US\$17,170,000 (equivalent to approximately RMB117,001,746)	US\$13,620,000 (equivalent to approximately RMB92,739,835)
Management Fee:	The segregated portfolio shall pay the investment manager a lump sum management fee which is calculated based on an annual rate of 1% of the subscription amount.	The segregated portfolio shall pay the investment manager a management fee of one twelfth (1/12) of one per cent (1%) per month of the net asset value of class A participating shares.

## **Subscription IV**

## **Subscription V**

Basis of Determining Subscription Amount

The subscription amounts were determined through arm's length negotiations between the parties, taking into account the terms of the respective private placing memorandum and the commercial terms of similar fund products, such as the management fees, in the market

Investment Objective and Strategies:

The principal investment objective of the segregated portfolio is to achieve medium to long stable return for the participating shareholders through investing in, among others, cash or cash equivalents, notes, portfolio funds, securities, and derivatives. The segregated portfolio will also enable its participating shareholders of several classes to enjoy different returns suitable for their respective risk appetite.

The investment objective of the segregated portfolio is to achieve capital gains, as well as fulfilling socially responsible investing principles, through investing in, among others, cash or cash equivalents, notes, portfolio funds, securities, and derivatives.

Voluntary Redemption:

For each of the segregated portfolio, each holder of participating shares of the respective fund is entitled to request redemption of its shares at a price equivalent to the net asset value attributed to the redeemed shares. The redemption price will be calculated based on the closing net asset value of the preceding valuation day at the time of voluntary redemption.

The Company plans to partially redeem Subscription IV in the amount of approximately US\$2,300,000 in April 2023. The Company considers that there will be no material impact on its financial position as a result of the redemption.

## **INFORMATION OF THE PARTIES**

### **Information on the Company**

The Company is a comprehensive and professional medical operation service provider in China, which is committed to focusing on the health needs of customers, providing competitive solutions and services, and creating a happy life for the public.

### **Information on the funds and the Segregated Portfolio**

#### ***Subscription I***

Blue Ocean Fund SPC is an exempted limited liability company registered as a segregated portfolio company under the laws of the Cayman Islands.

Flagship Fund SP is a segregated portfolio of Blue Ocean Fund SPC established under the Cayman Islands laws that invests in cash or cash equivalents, national debt and other money market instruments in order to achieve its investment objectives.

#### ***Subscription II***

Future Vision Fund SPC is an exempted limited liability company registered as a segregated portfolio company under the laws of the Cayman Islands.

Value Investment Fund SP is a segregated portfolio of Future Vision Fund SPC established under the Cayman Islands laws that invests in cash or cash equivalents, national debt and other money market instruments in order to achieve its investment objectives.

#### ***Subscription III***

Evergreen Alpha Fund SPC is an exempted limited liability company registered as a segregated portfolio company under the laws of the Cayman Islands.

Ivy Fund SP is a segregated portfolio of Evergreen Alpha Fund SPC established under the Cayman Islands laws that invests in cash or cash equivalents, national debt and other money market instruments in order to achieve its investment objectives.

#### ***Subscription IV***

CRIC Fixed Income Investment Series SPC is an exempted limited liability company registered as a segregated portfolio company under the laws of the Cayman Islands. It offers for subscription participating shares of par value US\$0.01 each.

CRIC Asia Opportunity Fund SP is a segregated portfolio of CRIC Fixed Income Investment Series SPC established under the Cayman Islands laws that invests in, among others, cash or cash equivalents, notes, portfolio funds, securities, and derivatives in order to achieve its investment objectives.

## ***Subscription V***

Bo Run SPC is an exempted limited liability company registered as a segregated portfolio company under the laws of the Cayman Islands. It offers for subscription participating shares of par value US\$0.01 each.

China Real Estate Stable Income Fund SP22 is a segregated portfolio of Bo Run SPC established under the Cayman Islands laws that invests in, among others, cash or cash equivalents, notes, portfolio funds, securities, and derivatives in order to achieve its investment objectives.

## ***General***

As of the date of this announcement, to the best of the Directors' knowledge, information, and belief, having made all reasonable enquiries, the funds, their respective segregated portfolio, Manager I, Manager II, and their respective ultimate beneficial owners are third parties independent of and not connected with the Company or any connected persons (as defined under the Listing Rules) of the Company.

## **REASONS FOR AND BENEFITS OF THE SUBSCRIPTIONS AND THE REDEMPTIONS**

The Board believes that making reasonable and effective use of temporary idle cash can enhance the Group's overall return on capital. The principal purpose of the Subscriptions is to make use of temporary idle cash for low risk investments with flexible redemption features. Prior to the Subscriptions, the Group had ensured that there was sufficient working capital for the Group's business, operating activities and capital expenditure. The Subscriptions provide an opportunity for the Company to enhance returns by utilizing idle cash, without adversely affecting the Group's working capital. Upon completion of the Redemptions, the Company recorded a gain of approximately RMB3,700,000. The Company intends to use the proceeds from the Redemptions for general working capital.

Based on these reasons and the terms of the Subscriptions as disclosed in this announcement, the Directors (including the independent non-executive Directors) consider that the terms of the subscription agreements and the transactions contemplated thereunder (including the Subscriptions and the Redemptions) to be fair and reasonable, and are in the interests of the Company and its shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

Subscription I, Subscription II, and Subscription III were all made by the Group within a 12-month period and the relevant segregated portfolios are managed by the same investment manager, Manager I. Pursuant to Rule 14.22 of the Listing Rules, Subscription I, Subscription II and Subscription III should be aggregated as a series of transactions. Upon aggregating the subscription amounts, the highest applicable ratio (as defined under Rule 14.07 of the Listing Rules) exceeds 5% but is less than 25%. Therefore, Subscription I, Subscription II, and Subscription III constituted a discloseable transaction of the Company, subject to reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

The Redemptions were all made by the Group within a 12-month period and the relevant segregated portfolios are managed by the same investment manager, Manager I. Pursuant to Rule 14.22 of the Listing Rules, the Redemptions should be aggregated as a series of transactions. The highest applicable ratio (as defined under Rule 14.07 of the Listing Rules) with respect to the Redemptions exceeds 5% but is less than 25%. Therefore, the Redemptions constituted a discloseable transaction of the Company, subject to reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

Subscription IV and Subscription V were both made by the Group within a 12-month period and the relevant segregated portfolios are managed by the same investment manager, Manager II. Pursuant to Rule 14.22 of the Listing Rules, Subscription IV and Subscription V should be aggregated as a series of transactions. Upon aggregating the subscription amounts, the highest applicable ratio (as defined under Rule 14.07 of the Listing Rules) exceeds 5% but is less than 25%. Therefore, Subscription IV and Subscription V constituted a discloseable transaction of the Company, subject to reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

The Company acknowledges that it should issue announcements as soon as possible under the Listing Rules in respect of the Subscriptions, in compliance with Rule 14.34 of the Listing Rules. Regrettably, the Company did not make timely disclosure due to the unclear understanding of the Company's accounting personnel on the product structure and the relevant accounting treatment. The Company's accounting personnel misunderstood that the Subscriptions, together with the Subscription VII (as defined below), which had relatively low risk exposure and flexible redemption features, were akin to bank deposits and therefore classified the relevant subscription amounts as "cash and cash equivalents". Accordingly, the Company did not consider the Subscriptions to be "transactions" under Chapter 14 of the Listing Rules. Upon revisiting the Subscriptions and seeking advice from the Board and professional advisers (including the Company's compliance adviser and legal advisers), the Company realized its obligation to make timely disclosure with respect to the Subscriptions. Accordingly, the Company publishes this announcement to inform its shareholders of the Subscriptions.

## **REMEDIAL ACTIONS**

The Company deeply regrets its non-compliance with the Listing Rules, and would like to stress that the delay in compliance with the disclosure requirements under the Listing Rules was inadvertent and unintentional. The Company has no intention of withholding any information relating to the Subscriptions from the public. The Company takes this incident seriously and, in order to prevent similar incidents from occurring in the future, has implemented the following remedial actions:

1. in preparation for its annual results announcement for the year ended December 31, 2022, the Company conducted a comprehensive review and self-examination of the purchase of fund products, including fund products since May 18, 2022 (the listing date of the Company), and publishes this announcement to inform its shareholders all fund products that should have been disclosed but were not previously disclosed;
2. the Company has circulated a detailed guideline relating to notifiable transactions under the Listing Rules with the assistance of its compliance adviser and legal advisers, and will offer more regular training to its accounting personnel, responsible staff, senior management and Directors to strengthen and reinforce their knowledge of notifiable transactions including the definition of "transaction" under the Listing Rules;
3. The Board reviewed the Company's internal control policy, specifically regarding timely financial reporting. In particular, the responsible staff must escalate any potential notification transactions to the Company's management and the Board for assessment of implications under the Listing Rules before entering into any of those transactions. This step ensures compliance with the disclosure obligations under the Listing Rules and helps prevent similar incidents from occurring in the future; and

4. the Company will work closely with its internal legal advisers and, as and when appropriate, consult other professional advisers (including the Company's compliance adviser and legal advisers) before entering into any potential notifiable transaction. If necessary, the Company may also consult The Stock Exchange of Hong Kong Limited on the proper treatment of any proposed transaction.

As of the date of this announcement, the Company has fully redeemed Subscription I, Subscription II and Subscription III. The Company recorded a gain of approximately RMB3,700,000 from the Redemptions, which was the difference between the redemption amount and the initial investment amount of Subscription I, Subscription II and Subscription III. In addition, the Company plans to partially redeem Subscription IV in the amount of approximately US\$2,300,000 in April 2023. The Company considers that there will be no material impact on its financial position as a result of the redemption.

The Company will continue to make prudent decisions prior to engaging in investing activities to protect the interests of the Company and its shareholders as a whole.

## **CLARIFICATION REGARDING THE INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2022**

### **Subscription VI and Subscription VII**

In addition to the Subscriptions disclosed above, during the six months ended June 30, 2022, the Company subscribed for relevant participating shares attributable to another two different independent segregated portfolios, each of which is under the management of different investment manager, at an amount of approximately RMB121,182,874 and RMB94,044,026, respectively (namely, the “**Subscription VI**” and “**Subscription VII**”). Also, the respective investment manager under the Subscription VI and Subscription VII are not the same as the respective investment manager under the Subscriptions. Pursuant to Rule 14.22 of the Listing Rules, the Subscription VI and Subscription VII will not be aggregated as a series of transactions. The highest applicable ratio (as defined under Rule 14.07 of the Listing Rules) in relation to each of the Subscription VI and Subscription VII does not exceed 5%. Therefore, each of the Subscription VI and Subscription VII did not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules and exempts from notification, publication, circular, shareholders' approval and accountants' report requirements set out in Chapter 14 of the Listing Rules.

As of the date of this announcement, to the best of the Directors' knowledge, information, and belief, having made all reasonable enquiries, in terms of the Subscription VI and the Subscription VII, the funds, their respective segregated portfolio and investment manager and their respective ultimate beneficial owners are third parties independent of and not connected with the Company or any connected persons (as defined under the Listing Rules) of the Company.

### **Clarification**

As disclosed in the 2022 Interim Results, as of June 30, 2022, the Group's unaudited financial assets at FVTPL, cash and cash equivalents and restricted cash amounted to approximately RMB280.8 million, RMB1,083.5 million and RMB22.2 million, respectively.

In the process of preparing the Company's annual results for the year ended December 31, 2022, the Company found that due to the unclear understanding of the Company's accounting personnel on the fund product structure and the relevant accounting treatment, in the 2022 Interim Results: (1) the total subscription amount of approximately RMB554.5 million related to the Subscriptions and the Subscription VII was classified as cash and cash equivalents; and (2) the subscription amount of approximately RMB107.7 million related to the Subscription VI was classified as financial assets at FVTPL. In view of the nature of the Subscriptions and Subscription VII, the relevant subscription amounts should be reclassified as financial assets at FVTPL under current assets; in view of the nature of the Subscription VI, the relevant subscription amounts should be reclassified as restricted cash under current assets. There is no change in the Group's total current assets, net current assets, total assets less current liabilities, net assets and total equity after the aforesaid reclassification.

As of the date of this announcement, apart from the Redemptions as disclosed above, the Company has also fully redeemed Subscription VI and Subscription VII. The Company recorded a gain of approximately RMB1,600,000 from the redemptions of Subscription VI and Subscription VII, which was the difference between the redemption amount and the initial investment amount of Subscription VI and Subscription VII. The Company intends to use the proceeds from the redemptions of Subscription VI and Subscription VII for general working capital. As the highest applicable ratio (as defined under Rule 14.07 of the Listing Rules) in relation to the redemption of each of Subscription VI and Subscription VII does not exceed 5%, such redemptions did not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules and are exempted from notification, publication, circular, shareholders' approval and accountants' report requirements under Chapter 14 of the Listing Rules.

Save as disclosed in this announcement, all other information in the 2022 Interim Results remains unchanged.

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

Guangzhou, the PRC  
March 31, 2023

*As at the date of this announcement, the Board comprises Mr. Zhang Yong as chairman of the Company 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.*