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YONGHE

雍禾医疗

Yonghe Medical Group Co., Ltd.

雍禾醫療集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2279)

PROFIT WARNING

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

The board (the “**Board**”) of directors of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors of the Company that, based on a preliminary review of the unaudited consolidated management accounts of the Group for the six months ended June 30, 2023 and the information currently available to the Board, the Group expects to record a net loss of not more than RMB240.0 million for the six months ended June 30, 2023, as compared with the net profit of RMB17.6 million for the six months ended June 30, 2022.

Based on the information currently available, the Board considers that such expected decrease is primarily attributable to, among other things, the following reasons:

- (i) the efficiency improvement expected from the upgrade of the Group’s strategic organizational structure is yet to fully materialize, but increased labor costs have already been incurred; and
- (ii) the Group maintains its plan for market coverage and expansion in view of the positive outlook of the hair-related healthcare service market in China, and thus incurred related expenses. For the six months ended June 30, 2023, the Group newly opened 9 hair transplant clinics and 5 Svenson (史雲遜) hair care stores. The Group believes that the establishment of these new stores will contribute to the Group’s business performance and strategic development in the future.

As at the date of this announcement, the Company is in the process of finalizing the interim results of the Group for the six months ended June 30, 2023. The information contained in this announcement is only based on the preliminary review of the unaudited consolidated management accounts of the Group and the information currently available to the Board as at the date of this announcement, which has not been audited or reviewed by the auditors of the Company and/or the audit committee of the Board. The finalized interim results of the Group for the six months ended June 30, 2023, which may differ from the figures and information provided in this announcement, are expected to be published by the end of August 2023.

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

By Order of the Board
Yonghe Medical Group Co., Ltd.
ZHANG Yu
Chairman of the Board

Hong Kong, August 4, 2023

As at the date of this announcement, the executive directors of the Company are Mr. ZHANG Yu, Mr. ZHANG Hui and Ms. HAN Zhimei; the non-executive director of the Company is Mr. GENG Jiaqi; and the independent non-executive directors of the Company are Ms. LIANG Jihong, Mr. CHAN Peng Kuan and Mr. LI Xiaopei.