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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)

INSIDE INFORMATION
EXPECTED REDUCTION IN LOSS

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 of directors (the "**Board**") 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 30 June 2024 (the "**Relevant Period**") and the information currently available to the Board, it is expected that the Group's net loss for the Relevant Period will be significantly reduced to no more than RMB150.0 million, including the one-off loss of approximately RMB33.0 million arising from the adjustment strategy in respect of the closure of some of our clinics. The Group is expected to record a reduction of net loss of no less than approximately 33.5% for the Relevant Period as compared with the net loss of approximately RMB226.2 million for the six months ended 30 June 2023.

Based on the information currently available, the Board considers that the above related performance improvement/significant decrease in loss is primarily attributable to, among other things, the following reasons:

(i) **Revenue growth from improved operational efficiency:** the Group has effectively mitigated the negative impact of the complex market environment and the closure of some of our clinics by enhancing our services and improving operational efficiency. During the Relevant Period, we achieved revenue growth of approximately 7.0% to 10.0% over the corresponding period in 2023;

(ii) **Dual-effect optimization of marketing and human resources:** the Group strengthened cost control and promoted the optimal allocation of resources by dual measures of implementing refined marketing strategy and improving the effectiveness of the management team, as a result of which the sales expense ratio and the administrative expense ratio* decreased by approximately 8.0% to 9.0% and 5.0% to 6.0%, respectively, as compared with the same period in 2023.

As at the date of this announcement, the Company is in the process of finalizing the interim results of the Group for the Relevant Period. 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 Relevant Period, which may differ from the figures and information provided in this announcement, are expected to be published by the end of August 2024.

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

* *Note:* *Sales expense ratio = sales expense divided by operating income*

Administrative expense ratio = administrative expenses divided by operating income

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

Hong Kong, 5 August 2024

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.