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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 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 and potential investors of the Company that, based on a preliminary review of the unaudited consolidated management accounts of the Group for the year ended 31 December 2024 (the “**Year**”) and the information currently available to the Board, it is expected that the Group’s net loss for the Year will be significantly reduced to no more than RMB246.2 million. The Group is expected to record a reduction of net loss of no less than approximately 55.0% for the Year as compared with the net loss of approximately RMB546.7 million for the year ended 31 December 2023.

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

- (i) **Gross profit and gross profit margin growth from improved operational efficiency:** during the Year, the Group significantly improved operational efficiency by optimizing the store network, closing and consolidating underperforming stores, and concentrating resources on core stores. The Group-developed healthcare chain management system “Hefan” (禾帆) has been fully implemented, enabling the fine-tuned management of multiple processes. These initiatives resulted in an increase of approximately 7.0% to 10.0% in the gross profit and 3 to 5 percentage points in the gross profit margin, as compared with the corresponding period in 2023.
- (ii) **Dual optimization of marketing strategy and human resources:** the Group implemented a refined marketing strategy, dynamically adjusting marketing channels through big data analytics to effectively improve customer conversion efficiency and return on investment. Concurrently, the Group streamlined its organizational structure to enhance team efficiency. These measures improved the overall efficiency while effectively controlled costs, resulting in a decrease of approximately 8.0% to 9.0% in the selling and marketing expenses ratio* and 5.0% to 6.0% in the general and administrative expenses ratio*, as compared with the corresponding period in 2023.

As of the date of this announcement, the Company is in the process of finalizing the annual results of the Group for the Year. The information contained in this announcement is only based on the preliminary assessment of the unaudited management accounts of the Group and the information currently available to the Board as of the date of this announcement, which has not been audited or reviewed by the auditor of the Company and/or the audit committee of the Board. The finalized annual results of the Group for the Year, which may differ from the figures and information provided in this announcement, are expected to be published by the end of March 2025.

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

* *Note: Selling and marketing expenses ratio = selling and marketing expenses divided by revenue from contracts with customers*

General and administrative expenses ratio = general and administrative expenses divided by revenue from contracts with customers

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

Hong Kong, 4 March 2025

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.