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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 POSITIVE PROFIT ALERT

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 assessment of the Group’s unaudited consolidated management accounts for the six months ended June 30, 2025 (the “**Relevant Period**”) and the information currently available to the Board, **the Group estimated a net profit of not less than RMB25.0 million for the Relevant Period**, as compared with a loss of RMB138.6 million for the corresponding period in 2024.

Based on the information currently available, the Board considers that the improvement in the Group’s profitability is primarily attributable to the following reasons:

- (i) The Group has effectively concentrated resources on major clinics and significantly enhanced operational efficiency by optimizing its nation wide network. In addition, the Group continued to upgrade its proprietary healthcare chain management IT system, “Hefan (禾帆)”, and integrated it into the Group’s AI knowledge base to provide intelligent solution. The above measures facilitate the Group to achieve efficiency improvement, quality control and cost reduction, which bode well for its gross profit margin. It is expected that the Group will record an increase of 4.5 to 5.5 percentage points in the gross profit margin for the Relevant Period.
- (ii) The Group has significantly elevated its customer conversion efficiency and return on investment by fine-tuning management model and optimizing marketing expenditure. Concurrently, the Group has also undertaken organizational restructuring to boost efficiency of its human resources deployment and to further streamline cost structure. It is expected that the sales expense ratio and administrative expense ratio* will decrease, by 6.0% to 8.0% and by 2.0% to 3.0% respectively, for the Relevant Period. These actions also laid a solid foundation for the Company to turnaround performance and attain long-term and sustainable profitability in the future.

As of 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 assessment of the unaudited consolidated 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 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 2025.

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 expenses 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, July 29, 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.