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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)

ANNOUNCEMENT OF THE INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

FINANCIAL HIGHLIGHTS

The Group's revenue decreased by 4.3% from RMB900.2 million for the six months ended 30 June 2024 to RMB861.6 million for the six months ended 30 June 2025.

The Group's gross profit increased by 3.9% from RMB529.4 million for the six months ended 30 June 2024 to RMB550.3 million for the six months ended 30 June 2025.

The Group's gross profit margin increased from 58.8% for the six months ended 30 June 2024 to 63.9% for the six months ended 30 June 2025.

The Group's net loss was RMB138.6 million for the six months ended 30 June 2024, as compared to the Group's net profit of RMB27.9 million for the six months ended 30 June 2025.

The Group's EBITDA increased by 226.7% from RMB52.0 million for the six months ended 30 June 2024 to RMB169.8 million for the six months ended 30 June 2025.

The Group's basic loss per Share was RMB0.28 for the six months ended 30 June 2024, as compared to basic earnings per Share of RMB0.06 for the six months ended 30 June 2025.

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

As the leading medical group in China specialising in hair-related healthcare, we offer one-stop hair-related healthcare services covering hair transplant, medical hair care, routine hair restoration and other ancillary services. Having been focused on the hair-related healthcare service market, we have built a brand matrix for the full industry chain which is centered on our “Yonghe Medical” (雍禾醫療) and comprised of “Yonghe Hair Transplant” (雍禾植髮) for our professional hair transplant service, “Svenson” (史雲遜) for our medical hair care service, “Yonghe Fa Zhi Chu” (雍禾髮之初) for our female aesthetic hair transplant service, and “Harvard” (哈髮達) for our medical wig products. As at 30 June 2025, we operated 63 hair transplant clinics in 61 cities nationwide, and 6 hair care centers under the brand of Svenson in Shenzhen, Shanghai and Guangzhou, making us the largest hair-related healthcare clinic chain in China in terms of scale and geographical coverage. For the six months ended 30 June 2025 (the “Reporting Period”), the total number of consumers we served reached 64,845.

The following map illustrates the relevant information of our clinic network as at 30 June 2025:



The following table illustrates the distribution of our clinics/stores by city tier*:

	As at 30 June 2025	As at 31 December 2024
Yonghe Hair Transplant clinics		
First-tier cities	5	6
New first-tier cities	17	17
Second-tier cities	26	29
Third-tier cities	14	13
Hong Kong	1	1
Subtotal	63	66
Stand-alone Svenson stores		
Shenzhen	3	4
Guangzhou	1	2
Shanghai	2	2
Subtotal	6	8
Total	69	74

* *Note: Since the list of city rankings varies in different years, the figures set forth in this table are based on the list released for the corresponding periods.*

The Group has realised refined management of efficiency improvement, quality control and cost reduction of its principal businesses by optimising the store network and upgrading its self-developed chain medical management system “Hefan”. At the same time, with the help of the reconstruction of management model and the precise implementation of marketing strategies, the Group’s labor efficiency, customer acquisition conversion rate and return on investment have been significantly improved. Such a series of initiatives not only enabled the Group to turn around its losses successfully, but also laid a solid foundation for its long-term sustainable profitability in the future. During the Reporting Period, the Group had a revenue of RMB861.6 million, and its gross profit was RMB550.3 million, representing an increase of 3.9% as compared with that of RMB529.4 million for the same period in 2024. Gross profit margin was 63.9%, representing an increase of 5.1 percentage points as compared with that of 58.8% for the same period in 2024.

The following table illustrates a breakdown of our revenue composition, gross profit and gross profit margin by service type for the periods indicated:

	Six months ended 30 June							
	2025				2024			
	Revenue RMB'000	%	Gross profit RMB'000	Gross profit margin %	Revenue RMB'000	%	Gross profit RMB'000	Gross profit margin %
Hair transplant service	662,061	76.8	439,595	66.4	672,885	74.8	414,970	61.7
Medical hair care service	187,891	21.8	105,599	56.2	215,176	23.9	111,605	51.9
Others	11,598	1.4	5,129	44.2	12,142	1.3	2,862	23.6
Total	861,550	100	550,323	63.9	900,203	100	529,437	58.8

Hair Transplant Service

During the Reporting Period, our revenue from hair transplant service amounted to RMB662.1 million, accounting for 76.8% of our total revenue. We have always been committed to providing professional and high-quality hair transplant services to our customers, with a goal to strengthen the market influence of our “Yonghe Hair Transplant (雍禾植髮)” brand by implementing the “good doctor” hierarchical service system. In addition, we integrated aesthetic design elements into the “good doctor” system to meet the increasing demand from female customers for aesthetic-oriented hair transplant solutions. This strategy not only enhances customer satisfaction, but also further strengthens our leading position in hair health management. During the Reporting Period, the number of consumers who received our hair transplant surgery was 33,504. In particular, the number of female hair transplant consumers increased significantly.

The table below illustrates the key operating data of our hair transplant service:

	Unaudited Six months ended 30 June			
	2025		2024	
Number of consumers who received our hair transplant service	33,504		29,272	
Average spending per hair transplant consumer (RMB)	19,761		22,987	
Three levels of services	Number of consumers	Percentage	Number of consumers	Percentage
Number of consumers who received services from our business chiefs	24,293	72.5%	19,637	67.1%
Number of consumers who received services from our business deans	7,458	22.3%	7,935	27.1%
Number of consumers who received our “Yongxiang” (雍享) service*	1,753	5.2%	1,700	5.8%

* Note: “Yongxiang” service includes the services from our Yongxiang chiefs and the services from our Yongxiang deans.

Medical Hair Care Service

During the Reporting Period, our revenue from medical hair care service amounted to RMB187.9 million, accounting for 21.8% of our total revenue. As a pioneer in China's medical hair care industry, we have provided professional and customised diagnosis and treatment services to our consumers through Svenson Medical Hair Care Centers in our hair transplant clinics under the "shop-in-shop" model. In order to further optimise resource allocation and service value, we strategically upgraded our product structure and promoted the transformation of our hair care services into high-value medical-grade packages, so as to improve the efficiency of resource utilisation and the added value of services.

The table below illustrates the key operating data of our medical hair care service:

	Unaudited	
	Six months ended 30 June	
	2025	2024
Number of consumers who received our medical hair care service	44,912	49,683
Average spending per medical hair care consumer (RMB)	4,184	4,311
* Repurchase rate	29.9%	29.0%

* *Note: Calculated by the number of consumers who purchased our medical hair care service packages more than once, divided by the total number of consumers who purchased our medical hair care service packages during the period.*

BUSINESS UPDATES

Enhancing operational efficiency and demonstrating service capabilities

The Group has continued to advance supply chain collaboration and end-to-end optimisation of medical service processes, significantly improving operational efficiency and the quality of medical services. Through technological iteration, consumables upgrading, and process lean management, resource consumption per surgical procedure has been notably reduced. Leveraging an intelligent data platform, the Group has achieved full-cycle customer management, enhanced by precision marketing strategies to improve service effectiveness. Through the improvement of management tools and service systems, the Group has also optimised human resource allocation and extended service coverage. These initiatives have effectively strengthened cost control capabilities.

In response to the growing demand for women's hair care service needs, the Group has focused on the female market by establishing dedicated clinical departments and launching specialized technical services, resulting in a significant improvement in customer satisfaction. Through the VIP service system and member ecosystem development, private domain customer stickiness and repurchase performance have been enhanced. Post-operative care protocols have been continuously refined to shorten recovery periods, while the dedicated health management consultant mechanism has been improved to enable end-to-end treatment follow-up. These visionary strategic initiatives highlight the Group's strong operational resilience and adaptability, further consolidating its competitive edge and leadership position in the hair-related healthcare sector.

The following table illustrates a breakdown of the number of our hair transplant clinics by development stage* during the Reporting Period:

	As at 30 June 2025	As at 31 December 2024
Mature-stage clinics	52	52
Developing-stage clinics	11	13
Newly-established clinics	—	1
Total	63	66

* *Note: We categorise our clinics based on three development stages, namely mature-stage clinics, being those that have been established for more than three years; developing-stage clinics, being those that have been established for one to three years; and newly-established clinics, being those that have been established for less than one year. For acquired clinics, we regard the dates when their financial positions and results of operations are consolidated into the Group as their respective opening dates.*

Strengthening medical foundations and upholding medical integrity

The Group remains committed to promoting high-quality development in hair-related healthcare services. During the Reporting Period, the following measures were implemented to strengthen the professional medical talent system, enhance service quality, and ensure sustainable business growth:

1. **Systematic talent development:** Newly recruited physicians are required to complete a standardized training program comprising 43 courses out of 10 modules. Only after passing rigorous quality assessments are they permitted to commence clinical practice, ensuring consistency and safety in medical service delivery.
2. **Comprehensive diagnostic and treatment skills training system:** The training framework includes aesthetic design capabilities certification, enhancing frontline professional development. An online-offline integrated training mechanism is adopted to comprehensively elevate service standards.
3. **Implementation of a hierarchical diagnosis and treatment system for hair transplant physicians:** The physician grading system has been refined into 24 surgical quality evaluation dimensions, supported by daily dynamic performance reviews and specialized training programs, ensuring continuous improvement in surgical skills and surgical quality.
4. **Enhanced post-operative management and full-cycle services:** Comprehensive optimisation has been carried out from professional capability to customer experience, delivering holistic hair-related health services and further strengthening the core competitiveness of medical services.

The Group adheres to a healthcare-oriented service philosophy. Practicing the principle of “treat with medical care and deliver with beauty”, the Group emphasizes the critical role of qualified physicians in hair-related healthcare services, reinforcing its leading position and pioneering high-quality development across the industry. As at 30 June 2025, the Group has established a professional medical team comprising 1,320 members, detailed as follows:

**As at
30 June 2025**

Our professional team	1,320
– Physicians	226
– Nurses	1,008
– Other medical professionals (including pharmacists and clinical scientists)	<u>86</u>

The Group maintains an open collaboration approach, actively partnering with outstanding upstream and downstream pharmaceutical companies in the hair industry to deepen cooperation in hair loss prevention and control and hair transplantation and to jointly promote innovation and upgrade in the hair-related healthcare industry. By fully capitalising on the unique positioning of our medical services and our professional advantages and combining the advanced technologies, market channels and brand effects of our partners, we reshaped the competitive landscape in the industry, which allowed us to entirely meet diverse consumer demands and offer better, safer and more personalised hair health solutions. In addition, we further maintained close cooperative bonds with a number of reputable medical schools and Grade 3A hospitals. We joined forces with them to drive development of the hair-related healthcare sector through various academic seminars and joint scientific research projects.

Full-chain synergy and refined marketing strategies

To adapt to evolving market dynamics and rising consumer expectations, the Group has further advanced its refined marketing strategy, reinforcing private domain ecosystem development and the application of intelligent tools to drive end-to-end efficiency from lead acquisition to customer conversion. Through customer segmentation and optimisation of membership benefits, user stickiness and conversion effectiveness have been significantly enhanced. The integration of AI-powered detection technology has enabled the establishment of standardised service workflows, ensuring consistent professional service quality. The CRM system has been upgraded to support compliant customer engagement and advisory-style service delivery, strengthening the foundation of full-chain operations.

In media resource allocation, the Company has continuously optimised its advertising mix, deepening the synergy among brand, content, and traffic. By collaborating with core content platforms, the Company has co-developed audience models to facilitate precise conversion of high-intent users. A stratified customer acquisition model enables accurate identification of user needs, balancing lead quality with cost control. Meanwhile, historical lead reactivation mechanisms have been strengthened to enhance public-private domain synergy, improving the reuse rate of dormant resources and driving incremental revenue generation.

Additionally, the Company has built a full-domain KOS matrix to cover the entire user decision-making journey, leveraging in-depth content to establish a professional trust barrier. A tiered operational strategy is implemented: in first-tier cities, the focus is on cultivating high-end physician IPs to elevate brand positioning; in lower-tier markets, localized trust-building initiatives are prioritized. This approach transforms medical expertise into core brand value, elevating the competitive dimension of the industry.

Amid rising customer acquisition costs and extended decision-making cycles, the Group has dynamically reallocated resources toward high-conversion channels and innovatively developed the “Link Complex” model: the front-end deploys diversified touchpoints to lower decision thresholds, while the back-end leverages digital tools to enhance conversion efficiency. Strategically, the Group is intensifying efforts in the female consumer segment and interregional medical services market, achieving structural cost optimisation and enhancing the resilience and sustained conversion capacity of its marketing system.

Technology-driven and accelerating digital transformation

During the Reporting Period, the Group remained committed to its “Digitalisation and Intellectualisation” strategy, focusing on systematic development centred on artificial intelligence to continuously improve operational efficiency and customer service experience. In building an intelligent consumer healthcare system, the Group is advancing toward a closed-loop model of “data – knowledge – decision”, deepening the integration of AI with business scenarios to drive comprehensive upgrades in management systems and service models.

The Company’s self-developed chain medical management system, “HeFan”, has undergone continuous optimisation. A key breakthrough has been achieved in integrating the AI knowledge base engine, which is now widely applied in core processes such as user tagging and intent identification, significantly enhancing recognition efficiency and per-capita productivity across the business chain. The “One Product, One Code” material traceability system has been established to enhance service traceability. It helped strengthen the sense of mission for medical safety, empowering the building of doctor-patient trust with technology. The mobile business system for clinics has been launched, enabling closed-loop task management and efficient operational coordination, thereby improving terminal operational responsiveness and organisational execution efficiency.

In diagnostic intelligence, the next-generation scalp detection devices are being rapidly rolled out, enhancing the accuracy of user assessments. Concurrently, the integration of image recognition and large medical models in intelligent scalp analysis technology is progressing, creating a visualised diagnostic system that advances hair-related diagnosis and treatment toward precise medical programme, receiving positive market feedback.

In user value management, the Group has refined its membership growth system within the private domain ecosystem, leveraging benefit design and referral mechanisms to drive in-clinic conversion and repurchase rates. Moreover, the intelligent quality inspection and protection mechanism has been upgraded, establishing a dynamic monitoring system covering the full lifecycle of data. By applying AI technology to enhance the identification and protection of sensitive information, the Group ensures the security of both corporate and customer data.

PROSPECTS

The hair-related healthcare services market is in a stage of rapid development with huge unmet market demand and enormous growth potential. According to the report of “Research on Hair-related Health Service Industry of China for 2024” released by Frost & Sullivan and Leadleo Research Institute, the hair-related health market in China has continued to grow in recent years, from RMB58.29 billion in 2020 to RMB79.55 billion in 2023, and is anticipated to reach RMB116.54 billion by 2028. In the first half of 2025, the number of consumers receiving the Group’s hair transplant services reached 33,504, representing a year-on-year increase of 14.5%. We expect that there will be an increasing number of consumers in demand of alopecia treatment and hair restoration service. Leveraging our efforts in building a one-stop platform for hair-related healthcare services and taking advantage of the favourable industry prospect, the Group’s market-leading position and its established brand recognition, we believe that we are well-positioned to capture great opportunities in this fast-growing market and will maintain continuous growth in a virtuous circle.

Optimising operations to fuel business growth momentum

To further promote the synergistic development of our hair transplant service and medical hair care service and achieve efficient growth in our core businesses, we have successfully completed the optimisation and upgrade of our clinics network. Next, we will focus on enhancing the growth capabilities of single-store within our existing mature clinics to increase our market share and business scale.

While ensuring exceptional service quality and a superior user experience, we will continuously optimise the cost structure of our existing clinics and accelerate the refined operational layout of multi-department and appropriately sized clinics, thereby enhancing overall business efficiency. We will continue to consolidate our leading position and chain brand influence of mature clinics in higher-tier cities within their respective regions, and, when appropriate, expand asset-light small stores in lower-tier cities to further grow our market share.

In response to the rapid growth of the female hair consumption market, we will further optimise the construction of female departments and increase the penetration of female aesthetic design and no-shave surgery to meet the unique needs of this market segment. By providing more personalised and customised services, we will consolidate our competitive advantages in various market segments.

To better reach those experiencing early-stage hair loss and intervene in advance, we will launch medical care products for young customers who are in the early stages of hair loss, with mild hair loss, or not suitable for hair transplant. This initiative will not only significantly shorten the treatment cycle but also greatly enhance the customers’ clinic visit and treatment experience, further strengthening our brand influence and market competitiveness, expanding customer acquisition channels, and improving customer satisfaction and loyalty.

Furthermore, we will continue to optimise the salary system, performance appraisal system and internal development system to attract more outstanding talents inside and outside the industry, and stimulate employee enthusiasm and productivity. By accelerating the identification and appointment of outstanding talent, and promoting the integration of general skills and the rearrangement of personnel across multiple positions, we will further push forward the flattening management structure to improve communication and execution efficiency. These measures will provide strong talent and organisational support for sustainable business growth.

Strengthening core functions and building a closed-loop ecosystem

As the industry continues to advance and consumer expectations gradually rise, we will continually enhance our service levels to meet the market's diverse need. By providing high-quality medical services, we aim to increase consumer trust, satisfaction, and loyalty, thereby driving word-of-mouth referrals and sustainable business growth. To build a closed-loop hair-related healthcare ecosystem, we will implement the following strategies:

Firstly, we will continue to strengthen the core functions of our internet hospital and build a comprehensive online diagnosis and treatment matrix covering all scenarios. By integrating intelligent consultation, cloud-based testing, and digital service modules, we aim to realise a closed-loop health management system throughout the entire user lifecycle. Leveraging a dynamic labelling system, we will conduct precise operations to optimise the conversion path for high-value users. Simultaneously, we will advance AI-powered diagnosis and treatment to enhance the accuracy of solution matching and adoption efficiency, thereby continuously reducing user decision-making costs.

Secondly, the Group is committed to driving the online integration of its sales processes by establishing an order coordination mechanism that connects its private domain e-commerce platform, internet hospital, and core CRM system, achieving a closed-loop management between online product ordering and offline service fulfilment. Additionally, empowered by intelligent sales tools, personalised service plans are automatically pushed to users based on their treatment stages, effectively extending the customer lifetime value.

In terms of the product system, the Group has established a three-tier product system covering home self-testing and in-depth clinic testing, with an aim to meet diverse hair loss management needs. The Group has also expanded its service offerings for home and light medical solutions, guiding users toward highly sticky and long-term medical service pathways. Furthermore, the Group has upgraded its hair health membership system to enhance customer loyalty through medical points and customised health content, while optimising service coordination between private domain and offline clinics to further improve offline service conversion rates and customer experience.

Adhering to technology-oriented operation by strengthening AI empowerment

Adhering to technology-oriented operation presents us a unique advantage that differentiates us from other hair-related healthcare service providers, enables us to further improve patients' experience, enhance patients' loyalty, and solidify our leading position in keenly competitive market environment, and provides continued momentum for our future growth. Going forward, the Group will continue to promote the integration and application of artificial intelligence (AI) technology in hair diagnosis and treatment scenarios through the following initiatives. This will further strengthen foundational capabilities centred around the "intelligent diagnosis and treatment system", driving comprehensive upgrades to diagnosis and treatment processes and the continuous optimisation of the medical experience:

- Continuing to deepen the integration and application of artificial intelligence technology in medical scenarios, the Group aims to build a technology ecosystem centred around an intelligent diagnosis and treatment system. By upgrading AI medical models, the Group will enhance the precision and professionalism of the entire hair diagnosis and treatment process, optimising the patients' medical experience and health management solutions.
- The Group will strengthen the intelligent service capabilities within its private-domain ecosystem by deeply integrating AI technology into customer operation workflows to enhance service response efficiency and personalisation. The Group will also advance the deployment of intelligent hardware applications, enabling the digital management of medical records through innovative devices and providing technical support for precise diagnosis and treatment.
- In addition, the Group will continue to advance the development of an intelligent quality inspection system that leverages AI technology to implement quality control and risk prevention throughout the diagnosis and treatment processes. This system will include functions such as quality inspection, process monitoring, and anomaly detection, creating a dynamic quality inspection capability framework covering the entire business workflow. Furthermore, by continuously optimising quality inspection rule models, the Group will enhance the system's adaptability and foresight, effectively ensuring operational compliance and stability in a volatile business environment.

FINANCIAL REVIEW

Revenue

During the six months ended 30 June 2025, the Group had a revenue of RMB861.6 million (the same period in 2024: RMB900.2 million), representing a decrease of 4.3% over the same period in 2024. The Group's revenue is mainly derived from (i) hair transplant service; (ii) medical hair care service; and (iii) others.

The following table sets forth a breakdown of our revenue by business line for the periods indicated:

	Six months ended 30 June			
	2025		2024	
	<i>RMB '000</i>	<i>%</i>	<i>RMB '000</i>	<i>%</i>
Hair transplant service	662,061	76.8	672,885	74.8
Medical hair care service	187,891	21.8	215,176	23.9
Others	11,598	1.4	12,142	1.3
	861,550	100	900,203	100

Revenue from hair transplant service

The Group's revenue from hair transplant service was RMB662.1 million for the six months ended 30 June 2025, representing a decrease of 1.6% as compared with RMB672.9 million for the same period in 2024. Such decrease in revenue from hair transplant service was mainly attributable to the decreased average spending per hair transplant patient. Average spending per hair transplant patient decreased by 14.0% from RMB22,987 for the six months ended 30 June 2024 to RMB19,761 for the six months ended 30 June 2025, while the number of hair transplant patients served by the Group increased by 14.5% from 29,272 for the six months ended 30 June 2024 to 33,504 for the six months ended 30 June 2025.

Revenue from medical hair care service

The Group's revenue from medical hair care service was RMB187.9 million for the six months ended 30 June 2025, representing a decrease of 12.7% as compared with RMB215.2 million for the same period in 2024. The decrease in revenue from medical hair care service was mainly attributable to the decreased number of our medical hair care patients, which decreased by 9.6% from 49,683 for the six months ended 30 June 2024 to 44,912 for the six months ended 30 June 2025.

Revenue from others

The Group's revenue from other services mainly derived from the rendering of services and sales of goods by our stand-alone Svenson stores for routine services, which amounted to RMB11.6 million for the six months ended 30 June 2025, representing a decrease of 4.5% as compared with RMB12.1 million for the same period in 2024.

Costs

During the Reporting Period, the Group's cost of sales and services primarily consisted of staff costs, amortisation and depreciation charges, cost of inventories and consumables, operation related expenses and other expenses. The following table sets forth a breakdown of our cost of sales and services by nature for the periods indicated:

	Six months ended 30 June			
	2025		2024	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Staff costs	125,701	40.4	142,032	38.3
Amortisation and depreciation charges	112,318	36.1	152,677	41.2
Cost of inventories and consumables	52,518	16.9	50,549	13.6
Operation related expenses	14,391	4.6	19,596	5.3
Other expenses	6,299	2.0	5,912	1.6
	<u>311,227</u>	<u>100</u>	<u>370,766</u>	<u>100</u>

During the six months ended 30 June 2025, the Group incurred costs of RMB311.2 million (the same period in 2024: RMB370.8 million). In particular, staff costs represent the salaries, wages and bonuses paid to physicians, nurses and other professionals. The decrease in staff costs was mainly attributable to the reduction in stores and optimisation of the structure of the professional medical team. Amortisation and depreciation charges mainly represent the depreciation of our right-of-use assets and fixed assets, the decrease of which was due to the strategy of closing and integrating inefficient stores.

Gross profit and gross profit margin

During the six months ended 30 June 2025, the Group recorded a gross profit of RMB550.3 million (the same period in 2024: RMB529.4 million), representing an increase of 3.9% over the same period of last year. Our gross profit margin was 63.9% (the same period in 2024: 58.8%).

Other income

The Group's other income mainly consists of government grants and additional value-added tax credit. During the six months ended 30 June 2025, the Group had other income of RMB0.7 million (the same period in 2024: RMB0.8 million).

General and administrative expenses

During the Reporting Period, the Group's general and administrative expenses primarily consist of (i) staff costs, which represent wages, benefits and bonuses of our administrative staff; (ii) amortisation and depreciation charges; (iii) operation related expenses, which primarily include conference fees, utilities, maintenance fees and rental payments; (iv) professional and consulting service fees incurred in relation to audit services, rental agencies and internet services; and (v) travelling and entertainment expenses. The following table sets forth a breakdown of our general and administrative expenses by nature for the periods indicated:

	Six months ended 30 June			
	2025		2024	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Staff costs	78,648	70.2	97,483	69.1
Amortisation and depreciation charges	7,017	6.3	9,441	6.7
Operation related expenses	6,965	6.2	9,096	6.5
Professional and consulting service fees	6,126	5.5	6,757	4.8
Travelling and entertainment expenses	4,723	4.2	4,952	3.5
Others	8,613	7.6	13,241	9.4
	<u>112,092</u>	<u>100</u>	<u>140,970</u>	<u>100</u>

During the six months ended 30 June 2025, the Group incurred general and administrative expenses of RMB112.1 million (the same period in 2024: RMB141.0 million). Such decrease in general and administrative expenses was mainly attributable to enhanced management efficiency and the streamlining of our group organisational structure.

Selling and marketing expenses

During the Reporting Period, the Group's selling and marketing expenses primarily consist of marketing and promotion expenses, staff costs, etc. The following table sets forth a breakdown of our selling and marketing expenses by nature for the periods indicated:

	Six months ended 30 June			
	2025		2024	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Marketing and promotion expenses	254,047	66.6	322,749	69.7
Staff costs	109,966	28.8	119,716	25.9
Amortisation and depreciation charges	5,817	1.5	6,457	1.4
Travelling expenses	4,967	1.3	5,892	1.3
Operation related expenses	2,417	0.6	3,101	0.7
Others	4,194	1.2	4,658	1.0
	<u>381,408</u>	<u>100</u>	<u>462,573</u>	<u>100</u>

During the six months ended 30 June 2025, the Group incurred selling and marketing expenses of RMB381.4 million (the same period in 2024: RMB462.6 million). In particular, the decrease in marketing and promotion expenses was mainly attributable to the optimisation of resource allocation and the implementation of refined marketing strategy.

Earnings before interest, taxes, depreciation and amortisation

During the six months ended 30 June 2025, the Group incurred earnings before interest, taxes, depreciation and amortisation of RMB169.8 million (the same period in 2024: earnings before interest, taxes, depreciation and amortisation of RMB52.0 million), representing an increase of 226.7% over the same period of last year.

Reconciliations to earnings before interest, taxes, depreciation and amortisation are as follows:

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Reconciliations of earnings/(losses) to earnings before interest, taxes, depreciation and amortisation:		
Earnings/(losses)	27,855	(138,648)
Income tax expense/(credit)	9,954	(8,051)
Finance income	(5,882)	(5,524)
Finance costs (including discount and amortisation of lease liabilities)	12,768	21,574
Depreciation of right-of-use assets	62,687	81,302
Depreciation of property, plant and equipment	60,137	85,862
Impairment losses on property, plant and equipment*	–	14,064
Amortisation of intangible assets	2,328	1,411
Earnings before interest, taxes, depreciation and amortisation	169,847	51,990

* *Impairment charges included as adjustment items in earnings before interest, taxes, depreciation and amortisation primarily resulted from our impairment evaluation of non-financial assets whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. If these non-financial assets were not impaired, depreciation of the assets would have been recorded as an adjustment item in earnings before interest, taxes, depreciation and amortisation. Therefore, impairment charges were a non-cash item similar to depreciation and amortisation of non-current assets.*

Income tax expense/(credit)

During the six months ended 30 June 2025, the Group's income tax expense was RMB10.0 million, as compared to the income tax credit of RMB8.1 million in the same period in 2024. The increase in income tax expense was primarily attributable to the turnaround from losses to profits for the period.

Net profit/(loss) and net profit/(loss) margin

As a result of (i) the increased gross profit margin driven by improved operational efficiency; (ii) the dual-effect optimisation of marketing and human resources which boosted savings and efficiencies in expenses, the Group recorded net profit of RMB27.9 million for the six months ended 30 June 2025, as compared to the Group's net loss of RMB138.6 million for the six months ended 30 June 2024. The Group's net profit margin was 3.2% for the six months ended 30 June 2025, as compared to net loss margin of 15.4% for the same period of last year.

Cash and cash equivalents

As at 30 June 2025, the Group had cash and cash equivalents of RMB555.9 million (31 December 2024: RMB487.8 million). We have robust cash flows which are adequate to meet the capital requirements for daily operation and for our plan of future clinic expansion.

Cash flows

The following table sets forth selected data of the Group's consolidated statements of cash flows for the periods indicated:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Net cash generated from operating activities	208,484	73,974
Net cash used in investing activities	(8,294)	(18,282)
Net cash used in financing activities	(132,105)	(125,169)
Cash and cash equivalents at beginning of the period	487,842	603,215
Cash and cash equivalents at end of the period	555,885	533,780

Liquidity and Capital Resources

As at 30 June 2025, cash and cash equivalents of the Group amounted to RMB555.9 million (31 December 2024: RMB487.8 million). As at 30 June 2025, bank borrowings of the Group amounted to RMB5.0 million (31 December 2024: RMB50.1 million).

Capital expenditures

The Group's capital expenditures mainly represent payments for purchase of items of property, plant and equipment and intangible assets. The following table sets forth a breakdown of our capital expenditures for the periods indicated:

	Six months ended 30 June	
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Payments for property, plant and equipment	7,712	13,966
Payments for intangible assets	800	4,398
Total	8,512	18,364

During the six months ended 30 June 2025, the Group incurred capital expenditures of RMB8.5 million (six months ended 30 June 2024: RMB18.4 million).

Indebtedness

The Group's indebtedness mainly includes bank borrowings and lease liabilities. The following table sets forth a breakdown of our indebtedness:

	30 June 2025 <i>RMB'000</i> Unaudited	31 December 2024 <i>RMB'000</i> Audited
Current		
Bank borrowings	5,004	50,051
Lease liabilities	129,291	150,551
Non-current		
Lease liabilities	386,693	466,531
Total	520,988	667,133

Bank borrowings

As at 30 June 2025, the Group had outstanding interest-bearing bank borrowings of RMB5.0 million (31 December 2024: RMB50.1 million). Our bank loans bear interest at rates ranging from 2.8% to 3.2% (2024: 2.9% to 3.4%) per annum.

Lease liabilities

The Group recognises a lease liability with respect to all leases, except for short-term leases and leases of low value assets. As at 30 June 2025, the Group (as lessee) had total lease liabilities of RMB516.0 million (31 December 2024: RMB617.1 million), which were unsettled for the remaining terms of the relevant lease agreements.

Future plan for material investments and capital assets

Save as disclosed in the Prospectus, as at 30 June 2025, the Group did not have any future plan for material investments and capital assets.

Charge of assets

There was no charge on the Group's assets as at 30 June 2025 (31 December 2024: nil).

Gearing ratio

Gearing ratio is calculated using bank loans divided by total equity as at the end of the relevant period and multiplied by 100%. As at 30 June 2025, the Group's gearing ratio was 0.7% (31 December 2024: 7.0%).

Exchange rates and any related hedges

The Group has no significant foreign currency risk as its operations, assets and liabilities are mainly denominated in RMB which is also the functional currency of the Company. As at 30 June 2025, the Group had the cash and cash equivalents of RMB6.0 million denominated in foreign currencies, mainly USD (31 December 2024: RMB5.8 million, mainly USD). We monitor foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise.

Contingent liabilities

As at 30 June 2025, the Group did not have any material contingent liabilities (31 December 2024: nil).

SUBSEQUENT EVENTS

Save as disclosed in this announcement, there was no significant event that might affect the Group after the Reporting Period.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2025, the Group had a total of 3,228 employees, among which 1,320 employees are our professional medical team members. Staff costs were RMB323.1 million for the six months ended 30 June 2025, as compared to RMB371.3 million for the six months ended 30 June 2024.

The Group continues to provide competitive compensation packages, attractive promotion opportunities, diverse training courses and a professional working environment to its employees. The Group remunerates the employees based on industry practices and individual's performance and experience. Remuneration packages primarily comprise of basic salary, performance-based compensation and/or discretionary bonus. As required by PRC laws and regulations, the Group participates in various employee social security plans for its employees that are administered by local governments, including housing provident fund, pension, medical, maternity, work-related injury and unemployment insurances.

The Board is pleased to announce the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2025, together with the comparative figures for the corresponding period in 2024 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 June	
	Note	2025	2024
		RMB'000	RMB'000
		Unaudited	Unaudited
Revenue from contracts with customers	4	861,550	900,203
Cost of sales and services		(311,227)	(370,766)
Gross profit		550,323	529,437
Selling and marketing expenses		(381,408)	(462,573)
General and administrative expenses		(112,092)	(140,970)
Research and development expenses		(9,053)	(12,425)
Impairment losses of property, plant and equipment		–	(14,064)
Impairment losses on financial assets – net		(1,751)	(80)
Other income		683	778
Other losses – net	5	(2,007)	(30,752)
Operating profit/(loss)		44,695	(130,649)
Finance income	6	5,882	5,524
Finance costs	6	(12,768)	(21,574)
Finance costs – net		(6,886)	(16,050)
Profit/(loss) before income tax		37,809	(146,699)
Income tax (expense)/credit	7	(9,954)	8,051
Profit/(loss) for the period		27,855	(138,648)
Profit/(loss) is attributable to			
– Equity holders of the Company		27,913	(138,572)
– Non-controlling interests		(58)	(76)

<i>Note</i>	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Unaudited

Other comprehensive income/(loss)

Items that may be subsequently reclassified to profit or loss

Currency translation differences	<u>37</u>	<u>(6)</u>
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Total comprehensive income/(loss) for the period	<u>27,892</u>	<u>(138,654)</u>
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**Total comprehensive income/(loss) for the period
is attributable to:**

– Equity holders of the Company	27,950	(138,578)
– Non-controlling interests	<u>(58)</u>	<u>(76)</u>

**Earnings/(loss) per share attributable to equity
holders of the Company**

Basic earnings/(loss) per share (<i>RMB</i>)	8	0.06	(0.28)
Diluted earnings/(loss) per share (<i>RMB</i>)	8	<u>0.06</u>	<u>(0.28)</u>

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	<i>Note</i>	As at 30 June 2025 RMB'000 Unaudited	As at 31 December 2024 RMB'000 Audited
Assets			
Non-current assets			
Property, plant and equipment		339,325	395,385
Right-of-use assets		454,631	541,150
Intangible assets		24,508	25,850
Deferred income tax assets		131,471	133,059
Prepayments, deposits and other receivables		960	921
Total non-current assets		950,895	1,096,365
Current assets			
Inventories		22,997	40,534
Trade receivables	10	5,756	4,632
Prepayments, deposits and other receivables		78,609	91,659
Cash and cash equivalents		555,885	487,842
Restricted cash		321	5,148
Total current assets		663,568	629,815
Total assets		1,614,463	1,726,180
Equity			
Equity attributable to equity holders of the Company			
Share capital		8	8
Share premium		1,330,450	1,330,498
Treasury shares		(185)	(146)
Shares held for employee share scheme		(175,533)	(175,533)
Other reserves		155,753	155,688
Accumulated losses		(568,265)	(596,178)
		742,228	714,337
Non-controlling interests		(590)	(532)
Total equity		741,638	713,805

		As at 30 June 2025 <i>RMB'000</i> Unaudited	As at 31 December 2024 <i>RMB'000</i> Audited
Liabilities			
Non-current liabilities			
Lease liabilities		386,693	466,531
Deferred income tax liabilities		459	132
Total non-current liabilities		<u>387,152</u>	<u>466,663</u>
Current liabilities			
Borrowings		5,004	50,051
Trade and other payables	11	134,778	149,418
Contract liabilities		205,539	190,052
Current income tax liabilities		11,061	5,640
Lease liabilities		129,291	150,551
Total current liabilities		<u>485,673</u>	<u>545,712</u>
Total liabilities		<u>872,825</u>	<u>1,012,375</u>
Total equity and liabilities		<u><u>1,614,463</u></u>	<u><u>1,726,180</u></u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

Yonghe Medical Group Co., Ltd. (the “Company”) was incorporated in the Cayman Islands on 17 September 2020 as an exempted company with limited liability under the Companies Act, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is Floor 4, Willow House, Cricket Square, Grand Cayman, KY 1-9010, Cayman Islands.

The Company is an investment holding company and its subsidiaries (together, the “Group”) are primarily engaged in the provision of (i) hair transplant and (ii) medical hair care services (the “Business”) in the Mainland (“Chinese Mainland”) of People’s Republic of China (the “PRC”).

The Company had its listing on the Main Board of The Stock Exchange of Hong Kong Limited on 13 December 2021.

These condensed consolidated financial statements are presented in Renminbi (“RMB”) and all amounts are rounded to the nearest thousand of RMB (“RMB’000”), unless otherwise stated.

This condensed consolidated interim financial information has been approved for issue by the Board of Directors on 27 August 2025.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2025 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim Financial Reporting”. The condensed consolidated interim financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2024, which have been prepared in accordance with HKFRS Accounting Standards.

3 ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 December 2024, as described in the annual consolidated financial statements.

3.1 New and amended standards adopted by the Group

The Group has applied the following amendments for the first time from 1 January 2025:

- Lack of Exchangeability – Amendments to HKAS 21.

The adoption of above did not have any material impact on the Group’s results for the six months ended 30 June 2025 and the Group’s financial position as at 30 June 2025. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

3.2 Impact of standards not yet applied by the Group

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 30 June 2025 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

4 REVENUE FROM CONTRACTS WITH CUSTOMERS AND SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (“CODM”). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the board of directors of the Company that make strategic decisions. The Group is principally engaged in the provision of hair transplant service which are subject to similar type of services, similar class of customers, similar regulatory environment and similar business risk. Resources are allocated based on what is beneficial to the Group in enhancing the value as a whole rather than any specific unit. Therefore, the CODM of the Company regards that there is only one operating segment for the Group.

The major operating entities of the Group are all domiciled in the PRC and the majority of the Group’s revenue were derived in the PRC for the six months ended 30 June 2025 and 2024.

As at 30 June 2025 and 31 December 2024, majority of non-current assets of the Group were located in the PRC.

There was no revenue derived from a single external customer accounting for 10% or more of the Group’s revenue for the six months ended 30 June 2025 and 2024.

	Six months ended 30 June	
	2025	2024
	RMB’000	RMB’000
	Unaudited	Unaudited
Hair transplant	662,061	672,885
Medical hair care	187,891	215,176
Others	11,598	12,142
	861,550	900,203
	2025	2024
	RMB’000	RMB’000
	Unaudited	Unaudited
Revenue from customer and recognised at a point time		
Hair transplant	662,061	672,885
Medical hair care – sale of goods	18,138	30,845
Others – sale of goods	3,304	4,299
	683,503	708,029
Revenue from customer and recognised over time		
Medical hair care – services	169,753	184,331
Others – services	8,294	7,843
	178,047	192,174
Total	861,550	900,203
	2025	2024
	RMB’000	RMB’000
	Unaudited	Unaudited
Revenue from customer by region		
Chinese Mainland	861,060	898,745
Hong Kong	490	1,458
	861,550	900,203

5 OTHER LOSSES – NET

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Unaudited
Losses on disposal of property, plant and equipment	(4,737)	(34,016)
Gains on early-termination of property leases	2,984	2,682
Others	(254)	582
	<u>(2,007)</u>	<u>(30,752)</u>

6 FINANCE COSTS – NET

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Unaudited
Finance income		
Interest income on bank deposit	5,882	5,476
Foreign exchange gains	–	48
	<u>5,882</u>	<u>5,524</u>
Finance costs		
Interest expenses for lease liabilities	(12,100)	(18,924)
Interest expense on bank borrowings	(589)	(2,650)
Foreign exchange losses	(79)	–
	<u>(12,768)</u>	<u>(21,574)</u>
Finance costs – net	<u>(6,886)</u>	<u>(16,050)</u>

7 INCOME TAX (EXPENSE)/CREDIT

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Unaudited
Current income tax	(8,039)	(5,726)
Deferred income tax	(1,915)	13,777
Income tax (expense)/credit	<u>(9,954)</u>	<u>8,051</u>

(a) Cayman Islands

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act of the Cayman Islands and, accordingly, is exempted from Cayman Islands income tax.

(b) British Virgin Islands

Under the current laws of the British Virgin Islands, the subsidiaries incorporated in British Virgin Islands are not subject to income tax.

(c) Hong Kong Profits Tax

The subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at the rate of 16.5% on any estimated assessable profits arising in Hong Kong.

(d) PRC Corporate Income Tax

The income tax expense consists of current and deferred income taxes payable in the PRC by the subsidiaries. Income tax provision in respect of the operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the year or period, based on existing legislations and interpretations and practices in respect thereof.

Beijing Yonghe Medical Technology Group Co., Ltd. (“Beijing Yonghe”) is qualified as “High and New Technology Enterprises” (“HNTes”) and is entitled to the preferential income tax rate of 15% for the six months ended 30 June 2025 (six months ended 30 June 2024: 15%). This status is subject to a requirement that Beijing Yonghe reapply for HNTes status every three years. Certain subsidiaries of the Group are taxed at preferential tax rates of 15% from 1 January 2021 to 31 December 2030 under the relevant tax rules and regulations of PRC. In addition, certain of the subsidiaries in the PRC are qualified as small and micro enterprises under the relevant tax rules and regulations of the PRC.

Other than the above-mentioned subsidiaries, the other operating entities in the PRC are subject to standard income tax rate of 25% pursuant to the enterprise income tax law and related regulations.

8 EARNINGS/(LOSS) PER SHARE

For the six months ended 30 June 2025, the basic earnings per share is RMB0.06 (six months ended 30 June 2024: loss per share RMB0.28), which is calculated by dividing the profit attributable to equity holders of the Company RMB27,913,000 by the weighted average number of 500,250,000 ordinary shares outstanding during the period.

There is no potential dilutive ordinary shares outstanding and thus the dilute earnings/(loss) per share is the same as the basic earnings/(loss) per share.

9 DIVIDEND

The board of directors of the Company has resolved not to declare an interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

10 TRADE RECEIVABLES

	As at 30 June 2025 <i>RMB'000</i> Unaudited	As at 31 December 2024 <i>RMB'000</i> Audited
Trade receivables from contracts with customers		
– Third parties	5,793	4,673
Less: allowance for impairment	(37)	(41)
	<u>5,756</u>	<u>4,632</u>

- (a) The Group usually receives the payment from customers in advance. The trade receivable is primarily the receivable from financial institutions or the third party payment platforms which the customers have already settled their payment through financial institutions or the third party payment platforms. The credit term given to the third party payment platforms are determined on an individual basis with normal credit period within 30 days. The ageing analysis of the trade receivables based on invoice date is as follows:

	As at 30 June 2025 <i>RMB'000</i> Unaudited	As at 31 December 2024 <i>RMB'000</i> Audited
Up to 3 months	5,675	4,202
3 to 6 months	–	141
6 months to 1 year	40	268
1-2 years	78	62
	<u>5,793</u>	<u>4,673</u>

11 TRADE AND OTHER PAYABLES

	As at 30 June 2025 <i>RMB'000</i> Unaudited	As at 31 December 2024 <i>RMB'000</i> Audited
Trade payables	47,925	44,884
Accrued employee benefits	47,722	57,215
Tax payables	16,519	15,911
Refund liabilities	11,986	13,680
Accrued expenses	3,173	7,682
Security deposit	2,927	4,837
Others	4,526	5,209
	<u>134,778</u>	<u>149,418</u>

- (i) Ageing analysis of the trade payables based on invoice date at the end of each reporting period are as follows:

	As at 30 June 2025 <i>RMB'000</i> Unaudited	As at 31 December 2024 <i>RMB'000</i> Audited
Up to 3 months	43,372	39,838
3 to 6 months	1,819	2,645
6 months to 1 year	1,243	615
1 to 2 years	645	1,286
Over 2 years	846	500
	<u>47,925</u>	<u>44,884</u>

OTHER INFORMATION

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2025.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high corporate governance standards. It believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of the Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

During the Reporting Period, the Company has complied with all the applicable principles and code provisions as set out in the CG Code except for the deviation from provision C.2.1 of the CG Code. Mr. ZHANG Yu is the Chairman and chief executive officer of the Company. With extensive experience in the hair health industry and having served in the Company since its establishment, Mr. ZHANG Yu is in charge of the overall strategic planning, business direction and operational management of the Group. The Board considers that vesting the roles of the Chairman and the chief executive officer in the same person is beneficial to the management of the Group. The balance of power and authority is ensured by the operation of the Board, which comprises experienced and diverse individuals. The Board currently comprises three executive Directors (including Mr. ZHANG Yu), one non-executive Director and three independent non-executive Directors, and therefore has a strong independent element in its composition.

The Company regularly reviews its corporate governance practices to ensure compliance with the CG Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for dealings in securities of the Company by the Directors and relevant employees who are likely to be in possession of unpublished inside information of the Company.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code during the Reporting Period. No incident of non-compliance of the Model Code by the relevant employees has been noted by the Company during the Reporting Period.

USE OF PROCEEDS

The Company issued 94,424,000 Shares in the global offering at HK\$15.80 which were listed on the Main Board of the Stock Exchange on 13 December 2021 and subsequently issued 7,124,500 Shares at HK\$15.80 per Share upon partial exercise of the over-allotment option on 5 January 2022. The net proceeds received by the Company, after deducting related underwriting fees and expenses payable by the Company in connection with the global offering, were approximately HKD1,526.2 million (the “**Net Proceeds**”).

On 30 March 2023 and 22 August 2024, the Board resolved to change the use of the unutilised Net Proceeds. Please refer to the Prospectus and the announcements of the Company dated 30 March 2023 and 22 August 2024 for details.

An analysis of actual use of proceeds during the six months ended 30 June 2025 is set out below:

Use of proceeds	Planned applications ⁽²⁾ <i>HK\$ million</i>	Amount unutilised as at 31 December 2024 <i>HK\$ million</i>	Actual amount of proceeds utilised during the six months ended 30 June 2025 <i>HK\$ million</i>	Amount unutilised as at 30 June 2025 <i>HK\$ million</i>	Expected timeline for full utilisation ⁽¹⁾
1 To expand and upgrade existing hair transplant clinics in our network in China	–	–	–	–	N/A
2 To fund our innovations in product and service offerings	88.6	78.3	20.3	58.0	By December 2025
3 For investment in research and development to upgrade our service system with cutting-edge technology	38.2	30.2	8.6	21.6	By December 2025
4 To integrate industry resources to raise brand awareness in China	122.3	112.4	41.7	70.7	By December 2025
5 To settle the outstanding balance of the acquisition consideration payable for our acquisition of Nu/Hart Hair	–	–	–	–	N/A
6 For our working capital and general corporate purposes	251.0	88.4	88.4	–	N/A
Total	500.1	309.3	159.0	150.3	

Notes:

- (1) The expected timeline for the usage of the remaining proceeds is made based on the best estimate of the Group's future market conditions, which is subject to the current and future development of the market conditions.
- (2) Representing the revised planned application of unutilised Net Proceeds, following the change in use of proceeds announced on 22 August 2024.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2025, the Company has repurchased a total of 100,000 Shares of the Company on the Stock Exchange, representing 0.019% of the total share capital (excluding treasury shares) of the Company as at 30 June 2025. The total amount paid was approximately HK\$90,125 (excluding transaction fees).

The monthly report on Shares repurchase was as follows:

Month of repurchase	Number of shares repurchased	Price per share		Total amount (HK\$)
		Highest (HK\$/per share)	Lowest (HK\$/per share)	
April 2025	100,000	0.91	0.90	90,125

The Board believes that repurchase of shares under the current market conditions will demonstrate the Company's confidence in the development and prospects of its business and will ultimately benefit the Company and create a return of value for the Shareholders, which is in the interests of the Company and the Shareholders as a whole. The repurchase of shares has been carried out in accordance with the repurchase mandate granted to the Board at the 2024 annual general meeting of the Company.

On 5 June 2025, the Company has cancelled 47,000 Shares repurchased from 3 June 2024 to 12 June 2024. Accordingly, the number of issued shares of the Company reduced by 47,000 Shares to 525,472,416 Shares. As at 30 June 2025, 248,000 Shares repurchased are not cancelled and have been held by the Company as treasury shares (as defined under the Listing Rules). During the Reporting Period, the Company did not sell or transfer any treasury shares. As at the end of the Reporting Period, the Company had no intention to use any of the treasury shares.

Save as set forth above, during the Reporting Period, the Group and any of its subsidiaries did not purchase, sell or redeem any listed securities of the Company (including sale of treasury shares (as defined under the Listing Rules)).

AUDIT COMMITTEE

The Board has established the Audit Committee which is chaired by an independent non-executive Director, Mr. CHAN Peng Kuan, and consists of a non-executive Director, Mr. GENG Jiaqi, and another independent non-executive Director, Mr. LI Xiaopei. The primary duties of the Audit Committee are to assist the Board by monitoring and evaluating the work of the external auditor, supervising the implementation of our internal audit system, reviewing and commenting on our financial reports and related disclosures, and other duties conferred by the Board.

REVIEW OF INTERIM RESULTS

The Audit Committee has jointly reviewed with the management and the independent auditor of the Company, the accounting principles and policies adopted by the Company and discussed internal control and financial reporting matters (including the review of the unaudited consolidated interim financial information of the Group for the six months ended 30 June 2025) of the Group. The unaudited consolidated interim financial information was reviewed by the Company's independent auditor in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.yonghegroup.cn), and the 2025 interim report containing all the information required by the Listing Rules will be despatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

DEFINITIONS

"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of Directors of the Company
"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"Chairman"	the Chairman of the Board
"China" or the "PRC"	the People's Republic of China excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Company" or "the Company" or "we"	Yonghe Medical Group Co., Ltd. (雍禾醫療集團有限公司), a limited liability company incorporated under the laws of the Cayman Islands on 17 September 2020
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"HKD" or "HK\$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing"	the listing of the Shares on the Main Board on 13 December 2021
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time

“Main Board”	Main Board of the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
“Prospectus”	the prospectus issued by the Company dated 1 December 2021
“Renminbi” or “RMB”	Renminbi Yuan, the lawful currency of the PRC
“Reporting Period”	the six-month period from 1 January 2025 to 30 June 2025
“Shareholder(s)”	holder(s) of Share(s)
“Share(s)”	ordinary share(s) with nominal value of US\$0.0000025 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“USD” or “US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

In this announcement, the terms “associate”, “connected person”, “controlling shareholder” and “subsidiary” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

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

Hong Kong, 27 August 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.