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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)

(I) ANNOUNCEMENT OF THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025 AND (II) CHANGE IN USE OF PROCEEDS

FINANCIAL HIGHLIGHTS

The Group's revenue increased by 0.2% from RMB1,804.5 million for the year ended 31 December 2024 to RMB1,808.3 million for the year ended 31 December 2025.

The Group's gross profit increased by 10.1% from RMB1,084.2 million for the year ended 31 December 2024 to RMB1,194.2 million for the year ended 31 December 2025.

Gross profit margin increased from 60.1% for the year ended 31 December 2024 to 66.0% for the year ended 31 December 2025.

The Group's net loss for the year ended 31 December 2024 was RMB226.6 million, while the Group's net profit for the year ended 31 December 2025 was RMB73.6 million.

The Group's profit before interest, taxes, depreciation and amortisation increased by 157.9% from RMB141.0 million for the year ended 31 December 2024 to RMB363.7 million for the year ended 31 December 2025.

Basic loss per share was RMB0.45 for the year ended 31 December 2024, as compared to basic earnings per share of RMB0.15 for the year ended 31 December 2025.

The Board has resolved to propose the declaration of a final dividend to the Shareholders of RMB0.076 per Share (excluding treasury shares) (equivalent to HK\$0.086) (approximately RMB40.0 million in aggregate) for the year ended 31 December 2025, to be paid out of the share premium account of the Company. Such final dividend will be paid in HKD and is subject to the approval of the Shareholders at the AGM and compliance with the provisions of the Companies Act (2026 Revision) consolidated and revised on 1 January 2026 of the Cayman Islands. The final dividend is expected to be paid on or before 12 June 2026 to the Shareholders whose names appear on the register of members of the Company at the close of business on 29 May 2026. The Company is not aware of any arrangement whereby any of the Shareholders has waived or agreed to waive any dividend.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

As the leading medical group in China specialising in hair-related healthcare services, 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 31 December 2025, we operated 63 hair transplant clinics in 61 cities nationwide, and 7 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. During the year ended 31 December 2025 (the “Reporting Period”), the total number of consumers we served was over 120,000.

The following map illustrates the relevant information of our clinic network as at 31 December 2025:



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

	Year ended 31 December	
	2025	2024
Yonghe Hair Transplant clinics		
Tier-one cities	5	6
New tier-one cities	17	17
Tier-two cities	26	29
Tier-three cities	14	13
Hong Kong	1	1
	<hr/>	<hr/>
Subtotal	63	66
	<hr/>	<hr/>
Stand-alone Svenson stores	2025	2024
Shenzhen	4	4
Guangzhou	1	2
Shanghai	2	2
	<hr/>	<hr/>
Subtotal	7	8
	<hr/>	<hr/>
Total	70	74
	<hr/> <hr/>	<hr/> <hr/>

* *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 labour 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 recorded revenue of RMB1,808.3 million, and its gross profit was RMB1,194.2 million, representing an increase of 10.1% compared to that of RMB1,084.2 million for the same period in 2024. Gross profit margin was 66.0%, representing an increase of 5.9 percentage points compared to that of 60.1% 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:

	Year ended 31 December							
	2025				2024			
	Revenue RMB'000	Gross profit %	Gross profit RMB'000	Gross profit margin %	Revenue RMB'000	Gross profit %	Gross profit RMB'000	Gross profit margin %
Hair transplant service	1,375,108	76.1	926,592	67.4	1,330,693	73.7	827,973	62.2
Medical hair care service	409,179	22.6	255,834	62.5	445,769	24.7	246,971	55.4
Others	24,046	1.3	11,811	49.1	28,036	1.6	9,268	33.1
Total	1,808,333	100.0	1,194,237	66.0	1,804,498	100	1,084,212	60.1

Hair Transplant Service

During the Reporting Period, our revenue from hair transplant service amounted to RMB1,375.1 million, accounting for 76.1% of the Group's 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 enhanced customer satisfaction, but also further strengthened our leading position in hair health management. During the Reporting Period, the number of consumers who received our hair transplant surgery was 71,380, representing a 19.7% increase compared to the same period last year. The average spending per hair transplant consumer was RMB19,265.

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

	Unaudited Year ended 31 December			
	2025		2024	
Number of consumers who received our hair transplant service	71,380		59,655	
Average spending per hair transplant consumer (RMB)	19,265		22,306	
Three levels of services	Number of consumers	Percentage	Number of consumers	Percentage
Number of consumers who received services from our business chiefs	49,496	69.3%	40,710	68.2%
Number of consumers who received services from our business deans	18,071	25.3%	15,411	25.8%
Number of consumers who received our "Yongxiang" (雍享) service*	3,813	5.3%	3,534	6.0%

* 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 RMB409.2 million, accounting for 22.6% 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 each of our hair transplant clinics under the “shop-in-shop” model.

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

	Unaudited	
	Year ended 31 December	
	2025	2024
Number of consumers who received our medical hair care service	79,492	77,222
Average spending per medical hair care consumer (<i>RMB</i>)	5,147	5,773
*Repurchase rate	27.6%	28.4%

* *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

Operational quality improvement and breakthroughs in the female market advanced on dual tracks, with refined management achieving notable results

During the Reporting Period, the Group continuously promoted supply chain synergy and the optimisation of the full-chain medical service process. Leveraging intelligent data platforms and lean management methods, we achieved simultaneous improvements in operational efficiency and service quality. During the Reporting Period, we consistently deepened the digital management of the customer lifecycle, building a robust foundation for refined operations. Focusing on core stages including front-end customer acquisition, in-clinic diagnosis and treatment, and post-operative care, we implemented a refined customer tagging and stratification strategy. Based on multi-dimensional profiles encompassing channel sources, demand types, consumption preferences, and alopecia levels, we empowered clinic diagnosis and treatment teams. This supported the design of differentiated consultation processes and the optimised allocation of resources, effectively enhancing both conversion rates and customer satisfaction.

In addition, the Group elevated the strategic priority of its female business and continued to deepen the development of female departments. During the Reporting Period, we established the organisational structure and staffing standards for female departments, further expanding the key cities for female business to 30 cities nationwide. Corresponding clinics have set up exclusive diagnosis and treatment areas for female patients, fully considering their privacy and personalised service needs, with a dedicated female medical team providing services at every stage to enhance the patient experience. In terms of diagnostic and treatment capabilities, we took the lead in establishing surgical standards for aesthetic female hairlines, focusing on enhancing aesthetic diagnosis and design capabilities and building standardised treatment procedures. During the Reporting Period, the Group’s female business continued to grow, with a significant increase in the proportion of female hair transplant patients. Concurrent with this business growth, we actively

introduced advanced international aesthetic concepts and technologies, engaging in cooperation and exchanges with renowned aesthetic experts both domestically and internationally. This enhanced the overall aesthetic proficiency and technical level of the team, laying the foundation for the sustained growth of the female business segment.

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

	As at 31 December 2025	As at 31 December 2024
Mature-stage clinics	55	52
Developing-stage clinics	8	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.*

Advancing the medical quality system and industry collaboration simultaneously to strengthen the foundation of professional medical care

During the Reporting Period, the Group continuously strengthened the development of its medical and nursing teams by establishing a rigorous access mechanism for medical, nursing, and technical staff. We consistently expanded these teams through a combination of internal training and external recruitment. Simultaneously, we placed high importance on the advanced training of physicians' ability, upgraded surgical quality assessment systems, and established a dynamic management mechanism for the promotion and demotion of medical and nursing staff, thereby achieving precise job matching and long-term talent development. We developed a comfortable surgery management system to meet patients' growing medical demands while enhancing their medical experience. Furthermore, we continuously optimised the medical and nursing quality control system, achieving full coverage of quality control and maintaining a high qualification rate.

The Group adheres to a healthcare-oriented service philosophy. Practising the principle of “treat with medical care and deliver with beauty”, the Group emphasises 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 31 December 2025, the Group has established a professional medical team comprising 1,341 members, detailed as follows:

	As at 31 December 2025
Our professional team	1,341
– Physicians	221
– Nurses	1,037
– Other medical professionals (including pharmacists and medical technologists)	83

Upholding an open approach, we are committed to advancing the standardisation and high-quality development of the hair-related healthcare industry. By fully leveraging our unique medical positioning and professional advantages, we integrate the advanced technologies, market channels, and brand influence of our collaborative partners to reshape the industry's competitive landscape. This enables us to comprehensively meet the diverse needs of consumers while providing superior, safer, and personalised hair health solutions. During the Reporting Period, the Group actively participated in the preparatory work for the Hair Medicine Professional Committee of the Chinese Non-Government Medical Institutions Association, organised the first academic annual conference and the Hair Medicine and Regenerative Technology Forum, and built an interdisciplinary industry-academia-research platform. Furthermore, in collaboration with Sun Yat-sen University, the Group co-hosted the "Frontier Forum on Hair Medicine and Regenerative Technology," focusing on industry-academia-research translation and multidisciplinary dialogue. Looking ahead, we will continue to participate in the formulation of industry standards and academic exchanges, promote the establishment of technology certification, quality control systems, and talent development mechanisms, and leverage our professional ability to lead the industry.

Dual breakthroughs in marketing efficiency and existing customer deep engagement, establishing a clear path for high-quality growth

To adapt to market changes and evolving consumer demands, the Group resolutely advanced its strategic transformation from "scale growth" to "quality growth." By focusing on three key directions, including brand-effect synergy, link optimisation, and deep content cultivation, we reshaped the foundational logic of our marketing, achieving a dual breakthrough in both customer acquisition efficiency and quality.

During the Reporting Period, we upgraded our channel strategy to integrate branding and performance, building user trust through high-frequency engagement and effectively shortening decision-making cycles. Concurrently, we dynamically adjusted advertising allocation weights based on big data analysis, implemented refined management of the full-link operation, successfully reduced the cost per patient visit by 12.2%, and achieved a significant 22.6% increase in return on investment. Furthermore, we introduced a user quality grading and assessment system, focusing on high-net-worth individuals and those with high conversion intent, thereby achieving a deep refinement in the quality of customer acquisition.

Through digital tools, we have achieved asset-based management of the entire user lifecycle. We no longer focus solely on individual transactions, but systematically track, analyse, and intervene in user behaviour at each stage using digital means, thereby enhancing users' long-term value and ultimately achieving an overall appreciation of user assets. Furthermore, through dynamic tiered management of private domain users, we achieved scaled growth within our private traffic pool. Leveraging internet hospital operational tools, we effectively extended user activity cycles within the private domain, and through consistent medical education content delivery, improved the conversion efficiency of users with long decision-making cycles.

In terms of content marketing, the Group successfully built a leading industry content moat, securing the top position in content operations on major media platforms. By establishing a multi-dimensional key opinion leader/key opinion spreader/key opinion consumer (KOL/KOS/KOC) matrix, we formed a highly credible closed loop for word-of-mouth marketing. We leveraged in-depth professional content to navigate algorithmic challenges, and through refined tiering of advertising creatives, we achieved precise audience expansion targeting groups with

different pain points. Simultaneously, we deeply integrated short-video, social media platforms, and private domain live streaming operations, empowering link conversion through content depth and establishing Yonghe's absolute competitive advantage in the content domain.

Technology-driven and accelerating digital transformation

The Group is firmly committed to advancing its “Digital and Intelligent” strategy, focusing on the systematic development of artificial intelligence (“AI”) technology as its core, to continuously enhance operational management efficiency and customer service experience. We consistently aim to provide consumers with an ultimate medical experience, deeply integrating cutting-edge technologies such as big data, AI medical models and IoT devices with medical service scenarios to achieve a closed-loop solution of “precision testing – personalised treatment”. This promotes a dual enhancement in the efficiency and quality of medical services, driving a new paradigm in the hair-related healthcare field.

During the Reporting Period, firstly, we built an intelligent diagnosis and treatment system to assist medical decision-making. By empowering the scalp examination process with image AI recognition technology, the examination standards shifted from “experience-based judgment” to “data-driven” approaches, providing strong support for medical decisions. Simultaneously, leveraging AI medical large language models, we achieved the AI-driven digitisation of outpatient medical records, significantly improving diagnostic efficiency and accuracy. Secondly, the implementation of smart hardware established standardisation in medical services. The Group independently developed image acquisition devices, enabling comparative tracking of pre-operative and post-operative results, enriching consumer profile portraits, while also breaking the issues of non-standardisation in traditional image acquisition. Finally, we continuously consolidated our big data foundational capabilities, implementing multi-dimensional application models and data dashboards to facilitate the efficient flow of sales leads, better providing sustained momentum for exploring customer lifetime value and business operations.

We also achieved positive breakthroughs in the field of private domain management. By using AI self-tests to accurately identify users' consultation intentions, we enabled lead stratification and automated tag collection. We continuously improved integrated tools for Enterprise WeChat, mini-programs, and official accounts, significantly enhancing message reach efficiency. Based on our user data platform, we built an RFM (customer value classification) model to achieve refined post-stratification operations, shortening the clinic visit cycle for users. Furthermore, we consistently fortified our data security defenses and kept abreast of the policy and regulatory framework. Adhering to the principles of “active defense and intelligent control”, and utilising advanced encryption algorithms, strict access controls, and comprehensive audits, we ensured the security of consumer information while providing all-around protection for business operations.

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 2025, the number of consumers receiving the Group’s hair transplant services reached 71,380, representing a year-on-year increase of 19.7%. We expect that there will be an increasing number of patients 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

The Group will continue to deepen the full-lifecycle digital management of our customers, and transform our refined operation capabilities into the core engine of business growth. Looking ahead, we will persistently iterate our customer-centric tagging and stratification system, leverage AI algorithms to enhance our capabilities in predicting customer demand, and gradually extend our digital management to the full scenario of pre-diagnosis consultation, intra-operative decision-making, and post-operative reappointment. This will enable intelligent matching and dynamic scheduling of service resources, thereby further consolidating our competitive advantage in the field of one-stop professional hair diagnosis and treatment.

To enhance service quality, we will establish a full-link service experience management mechanism. By integrating Net Promoter Score surveys with customer feedback analysis, we will systematically refine our after-sales capability model and talent certification system to ensure continuous improvement in customer satisfaction at key touchpoints. Concurrently, we will advance the deep integration of large-scale AI models into customer service scenarios, implementing applications such as 24/7 intelligent customer service, AI-powered recovery guidance, and intelligent effect follow-ups. This will reduce the reliance of service delivery on personnel experience and drive the transformation of our service model from “experience-driven” to “data-driven.”

We will advance the restructuring of the membership rights system and strengthen private domain traffic acquisition capabilities, systematically optimising the full-lifecycle growth pathway for members. On the basis of continuous enhancement of our service reputation, we will efficiently convert customer referral intentions, achieving a steady increase in the number of new customers. Meanwhile, by continuously deepening our integrated “hair transplant + maintenance” solution, we will keep raising the conversion rate of post-operative care for hair transplantation patients and consolidate the advantages of a closed-loop treatment. We will implement refined tiered operation for high-value customers, promote the steady expansion of membership renewal scale, and inject stable impetus into the sustainable performance growth of the Group.

In the future, we will continue to deeply engage in the development of the hair medicine industry. By promoting intelligent diagnosis and treatment as well as clinical-oriented auxiliary diagnosis and treatment models, we will establish an AI diagnosis and treatment system with independent intellectual property rights and a collaborative research platform. Meanwhile, we will continuously hold special conferences in various forms covering topics such as policies, advances in diagnosis and treatment, health management, department operation, and research capacity improvement, build a dialogue platform between public and non-public institutions, and enhance the practical capabilities of practitioners. We will also benchmark against international standards to promote the formulation of guidelines/technical specifications, quality control inspections, training and certification. We will further deepen international forums and youth expert exchanges, explore an integrated service model for hair health management, as well as specialised education and public education.

Strengthening core functions and building a closed-loop ecosystem

Faced with the continuous evolution of the industry and the ongoing upgrading of consumer demands, we will keep advancing the restructuring of marketing effectiveness and elevating service standards to meet the diverse market needs. By delivering higher-quality medical services, we will enhance consumer trust, satisfaction, and loyalty, so as to enhance positive word-of-mouth and sustainable business growth. To build a closed-loop ecosystem for hair medical health, we will implement the following strategies:

First, we will build a digital operation moat for our internet hospital, launch innovative online diagnosis and treatment as well as hair evaluation products, and target the female aesthetic hair transplantation and male rejuvenation markets with precision, breaking through traditional customer acquisition barriers. Meanwhile, we will establish systematic tiered operation capabilities and design exclusive operation paths for different customer groups to achieve personalised and precise services. By moving complex offline diagnosis and treatment processes forward into the online product portfolio, we will drive the coordinated growth of conversion rates and overall revenue, realising the strategic upgrade from a service platform to a core growth engine.

At the same time, we will drive the strategic transformation of the business model from reliance on bidding to content assets. We will shift our marketing focus to in-depth content centered on medical science popularisation and genuine word-of-mouth, and build long-term brand equity by addressing user pain points. We will move away from the traditional bidding model of exchanging price for volume, attach importance to the investment in high-quality IP content production and distribution, and establish sustainable passive traffic and brand premium. Furthermore, on the basis of strictly complying with medical advertising regulations, we will shape user perception through new communication formats such as short videos, and realise the shift of content marketing from a passive search-based traffic path to proactive user engagement and recommendation, injecting sustained impetus into the Group's sustainable growth.

We will establish a full-chain product system covering diagnosis, treatment and care, to drive the large-scale growth of the medical hair care business. By continuously improving the medical-grade hair care product matrix, we will provide closed-loop solutions for different levels of hair loss, transforming one-off surgical consumption into sustainable health management consumption. Through a three-tier product system covering at-home self-testing to in-clinic thorough examination, we will meet diverse hair loss management needs, extend the service chain of at-home and light medical solutions, and guide users to shift toward high-stickiness, long-cycle medical services. We will simultaneously upgrade the hair health membership system, enhance customer loyalty through medical points, customised health content and other benefits, optimise service collaboration between private domains and offline clinics, and further improve offline service conversion and customer experience.

AI empowerment to build a new intelligent ecosystem for hair health

Adhering to technology-oriented operations has granted us a unique advantage over other hair medical service providers, enabling us to continuously enhance consumer experience, strengthen consumer loyalty, and maintain our leading position in a fiercely competitive market environment. In the future, the Group will continue to deepen its deployment of AI applications within hair-related healthcare ecosystem, and commit to building a digital and intelligent business platform centered on standardisation, intellectualisation, compliance and ecologisation, and drive the intelligent and data-driven transformation of medical services through the following initiatives:

First, we will continuously improve the intelligent diagnosis and treatment system to achieve full-process coverage of intelligent preoperative planning, intelligent intra-operative navigation and intelligent postoperative rehabilitation. Through the deep integration of AI large language models with clinical practice, we will steadily enhance the scientificity and matching accuracy of diagnosis and treatment plans, providing strong support for doctors' decision-making.

Secondly, we will strengthen the application of AI in private domain management, establish a multi-dimensional consumer profiling system, improve the automation capability of standardised processes, and realise accurate identification of user needs and personalised service through intelligent tools. AI agents will be deeply integrated with human services to improve operational efficiency while retaining a humanised service experience. AI-enabled intelligent quality inspection will also be introduced into service quality management to implement intelligent monitoring of core service links before, during and after surgery. Driven by data, we will continuously optimise service standards to ensure the stability and consistency of medical quality and user experience.

Finally, we will also continue to deepen the exploration of intelligent hardware, facilitate the development of advanced technologies such as 3D modeling to support medical solutions, and explore new service models featuring efficient human-machine collaboration. Through a combination of independent R&D and external cooperation, we will continuously enrich the intelligent hardware product matrix, providing a more solid technical foundation for AI diagnosis and treatment.

Going forward, the Group will accelerate the deployment of artificial intelligence applications to reshape business scenarios. With consumers at the core, we will build a super digital brain in the hair field — a large model for hair health management applications. By deeply integrating this model into diagnosis and treatment scenarios, we will achieve a comprehensive transformation from experience-driven to intelligent data-driven operations, continue to lead the reform of the hair medical industry, and provide consumers with a smarter medical experience.

FINANCIAL REVIEW

Revenue

In 2025, the Group recorded revenue of RMB1,808.3 million (2024: RMB1,804.5 million), representing an increase of 0.2% over last year. 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 years indicated:

	Year ended 31 December			
	2025		2024	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Hair transplant service	1,375,108	76.1	1,330,693	73.7
Medical hair care service	409,179	22.6	445,769	24.7
Others	24,046	1.3	28,036	1.6
Total	<u>1,808,333</u>	<u>100.0</u>	<u>1,804,498</u>	<u>100.0</u>

Revenue from hair transplant service

The Group's revenue from hair transplant service was RMB1,375.1 million (2024: RMB1,330.7 million) for the year ended 31 December 2025, representing an increase of 3.3% over last year. Such increase in revenue from hair transplant service was primarily attributable to the increased number of our patients. The number of hair transplant patients served by the Group increased by 19.7% from 59,655 in 2024 to 71,380 in 2025 and the average spending per hair transplant patient decreased from RMB22,306 in 2024 to RMB19,265 in 2025.

Revenue from medical hair care service

The Group's revenue from medical hair care service was RMB409.2 million (2024: RMB445.8 million) for the year ended 31 December 2025, representing a decrease of 8.2% over last year. Such decrease in revenue from medical hair care service was primarily attributable to the decreased average spending per patient. The number of medical hair care patients served by the Group increased by 2.9% from 77,222 in 2024 to 79,492 in 2025 and the average spending per medical hair care patient decreased by 10.8% from RMB5,773 in 2024 to RMB5,147 in 2025.

Revenue from others

The Group's revenue from other services was mainly derived from the services provided and goods sold by our stand-alone Svenson stores for routine services, which amounted to RMB24.0 million in 2025 (2024: RMB28.0 million).

Cost of sales and services

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 the Group's cost of sales and services by nature for the years indicated:

	Year ended 31 December			
	2025		2024	
	RMB'000	%	RMB'000	%
Staff costs	258,657	42.1	272,080	37.8
Amortisation and depreciation charges	217,912	35.5	286,285	39.7
Cost of inventories and consumables	83,402	13.6	104,505	14.5
Operation related expenses	27,718	4.5	36,012	5.0
Other expenses	26,407	4.3	21,404	3.0
Total	614,096	100.0	720,286	100.0

In 2025, the Group incurred costs of RMB614.1 million (2024: RMB720.3 million), representing a decrease of 14.7% over last year. 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 (i) the strategy of closing and integrating inefficient stores in 2025; and (ii) the end of the depreciation period for leasehold improvements for certain stores. Cost of inventories and consumables mainly represents the expenditure on consumables for hair transplant and medical hair care services, the decrease of which was mainly due to the cost reduction as a result of our optimisation of inventory cost structure and scale procurement.

Gross profit and gross profit margin

In 2025, the Group recorded a gross profit of RMB1,194.2 million (2024: RMB1,084.2 million), representing an increase of 10.1% over last year. Our gross profit margin was 66.0% (2024: 60.1%).

Other income

The Group's other income mainly consists of government grants and additional value-added tax credit. In 2025, the Group had other income of RMB1.2 million (2024: RMB1.6 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) operation related expenses, which primarily include conference fees, utilities and maintenance fees; (iii) amortisation and depreciation charges; (iv) professional and consulting service fees incurred in relation to audit services and internet services; (v) travelling and entertainment expenses; and (vi) others. The following table sets forth a breakdown of the Group's general and administrative expenses by nature for the years indicated:

	Year ended 31 December			
	2025		2024	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Staff costs	153,047	64.6	190,949	66.9
Operation related expense	14,703	6.2	19,525	6.8
Amortisation and depreciation charges	14,315	6.0	16,118	5.7
Professional and consulting service fees	13,450	5.7	15,891	5.6
Travelling and entertainment expenses	12,105	5.1	11,223	3.9
Others	29,468	12.4	31,558	11.1
Total	<u>237,088</u>	<u>100.0</u>	<u>285,264</u>	<u>100.0</u>

In 2025, the Group incurred general and administrative expenses of RMB237.1 million (2024: RMB285.3 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 and staff costs. The following table sets forth a breakdown of the Group's selling and marketing expenses by nature for the years indicated:

	Year ended 31 December			
	2025		2024	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Marketing and promotion expenses	536,646	66.6	623,733	69.1
Staff costs	232,401	28.8	239,678	26.6
Amortisation and depreciation charges	11,406	1.4	12,807	1.4
Travelling expenses	10,304	1.3	10,935	1.2
Operation related expenses	5,391	0.7	6,535	0.7
Others	10,006	1.2	8,704	1.0
Total	806,154	100.0	902,392	100.0

In 2025, the Group incurred selling and marketing expenses of RMB806.2 million (2024: RMB902.4 million). The decrease in marketing and promotion expenses was mainly attributable to the optimisation of resource allocation and the implementation of refined marketing strategy.

Profit before interest, taxes, depreciation and amortisation

In 2025, the Group recorded profit before interest, taxes, depreciation and amortisation of RMB363.7 million (2024: profit before interest, taxes, depreciation and amortisation of RMB141.0 million), representing a year-on-year increase of RMB222.7 million.

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

	2025	2024
	RMB'000	RMB'000
Reconciliations of profit/(loss) for the year to profit before interest, taxes, depreciation and amortisation:		
Profit/(loss) for the year	73,562	(226,569)
Income tax expense/(credit)	31,887	(28,722)
Finance income	(10,102)	(10,615)
Finance costs (including interest expenses on lease liabilities)	23,270	41,217
Depreciation of right-of-use assets	126,476	154,963
Impairment losses on right-of-use assets*	–	1,245
Depreciation of property, plant and equipment	112,496	157,106
Impairment losses on property, plant and equipment*	1,423	45,102
Amortisation of intangible assets	4,704	3,141
Impairment losses on intangible assets*	–	4,156
	<hr/>	<hr/>
Profit before interest, taxes, depreciation and amortisation	<u>363,716</u>	<u>141,024</u>

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

In 2025, the Group's income tax expense was RMB31.9 million, compared to the income tax credit of RMB28.7 million in 2024. The change in income tax expense/(credit) was primarily attributable to the turnaround from loss to profit for the year.

NET PROFIT/(LOSS) AND NET PROFIT/(LOSS) MARGIN

In light of the foregoing, the Group recorded a net profit of RMB73.6 million in 2025, compared to a net loss of RMB226.6 million in 2024. The Group's net profit margin for 2025 was 4.1%, compared to a net loss margin of 12.6% in 2024.

Liquidity and Capital Resources

As at 31 December 2025, cash and cash equivalents and term deposits of the Group amounted to RMB749.2 million (31 December 2024: RMB487.8 million). As at 31 December 2025, the Group had no bank borrowings (31 December 2024: RMB50.1 million).

Taking into account the cash flows generated from operating activities, the banking facilities available to the Group and the net current assets of approximately RMB304.2 million as at 31 December 2025, the Directors believe that the Group has sufficient capital to meet its working capital requirements and foreseeable capital expenditure.

Cash flows

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

	Year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Net cash generated from operating activities	495,529	228,615
Net cash used in investing activities	(68,614)	(53,261)
Net cash used in financing activities	(215,560)	(290,717)
Cash and cash equivalents at beginning of the year	487,842	603,215
Exchange losses on cash and cash equivalents	(204)	(10)
	<hr/>	<hr/>
Cash and cash equivalents at end of the year	<u>698,993</u>	<u>487,842</u>

Cash and Cash Equivalents and Term Deposits

As at 31 December 2025, the Group had cash and cash equivalents and term deposits of RMB749.2 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 future strategic plan.

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 the Group's capital expenditures for the years indicated:

	Year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Payments for property, plant and equipment	17,770	45,661
Payments for intangible assets	<u>1,127</u>	<u>8,101</u>
Total	<u>18,897</u>	<u>53,762</u>

In 2025, the Group incurred capital expenditures of RMB18.9 million (2024: RMB53.8 million).

Inventories

As at 31 December 2025, the Group had inventories of RMB13.3 million (31 December 2024: RMB40.5 million).

Trade and other payables

As at 31 December 2025, the Group had trade and other payables of RMB158.6 million (31 December 2024: RMB149.4 million).

Indebtedness

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

	As at 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Current		
Bank borrowings	–	50,051
Lease liabilities	<u>120,203</u>	<u>150,551</u>
	120,203	200,602
Non-current		
Lease liabilities	<u>364,470</u>	<u>466,531</u>
Total	<u><u>484,673</u></u>	<u><u>667,133</u></u>

Bank borrowings

As at 31 December 2025, the Group had no outstanding interest-bearing bank borrowings (31 December 2024: RMB50.1 million). During the year, our bank loans bore interest at rates ranging from 2.8% to 3.2% per annum (2024: 2.9% to 3.4%).

Lease liabilities

The Group recognises lease liabilities with respect to all leases, except for short-term leases and leases of low value assets. As at 31 December 2025, the Group (as lessee) had total lease liabilities of RMB484.7 million (31 December 2024: RMB617.1 million), which were unsettled for the remaining terms of the relevant lease agreements.

Contingent liabilities

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

Future plan for material investments and capital assets

Save as disclosed in the Prospectus, as at 31 December 2025, the Group did not have any future plan for material investments and capital assets.

Material acquisitions and disposals

During the year ended 31 December 2025, the Group did not make any material acquisitions or disposals of subsidiaries, associates and joint ventures.

As at 31 December 2025, the Group did not hold any significant investments in the equity interests of any other companies.

Charge of assets

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

Gearing ratio

Gearing ratio is calculated using bank loans and other borrowings divided by total equity as of the end of such year and multiplied by 100%. As at 31 December 2025, the Group's gearing ratio was nil as the Group had no bank loans or other borrowings (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 31 December 2025, the Group had the cash and cash equivalents of RMB5.7 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.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2025, the Group had a total of 3,383 employees, among which 1,341 employees were our professional medical team members. Staff costs were RMB661.9 million for the year ended 31 December 2025, as compared to RMB722.9 million for the year ended 31 December 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 of Directors is pleased to announce the audited consolidated annual results of the Group for the year ended 31 December 2025, together with the comparative figures for the corresponding period in 2024 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
	Note	2025	2024
		RMB'000	RMB'000
Revenue from contracts with customers	3	1,808,333	1,804,498
Cost of sales and services		(614,096)	(720,286)
Gross profit		1,194,237	1,084,212
Selling and marketing expenses		(806,154)	(902,392)
General and administrative expenses		(237,088)	(285,264)
Research and development expenses		(19,261)	(21,250)
Impairment losses of non-financial assets	4	(1,423)	(60,828)
(Impairment losses)/reversal of impairment losses on financial assets – net		(3,194)	321
Other income		1,151	1,553
Other expenses and losses – net	5	(9,651)	(41,041)
Operating profit/(loss)		118,617	(224,689)
Finance income	6	10,102	10,615
Finance costs	6	(23,270)	(41,217)
Finance costs – net		(13,168)	(30,602)
Profit/(loss) before income tax		105,449	(255,291)
Income tax (expense)/credit	7	(31,887)	28,722
Profit/(loss) for the year		73,562	(226,569)
Profit/(loss) is attributable to:			
– Equity holders of the Company		73,711	(226,343)
– Non-controlling interests		(149)	(226)

		Year ended 31 December	
	Note	2025	2024
		RMB'000	RMB'000
Other comprehensive income/(loss)			
<i>Items that may be subsequently reclassified to profit or loss</i>			
Currency translation differences		<u>36</u>	<u>(55)</u>
Total comprehensive income/(loss) for the year		<u>73,598</u>	<u>(226,624)</u>
Total comprehensive income/(loss) for the year is attributable to:			
– Equity holders of the Company		73,747	(226,398)
– Non-controlling interests		<u>(149)</u>	<u>(226)</u>
Earnings/(loss) per share attributable to equity holders of the Company			
Basic earnings/(loss) per share (RMB)	8	0.15	(0.45)
Diluted earnings/(loss) per share (RMB)	8	<u>0.15</u>	<u>(0.45)</u>

CONSOLIDATED BALANCE SHEET

	<i>Note</i>	As at 31 December	
		2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Assets			
Non-current assets			
Property, plant and equipment		286,695	395,385
Right-of-use assets		425,668	541,150
Intangible assets		22,877	25,850
Deferred income tax assets		109,628	133,059
Prepayments, deposits and other receivables		3,468	921
Total non-current assets		848,336	1,096,365
Current assets			
Inventories		13,305	40,534
Trade receivables	10	9,809	4,632
Prepayments, deposits and other receivables		79,885	91,659
Term deposit		50,181	–
Cash and cash equivalents		698,993	487,842
Restricted cash		1,331	5,148
Total current assets		853,504	629,815
Total assets		1,701,840	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		155,782	155,688
Accumulated losses		(522,467)	(596,178)
		788,055	714,337
Non-controlling interests		(681)	(532)
Total equity		787,374	713,805

		As at 31 December	
	<i>Note</i>	2025	2024
		<i>RMB'000</i>	<i>RMB'000</i>
Liabilities			
Non-current liabilities			
Lease liabilities		364,470	466,531
Deferred income tax liabilities		694	132
Total non-current liabilities		365,164	466,663
Current liabilities			
Borrowings		–	50,051
Trade and other payables	<i>11</i>	158,556	149,418
Contract liabilities		259,738	190,052
Current income tax liabilities		10,805	5,640
Lease liabilities		120,203	150,551
Total current liabilities		549,302	545,712
Total liabilities		914,466	1,012,375
Total equity and liabilities		1,701,840	1,726,180

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 (As 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 was listed on the Main Board of The Stock Exchange of Hong Kong Limited on 13 December 2021.

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

These consolidated financial statements have been approved for issue by the Board of Directors on 31 March 2026.

2 BASIS OF PREPARATION

(i) Compliance with HKFRS Accounting Standards and the disclosure requirements of HKCO

The consolidated financial statements of the Group have been prepared in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants and disclosure requirements of the Hong Kong Companies Ordinance (“HKCO”) Cap. 622.

HKFRS Accounting Standards comprise the following authoritative literature

- Hong Kong Financial Reporting Standards
- Hong Kong Accounting Standards
- Interpretations developed by the Hong Kong Institute of Certified Public Accountants.

(ii) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis.

(iii) New and amended standards adopted by the Group

The Group has applied the following amendments for the first time for their annual reporting period commencing 1 January 2025:

- Amendments to HKAS 21 – Lack of Exchangeability;

The amendments listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(iv) New standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 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, except for HKFRS 18 “Presentation and Disclosure in Financial Statements”.

HKFRS 18 will replace HKAS 1 “Presentation of financial statements”, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Group’s consolidated financial statements. From the high-level preliminary assessment performed, the following potential impacts have been identified:

- Although the adoption of HKFRS 18 will have no impact on the Group’s net profit, the Group expects that grouping items of income and expenses in the statement of profit or loss into the new categories will impact how operating profit is calculated and reported.
- The line items presented on the primary financial statements might change as a result of the application of the concept of ‘useful structured summary’ and the enhanced principles on aggregation and disaggregation.
- The Group does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. In addition, there will be significant new disclosures required for:
 - o management-defined performance measures;
 - o a break-down of the nature of expenses for line items presented by function in the operating category of the statement of profit or loss – this break-down is only required for certain nature expenses; and
 - o for the first annual period of application of HKFRS 18, a reconciliation for each line item in the statement of profit or loss between the restated amounts presented by applying HKFRS 18 and the amounts previously presented applying HKAS 1.

From a cash flow statement perspective, there will be changes to how interest received and interest paid are presented. Interest paid will be presented as financing cash flows and interest received as investing cash flows, which is a change from current presentation as part of operating cash flows.

The Group will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with HKFRS 18.

3 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 Chinese Mainland and majority of the Group’s revenue was derived in the Chinese Mainland for the years ended 31 December 2025 and 2024.

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

There was no revenue derived from a single external customer accounting for 10% or more of the Group’s revenue for the years ended 31 December 2025 and 2024.

	Year ended 31 December	
	2025 RMB’000	2024 RMB’000
Hair transplant	1,375,108	1,330,693
Medical hair care	409,179	445,769
Others	24,046	28,036
	<u>1,808,333</u>	<u>1,804,498</u>

	Year ended 31 December	
	2025 RMB’000	2024 RMB’000
Revenue from customer by region		
Chinese Mainland	1,806,918	1,800,299
Hong Kong	1,415	4,199
	<u>1,808,333</u>	<u>1,804,498</u>

4 IMPAIRMENT LOSSES OF NON-FINANCIAL ASSETS

	Year ended 31 December	
	2025 RMB’000	2024 RMB’000
Impairment losses of property, plant and equipment	(1,423)	(45,102)
Impairment losses of goodwill	–	(10,325)
Impairment losses of intangible assets	–	(4,156)
Impairment losses of right-of-use asset	–	(1,245)
	<u>(1,423)</u>	<u>(60,828)</u>

5 OTHER EXPENSES AND LOSSES – NET

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Losses on disposal of property, plant and equipment	(8,256)	(51,779)
Donations	(3,726)	–
Compensation	(893)	(28)
Net gains on early termination of property leases	4,124	9,547
Others	(900)	1,219
	<u>(9,651)</u>	<u>(41,041)</u>

6 FINANCE COSTS – NET

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Finance income		
Interest income on bank deposits	10,102	10,570
Foreign exchange gains	–	45
	<u>10,102</u>	<u>10,615</u>
Finance costs		
Interest expenses on lease liabilities	(22,438)	(37,403)
Interest expenses on bank borrowings	(592)	(3,814)
Foreign exchange losses	(240)	–
	<u>(23,270)</u>	<u>(41,217)</u>
Finance costs – net	<u>(13,168)</u>	<u>(30,602)</u>

7 INCOME TAX (EXPENSE)/CREDIT

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Current income tax expense	(7,894)	(3,295)
Deferred income tax (expense)/credit	(23,993)	32,017
	<u>(31,887)</u>	<u>28,722</u>
Income tax (expense)/credit	<u>(31,887)</u>	<u>28,722</u>

(a) Cayman Islands

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act (As Revised) 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 the British Virgin Islands are not subject to income tax.

(c) Hong Kong Profits Tax

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

(d) Chinese Mainland Corporate Income Tax (“CIT”)

The income tax expenses consist of current and deferred income taxes payable in the Chinese Mainland by the subsidiaries. Income tax provision in respect of the operations in the Chinese Mainland has been calculated at the applicable tax rate on the estimated taxable 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 Enterprise” (“HNTE”) and is entitled to the preferential income tax rate of 15% for the year ended 31 December 2025 (2024: 15%). This status is subject to a requirement that Beijing Yonghe reapply for HNTE 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 the Chinese Mainland. In addition, certain of the subsidiaries in the Chinese Mainland are qualified as small and micro enterprises under the relevant tax rules and regulations of the Chinese Mainland.

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

8 EARNINGS/(LOSS) PER SHARE

For the year ended 31 December 2025, the basic earnings per share is RMB0.15 (2024: loss per share RMB0.45), which is calculated by dividing the profit attributable to equity holders of the Company of RMB73,711,000 (2024: the loss of RMB226,343,000) by the weighted average number of 500,149,000 (2024: 500,799,000) ordinary shares outstanding during the financial year.

Diluted earnings/(loss) per share equals basic earnings/(loss) per share as there is no potential dilutive ordinary shares outstanding during the years ended 31 December 2025 and 2024.

9 DIVIDENDS

Subsequent to the end of the reporting period, the final dividend to shareholder of RMB0.076 per ordinary share (excluding treasury shares) (2024: nil), in an aggregate amount of approximately RMB40.0 million (2024: nil) for the year ended 31 December 2025 was proposed at the Board of Directors meeting held on 31 March 2026. Such proposal is subject to the approval of Shareholders at the AGM. This proposed dividend is not reflected as a dividends payable in the financial statements, but will be reflected in the financial statements for the year ending 31 December 2026 after the approval of Shareholders at the AGM.

10 TRADE RECEIVABLES

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Trade receivables from contracts with customers		
– Third parties	9,827	4,673
Less: allowance for impairment	(18)	(41)
	<u>9,809</u>	<u>4,632</u>

- (a) The Group usually receives the payment from customers in advance. The trade receivables are 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 31 December	
	2025	2024
	RMB'000	RMB'000
Up to 3 months	9,624	4,202
3 to 6 months	203	141
6 months to 1 year	–	268
1-2 years	–	62
	<u>9,827</u>	<u>4,673</u>

11 TRADE AND OTHER PAYABLES

	As at 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Accrued employee benefits	61,158	57,215
Trade payables	48,085	44,884
Tax payables	22,903	15,911
Refund liabilities	14,268	13,680
Accrued expenses	6,703	7,682
Security deposits	2,113	4,837
Others	3,326	5,209
	<u>158,556</u>	<u>149,418</u>

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

	As at 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Up to 3 months	43,199	39,838
3 to 6 months	2,616	2,645
6 months to 1 year	752	615
1 to 2 years	754	1,286
Over 2 years	764	500
	<u>48,085</u>	<u>44,884</u>

OTHER INFORMATION

FINAL DIVIDEND

The Board has resolved to propose the declaration of a final dividend to the Shareholders of RMB0.076 per Share (excluding treasury shares) (equivalent to HK\$0.086) (approximately RMB40.0 million in aggregate) for the year ended 31 December 2025, to be paid out of the share premium account of the Company. Such final dividend is subject to the approval of the Shareholders at the AGM and compliance with the provisions of the Companies Act (2026 Revision) consolidated and revised on 1 January 2026 of the Cayman Islands. The final dividend will be paid in HKD based on the exchange rate of RMB1 to HK\$1.13, being the official exchange rate of HKD against Renminbi as quoted by the People's Bank of China on 30 March 2026. The final dividend is expected to be paid on or before 12 June 2026 to the Shareholders whose names appear on the register of members of the Company at the close of business on 29 May 2026. The Company is not aware of any arrangement whereby any of the Shareholders has waived or agreed to waive any dividend.

ANNUAL GENERAL MEETING

The AGM will be held on 19 May 2026. A notice convening the AGM will be published on the websites of the Company (www.yonghegroup.cn) and the Stock Exchange (www.hkexnews.hk) and despatched to the Shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

Entitlement to attend and vote at the AGM

For the purpose of determining entitlement of the Shareholders to attend and vote at the AGM, the register of members of the Company will be closed from 14 May 2026 to 19 May 2026 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road for registration by 4:30 p.m. on 13 May 2026.

Entitlement to the proposed final dividend

For the purpose of determining entitlement of the Shareholders to the proposed final dividend, the register of members of the Company will be closed from 28 May 2026 to 29 May 2026 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for entitlement to the proposed final dividend, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration by 4:30 p.m. on 27 May 2026.

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.

SUBSEQUENT EVENTS

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

USE OF PROCEEDS FROM THE GLOBAL OFFERING AND CHANGE IN 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 HK\$1,526.2 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.

On 31 March 2026, after prudent consideration of the Group’s business development plans and actual operating conditions, the Board has resolved to make further changes to the use of the unutilised Net Proceeds, and simultaneously extend the use period for three uses of proceeds originally expiring on 31 December 2025, to 31 December 2028. These three uses are “to fund our innovations in product and service offerings”, “for investment in research and development to upgrade our service system with cutting-edge technology” and “to integrate industry resources to raise brand awareness in China”. As of the date of this announcement, the net proceeds related to the three uses have not been fully utilised.

During the process of carrying out product and service project innovation, the Group has advanced the innovation of medical devices and medical care products through collaboration with industry associations and renowned pharmaceutical enterprises, resulting in significant cost savings in related research and development. Based on this, after careful evaluation, the Board believes that reallocating HKD16.0 million of the Net Proceeds from the category of “to fund our innovations in product and service offerings” to the category of “for investment in research and development to upgrade our service system with cutting-edge technology” will help the Group further improve its intelligent diagnosis and treatment system, optimize intelligent hardware facilities and effectively enhance the Group’s overall operational efficiency and user service experience.

At the same time, the Group has been deeply engaged in the hair industry for many years. Given the increasing strategic importance of the hair industry ecosystem, the Board has decided to redefine the use of “to integrate industry resources to raise brand awareness in China”. The implementation scope of this use will no longer be limited to acquiring regional non-chain hair transplant institutions, but will also be expanded to include the integration and layout of the upstream and downstream industry chains in the hair industry.

The original deadline of 31 December 2025 for the use of proceeds was set by the Group based on the pace of industry development and project promotion plans at that time. However, during actual implementation, influenced by factors such as the accelerated technological iteration in the hair-related healthcare industry, research and negotiation cycles for industry chain integration projects taking longer than expected, and the need for continuous optimisation of the research and development of the intelligent diagnosis and treatment system in conjunction with clinical practice, the net proceeds for the above three uses could not be fully utilised within the original timeframe. The Board believes that extending the use period for these three uses to 31 December 2028 will provide the Group with more sufficient time to promote the implementation of related projects. On one hand, it ensures the depth and integrity of R&D projects, guaranteeing that the optimisation of the intelligent diagnosis and treatment system and intelligent hardware achieves the desired results; on the other hand, it allows for the steady integration and layout of the upstream and downstream industry chains in the hair industry, selecting high-quality cooperation and acquisition targets, thereby more effectively realising the value of the proceeds, which is in the best interests of the Group and its Shareholders as a whole.

The revised uses of the Net Proceeds after the change in use of proceeds are set out below:

Use of proceeds	Planned applications ⁽²⁾ <i>HK\$ million</i>	Amount	Amount	Amount	Amount	Revised	Expected timeline for full utilisation ⁽¹⁾ <i>HK\$ million</i>
		unutilised as at 31 December 2024 <i>HK\$ million</i>	utilised for the year ended 31 December 2025 <i>HK\$ million</i>	unutilised as at 31 December 2025 <i>HK\$ million</i>	unutilised as at 31 March 2026 <i>HK\$ million</i>	amounts of unutilised Net Proceeds as at 31 March 2026 <i>HK\$ million</i>	
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	38.4	39.9	39.9	23.9	By December 2028
3 For investment in research and development to upgrade our service system with cutting-edge technology	38.2	30.2	17.3	12.9	12.9	28.9	By December 2028
4 To integrate industry resources to raise brand awareness in China	122.3	112.4	90.1	22.3	22.3	22.3	By December 2028
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	<u>500.1</u>	<u>309.3</u>	<u>234.2</u>	<u>75.1</u>	<u>75.1</u>	<u>75.1</u>	

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.

The Board confirms that there has been no material change in the nature of the Group's business as described in the Prospectus. The Board considers that the above changes in the use of Net Proceeds are fair and reasonable, as this will enable the Group to more effectively deploy its financial resources, thereby enhancing the Group's profitability, and are therefore in the best interests of the Group and its Shareholders as a whole. The Board will continue to evaluate the plans for the unutilised Net Proceeds and may revise or amend these plans as necessary to respond to the changing market conditions and to achieve better business performance for the Group.

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

During the year ended 31 December 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 31 December 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 has decreased by 47,000 Shares to 525,472,416 Shares. As at the end of the Reporting Period, 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 not yet determined any specific use of the treasury shares.

The Company will utilise such treasury shares for various purposes as permitted under the articles of association of the Company (as amended from time to time), the applicable laws of the Cayman Islands and the Listing Rules, including but not limited to employee share schemes, sale or transfer, subject to market conditions and its capital management needs.

Save as set forth above, during the Reporting Period, the Company 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 ANNUAL RESULTS

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the consolidated financial statements for the year ended 31 December 2025. The Audit Committee considers that the annual results are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of the Group's consolidated statement of comprehensive income, consolidated balance sheet and the related notes thereto for the year ended 31 December 2025 as set out in this announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2025. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on this announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.yonghegroup.cn), and the 2025 annual 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

“AGM”	the forthcoming annual general meeting of the Company to be held on 19 May 2026
“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 “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 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 twelve-month period from 1 January 2025 to 31 December 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, 31 March 2026

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.