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**HealthyWay Inc.**  
**健康之路股份有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2587)**

**ANNUAL RESULTS ANNOUNCEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

<b>FINANCIAL HIGHLIGHTS</b>		
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Revenue	<b>1,200,775</b>	1,244,458
Gross profit	<b>365,911</b>	398,236
Gross profit margin	<b>30.5%</b>	32.0%
Loss for the year	<b>(269,158)</b>	(313,882)
Adjusted net profit (non-IFRS measure)	<b>22,764</b>	39,411

The board of directors (the “**Board**”) of HealthyWay Inc. (the “**Company**”) is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2024 (the “**Reporting Period**”), together with the comparative figures for the year ended 31 December 2023.

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS***for the year ended 31 December 2024**(Expressed in Renminbi)*

		<b>2024</b>	<b>2023</b>
	<i>Note</i>	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
<b>Revenue</b>	3	<b>1,200,775</b>	1,244,458
Cost of sales		<u>(834,864)</u>	<u>(846,222)</u>
<b>Gross profit</b>		<b><u>365,911</u></b>	<b><u>398,236</u></b>
Other net income		<b>2,050</b>	3,855
Selling expenses		<b>(203,221)</b>	(211,751)
Administrative expenses		<b>(54,017)</b>	(79,780)
Research and development costs		<b><u>(96,981)</u></b>	<b><u>(103,400)</u></b>
<b>Profit from operations</b>		<b>13,742</b>	7,160
Finance cost		<b>(4,483)</b>	(3,254)
Share of profits less losses of associates		<b>(286)</b>	(72)
Changes in carrying amount of the redemption liabilities		<b><u>(272,772)</u></b>	<b><u>(324,779)</u></b>
<b>Loss before taxation</b>		<b>(263,799)</b>	(320,945)
Income tax	4	<b><u>(5,359)</u></b>	<u>7,063</u>
<b>Loss for the year</b>		<b><u>(269,158)</u></b>	<b><u>(313,882)</u></b>
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>(268,456)</b>	(310,079)
Non-controlling interests		<b><u>(702)</u></b>	<b><u>(3,803)</u></b>
<b>Loss for the year</b>		<b><u>(269,158)</u></b>	<b><u>(313,882)</u></b>
<b>Loss per share</b>	5		
Basic and diluted ( <i>RMB</i> )		<b><u>0.38</u></b>	<b><u>0.44</u></b>

# CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2024

(Expressed in Renminbi)

	2024	2023
<i>Note</i>	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
<b>Loss for the year</b>	<b>(269,158)</b>	<b>(313,882)</b>
<b>Other comprehensive income for the year</b>		
Item that is or may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas entities	<u>1,021</u>	<u>1,227</u>
<b>Total comprehensive income for the year</b>	<b><u>(268,137)</u></b>	<b><u>(312,655)</u></b>
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>(267,435)</b>	<b>(308,852)</b>
Non-controlling interests	<u>(702)</u>	<u>(3,803)</u>
<b>Total comprehensive income for the year</b>	<b><u>(268,137)</u></b>	<b><u>(312,655)</u></b>

# **CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

*(Expressed in Renminbi)*

		<b>2024</b>	<b>2023</b>
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>8,660</b>	9,430
Intangible assets		<b>81,272</b>	39,268
Goodwill		<b>8,605</b>	8,605
Interests in associates		<b>3,208</b>	3,494
Deferred tax assets		<b>20,300</b>	13,941
		<b>122,045</b>	74,738
<b>Current assets</b>			
Inventories		<b>7,096</b>	13,770
Contract assets		<b>111</b>	298
Other financial assets		<b>5,549</b>	–
Trade and other receivables	6	<b>144,208</b>	132,625
Prepayments		<b>27,450</b>	23,429
Restricted deposits		<b>10,138</b>	135
Cash and cash equivalents		<b>260,229</b>	168,693
		<b>454,781</b>	338,950
<b>Current liabilities</b>			
Trade and other payables	7	<b>208,562</b>	193,885
Contract liabilities		<b>58,015</b>	57,347
Loans and borrowings		<b>55,502</b>	88,479
Lease liabilities		<b>3,267</b>	3,211
Redemption liabilities		–	1,713,253
Current taxation		<b>15,063</b>	4,649
		<b>340,409</b>	2,060,824
<b>Net current assets/(liabilities)</b>		<b>114,372</b>	(1,721,874)

		<b>2024</b>	2023
	<i>Note</i>	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>Non-current liabilities</b>			
Loans and borrowings		<b>905</b>	541
Lease liabilities		<b>3,724</b>	4,375
		<u><b>4,629</b></u>	<u>4,916</u>
<b>NET ASSETS/(LIABILITIES)</b>		<b><u>231,788</u></b>	<b><u>(1,652,052)</u></b>
<b>CAPITAL AND RESERVES</b>			
Share capital	8	<b>96</b>	93
Reserves		<b>226,669</b>	(1,657,870)
<b>Total equity attributable to equity shareholders of the Company</b>		<b>226,765</b>	<b>(1,657,777)</b>
<b>Non-controlling interests</b>		<b>5,023</b>	5,725
<b>TOTAL EQUITY</b>		<b><u>231,788</u></b>	<b><u>(1,652,052)</u></b>

## NOTES TO THE FINANCIAL INFORMATION

*(Expressed in Renminbi unless otherwise indicated)*

### 1 GENERAL INFORMATION

HealthyWay Inc. (the “**Company**”) was incorporated in the Cayman Islands on 18 November 2014 as an exempted company with limited liability under the Companies Law, Cap22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

The Company and its subsidiaries (together, “**the Group**”) are principally engaged in providing corporate and digital marketing services and health and medical services.

Since 30 December 2024 (the “**Listing Date**”), the Company’s shares has been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

### 2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 December 2024 comprise the company and its subsidiaries (together referred to as the “**Group**”) and the Group’s interest in associates.

The measurement basis used in the preparation of the financial statements is the historical cost basis except for other financial assets.

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### 3 REVENUE AND SEGMENT REPORTING

#### (a) Revenue

The principal activities of the Group are providing corporate and digital marketing services and health and medical services.

##### (i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by products at major service line and the timing of revenue recognition is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
<b>Revenue from contracts with customers within the scope of IFRS 15</b>		
<b>Revenue recognised at a point in time</b>		
– corporate and digital marketing services	881,247	819,567
– health and medical services	213,800	267,589
– others	240	1,208
	<u>1,095,287</u>	<u>1,088,364</u>
<b>Revenue recognised over time</b>		
– corporate and digital marketing services	69,619	126,231
– health and medical services	35,869	29,863
	<u>105,488</u>	<u>156,094</u>
<b>Total</b>	<u><u>1,200,775</u></u>	<u><u>1,244,458</u></u>

The Group's customer base is diversified and revenue from a major customer which accounts for 10% or more of the Group's revenue is set out below:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Customer A	146,761	N/A*

\* Less than 10% of the Group's revenue.

Revenues from the major customers above are mainly included in provision of corporate and digital marketing services.

(ii) *Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date.*

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at 31 December 2024 and 2023.

	2024 RMB'000	2023 RMB'000
Within 1 year	52,555	61,886
1 year to 2 years	2,690	1,110
2 years to 3 years	1,164	625
More than 3 years	3,694	4,011
	<u>60,103</u>	<u>67,632</u>

(b) **Segment reporting**

The Group manages its businesses by service lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented three separate segments as follows:

- Provision of corporate and digital marketing services (“**Corporate and digital marketing services**”) which mainly consists of content services, information technology services and digital marketing services;
- Provision of health and medical services (“**Health and medical services**”) which mainly consists of (i) medical support services; and (ii) value-based medical services; and
- Others.

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results based on the revenue and gross profit of each segment.

No geographical segment analysis is presented as substantially all assets, liabilities, revenue and gross profit of the Group are attributable to the operations in the PRC.



(i) *Reportable segment revenue and gross profit*

	Corporate and digital marketing services RMB'000	Health and medical services RMB'000	Others RMB'000	Total RMB'000
<b>Year ended 31 December 2024</b>				
Revenue	950,866	249,669	240	1,200,775
Cost of sales	(654,999)	(179,810)	(55)	(834,864)
Reportable segment gross profit	<u>295,867</u>	<u>69,859</u>	<u>185</u>	<u>365,911</u>
<b>Year ended 31 December 2023</b>				
Revenue	945,798	297,452	1,208	1,244,458
Cost of sales	(676,639)	(169,322)	(261)	(846,222)
Reportable segment gross profit	<u>269,159</u>	<u>128,130</u>	<u>947</u>	<u>398,236</u>

Substantially all of the Group's revenue were arising from Chinese Mainland. The Group does not allocate any specific assets or expenditure for property, plant and equipment to the operating segments as the Group's senior executive management does not use the information to measure the performance of the reportable segments.

(ii) *Reconciliations of reportable segment profit or loss*

	2024 RMB'000	2023 RMB'000
Reportable segment gross profit	365,911	398,236
Other net income	2,050	3,855
Selling expenses	(203,221)	(211,751)
Administrative expenses	(54,017)	(79,780)
Research and development costs	(96,981)	(103,400)
Finance costs	(4,483)	(3,254)
Share of profits less losses of associates	(286)	(72)
Changes in carrying amount of the redemption liabilities	<u>(272,772)</u>	<u>(324,779)</u>
Consolidated loss before taxation	<u>(263,799)</u>	<u>(320,945)</u>

#### 4 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

(a) Taxation in the consolidated statements of profit or loss represents:

	2024 RMB'000	2023 RMB'000
<b>Current tax</b>		
Provision for the year	11,718	3,883
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(6,359)	(10,946)
	<u>5,359</u>	<u>(7,063)</u>

(b) Reconciliation between tax expense/(credit) and accounting loss at applicable tax rates:

	2024 RMB'000	2023 RMB'000
Loss before taxation	<u>(263,799)</u>	<u>(320,945)</u>
Notional tax on loss before taxation, calculated at the rates applicable to profits in the countries concerned	7,469	8,925
Tax effect of PRC preferential tax treatments (Notes (iv) (v))	(428)	(1,534)
Tax effect of non-deductible expenses	1,145	1,333
Tax effect of deductible temporary differences or unused tax losses not recognised	3,012	4,454
Utilisation of previously unrecognised tax losses and other temporary differences	(2,937)	(17,972)
Tax effect of deduction for qualified research and development costs (Note (iv))	<u>(2,902)</u>	<u>(2,269)</u>
Actual tax expense/(credit)	<u>5,359</u>	<u>(7,063)</u>

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Island, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Island.
- (ii) For the year ended 31 December 2024, the provision for Hong Kong Profits Tax during the year is calculated at 16.5% (2023: 16.5%). No provision has been made for Hong Kong Profits Tax as the Group did not have assessable profits for the year ended 31 December 2024 (2023: Nil).

- (iii) The Group's PRC subsidiaries are subject to Corporate Income Tax ("CIT") at a statutory rate of 25% on their respective taxable income for the year ended 31 December 2024 and 2023 except for certain subsidiaries mentioned in Notes (iv) and (v) below.
- (iv) In accordance with the relevant PRC Corporate Income Tax Laws, regulations and implementation guidance notes, Fujian Health Road Information Technology Co., Ltd. ("**Fujian Health Road**") ("福建健康之路信息技术有限公司") was granted the Advanced and New Technology Enterprise Status for a valid period of 3 years from 2023 to 2025 which entitles Fujian Health Road to a reduced income tax rate at 15% during the valid period.  
  
According to the relevant tax rules in the PRC, qualified research and development costs are allowed for bonus deduction for income tax purpose, as a result, an additional 100% of the qualified research and development costs could be deemed as deductible expenses for the years ended 31 December 2024 and 2023.
- (v) According to the PRC Corporate Income Tax Law and its implementation regulations, certain subsidiaries were qualified as "Small Low-profit Enterprise". These subsidiaries enjoyed a reduced corporate income tax rate of 20%.

## 5 LOSS PER SHARE

### (a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to equity shareholders of the Company of RMB268,456,000 (2023: RMB310,079,000) and the weighted average of 715,492,000 ordinary shares (2023: 667,095,000 shares) in issue for the years.

The weighted average number of ordinary shares throughout the periods presented has been adjusted retrospectively for the effects of shares issued at a nominal value for reorganisation in 2023 and share subdivision in 2024, calculated as follows:

#### *Weighted average number of ordinary shares*

	2024 '000	2023 '000
Issued ordinary shares at 1 January	142,920	119,201
Effect of shares issued at a nominal value for reorganisation	–	19,559
Effect of capital injection from equity shareholders	–	1,197
Effect of share subdivision ( <i>Note 8(b)(i)</i> )	571,678	559,826
Effect of conversion of preferred shares into ordinary shares ( <i>Note 8(b)(ii)</i> )	757	–
Effect of shares issued by initial public offering ( <i>Note 8(b)(iii)</i> )	137	–
Weighted average number of ordinary shares at 31 December	<u>715,492</u>	<u>699,783</u>

**(b) Diluted loss per share**

For the year ended 31 December 2024 and 2023, the preferred were not included in the calculation of diluted loss per share because their effect would have been anti-dilutive. Accordingly, diluted loss per share were the same as basic loss per share for both years.

**6 TRADE AND OTHER RECEIVABLES**

	<b>2024</b> <b>RMB'000</b>	<b>2023</b> <b>RMB'000</b>
Trade receivables, net of loss allowance		
– third parties	<b>118,585</b>	112,121
– related parties	<b>1,186</b>	1,465
Amounts due from related parties	<b>1,000</b>	136
Deposits	<b>3,997</b>	3,374
Other receivables	<b>19,440</b>	15,529
	<hr/>	<hr/>
	<b>144,208</b>	132,625
	<hr/> <hr/>	<hr/> <hr/>

**7 TRADE AND OTHER PAYABLES**

	<b>2024</b> <b>RMB'000</b>	<b>2023</b> <b>RMB'000</b>
Trade creditors	<b>121,901</b>	86,318
Amounts due to related parties	<b>–</b>	95
Amounts due to shareholders	<b>4,714</b>	4,260
Salaries and bonus payables	<b>25,006</b>	24,319
Receipts in advance	<b>15,751</b>	20,895
Other payables	<b>41,190</b>	57,998
	<hr/>	<hr/>
	<b>208,562</b>	193,885
	<hr/> <hr/>	<hr/> <hr/>

## 8 CAPITAL, RESERVES AND DIVIDENDS

### (a) Dividends

No dividend has been declared for the year ended 31 December 2024.

### (b) Share capital

Authorised share capital

	As at 31 December 2024		As at 31 December 2023	
	Number of shares RMB'000	Share capital	Number of shares RMB'000	Share capital
<b>Ordinary shares, issued and fully paid</b>				
At 1 January	142,919,560	93	119,200,600	76
Shares issued at a nominal value for reorganisation	–	–	19,559,400	14
Capital injection from equity shareholders	–	–	4,159,560	3
Subdivision of ordinary shares ( <i>note (i)</i> )	571,678,240	–	–	–
Preferred shares converted into ordinary shares ( <i>note (ii)</i> )	138,107,000	–	–	–
Shares issued by initial public offering ( <i>note (iii)</i> )	25,000,000	3	–	–
At 31 December	<u>877,704,800</u>	<u>96</u>	<u>142,919,560</u>	<u>93</u>

*Note:*

- (i) As approved by the shareholders' general meeting of the Company on 11 December 2024, immediately upon the initial public offering of the Company, each of issued ordinary share of US\$0.0001 were subdivided into five ordinary shares of US\$0.00002 each. After the share subdivision, the number of the issued ordinary shares was 714,597,800.
- (ii) 138,107,000 preferred shares were converted into ordinary shares upon the listing of the shares of the Company on the Stock Exchange of Hong Kong Limited.
- (iii) 25,000,000 ordinary shares with a par value of US\$0.00002 per share were issued at a price of HK\$7.80 per ordinary share upon the listing of the shares of the Company on the Stock Exchange of Hong Kong Limited. The gross proceeds raised from the offering was HK\$195,000,000 (equivalent to approximately RMB180,471,000). Net proceeds from the offering were RMB165,952,000 (after offsetting costs directly attributable to the issuance of shares of approximately RMB14,519,000), of which RMB3,000 was credited to the Company's share capital account and the remaining RMB165,949,000 was credited to the Company's share premium account.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

#### *Overview*

We operate a digital health and medical service platform in China. Since 2001, we have been providing health and medical services on digital platforms to individual users. In 2015, we expanded our services to corporations and institutions by providing corporate and digital marketing services.

In 2024, our business operations continued to expand. The number of registered individual users on our platform increased from 186.0 million as of 31 December 2023 to 205.5 million as of 31 December 2024. The number of our registered physicians increased from 560 thousand as of 31 December 2023 to 889 thousand as of 31 December 2024. Further, the number of hospitals connected to our platform increased from 7,365 as of 31 December 2023 to 11,762 as of 31 December 2024.

#### *Our Services*

Our services are mainly divided into two business segments, namely (i) health and medical services, and (ii) corporate and digital marketing services.

##### *(i) Health and medical services*

Health and medical services primarily include medical support services and value-based medical services.

##### Medical Support Services

Our medical support services are designed to help individuals manage their everyday health and wellness, and are further divided into (i) health membership schemes and (ii) other medical support services.

In 2024, we provided health membership schemes to (i) 11.1 million (2023: 8.6 million) individual customers, including both individual customers who directly purchased health membership schemes from us and individual customers who obtained health membership schemes via our corporate customers; and (ii) 281 (2023: 278) corporate customers.

Other medical support services comprise (i) medical consultation services, and (ii) supporting services to hospitals. In 2024, the number of online medical consultations arranged on our platform was 3.5 million (2023: 4.0 million).

## Value-based Medical Services

Our value-based medical services are designed to help patients and those in need manage specific diseases and medical challenges, and consist of (i) healthcare service packages and (ii) pharmaceutical sales business.

In 2024, we provided healthcare service packages to 0.93 thousand (2023: 10.4 thousand individual customers).

### *(ii) Corporate and digital marketing services*

Our corporate and digital marketing services segment primarily comprises (i) corporate services, and (ii) digital marketing services.

## Corporate Services

Our corporate services provide (i) content services and (ii) information technology services to corporate and institutional customers. Our content services comprise (i) wellness content services, (ii) precision content services and (iii) RWS support services.

The revenue of our wellness content services is primarily driven by the number of page view of such wellness content. In 2024, such wellness content had page views of 0.73 billion (2023: 0.8 billion). We also provided precision content services to 15 (2023: 15) pharmaceutical companies and three (2023: two) other entities, and RWS support services to 57 (2023: 30) pharmaceutical companies and five (2023: three) other entities in 2024. In addition, we delivered 653 (2023: 450) real world study reports in 2024.

In addition, we provided information technology services to 433 (2023: 430) corporate and institutional customers in 2024. We also provided digital marketing services to 96 (2023: 121) advertisers through publishing and posting 805 (2023: 755) original marketing articles or brand-building advertisements in 2024.

## Digital Marketing Services

We help advertisers promote their products, services and brands on our platform and through other third-party online media channels. As of 31 December 2024, the number of paying corporate and institutional customers of our corporate and digital marketing services amounted to 570 (31 December 2023: 554).

Overall, most of our key operating data set out above continued to grow and the changes are generally in line with the expansion of our business operations.

## Financial Review

### Revenue

Set out below is a breakdown of our revenue by services, in both absolute amounts and as a percentage of our total revenue.

	Year ended 31 December			
	2024		2023	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
<b>Health and medical services</b>				
<b>Medical support services</b>				
Health membership schemes	120,979	10.1	126,139	10.1
Other medical support services	5,700	0.5	11,428	0.9
<b>Value-based medical services</b>				
Healthcare service packages	13,185	1.1	65,495	5.3
Pharmaceutical sales business	109,805	9.1	94,390	7.6
<b>Subtotal</b>	<u>249,669</u>	<u>20.8</u>	<u>297,452</u>	<u>23.9</u>
<b>Corporate and digital marketing services</b>				
<b>Corporate services</b>				
Content services	576,989	48.0	537,502	43.2
Information technology services	296,182	24.7	251,934	20.2
<b>Digital marketing services</b>	<u>77,695</u>	<u>6.5</u>	<u>156,362</u>	<u>12.6</u>
<b>Subtotal</b>	<u>950,866</u>	<u>79.2</u>	<u>945,798</u>	<u>76.0</u>
Others	<u>240</u>	<u>0.0</u>	<u>1,208</u>	<u>0.1</u>
<b>Total</b>	<u><u>1,200,775</u></u>	<u><u>100.0</u></u>	<u><u>1,244,458</u></u>	<u><u>100.0</u></u>



Our revenue slightly decreased by 3.5% from RMB1,244.5 million in 2023 to RMB1,200.8 million in 2024, primarily due to the decrease in revenue generated from health and medical services to 249.7 million in 2024 from 297.5 million in 2023, in particular, a decrease to RMB13.2 million in 2024 from RMB65.5 million in 2023 for revenue generated from healthcare service packages, as a result of the Company's proactive adjustment of the service structure and categories. Our corporate and digital marketing services segment, which represents 79.2% of our total revenue, remained strong. Revenue generated from corporate and digital marketing services increased from RMB945.8 million in 2023 to RMB950.9 million in 2024.

### ***Cost of Sales***

Our total cost of sales decreased by 1.3% from RMB846.2 million in 2023 to RMB834.9 million in 2024, primarily due to the decrease in cost of sales for our corporate and digital marketing services to RMB655.0 million in 2024 from RMB676.6 million in 2023 as we enjoyed greater economies of scale, which was partially offset by the increase in cost of sales for our health and medical services to RMB179.8 million in 2024 from RMB169.3 million in 2023.

### ***Gross Profit and Gross Profit Margin***

Our gross profit slightly decreased from RMB398.2 million in 2023 to RMB365.9 million and our gross profit margin in 2024 was 30.5% (2023: 32.0%). Our gross profit margins were primarily affected by our business mix, pricing policies, and cost structures.

The gross profit of health and medical services decreased from RMB128.1 million to RMB69.9 million, primarily due to (i) the increase in cost of sales as a result of increased utilization rate of our health membership schemes; and (ii) the decrease in breakage revenue from deposit in inactive *HealthyWay* mobile application accounts, which generally has a relatively higher gross profit margin.

The gross profit of corporate and digital marketing services increased from RMB269.2 million in 2023 to RMB295.9 million in 2024, primarily due to the increase in gross profit margin of content services, especially real-world study (“**RWS**”) support services, that resulted from a decrease in average cost per RWS report and desensitized sample delivered as our RWS support services further developed and scaled.

### ***Other Net Income***

We recorded other net income of RMB2.1 million in 2024 as compared with other net income of RMB3.9 million in 2023, primarily due to the decrease in government grants, partially offset by the decrease in foreign exchange loss and increase in interest income.

### ***Selling Expenses***

Our selling expenses decreased by 4.1% from RMB211.8 million in 2023 to RMB203.2 million in 2024, primarily due to the decrease in the expenses for marketing campaigns specifically related to our healthcare service packages, and the decrease in expenses for promotion of health membership schemes to corporate customers.

### ***Administrative Expenses***

Our administrative expenses decreased by 32.3% from RMB79.8 million in 2023 to RMB54.0 million in 2024, primarily due to the decrease in office expenses, and partially offset by the increase in staff costs.

### ***Research and Development Costs***

Our research and development costs decreased by 6.2% from RMB103.4 million in 2023 to RMB97.0 million in 2024, primarily due to the completion of several products, such as the AI disease prediction platform, in the second half of 2024, and as a result, technical service fees have decreased.

### ***Finance Costs***

Our finance costs increased by 36.4% from RMB3.3 million in 2023 to RMB4.5 million in 2024, primarily because we took more bank loans and borrowings to support our business expansion.

### ***Changes in Carrying Amount of the Redemption Liabilities***

Changes in carrying amount of redemption liabilities represent the amount of changes in our obligations arising from the preferential rights granted to the investors, which was to redeem our shares for cash upon the occurrence of events beyond the control of both the investors and us. The preferential rights were terminated upon listing of our shares (“**Listing**”) on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the relevant redemption liabilities have been re-classified to equity.

### ***Loss before Taxation***

As a result of the foregoing, our loss before taxation decreased by 17.8% from RMB320.9 million in 2023 to RMB263.8 million in 2024.

## ***Income Tax***

In 2024, our income tax expense was RMB5.4 million, while we recorded income tax credit of RMB7.1 million in 2023, primarily due to the utilisation of our previously unrecognised tax losses and other temporary differences, and as a result, such tax credit available decreased from RMB18.0 million in 2023 to RMB3.0 million in 2024.

## ***Net Loss***

As a result of the foregoing, our net loss decreased by 14.2% from RMB313.9 million in 2023 to RMB269.2 million in 2024.

## ***Non-IFRS Measure***

To supplement our consolidated financial statements, which are presented in accordance with IFRSs, we also use adjusted net profit (non-IFRS measure) (as defined below) as an additional financial measure, which is not required by, or presented in accordance with IFRSs.

We define “adjusted net profit (non-IFRS measure)” as loss for the year, adding back changes in carrying amount of the redemption liabilities and listing expenses. The carrying amount of the redemption liabilities are non-cash in nature. The listing expenses are expenses related to our global offering.

The adjusted net profit (non-IFRS measure) can provide useful information to investors in understanding and evaluating our consolidated results of operations in the same manner as it helps our management.

The following table sets forth the reconciliations of our non-IFRS financial measure.

	<b>Year ended 31 December</b>	
	<b>2024</b>	<b>2023</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Loss for the year	<b><u>(269,158)</u></b>	<b><u>(313,882)</u></b>
<i>Add:</i>		
Changes in carrying amount of the redemption liabilities	<b>272,772</b>	324,779
Listing expenses	<b><u>19,150</u></b>	<u>28,514</u>
<b>Adjusted net profit (non-IFRS measure)</b>	<b><u>22,764</u></b>	<b><u>39,411</u></b>

## **Discussion of Selected Items in the Consolidated Balance Sheet**

### ***Current Assets and Liabilities***

Our net current liabilities of RMB1,721.9 million as of 31 December 2023 was reversed to net current assets of RMB114.4 million as of 31 December 2024, primarily due to the decrease of redemption liabilities after full conversion of our convertible redeemable preferred shares at Listing.

### ***Inventories***

Our inventories primarily include medicines and health products. Our inventories decreased from RMB13.8 million as of 31 December 2023 to RMB7.1 million as of 31 December 2024, primarily due to decreased medicine stock as a result of sale of significant amount of medicines through our pharmaceutical wholesale business during the flu season outbreak at the end of 2024.

### ***Contract Assets***

Our contract assets represent our right to consideration for work we have completed but have not reached the time schedule or condition set forth in the service contract for billing our customers. Our contract assets decreased to RMB0.1 million as of 31 December 2024 from RMB0.3 million as of 31 December 2023.

### ***Trade and Other Receivables***

Our trade and other receivables increased from RMB132.6 million as of 31 December 2023 to RMB144.2 million as of 31 December 2024, which is in line with the expansion of our corporate and digital marketing services.

### ***Prepayments***

Our prepayments increased from RMB23.4 million as of 31 December 2023 to RMB27.5 million as of 31 December 2024, primarily due to the increase in advance payments to content development suppliers in support of our content services.

### *Trade and Other Payables*

Our trade and other payables increased to RMB208.6 million as of 31 December 2024 from RMB193.9 million as of 31 December 2023, primarily due to the increase of our trade creditors from RMB86.3 million as of 31 December 2023 to RMB121.9 million as of 31 December 2024 as a result of our business growth, offset by the decrease in amounts receipts in advance and other payables.

### *Contract Liabilities*

Our contract liabilities remained relatively stable at RMB58.0 million as of 31 December 2024 (2023: RMB57.3 million).

### *Loans and Borrowings*

Our current loans and borrowings decreased to RMB55.5 million as of 31 December 2024 (2023: RMB88.5 million) as we repaid certain of our outstanding loans and borrowings.

### *Redemption Liabilities*

Our redemption liabilities arise from the convertible redeemable preferred shares that we issued to certain pre-IPO investors of our Company. All preferential rights of the convertible redeemable preferred shares have been terminated upon Listing on the Stock Exchange on the Listing Date and the relevant redemption liabilities have been re-classified to equity.

### *Contingent liabilities*

We did not have any material contingent liabilities as of 31 December 2024 and as of 31 December 2023.

### ***Non-Current Assets/Liabilities***

Our total net liabilities of RMB1,652.1 million as of 31 December 2023 was reversed to a total net assets of RMB231.8 million as of 31 December 2024.

Our property, plant and equipment decreased from RMB9.4 million as of 31 December 2023 to RMB8.7 million as of 31 December 2024, primarily due to depreciation.

Our intangible assets increased from RMB39.3 million as of 31 December 2023 to RMB81.3 million as of 31 December 2024, primarily because we had made additional investment in software and dataset to train advanced tools, which could potentially improve the efficiency of consultation guidance and medical consultations by reducing response time.

Our goodwill remained stable at RMB8.6 million as of 31 December 2023 and 2024.

## Liquidity and Financial Resources

Our cash and cash equivalents increased from RMB168.7 million 31 December 2023 to RMB260.2 million as of 31 December 2024, primarily due to the net cash generated from our financing activities and from our operating activities, partially offset by the net cash used in investing activities.

Set out below is a summary of our cash flows.

	<b>Year ended 31 December</b>	
	<b>2024</b>	2023
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Net cash generated from operating activities	<b>56,698</b>	3,591
Net cash used in investing activities	<b>(81,714)</b>	(37,711)
Net cash generated from financing activities	<b>116,552</b>	133,094
Net increase in cash and cash equivalents	<b>91,536</b>	98,974
<b>Cash and cash equivalents at the beginning of the year</b>	<b>168,693</b>	69,719
<b>Cash and cash equivalents at the end of the year</b>	<b>260,229</b>	168,693

Our net cash generated from operating activities substantially increased from RMB3.6 million in 2023 to RMB56.7 million in 2024. Our net cash outflow in investing activities was primarily attributable to payment for purchase of intangible assets of RMB75.3 million, and purchase of wealth management products of RMB17.5 million, partially offset by redemption of wealth management products of RMB12.1 million. The net cash inflow in financing activities was primarily attributable to the gross proceeds of RMB180.5 million from the global offering of our shares and proceeds of RMB73.5 million from bank loans, partially offset by repayments of bank loans of RMB106.1 million.

As of 31 December 2024, our total bank loans and borrowings amounted to RMB56.4 million (2023: RMB89.0 million), among which RMB55.5 million will be repaid within one year and RMB0.9 million will be repaid within two years. All loans and borrowings were denominated in RMB, carrying interest at rates ranging from 3.4% to 14.65% per annum (2023: 3.35% to 11.70%).

## **Outlook**

Looking forward, we expect to further improve our financial performance and profitability through continuous revenue growth and improved cost efficiency. Specifically, we expect to drive our revenue growth by further monetizing pharmaceutical sales business, content services, and information technology services. We plan to enhance the synergies created by our business segments by deepening our connections with more physicians, and integrating their medical services onto our platform. By strengthening connections with and growing our physician base, we could better position ourselves in the pharmaceutical sales business.

In addition, the market of RWS support services has been growing rapidly in China in the past years. By further expanding our cooperation with more physicians, we could broaden our access to a more extensive range of real-world clinical data covering more diseases and medical conditions. Leveraging such capabilities, we expect to generate more valuable insights for pharmaceutical companies for the study of their drugs in real-world setting.

Furthermore, as our business scale continues to expand, we could benefit from enhanced economics of scale; hence, further reducing our costs and expenses. Overall, the outlook of our business remains positive.

## **USE OF PROCEEDS**

The shares of the Company (the “**Shares**”) were listed on the Main Board of the Stock Exchange on 30 December 2024 (the “**Listing Date**”). The net proceeds from the issue of new Shares in the Company’s global offering (after deducting underwriting commissions and related expenses) were approximately RMB166.0 million. As of 31 December 2024, none of the net proceeds has been used. For details of the intended use of the net proceeds, please refer to the section headed “Future Plans and Use of Proceeds” in the prospectus of the Company dated 18 December 2024.

## **MATERIAL EVENTS AFTER THE REPORTING PERIOD**

As at the date of this announcement, there was no material event after the Reporting Period.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board is committed to ensuring the Company adhere to a good standard of corporate governance. The Board believes that good corporate governance standards are essential in providing a framework for the Company to safeguard the interests of shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted and applied the principles as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Listing Rules as the basis of the Company’s corporate governance practices. As the Company was not listed on the Stock Exchange until 30 December 2024, the CG Code was not applicable to the Company for the period from 1 January 2024 to 29 December 2024, but only from the Listing Date to 31 December 2024 (the “**Review Period**”). During the Review Period, the Company has complied with all the applicable code provisions as set out in CG Code, except for code deviation mentioned in the sub-sections of “Chairman and Chief Executive Officer” and “Board Meetings and Attendance” below.

### Chairman and Chief Executive Officer

Code provision C.2.1 of the CG Code stipulates that the role of chairman and chief executive officer should be separated and should not be performed by the same individual.

Currently, Mr. Zhang Wanneng (“**Mr. Zhang**”) serves as chairman of the Board and chief executive officer. Mr. Zhang is the founder of the Group and has been operating and managing the Group since incorporation. With extensive experience in the digital healthcare industry, Mr. Zhang is responsible for the overall management, decision-making and strategy planning of the Group and is instrumental to the Group’s growth and business expansion since establishment.

Since Mr. Zhang is the key reason for the Group’s development and he will not undermine the Group’s interests in any way under any circumstances, the Board considers that vesting the roles of chairman and chief executive officer in the same person, Mr. Zhang, would not create any potential harm to the interest of the Group and it is, on the contrary, beneficial to the management of the Group.

In addition, the operation of the senior management and ther Board, which comprise experienced individuals, effectively checks and balances the power and authority of Mr. Zhang, as both the chairman and chief executive officer of the Group. The Board currently comprises two executive directors (including Mr. Zhang), two non-executive directors and three independent non-executive directors and therefore has a fairly strong independence element in its composition.



The Company is committed to achieving high standard of corporate governance with a view to safeguarding the interests of our Shareholders. The Board will continue to review and consider splitting the roles of the chairman of the Board and the chief executive officer of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

### **Board Meetings and Attendance**

Under code provision C.2.7 of the CG Code, the chairman of the Board should at least annually hold meetings with the independent non-executive directors without the presence of other directors; under code provision C.5.1 of the CG Code, the Board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. Due to the fact that the Company was listed on 30 December 2024, neither Board meetings nor Board committee meetings were held from the Listing Date to 31 December 2024.

### **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as code of conduct regarding securities transactions by the directors. Specific enquiry has been made of all the directors of the Company and each of them has confirmed that they have complied with the required standard set out in the Model Code during the Review Period.

### **AUDIT COMMITTEE**

The Audit Committee consists of two independent non-executive directors and one non-executive directors, namely Mr. Xu Jing, Ms. Deng Xiaolan and Mr. Zhang Xiangming. Mr. Xu Jing is the chairman of the Audit Committee. The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, effectiveness of the internal audit function, scope of audit and appointment of external auditors and arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control, or other matters of the Group.

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2024 and discussed matters with respect to the accounting policies and practices adopted by the Group with the independent auditor of the Company, KPMG. There has been no significant changes in the Group's accounting policies, and there is no disagreement by the Audit Committee with the accounting treatment adopted by the Group. The Audit Committee has recommended for the Board's approval of the Group's consolidated financial statements for the year ended 31 December 2024.

## **SCOPE OF WORK OF THE AUDITOR**

The figures in respect to the Company's consolidated results for the year ended 31 December 2024 as set out in this announcement have been agreed by the Company's independent auditor, KPMG, and approved by the Board. The work performed by KPMG in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or International Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance conclusion has been expressed by KPMG on this announcement.

## **FINAL DIVIDEND**

The Board did not recommend the distribution of a final dividend for the year ended 31 December 2024 (2023: nil).

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

The shares of the Company have been listed on the Stock Exchange on 30 December 2024. Save for the aforesaid, during the Review Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## **PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This annual results announcement is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.jkzlkj.cn](http://www.jkzlkj.cn). The annual report of the Company for the year ended 31 December 2024 will be published on the aforesaid websites of the Stock Exchange and the Company and will be dispatched to the Shareholders in due course.

By order of the Board

**HealthyWay Inc.**

**Zhang Wanneng**

*Chairman of the Board, executive director and  
chief executive officer*

Hong Kong, 28 March 2025

*As at the date of this announcement, the Board comprises Mr. Zhang Wanneng and Mr. Chen Jing as executive directors; Mr. Chen Yong and Mr. Zhang Xiangming as non-executive directors; and Mr. Xu Jing, Dr. Lu Tao and Ms. Deng Xiaolan as independent non-executive directors.*