GUSHENGTANG HOLDINGS LIMITED
固 生 堂 控 股 有 限 公 司

(Incorporated under the laws of the Cayman Islands with limited liability)

(Stock Code: 2273)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2024

FINANCIAL HIGHLIGHTS

Revenue of the Group increased by 30.1% to RMB3,022.4 million for the year ended December 31, 2024 from RMB2,323.4 million for the year ended December 31, 2023.

Gross profit of the Group increased by 29.9% to RMB909.3 million for the year ended December 31, 2024 from RMB700.0 million for the year ended December 31, 2023.

The adjusted net profit[(1)] increased by 31.4% to RMB400.4 million for the year ended December 31, 2024 from RMB304.7 million for the year ended December 31, 2023.

Note:

(1) Adjustments to net profit include equity-settled share-based payments in relation to the (i) share options granted under the Pre-IPO Share Option Plan, (ii) share options granted under the Post-IPO Share Option Scheme, (iii) share awards granted under the RSA Scheme (Existing Shares), and (iv) share awards granted under the RSA Scheme (New Shares).

The Board is pleased to present the consolidated results of the Group for the year ended December 31, 2024 with the comparative figures as at December 31, 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended December 31,	
	Notes	**2024**	2023
		RMB'000	*RMB'000*
REVENUE	*4*	**3,022,377**	2,323,351
Cost of sales		**(2,113,032)**	(1,623,352)
Gross profit		**909,345**	699,999
Other income and gains	*4*	**44,205**	54,815
Selling and distribution expenses		**(368,687)**	(281,363)
Administrative expenses		**(184,689)**	(154,713)
Other expenses		**(18,523)**	(9,080)
Finance costs		**(17,612)**	(25,576)
Share of profits of associates		**(765)**	90
PROFIT BEFORE TAX	*5*	**363,274**	284,172
Income tax expense	*6*	**(56,101)**	(31,232)
PROFIT FOR THE YEAR		**307,173**	252,940
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(8,789)**	(36,081)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Translation of the Company's functional currency to presentation currency		**21,115**	41,095
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		**12,326**	5,014
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**319,499**	257,954

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

	Notes	Year ended December 31, **2024** *RMB'000*	2023 *RMB'000*
Profit attributable to:			
Owners of the parent		**306,780**	252,202
Non-controlling interests		**393**	738
		307,173	252,940
Total comprehensive income attributable to:			
Owners of the parent		**319,106**	257,216
Non-controlling interests		**393**	738
		319,499	257,954
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT		***RMB***	*RMB*
Basic			
— For profit for the year	*8*	**1.26**	1.06
Diluted			
— For profit for the year	*8*	**1.22**	1.03

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	31 December 2024 RMB'000	31 December 2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**142,200**	109,655
Right-of-use assets		**389,604**	333,798
Goodwill	9	**1,132,508**	984,688
Other intangible assets		**21,563**	24,759
Investments in associates		**39,768**	30,534
Time deposits	11	**60,000**	—
Prepayments		**24,335**	23,928
Deferred tax assets		**33,545**	34,385
Total non-current assets		**1,843,523**	1,541,747
CURRENT ASSETS			
Inventories		**179,494**	152,950
Trade receivables	10	**269,442**	179,927
Prepayments, deposits and other receivables		**195,451**	155,723
Financial assets at fair value through profit or loss		**11,822**	35,004
Time deposits	11	**20,630**	—
Restricted cash	11	**19,317**	12,691
Cash and cash equivalents	11	**1,116,443**	1,301,300
Total current assets		**1,812,599**	1,837,595
CURRENT LIABILITIES			
Trade and bills payables	12	**307,673**	286,619
Other payables and accruals		**314,869**	294,681
Interest-bearing bank loans		**7,885**	16,428
Lease liabilities		**80,502**	76,846
Tax payable		**52,383**	33,651
Total current liabilities		**763,312**	708,225
NET CURRENT ASSETS		**1,049,287**	1,129,370
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,892,810**	2,671,117

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

31 December 2024

	Notes	31 December 2024 RMB'000	31 December 2023 RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank loans		**92,205**	—
Lease liabilities		**327,972**	277,300
Other payables and accruals		**91,566**	81,504
Deferred tax liabilities		**4,778**	6,230
Total non-current liabilities		**516,521**	365,034
Net assets		**2,376,289**	2,306,083
EQUITY			
Equity attributable to owners of the Company			
Share capital		**157**	159
Shares held for share award schemes		**(168,755)**	(110,924)
Treasury shares		**(157,018)**	(12,146)
Reserves		**2,611,570**	2,427,909
Proposed dividend	*7*	**89,963**	—
		2,375,917	2,304,998
Non-controlling interests		**372**	1,085
Total equity		**2,376,289**	2,306,083

NOTES TO FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

GUSHENGTANG HOLDINGS LIMITED (the "**Company**") is an exempted company with limited liability incorporated in the Cayman Islands under the laws of the Cayman Islands on 8 May 2014. The registered office of the Company is located at Harneys Fiduciary (Cayman) Limited, 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands.

The Company is an investment holding company. The Company's subsidiaries were principally engaged in the provision of a variety of healthcare businesses, including the provision of healthcare services and sale of healthcare products.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain financial instruments, including financial assets at fair value through profit or loss and payables for the incentive arrange which have been measured at fair value. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRS Accounting Standards for the first time for the current year's financial statements.

Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "**2020 Amendments**")
Amendments to HKAS 1	*Non-current Liabilities with Covenants* (the "**2022 Amendments**")
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*

The nature and the impact of the revised HKFRS Accounting Standards are described below:

(a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

The Group has not applied the following new and revised HKFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised HKFRS Accounting Standards, if applicable, when they become effective.

HKFRS 18	*Presentation and Disclosure in Financial Statements*[3]
HKFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKAS 21	*Lack of Exchangeability*[1]
Amendments to HKFRS 9 and HKFRS 7	*Contracts Referencing Nature-dependent Electricity*[2]
Annual Improvements to HKFRS Accounting Standards — Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7[2]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual/reporting periods beginning on or after 1 January 2027
4 No mandatory effective date yet determined but available for adoption

Further information about those HKFRS Accounting Standards that are expected to be applicable to the Group is described below.

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRS Accounting Standards. HKFRS 18 and the consequential amendments to other HKFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

Annual Improvements to HKFRS Accounting Standards — Volume 11 set out amendments to HKFRS 1, HKFRS 7 (and the accompanying Guidance on implementing HKFRS 7), HKFRS 9, HKFRS 10 and HKAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- HKFRS 7 *Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the Guidance on implementing HKFRS 7 for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the Guidance on implementing HKFRS 7 does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- HKFRS 9 *Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- HKFRS 10 *Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- HKAS 7 *Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of HKAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

3. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the provision of a variety of healthcare businesses, including the provision of healthcare services and sale of healthcare products.

HKFRS 8 *Operating Segments* requires operating segments to be identified on the basis of internal reporting about components of the Group that are regularly reviewed by the chief operating decision-maker in order to allocate resources to segments and to assess their performance. The information reported to the directors of the Company, who are the chief operating decision-makers, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the directors reviewed the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

Geographical information

(a) Revenue from external customers

	2024	2023
	RMB'000	*RMB'000*
Mainland China	**3,019,225**	2,323,351
Singapore	**3,152**	—
Total	**3,022,377**	2,323,351

The revenue information of continuing operations above is based on the locations of the customers.

(b) Non-current assets

	2024	2023
	RMB'000	*RMB'000*
Mainland China	**1,748,228**	1,541,747
Singapore	**1,750**	—
Total	**1,749,978**	1,541,747

The non-current asset information of continuing operations above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

No revenue from sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue for the reporting period.

4. REVENUE, OTHER INCOME AND GAINS

Revenue

An analysis of the Group's revenue is as follows:

	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers	**3,022,377**	2,323,351

(i) Disaggregated revenue information

	2024	2023
	RMB'000	*RMB'000*
Types of goods or service		
Healthcare solutions	**2,987,656**	2,287,100
Sale of healthcare products	**34,721**	36,251
	3,022,377	2,323,351
Geographical markets		
Mainland China	**3,019,225**	2,323,351
Singapore	**3,152**	—
Total	**3,022,377**	2,323,351
Timing of revenue recognition		
Revenue from contracts with customers	**3,022,377**	2,323,351

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2024	2023
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Healthcare solutions	**42,234**	26,082

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of healthcare products

Revenue from sale of healthcare products, such as valuable medicinal herbs and nourishment, is recognised at the point in time when control of the asset is transferred to the customer, the customers has full discretion to use the healthcare products, and there is no unfulfilled obligation that could affect the customers' acceptance of the healthcare products. Transactions are settled by payment from commercial insurance, the government's insurance schemes, third-party payment platforms, or directly paid by bank cards, third-party payment platforms or cash from customers.

Healthcare solutions

Revenue from healthcare solutions contains more than one performance obligation, including (i) the provision of consultation services, (ii) the sale of pharmaceutical products and (iii) traditional massage, moxibustion, acupuncture and other therapies. The Group allocates the transaction price to each performance obligation based on the relative stand-alone selling price. The control of services or pharmaceutical products is transferred at a point in time, and revenue is recognised when the customer obtains the control of the completed services or pharmaceutical products as the Group has satisfied its performance obligations with a present right to payment and the collection of the consideration is probable. Transactions are settled by payment from commercial insurance, the government's insurance schemes, third-party payment platforms, or directly paid by bank cards, third-party payment platforms or cash from customers.

The Group has established an integrated membership program, which provide customers with significant rights after purchasing membership cards with a validity period of one year. The Group allocates the transaction prices of prepaid membership cards to each performance obligation according to their stand-alone selling prices. Revenue is recognised when the membership rights are redeemed for control of the goods and services.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) are as follows:

	2024	2023
	RMB'000	*RMB'000*
Amounts expected to be recognised as revenue within one year	**46,164**	42,234

Other income and gains

	2024	2023
	RMB'000	*RMB'000*
Interest income	**24,993**	18,474
Government grants*	**9,593**	14,979
Foreign exchange differences, net	**—**	13,337
Fair value gains on financial assets at fair value through profit or loss, net	**3,495**	4,394
Rental income	**1,326**	1,355
Gain on disposal of a partial interest in an associate	**—**	303
Others	**4,798**	1,973
Total other income and gains	**44,205**	54,815

* There are no unfulfilled conditions or contingencies related to these government subsidies.

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2024	2023
	RMB'000	*RMB'000*
Cost of provision of healthcare solutions	**2,090,823**	1,599,848
Cost of sale of healthcare products	**22,209**	23,504
Depreciation of property, plant and equipment	**47,876**	30,384
Amortisation of other intangible assets#	**4,388**	4,294
Depreciation of right-of-use assets	**98,717**	85,478
Lease payments not included in the measurement of lease liabilities	**14,910**	9,616
Auditors' remuneration	**4,070**	3,980
Employee benefit expense (excluding directors' remuneration):		
— Wages and salaries	**433,824**	318,658
— Pension scheme contributions	**41,057**	40,214
— Equity-settled share option payments	**9,463**	4,783
— Equity-settled share award payments	**58,771**	21,841
	543,115	385,496
Foreign exchange differences, net***	**6,887**	(13,337)
Fair value gain on financial assets at fair value through profit or loss, net**	**(3,495)**	(4,394)
Impairment of trade receivables*	**978**	109
Loss on disposal of items of property, plant and equipment*	**332**	268
Gain on disposal of a partial interest in an associate**	**—**	(303)

The amounts are included in "Administrative expenses" and "Selling and distribution expenses" in profit or loss.

* The amounts are included in "Other expenses" in profit or loss.

** The amounts are included in "Other income and gains" in profit or loss.

*** The net foreign exchange gain and foreign exchange loss are included in "other income and gains" and "Other expenses" in profit or loss, respectively.

6. INCOME TAX EXPENSES

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Mainland China

Pursuant to the PRC Income Tax Law and the respective regulations, a subsidiary which operates in Mainland China is subject to corporate income tax at a rate of 25% on the taxable income. Certain subsidiaries of the Group in Mainland China are regarded as "small and micro enterprises" and, accordingly, were entitled to a preferential income tax rate of 5% during the reporting period. Certain subsidiaries of the Group are qualified as high technology enterprises and hence are granted a preferential CIT rate of 15% which was effective in three years from 2022 to 2024.

Hong Kong

No provision for Hong Kong profits tax has been made as the company had no assessable profits derived from or earned in Hong Kong during the reporting period. The subsidiary incorporated in Hong Kong is subject to income tax at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year.

Income tax for other jurisdictions

The Group's tax provision in respect of other jurisdictions has been calculated at the applicable tax rates in accordance with the prevailing practices of the jurisdictions in which the Group operates.

	2024	2023
	RMB'000	*RMB'000*
Current	**56,713**	33,191
Deferred	**(612)**	(1,959)
Total tax charge for the year	**56,101**	31,232

7. DIVIDENDS

	2024	2023
	RMB'000	*RMB'000*
Special — Nil (2023: HKD0.41) per ordinary share	**—**	89,763
Interim — HKD0.13 (2023: Nil) per ordinary share	**28,261**	—
Proposal final — HKD0.41 (2023: Nil) per ordinary share	**89,963**	—

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the earnings for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 243,003,565 (2023: 237,536,154) outstanding during the year, as adjusted to reflect the rights issue during the year.

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares under the share option schemes and share award schemes.

The calculations of basic and diluted earnings per share are based on:

	2024	2023
	RMB'000	*RMB'000*
Earnings		
Earnings attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations	**306,780**	252,202
	Number of shares	
Shares		
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation	**243,003,565**#	237,536,154#
Effect of dilution — weighted average number of ordinary shares:		
Share options and awards	**8,012,433**	6,697,835
Total	**251,015,998**	244,233,989

\# *The weighted average number of shares was after taking into account the effect of treasury shares held and shares held for share award schemes.*

9. GOODWILL

	2024	2023
	RMB'000	*RMB'000*
At the beginning of the year:		
Cost	**987,238**	819,222
Accumulated impairment	**(2,550)**	(2,550)
Net carrying amount	**984,688**	816,672
Cost at the beginning of the year, net of accumulated impairment	**984,688**	816,672
Acquisition of subsidiaries	**147,820**	168,016
At the end of the year	**1,132,508**	984,688
At the end of the year:		
Cost	**1,135,058**	987,238
Accumulated impairment	**(2,550)**	(2,550)
Net carrying amount	**1,132,508**	984,688

10. TRADE RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Trade receivables	**271,568**	181,222
Impairment	**(2,126)**	(1,295)
Net carrying amount	**269,442**	179,927

The individual patients of the Group usually settle payments by cash or the government's social insurance schemes. Payments by the PRC government's social insurance schemes will normally be settled in 30 to 365 days from the transaction date by the local social insurance bureau or similar government departments which are responsible for the reimbursement of medical expenses for patients who are covered by the government's medical insurance schemes. Corporate customers will normally settle the amounts by bank transfers within 90 days after the transaction date.

An ageing analysis of the trade receivables as at the end of each reporting period, based on the invoice date and net of loss allowance, is as follows:

	2024	2023
	RMB'000	*RMB'000*
Within six months	**257,214**	173,669
Six months to one year	**10,535**	5,571
Over one year	**1,693**	687
Total	**269,442**	179,927

11. CASH AND CASH EQUIVALENTS, TIME DEPOSITS AND RESTRICTED CASH

	2024	2023
	RMB'000	*RMB'000*
Cash and bank balances	**912,285**	1,090,762
Time deposits	**304,105**	223,229
Subtotal	**1,216,390**	1,313,991
Less: restricted cash	**(19,317)**	(12,691)
Non-pledged time deposits with maturity of more than three months but less than one year when acquired	**(20,630)**	—
Non-pledged time deposits with maturity of more than one year when acquired	**(60,000)**	—
Cash and cash equivalents	**1,116,443**	1,301,300
Denominated in:		
RMB *(note)*	**857,691**	1,129,333
USD	**302,059**	106,526
Hong Kong Dollar ("**HKD**")	**55,394**	78,132
Singapore Dollar ("**SGD**")	**1,246**	—
	1,216,390	1,313,991

Note:

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

12. TRADE AND BILLS PAYABLES

	2024	2023
	RMB'000	*RMB'000*
Trade payables	**268,764**	247,145
Bills payable	**38,909**	39,474
Total	**307,673**	286,619

An ageing analysis of the trade and bills payables as at the end of each of the reporting period, based on the invoice date, is as follows:

	2024	2023
	RMB'000	*RMB'000*
Within three months	**263,801**	235,281
Three months to one year	**24,611**	31,628
Over one year	**19,261**	19,710
Total	**307,673**	286,619

Trade and bills payables are non-interest-bearing and have a credit term ranging from one to six months after the invoice date, extending to longer periods for those long-standing suppliers.

The fair values of trade and bills payables as at the end of each of the reporting periods approximated to their corresponding carrying amounts due to their relatively short maturity terms.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

As a TCM healthcare service provider in China, the Group is dedicated to providing customers with a comprehensive range of TCM healthcare services and products through its extensive network of offline medical institutions and online healthcare platforms. During the Reporting Period, the Group reinforced its focus on primary care and remained steadfast in its core value of serving customers with "conscientious physicians, reliable pharmaceuticals (良心醫, 放心藥)."

The comprehensive healthcare solutions of the Group that cover the whole disease courses and daily health management have the following key characteristics:

Integration of offline medical institutions and online healthcare platforms

With the rapid development of internet technology, increasing TCM healthcare service providers in China are integrating offline medical institutions and online healthcare platforms to solve the pain points of conventional TCM diagnosis and treatment, such as limited customer outreach, unbalanced physician resource allocation among different regions, and inconvenience of follow-up visits and long-term health management of customers. Since its launch of online appointment, follow-up consultation, diagnosis and prescription services on its official WeChat account in 2018, the Group has been capable of providing both offline and online healthcare solutions through its medical service network.

The Group believes it is one of the first TCM healthcare service providers to utilize online healthcare platforms and effectively connect offline medical service network with online platforms and are thus well positioned to benefit from favorable government policies encouraging the development of online healthcare services. On the one hand, the development of the online healthcare services enables the Group to utilize medical resources and expand its customer coverage more effectively. On the other hand, the Group is able to strategically choose geographical regions for offline expansion based on the activeness of online physicians and customers.

Combination of TCM and western medicine

The Group originated from the conventional TCM diagnosis and treatment methods of primary care and developed diagnosis and treatment methods combining TCM and western medicine. It provides TCM healthcare solutions through its integrated offline and online medical service network, combining conventional TCM diagnosis and treatment methods with western medicine, such as clinical laboratory examination and treatment. It aims to effectively and efficiently provide customers with comprehensive healthcare solutions, especially chronic disease management, to address their diverse medical and health management needs. The Group focuses on the customers' daily primary care, aiming to achieve long-term follow-up and health management for customers.

Standardized and digitalized operations

The Group remains dedicated to strengthening the standardization and digitalization of its operations to provide an optimized customer experience and pursue better operational efficiency as well as resource sharing within its medical service network.

1. The Group has established a digital clerk system on the offline medical institution side. Through presenting operational data in the form of digital reports, the Group is able to enhance the in-depth interaction between its offline medical institutions and its customers to improve customer experience. In the meantime, the digital clerk system facilitates its real-time communication with and feedback collection from customers, thereby empowering its overall business through increasing customer visits and customer return rates of and implementing digital management in its offline medical institutions.

2. The Group has established a client relationship management (the "**CRM**") system on the medical-affair side to integrate its development and management of medical professional teams. Capitalizing on the CRM system, the Group is able to conduct digital analytics on daily operations and management of medical professional teams using digital statistics, thereby improving their operational efficiency.

3. The Group has built an intelligent prescription review platform embedded with compliance requirements under national reimbursement programs and the relevant requirements from the local medical insurance bureaus, thereby conducting compliance control leveraging information technologies.

4. The Group has built a closed-loop ERP system that covers its whole business process to enhance its digital operation and management, thereby further improving management efficiency through comprehensive and systematic management of supply chain, sales, inventories and accounting.

In February 2021, the PRC government promulgated *Several Policies and Measures on Promoting the Development of Traditional Chinese Medicine* (《關於加快中醫藥特色發展的若干政策措施》), which proposed to promote the renowned physician project (名醫堂工程). In particular, private capitals with extensive experience are encouraged and supported to establish a chain of TCM medical institutions with renowned physicians and distinctive features under distinguishable brands, where they are expected to provide customers with top-ranking TCM healthcare services and products in a first-class environment. The Company believes that these policies constitute safeguards for its business operations.

In December 2021, the National Healthcare Security Administration (國家醫療保障局) and the National Administration of Traditional Chinese Medicine (國家中醫藥管理局) jointly issued the *Guidance on Supporting the Inheritance, Innovation and Development of TCM Healthcare Services and Products by National Reimbursement Programs* (《關於醫保支持中醫藥傳承創新發展的指導意見》), which proposed (i) to support the development of "Internet +" TCM healthcare services and include them in national reimbursement programs; (ii) to adjust the pricing of TCM healthcare services to reflect the labor value contained therein; (iii) to allow TCM healthcare service providers to sell decocting pieces at a markup of no more than 25%; (iv) to allow TCM healthcare service providers to price their in-hospital preparations at their sole discretion; (v) to include in-hospital preparations in national reimbursement programs; and (vi) to postpone the implementation of diagnosis-related group payment mechanism in respect of TCM healthcare services, providing more support to TCM healthcare services and products on the national reimbursement side.

In March 2022, the *Physician Law of the People's Republic of China* (《中華人民共和國醫師法》) came into effect. This law encourages physicians to regularly provide healthcare services at medical institutions at or below the county level, which should be supported by their primary practicing medical institutions. In the same month, 10 government authorities including the National Administration of Traditional Chinese Medicine, the National Health Commission (國家衛生健康委員會) and the National Development and Reform Commission (國家發展和改革委員會) jointly issued the *14th Five-year Action Plan for the Improvement of Grass-roots Traditional Chinese Medicine Service Capability* (《基層中醫藥服務能力提升工程「十四五」行動計劃》), which encouraged the establishment of TCM medical institutions by private capitals at the grass-roots level and supported the cultivation of TCM medical institution chains, providing further encouragement and support for its business model.

In February 2023, the General Office of the State Council issued the *Implementation Plan for the Major Project of Revitalizing and Developing Traditional Chinese Medicine* (《中醫藥振興發展重大工程實施方案》), which further enhances efforts in supporting the development of TCM during the 14th five-year period, aiming at promoting the revitalization and development of TCM. Such plan coordinates and deploys eight major projects, including the project of facilitating the high-quality development of TCM healthcare services, the project of strengthening the synergy between TCM and western medicine, and the project of inheriting, innovating and modernizing TCM, putting emphasis on the enhancement of TCM capabilities in medical institutions at the grass-roots level and the cultivation of high-quality TCM talent. As a leading TCM healthcare service provider at the grass-roots level, the Group collaborates with multiple public Class III Grade A hospitals in the form of medical consortia and establish expert committees and physician inheritance studios with renowned National TCM Great Masters (國醫大師), National Famous TCM Doctors (全國名中醫) and Provincial Famous TCM Doctors (省級名中醫), forming a three-tier talent cultivation system comprising academic leaders, key physicians and young professionals. Such talent cultivation system aligns with the national policy of promoting the renowned physician project and cultivating high-quality TCM talent. In the future, the Group will further expand and upskill its medical professional team to realize a sustainable development leveraging the comprehensive support from the PRC government in this regard.

In June 2024, the General Office of the State Council issued the *Key Tasks for Deepening the Reform of the Healthcare System in 2024* (《深化醫藥衛生體制改革2024年重點工作任務》), focusing on the coordinated development and governance of healthcare services. Such government policy sets forth multiple plans to support the development of the TCM healthcare service industry, including: (i) deepening the reform of national reimbursement and initiating pilot programs on the payment for selected TCM advantageous therapies; (ii) deepening the reform of compact medical consortia, and encouraging eligible county-level TCM hospitals to take lead in forming compact county-level medical consortia; (iii) promoting the inheritance and innovative development of TCM, advancing the construction of national TCM inheritance and innovation centers, supporting the leading TCM enterprises in the industry to explore opportunities along the whole TCM industrial chain; (iv) enhancing the capabilities of medical talent and implementing training programs to cultivate excellent TCM mentors; and (v) deepening the reform of the pharmaceutical evaluation and approval system, accelerating the evaluation and approval process of compound preparations originated from classical TCM formulas, and promoting the productization of TCM preparations in medical institutions. Such government policy provides comprehensive support for the Group's vigorous development in terms of TCM healthcare services, medical consortia, talent training, and the productization of in-hospital preparations.

In July 2024, the National Administration of Traditional Chinese Medicine and the National Data Administration (國家數據局) jointly issued the *Several Opinions on Promoting the Development of Digital Traditional Chinese Medicine* (《關於促進數字中醫藥發展的若干意見》), which sets forth a plan to integrate emerging digital technologies, such as big data and AI, into the TCM inheritance and innovation over the next three to five years. Such policy particularly emphasizes TCM data sharing and the development and application of AI models, significantly accelerating the intelligent transformation of TCM healthcare services. The Group will propel the utilization of AI technology in healthcare industry to foster innovation, speeding up the creation of specialized large models and smart healthcare solutions.

During the Reporting Period, the Group generated its revenue primarily from (i) provision of healthcare solutions; and (ii) sale of healthcare products. The revenue derived from provision of healthcare solutions for the year ended December 31, 2024 was primarily affected by multiple factors including the scale of the Group's medical service network, the number of its customers and their spending during the period. The revenue derived from sale of healthcare products for the year ended December 31, 2024 was primarily affected by the type and volume of valuable medicinal and nourishment sold during the period.

As of December 31, 2024, the Group owned and operated 78 medical institutions in Beijing, Shanghai, Guangzhou, Shenzhen, Foshan, Zhongshan, Fuzhou, Nanjing, Suzhou, Ningbo, Wuxi, Hangzhou, Zhengzhou, Wenzhou, Kunshan, Wuhan, Changshu, Xuzhou, Changsha and Jiangyin in China. Moreover, during the Reporting Period, the Group also expanded its medical service network to overseas market, introducing high-quality TCM healthcare services and strengthening the influence of TCM overseas. As of December 31, 2024, the Group owned and operated a medical institution in Singapore. All of the medical institutions owned and operated by the Group as of December 31, 2024 were private for-profit medical institutions under the brand name "Gushengtang (固生堂)." In addition, the Group owned and operated a variety of online channels as of December 31, 2024, including official websites, mobile applications, official WeChat accounts and mini programs. The Group also owned and operated several offline pharmacies for its sale of healthcare products as of the same date. Meanwhile, the Group was in collaboration with multiple third-party online platforms, facilitating customers' online appointment for offline services.

During the Reporting Period, the Group had expanded its business footprint in China through strategic acquisitions and organic growth. In particular, the Group strategically acquired the following medical institutions for the year ended December 31, 2024.

- In March 2024, the Group entered into a partnership interest transfer agreement with the partners of Kunshan Laien Out-patient Department (General Partnership) (昆山來恩門診部(普通合夥)) ("**Kunshan Laien**") to acquire 100% partnership interest of Kunshan Laien.

- In March 2024, the Group entered into an equity transfer agreement with the shareholder of Bao Zhong Tang TCM Pte. Ltd. (寶中堂中醫有限公司) ("**Singapore Bao Zhong Tang**") to acquire 100% equity interest of Singapore Bao Zhong Tang.

- In April 2024, the Group entered into a partnership interest transfer agreement with the partners of Beijing Yayuncun TCM Hospital (General Partnership) (北京亞運村中醫醫院(有限合夥)) ("**Beijing Yayuncun TCM Hospital**") to acquire 100% partnership interest of Beijing Yayuncun TCM Hospital.

- In April 2024, the Group entered into an equity transfer agreement with the shareholder of Ningbo Yinzhou Guyuantang TCM Hospital Co., Ltd. (寧波鄞州固元堂中醫醫院有限公司), Ningbo Yinzhou Zhanhai Guyuantang TCM Out-patient Department Co., Ltd. (寧波鄞州瞻海固元堂中醫門診部有限公司) and Ningbo Yinzhou Mingyitang TCM Out-patient Department Co., Ltd. (寧波鄞州明醫堂中醫門診部有限公司) (collectively, "**Gu Yuan Tang Medical Institutions**") to acquire 100% equity interest of Gu Yuan Tang Medical Institutions.

- In May 2024, the Group entered into an equity transfer agreement with the shareholders of Changshu Nanshantang TCM Clinic Co., Ltd. (常熟南山堂中醫診所有限公司) ("**Nan Shan Tang**") to acquire 100% equity interest of Nan Shan Tang.

- In May 2024, the Group entered into an equity transfer agreement with the shareholders of Hunan Mingyuantang Traditional Chinese Medicine Development Co., Ltd. (湖南名源堂中醫藥發展有限公司) ("**Hunan Mingyuantang**") to acquire 100% equity interest of Hunan Mingyuantang. Hunan Mingyuantang has two branches, namely, Hunan Mingyuantang Traditional Chinese Medicine Development Co., Ltd. Minghong TCM Out-patient Department (湖南名源堂中醫藥發展有限公司名鴻中醫門診部) and Hunan Mingyuantang Traditional Chinese Medicine Development Co., Ltd. Mingji TCM Out-patient Department (湖南名源堂中醫藥發展有限公司名濟中醫門診部).

- In June 2024, the Group entered into an equity transfer agreement with the shareholder of Xuzhou Baitai TCM Clinic Co., Ltd. (徐州百泰中醫門診有限公司) ("**Xuzhou Baitai**") to acquire 100% equity interest of Xuzhou Baitai.

- In July 2024, the Group entered into an equity transfer agreement with the shareholder of Henan Rui He Xiang Out-patient Department Co., Ltd. (河南省瑞合祥門診部有限公司) ("**Rui He Xiang**") to acquire 100% equity interest of Rui He Xiang.

- In July 2024, the Group entered into an equity transfer agreement with the shareholder of Hong Zhi Tang Pharmaceutical Store (Suzhou) Co., Ltd. (鴻芝堂健康藥房(蘇州)有限公司) ("**Hong Zhi Tang**") to acquire 100% equity interest of Hong Zhi Tang.

- In July 2024, the Group entered into an equity transfer agreement with the shareholders of Shanghai Shang Shan Tang TCM Out-patient Department Co., Ltd. (上海尚善堂中醫門診部有限公司) ("**Shang Shan Tang**") to acquire 100% equity interest of Shang Shan Tang.

- In August 2024, the Group entered into an equity transfer agreement with the shareholder of Kunshan Yi Zhen Tang TCM Clinic Co., Ltd. (昆山易針堂中醫診所有限公司) ("**Yi Zhen Tang**") to acquire 100% equity interest of Yi Zhen Tang.

- In September 2024, the Group entered into an equity transfer agreement with the shareholders of Hangzhou Yong Chun Tang TCM Out-patient Department Co., Ltd. (杭州永春堂中醫門診部有限公司) ("**Yong Chun Tang**") to acquire 100% equity interest of Yong Chun Tang.

- In October 2024, the Group entered into an equity transfer agreement with the shareholders of Jiangyin San Sheng TCM Clinic Co., Ltd. (江陰市叁昇中醫診所有限公司) ("**San Sheng**") to acquire 100% equity interest of San Sheng.

The Group established four new offline medical institutions during the Reporting Period, namely, Shanghai Gushengtang Changfeng TCM Out-patient Department Co., Ltd. (上海固生堂長楓中醫門診部有限公司), Suzhou Wujiang Gushengtang TCM Clinic Co., Ltd. (蘇州吳江固生堂中醫診所有限公司), Wenzhou Lucheng Gushengtang Danan TCM Out-patient Department Co., Ltd. (溫州鹿城固生堂大南中醫門診部有限公司) and Wuxi Gushengtang Shangmadun TCM Hospital Co., Ltd. (無錫固生堂上馬墩中醫醫院有限公司).

The Group has also enhanced its collaboration with public hospitals and TCM universities, leveraging medical consortia to redistribute high-quality physician resources to grass-roots level, addressing unmet healthcare demands across broader populations. As of December 31, 2024, the Group was in collaboration with multiple hospitals and TCM universities.

As a testament to our effective customer acquisition and retention strategies, we have achieved a steady growth in our customer base during the Reporting Period. The following table sets forth certain key information in connection with our customers for the years indicated:

	Year ended December 31,	
	2024	2023
New customers [(1)]	**889,070**	803,973
Accumulated customers at the end of each year [(2)]	**4,425,867**	3,536,797
Customer visits *(thousands)*	**5,411**	4,297
Accumulated customer visits at the end of each year *(thousands)*	**22,582**	17,171
Customer return rate [(3)] *(%)*	**67.1**	65.2
Average spending per customer visit *(RMB)*	**559**	541

Notes:

(1) Refer to customers who received healthcare solutions or purchased healthcare products provided by us for the first time.

(2) Refer to, as of the end of any financial year, the total number of customers who had ever visited our medical service network to receive any healthcare solution or purchase any healthcare product at any time on or before the end of such financial year.

(3) Refer to, in respect of any financial year, a fraction (expressed as a percentage) equals to the number of returning customers in respect of such financial year divided by the total number of customers who had visited our medical service network to receive any healthcare solution or purchase any healthcare product at any time during such financial year.

The Group endeavors to establish long-term relationships with its customers and attract customers to join its membership program to enhance customer loyalty. Through its dedicated efforts, members of the Group have shown higher loyalty and consumption willingness compared with its other customers. The Group benefits from the word-of-mouth publicity arising from the recognition of its services, products and brand by its members. The following table sets forth certain key information in connection with its membership program for the periods indicated:

	Year ended December 31,	
	2024	2023
Number of members who had made spending in our medical service network	**459,522**	364,482
Member visits *(thousands)*	**2,131**	1,568
Member return rate [1] *(%)*	**85.4**	85.6

Note:

(1) Refer to, in respect of any financial year, a fraction (expressed as a percentage) equals to the number of returning members in respect of such financial year divided by the total number of members who had visited our medical service network to receive any healthcare solution or purchase any healthcare product at any time during such financial year.

BUSINESS PROSPECT

Since its inception in 2010, the Group has adhered to its core value of better serving its customers with "conscientious physicians, reliable pharmaceuticals (良心醫, 放心藥)." The Group is dedicated to expanding its integrated offline and online medical service network, delivering high-quality TCM healthcare services and products to a broader customer base. Such initiative aligns with the national vision of building a "Healthy China" and underscores the Group's core value. With the strong support to the TCM healthcare industry and the continuous promulgation of favorable policies by the PRC government, the Group will continue to (i) reinforce the resource advantage of its OMO platform and the brand value advantage of "Gushengtang (固生堂)," and embrace TCM AI to enhance high-quality medical resource allocation and customer services; (ii) attract high-caliber medical resources to join its platform and expand domestic and overseas service network; (iii) solve the pain points of "inaccessible and unaffordable healthcare services" for its customers; and (iv) actively promote the collaboration in medical consortia, pursuing a moderate business expansion without disrupting its existing operations.

Going forward, we expect our business strategies to focus on the following aspects:

1. **Continue to adopt the mentorship model in training TCM talent, aiming to cultivate and build a high-caliber team of young physicians.** The "Gushengtang" Reputable TCM Great Master Inheritance Studio (「固生堂」名中醫傳承工作室) and the OMO platform of the Group have achieved initial success in training young physicians. The OMO platform has lifted the geographical restrictions and allows outstanding experts from various geographical regions to share their clinical experience and academic achievements with young talent efficiently, which can accelerate the team building of full-time physicians of the Group. With sufficient physician resources, the "Gushengtang" Reputable TCM Great Master Inheritance Studio provides quality assurance for comprehensive TCM healthcare services (including prevention, treatment, health management and other personalized healthcare services) and allows outstanding experts to focus on clinical efficacy and customer experience in the process of diagnosis and treatment, thereby achieving a win-win service model for physicians and customers.

2. **Empower healthcare services with digitalization, "Internet +" and AI.** Aligning with the PRC government's policies to integrate emerging digital technologies like 'Internet+' and AI into the innovation and preservation of TCM, the Group plans to launch smart hardware devices and AI physician assistant (AI醫生助手) to improve its auxiliary diagnosis and treatment capabilities in TCM healthcare services, leveraging which the Group expects to achieve broader customer reach through more efficient healthcare service workflows and remote TCM services. Through digital operations, the Group can deliver enhanced high-quality medical resources and provide refined customer services to improve customer retention rate as well as average revenue per customer constantly. Leveraging its digitalization capabilities, the Group expects to enhance economies of scale and operational efficiency of supply chain while securing the consistent quality of its healthcare services. In the future, the Group will continue to leverage digital and AI technologies to explore new membership service models (such as family doctor services) to attract and serve more members with high-quality services.

3. **Further enhance its investments in research and development to achieve the productization and standardization of healthcare solutions.** During the Reporting Period, the Group obtained the Registration Approval for Medical Institutions on TCM In-hospital Preparations (醫療機構傳統中藥製劑備案憑證) for its Gangju Throat Soothing Granules (崗桔清咽顆粒), Xiangtao Granules (香桃顆粒), Ginseng and Astragalus Membranaceus Essence Syrup (參芪固本膏), Spleen-Fortifying Qi-Replenishing Nodule-Dissolving Granules (健脾益氣散結顆粒) and Blood-Regulating Channel-Nourishing Ointment (引血歸經膏), demonstrating its continuous efforts in developing TCM in-hospital preparations and propelling the productization and standardization of healthcare solutions. The in-hospital preparation center of the Group has completed engineering construction, equipment acceptance and trial production, and has obtained the Medical Institution Preparation License (醫療機構製劑許可證). Consequently, it can be used to conduct mass production for in-hospital preparations for which the Group has obtained registration numbers, thereby benefiting more customers with high-quality in-hospital preparations and standardized healthcare solutions. In the future, the Group expects to further increase its investments in this regard to produce more in-hospital preparations.

4. **Strengthen risk management and internal control to ensure a steady growth.** The Group's accelerated growth trajectory are accompanied by potential risks and challenges. The Group will continue to upgrade its ERP system to enhance its information management capabilities. The Group will also strengthen its control process and credit risk management to cope with the growing credit risk arising from its diversified business model. Along with the business expansion, the Group is exposed to the risks of price inflation and insufficient supply of raw materials in the emerging markets. Based on its market research and forward-looking estimate, the Group will establish a strategic reservation mechanism for TCM medicinal and extend its business to upstream procurement to cope with the aforementioned risks.

5. **Further implement global strategy.** Promoting TCM culture and making TCM to become a mainstream medical practice worldwide has been the Group's mission since its inception. In 2024, the Group established its presence in Singapore, representing its first globalization step. The Group will continue implementing global strategy and expanding overseas offline service network. The Group believes the development of digital and AI technologies can address the insufficiency of high-quality TCM resources abroad. The Group also believes that AI-augmented TCM healthcare services will establish acceptance and recognition among overseas customers.

FINANCIAL REVIEW

Revenue Breakdown

Revenue by Business Segment

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

	Year ended December 31,				Year on year fluctuation
	2024		2023		2024/2023
	Revenue	**% of total**	Revenue	% of total	
	(RMB'000)	***(%)***	*(RMB'000)*	*(%)*	(%)
Provision of healthcare solutions	**2,987,656**	**98.9**	2,287,100	98.4	30.6
Sale of healthcare products	**34,721**	**1.1**	36,251	1.6	(4.2)
Total	**3,022,377**	**100.0**	2,323,351	100.0	30.1

Our consolidated revenue increased by 30.1% from RMB2,323.4 million for the year ended December 31, 2023 to RMB3,022.4 million for the year ended December 31, 2024, which was attributable to the increase in revenue generated from provision of healthcare solutions.

Revenue from Provision of Healthcare Solutions

Our revenue derived from provision of healthcare solutions increased by 30.6% from RMB2,287.1 million for the year ended December 31, 2023 to RMB2,987.7 million for the year ended December 31, 2024, primarily attributable to business expansion of our offline medical institutions.

Revenue from Sale of Healthcare Products

Our revenue derived from sale of healthcare products slightly decreased by 4.2% from RMB36.3 million for the year ended December 31, 2023 to RMB34.7 million for the year ended December 31, 2024, primarily as we focused more on provision of healthcare solutions in 2024.

Revenue by Channel

The following table sets forth a breakdown of our revenue by channel for the years indicated:

	Year ended December 31,				Year on year fluctuation
	2024		2023		2024/2023
	Revenue	**% of total**	Revenue	% of total	
	(RMB'000)	**(%)**	*(RMB'000)*	(%)	(%)
Offline medical institutions[1]	**2,740,487**	**90.7**	2,037,122	87.7	34.5
Online healthcare platforms	**281,890**	**9.3**	286,229	12.3	(1.5)
Total	**3,022,377**	**100.0**	2,323,351	100.0	30.1

Note:

(1) Including insignificant amount of revenue generated by offline pharmacies.

Our revenue derived from offline medical institutions increased by 34.5% from RMB2,037.1 million for the year ended December 31, 2023 to RMB2,740.5 million for the year ended December 31, 2024, which was in line with the business growth of our offline medical institutions. Our revenue derived from online healthcare platforms remained relatively stable at RMB281.9 million for the year ended December 31, 2024 compared to RMB286.2 million for the year ended December 31, 2023.

Cost of Sales

During the Reporting Period, our cost of sales primarily consisted of (i) cost of physicians and cost of materials; and (ii) the regular operating expenses, including cost of non-physician staff worked at offline medical institutions, depreciation of right-of-use assets and utilities fees for offline medical institutions. Our cost of sales increased by 30.2% from RMB1,623.4 million for the year ended December 31, 2023 to RMB2,113.0 million for the year ended December 31, 2024.

The following table sets forth a breakdown of our cost of sales by nature for the years indicated:

	Year ended December 31,				Year on year fluctuation
	2024		2023		2024/2023
	Cost of sales	**% of total**	Cost of sales	% of total	
	(RMB'000)	**(%)**	*(RMB'000)*	(%)	(%)
Cost of physicians and cost of materials	**1,694,274**	**80.2**	1,310,317	80.7	29.3
Regular operating expenses	**418,758**	**19.8**	313,035	19.3	33.8
Total	**2,113,032**	**100.0**	1,623,352	100.0	30.2

Our cost of physicians and cost of materials increased by 29.3% from RMB1,310.3 million for the year ended December 31, 2023 to RMB1,694.3 million for the year ended December 31, 2024, primarily due to (i) the increased number of our physicians accommodating our increasing demands for physician resources during business expansion; and (ii) the increased cost of materials mainly in line with the expansion of our business scale. Our regular operating expenses increased by 33.8% from RMB313.0 million for the year ended December 31, 2023 to RMB418.8 million for the year ended December 31, 2024, primarily due to the increase of our medical institutions in operation in 2024.

Gross Profit and Gross Profit Margin

Our gross profit increased by 29.9% from RMB700.0 million for the year ended December 31, 2023 to RMB909.3 million for the year ended December 31, 2024.

The following table sets forth a breakdown of our gross profit by business segment for the years indicated:

	Year ended December 31,			
	2024		2023	
	Gross profit *(RMB'000)*	**Gross profit margin** (%)	Gross profit *(RMB'000)*	Gross profit margin (%)
Provision of healthcare solutions	**896,833**	**30.0**	687,252	30.0
Sale of healthcare products	**12,512**	**36.0**	12,747	35.2
Total	**909,345**	**30.1**	699,999	30.1

Our gross profit of provision of healthcare solutions increased by 30.5% from RMB687.3 million for the year ended December 31, 2023 to RMB896.8 million for the year ended December 31, 2024, which was generally in line with the increased revenue generated from provision of healthcare solutions. Our gross profit margin of provision of healthcare solutions remained stable at 30.0% for the years ended December 31, 2023 and 2024.

Our gross profit of sale of healthcare products remained relatively stable at RMB12.7 million for the year ended December 31, 2023 and RMB12.5 million for the year ended December 31, 2024. The gross profit margin of sale of healthcare products slightly increased from 35.2% for the year ended December 31, 2023 to 36.0% for the year ended December 31, 2024, primarily due to increased sale of healthcare products with relatively high gross profit margin.

Other Income and Gains

Our other income and gains decreased by 19.4% from RMB54.8 million for the year ended December 31, 2023 to RMB44.2 million for the year ended December 31, 2024, primarily due to (i) a decrease in the net foreign exchange gains of RMB13.3 million, resulting from the exchange fluctuation of USD against RMB, as we have deposits denominated in USD; and (ii) a decrease in government grants of RMB5.4 million as we received one-off government grants in 2023, partially offset by an increase in interest income of RMB6.5 million due to the increased average principal of our time deposits.

Selling and Distribution Expenses

	Year ended December 31, 2024 Selling and distribution expenses *(RMB'000)*	% of total (%)	2023 Selling and distribution expenses *(RMB'000)*	% of total (%)	Year on year fluctuation 2024/2023 (%)
Regional operating expenses	**361,607**	**98.1**	277,292	98.6	30.4
Third-party client acquisition costs	**7,080**	**1.9**	4,071	1.4	73.9
Total	**368,687**	**100.0**	281,363	100.0	31.0

During the Reporting Period, our selling and distribution expenses consisted of regional operating expenses and third-party client acquisition costs. Regional operating expenses mainly represent all types of operating expenses, salaries and bonus for employees of our regional operating department. Third-party client acquisition costs mainly represent commission fees paid to third-party online platforms which provide us with customer traffic pursuant to their collaboration with us.

Our selling and distribution expenses increased by 31.0% from RMB281.4 million for the year ended December 31, 2023 to RMB368.7 million for the year ended December 31, 2024, primarily due to an increase of RMB84.3 million in regional operating expenses mainly as a result of the expansion of our regional operating department to accommodate our business development in new geographical regions.

We leverage multi-channel customer acquisition strategies to constantly expand our customer base, while retaining existing customers and enhancing customer loyalty through differentiated customer retention strategies. We attract new customers primarily through our strengthened brand awareness and recognition underpinned by extensive physician resources and outstanding service capability. We believe that our multi-channel customer acquisition strategies enable us to expand our customer base at relatively low customer acquisition costs. Similar with the year ended December 31, 2023, approximately 95% of our new customers were acquired by our proprietary medical institutions, pharmacies and online healthcare platforms, while approximately 5% of our new customers were introduced by third-party online platforms that we collaborated with during the Reporting Period. Our third-party client acquisition costs increased from RMB4.1 million for the year ended December 31, 2023 to RMB7.1 million for the year ended December 31, 2024, which was in line with the expansion of our business.

We prioritize customer experience and value feedback during our operations. Our customer retention strategies not only distinguish us from competitors but also reinforce customer loyalty, contributing to our sustained growth and long-term relationships with customers.

Administrative Expenses

Our administrative expenses increased by 19.4% from RMB154.7 million for the year ended December 31, 2023 to RMB184.7 million for the year ended December 31, 2024, primarily due to (i) the increase in employee benefit expenses in relation to the share option and share award expenses; and (ii) the increase in office expenses along with the development of our operations in 2024.

Other Expenses

During the Reporting Period, our other expenses primarily consisted of foreign exchange loss, donation and impairment of financial assets. Our other expenses increased significantly from RMB9.1 million for the year ended December 31, 2023 to RMB18.5 million for the year ended December 31, 2024, primarily because we recorded foreign exchange loss of RMB6.9 million in 2024, as a result of loss from changes in exchange rate between our denominated currency and other currency.

Finance Costs

Our finance cost decreased by 31.1% from RMB25.6 million for the year ended December 31, 2023 to RMB17.6 million for the year ended December 31, 2024, primarily due to decreased interest on bank loans of RMB8.5 million, mainly as a result of the relatively high interest rate in 2023 due to our early repayment of other borrowings in that year.

Income Tax Expenses

Our income tax expenses increased by 79.6% from RMB31.2 million for the year ended December 31, 2023 to RMB56.1 million for the year ended December 31, 2024, primarily due to the increase in taxable profit in line with our business growth.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 21.4% from RMB252.9 million for the year ended December 31, 2023 to RMB307.2 million for the year ended December 31, 2024.

Non-HKFRS Measure — Adjusted Net Profit

To supplement our financial information, which is presented in accordance with HKFRS, we also provide adjusted net profit as non-HKFRS measures, which is unaudited in nature and is not required by, or presented in accordance with, HKFRS. We believe that the non-HKFRS measure (i) facilitates year-on-year comparisons of operating performance by eliminating potential impacts of items that our management does not consider to be indicative of our operating performance; and (ii) provides useful information to investors in understanding and evaluating our results of consolidated statements of profit or loss and other comprehensive income in the same manner as they helped our management. However, our presentation of adjusted net profit may not be comparable to similarly titled measures presented by other companies as they do not have a standardized meaning. The application of the non-HKFRS measure has limitations as an analytical tool, and the Shareholders and investors should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under HKFRS.

We defined adjusted net profit as profit for the year adjusted for equity-settled share-based payments in relation to the share awards granted under the RSA Scheme (Existing Shares). Adjusted net profit increased by 31.4% from RMB304.7 million for the year ended December 31, 2023 to RMB400.4 million for the year ended December 31, 2024.

	Year ended December 31,	
	2024	2023
	(RMB'000)	*(RMB'000)*
Profit for the year	**307,173**	252,940
Adjustment for [(1)]:		
Equity-settled share-based payments	**93,184**	51,774
Adjusted net profit	**400,357**	304,714

Note:

(1) Non-cash, non-recurring or extraordinary items, which are to be adjusted only if the amount is equal to or greater than RMB1 million.

Liquidity, Financial Resources and Capital Structure

The Shares of the Company were successfully listed on the Main Board of the Stock Exchange on December 10, 2021. On March 30, 2023, 10,400,000 Shares of the Company were issued by way of top-up placing, details of which were set out in the section headed "Use of Proceeds from the Top-up Placing" of this announcement. As of December 31, 2024, the issued share capital of the Company was US$26,443.0287 and the number of Share in issue was 264,430,287 of US$0.0001 each.

As of December 31, 2024, we had cash and cash equivalents of RMB1,116.4 million (which was RMB1,301.3 million as of December 31, 2023), which were primarily denominated in RMB, USD or HKD. As of December 31, 2024, we had interest-bearing bank loans of an aggregate amount of RMB100.1 million (which was RMB16.4 million as of December 31, 2023), which were denominated in RMB with interest rates from 2.36% to 3.25% per annum. Half of the borrowings accrue interest at fixed rates, while the remaining borrowings bear interest at floating rates. We have no interest rate hedging policy.

We aim to maintain sufficient cash and credit lines to meet our liquidity requirements. We finance our working capital requirements through a combination of funds generated from operations and alternative funding resources from equity and debt. The primary objectives of our capital management are to safeguard our ability to continue as a going concern and to maintain healthy capital ratios in order to support our business and maximize Shareholders' value.

Treasury Policy

Our financing and treasury activities are centrally managed and controlled at the corporate level. The Board closely monitors our liquidity position to ensure that the liquidity structure of our assets, liabilities and other commitments can meet our funding requirements all the time.

Contingent Liabilities

As of December 31, 2024, we did not have any contingent liabilities.

Gearing Ratio

As of December 31, 2024, our gearing ratio, being our total interest-bearing bank loans divided by our total equity as of the end of the year and multiplied by 100%, was 4.2%.

Foreign Currency Risk

We have transactional currency exposures. Such exposures arise from the use of financial instruments denominated in USD or HKD to finance our operations in the PRC and the fact that the repayment of those USD-denominated or HKD-denominated financial instruments is based on the RMB-denominated assets generated by our PRC operations. We have no foreign currency hedging policy. However, our management monitors foreign exchange exposures and will consider appropriate hedging measures in the future should the need arise.

Pledge of Assets

None of our assets were pledged to obtain financing as of December 31, 2023 and 2024.

Capital Expenditures

Our capital expenditure during the Reporting Period was primarily relating to (i) purchases of property, plant and equipment; (ii) decoration and renovation of our offline medical institutions; and (iii) purchases of intangible assets (such as software). During the Reporting Period, we incurred capital expenditures in an aggregate amount of RMB81.9 million (which was RMB71.1 million for the year ended December 31, 2023), primarily due to the increased expenditures on offline medical institutions.

Significant Investments Held

We did not hold any significant investments during the Reporting Period.

Material Acquisitions and Disposals

The Company has no material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period.

Future Plans for Material Investments or Capital Assets

Save as disclosed in the sections headed "Use of Proceeds from Global Offering" and "Use of Proceeds from the Top-up Placing" in this announcement, we did not have any existing plan for acquiring other material investments or capital assets as of the date of this announcement.

EMPLOYMENT AND REMUNERATION POLICY

As of December 31, 2024, we had 2,915 employees (which was 2,659 employees as of December 31, 2023). The following table sets forth a breakdown of the employees by function as of December 31, 2024:

Functions	Number of employees	% of total employees
Physicians and other medical professionals	1,613	55%
Management, operations and others	615	21%
Sales and marketing	523	18%
Supply chain	119	4%
Information technology and research and development	45	2%
Total	**2,915**	**100%**

For the year ended December 31, 2024, our total staff cost amounted to approximately RMB543.1 million (which was approximately RMB385.5 million for the year ended December 31, 2023), including pension and housing fund.

We provide competitive compensation packages. Remuneration packages for employees mainly comprise base salary and performance-based bonus. We set performance targets for our employees primarily based on their position and department and periodically review their performance. The results of such reviews are used in their salary determinations, bonus awards and promotion appraisals. Selected Directors, senior management and employees were offered to participate in the Pre-IPO Share Option Plan, Post-IPO Share Option Scheme, RSA Scheme (New Shares) and RSA Scheme (Existing Shares).

We believe we have maintained good relationships with our employees. The employees are not represented by a labor union. During the Reporting Period and up to the date of this announcement, we did not experience any strikes or any labor disputes with our employees which have had or are likely to have a material effect on our business.

To maintain and enhance the knowledge and skill levels of our workforce, we provide our employees with internal training, including orientation programs for new employees and technical training for existing employees. We also offer external training opportunities to our management team and medical professionals.

FINAL DIVIDENDS

The Board has resolved to recommend the payment of a final dividend of HK$0.41 per share for the year ended December 31, 2024 to shareholders whose names appear on the register of members of the Company on June 30, 2025. The final dividend is subject to the approval of the Shareholders at the annual general meeting to be held on June 20, 2025, and if approved, it will be paid in cash on or around July 11, 2025.

USE OF PROCEEDS FROM GLOBAL OFFERING

The Company issued 27,878,000 ordinary Shares at HK$29.00, which were listed on the Main Board of the Stock Exchange on December 10, 2021. The net proceeds from the global offering received by the Company, after deduction of the underwriting fees and commissions and other expenses payable by the Company in connection with the global offering, amounted to approximately HK$775.9 million (the "**Net Proceeds**"), which will be utilized in accordance with the intended purposes set out in the Prospectus.

As of December 31, 2024, we have fully utilized the Net Proceeds as set out below:

	Net Proceeds and utilization					
	% of the Net Proceeds	Amount available for utilization	Utilized amount during the year ended December 31, 2024	Utilized amount as of December 31, 2024	Remaining amount as of December 31, 2024	Expected timeline for utilization
	(%)	*(HK$ million)*				
To expand our offline and online operations and enhance the integration between them	69.9	541.3	135.3	541.3	—	—
To enhance our research and development capabilities, including the research and development of in-hospital preparation and TCM solution packages	9.6	74.8	22.1	74.8	—	—
To strengthen our supply chain capability, including upgrading our existing decocting centers and establishing new decocting centers according to our business expansion and setting up our own GMP facility in mid to long term based on business needs	9.6	74.8	14.4	74.8	—	—
For marketing and branding activities	4.9	38.3	—	38.3	—	—
For working capital and general corporate purposes	6.0	46.7	—	46.7	—	—
Total	100.0	775.9	171.8	775.9	—	

USE OF PROCEEDS FROM THE TOP-UP PLACING

On March 22, 2023, the Company entered into a placing and subscription agreement with Action Thrive Group Limited, one of the Controlling Shareholders and the placing agents. The completion of the placing and the subscription of 10,400,000 Shares at a price of HK$52.67 per Share (the "**Top-up Placing**") took place on March 24, 2023 and March 30, 2023, respectively. The net proceeds of the Top-up Placing (the "**Top-up Placing Net Proceeds**") are approximately HK$539.61 million. For details, please refer to the announcements of the Company dated March 22, 2023 and March 30, 2023 (the "**Announcements**").

The following table sets out the intended use of the Top-up Placing Net Proceeds, actual usage up to December 31, 2024, as well as the expected timeline for utilization:

	Top-up Placing Net Proceeds and utilization					
	% of the Top-up Placing Net Proceeds	**Amount available for utilization**	**Utilized amount during the year ended December 31, 2024**	**Utilized amount as of December 31, 2024**	**Remaining amount as of December 31, 2024**	**Expected timeline for utilization[1]**
	(%)		*(HK$ million)*			
For the expansion of offline medical institutions	60.0	323.7	86.3	86.3	237.4	By the end of 2027
For upgrading and deepening the integration of online healthcare platforms and enhancing connection and interaction between offline and online business of the Group	20.0	107.9	3.1	3.1	104.8	By the end of 2027
For diversifying the Company's product portfolio	10.0	54.0	1.5	1.5	52.5	By the end of 2027
For standardizing healthcare solutions and improving the Company's information technology systems	10.0	54.0	16.9	19.0	35.0	By the end of 2027
Total	100.0	539.6	107.8	109.9	429.7	

Note:

(1) The expected timeline for the usage of the remaining proceeds is made based on our best estimate of our future market conditions, which is subject to the current and future development of the market conditions.

As of the date of this announcement, we have utilized Top-up Placing Net Proceeds of approximately HK$109.9 million. The remaining Top-up Placing Net Proceeds were deposited in banks as of the date of this announcement. The Group will gradually utilize the Top-up Placing Net Proceeds in accordance with the intended purposes as set out in the Announcements.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the CG Code as set out in Appendix C1 to the Listing Rules as its own code of corporate governance.

The Board considered that the Company has complied with all applicable code provisions as set out in the CG Code for the year ended December 31, 2024, save and except for code provision C.2.1 of the CG Code.

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Tu is currently serving as the Chairman as well as the chief executive officer of the Company. As Mr. Tu is the founder of our Group and has been managing our Group's business and overall strategic planning since its establishment. The Directors consider that vesting the roles of Chairman and chief executive officer in Mr. Tu is beneficial to the business prospects and management of our Group by ensuring consistent leadership within our Group. The Board therefore considers it is appropriate to deviate from code provision C.2.1 of the CG Code in such circumstances. The Board will continue to review and consider splitting the roles of Chairman and the chief executive officer of the Company at an appropriate time if necessary, taking into account the circumstances of our Group as a whole. Notwithstanding the foregoing, the Board considers that the management structure is effective for the operation of the Group and those adequate checks and balances have been put in place.

The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding dealings in the securities of the Company by the Directors, senior management members, and employees who, because of his/her office or employment, is likely to possess inside information in relation to the Group or the Company's securities.

Having made specific enquiries of all Directors, each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code for the year ended December 31, 2024. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management members or relevant employees of the Group for the year ended December 31, 2024.

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

The Directors have been granted a general mandate by the Shareholders at the annual general meeting of the Company held on June 16, 2023 to repurchase up to 24,079,645 Shares (the "**2023 Repurchase Mandate**") on the Stock Exchange, representing 10% of the total number of issued Shares as of the date of the annual general meeting. The Directors have been granted a general mandate by the Shareholders at the annual general meeting of the Company held on June 18, 2024 to repurchase up to 24,504,469 Shares (the "**2024 Repurchase Mandate**") on the Stock Exchange, representing 10% of the total number of issued Shares as at the date of the annual general meeting.

During the year ended December 31, 2024, the Company repurchased a total of 7,621,800 Shares on the Stock Exchange under the 2023 Repurchase Mandate and 2024 Repurchase Mandate at a total consideration (excluding expenses) of approximately HK$278,794,045, which was funded by internal resources of the Company. 5,354,900 Shares repurchased by the Company during the Reporting Period have been cancelled. 2,266,900 Shares repurchased by the Company during the Reporting Period are held as treasury shares of the Company as of December 31, 2024. Subject to compliance with the Listing Rules, the Company may consider applying such treasury shares for resale, consideration of future acquisitions, or funding existing share schemes of the Company. Details of Shares repurchased by the Company during the Reporting Period are set out below:

Month of repurchase	Number of Shares repurchased	Price per Share repurchased Highest price	Lowest price	Aggregate consideration paid (excluding expenses)
		(HK$)	*(HK$)*	*(HK$)*
Shares repurchased for cancellation				
January 2024	590,000	44.15	40.00	24,709,030
February 2024	—	—	—	—
March 2024	499,400	44.10	43.20	21,835,805
April 2024	544,600	45.30	40.00	22,768,180
May 2024	305,500	43.40	41.00	13,006,035
June 2024	651,100	41.50	37.85	25,790,885
July 2024	—	—	—	—
August 2024	—	—	—	—
September 2024	—	—	—	—
October 2024	—	—	—	—
November 2024	—	—	—	—
December 2024	2,764,300	34.85	30.15	88,077,905
Shares held as treasury shares				
June 2024	210,600	39.00	37.00	7,976,945
July 2024	865,600	39.60	35.20	32,404,200
August 2024	—	—	—	—
September 2024	616,100	37.40	33.30	21,671,210
October 2024	184,800	39.00	35.95	6,850,190
November 2024	306,700	39.40	33.85	10,963,000
December 2024	83,100	33.25	32.80	2,740,660
Total	**7,621,800**	**—**	**—**	**278,794,045**

The Board believes that the Company's existing financial resources are sufficient to carry out its repurchase of Shares, while keeping the continuing operation of the Company in a good financial condition. Such repurchase of Shares would reflect the Board's confidence in the Company's prospects, and benefit the Shareholders as a whole by enhancing the earnings per share of the Company, therefore in line with the best interests of the Company and its Shareholders.

Save as disclosed above, none of the Company or any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during the Reporting Period.

MATERIAL LITIGATION

As of the date of this announcement, no member of the Group was engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

SUBSEQUENT EVENT

There was no significant subsequent event which may affect the Group occurred after the Reporting Period and up to the date of this announcement.

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and to the best knowledge of the Directors, at least 25% of the Company's total issued Shares, the prescribed minimum percentage of public float approved by the Stock Exchange and permitted under the Listing Rules, was held by the public at all times during the Reporting Period and as of the date of this announcement.

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with the requirements under the Listing Rules. The Audit Committee consists of two independent non-executive Directors and one non-executive Director, being Mr. Li Tie (chairman of the Audit Committee), Mr. Zhong Weihe and Mr. Huang Jingsheng. The main duties of the Audit Committee are to assist the Board in reviewing compliance, accounting policies and financial reporting procedures; supervising the implementation of the internal audit system; advising on the appointment or replacement of external auditors; and liaising between the internal audit department and external auditors.

The Audit Committee has, together with the management of the Company, reviewed the accounting practice and policies adopted by the Group and the consolidated financial statements for the year ended December 31, 2024, and has recommended for the Board's approval thereof.

REVIEW OF PRELIMINARY ANNOUNCEMENT OF RESULTS BY THE INDEPENDENT AUDITOR

The figures in respect of the Group's consolidated statement of financial position as at December 31, 2024, consolidated statement of profit or loss and other comprehensive income and related notes thereto for the year ended December 31, 2024 as set out in this preliminary announcement have been agreed by the Group's independent auditor to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Group's independent auditors in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by the Group's independent auditors on this preliminary announcement of results.

ANNUAL GENERAL MEETING

The AGM of the Company will be held on June 20, 2025. A notice convening the AGM will be published on the Company's website and the Stock Exchange's website and despatched to the Shareholders in accordance with the requirements of the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

Entitlement to Attend and Vote at the Annual General Meeting

For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from June 17, 2025 to June 20, 2025, both days inclusive. During such period, no transfer of Shares of the Company will be registered. The record date for determining the eligibility to attend the forthcoming AGM to be held on June 20, 2025 will be June 20, 2025. In order to be eligible for attending the forthcoming AGM, all completed transfer forms accomplished by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on June 16, 2025.

Entitlement to the Proposed Final Dividend

For determining the Shareholders' entitlement to the proposed final dividend, the register of members of the Company will be closed from June 26, 2025 to June 30, 2025, both days inclusive. During such period, no transfer of Shares of the Company will be registered. The record date for determining the eligibility to receive the proposed final dividend will be June 30, 2025. In order to be eligible for the entitlement to the proposed final dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on June 25, 2025.

PUBLICATION OF THE ANNUAL RESULT AND THE ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.gstzy.cn), and the 2024 annual report containing all the information required by the Listing Rules will be despatched to the Shareholders in accordance with the requirements of the Listing Rules and published on the respective websites of the Stock Exchange and the Company in due course.

DEFINITIONS AND GLOSSARIES

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

"AGM"	annual general meeting of the Company
"Audit Committee"	the audit committee of the Board
"Board"	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, but for the purpose of this announcement and for geographical reference only, reference herein to "China" and the "PRC" do not apply to Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Circular"	the circular of the Company dated November 17, 2022 regarding, among others, the proposed adoption of the Post-IPO Share Option Scheme and the RSA Scheme (New Shares)
"Company"	GUSHENGTANG HOLDINGS LIMITED (固生堂控股有限公司), an exempted company with limited liability incorporated under the laws of the Cayman Islands on May 8, 2014
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented, or otherwise modified from time to time
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules and, unless the context otherwise requires, refers to Mr. Tu, Action Thrive Group Limited, Celestial City Investment Limited, Dream True Limited and Wumianshan Ltd.
"Director(s)"	director(s) of the Company
"ERP"	enterprise resource planning system, a business process management system consisting of integrated software applications that help manage a business and automate many back office functions related to technology, service and human resources
"GMP"	Good Manufacturing Practice of Pharmaceutical Products (藥品生產質量管理規範), which are guidelines and regulations issued to ensure that pharmaceutical products within those guidelines and regulations are consistently produced and controlled to the quality and standards appropriate for their intended use

"Group", "our Group", "we" or "us"	the Company, its subsidiaries and controlled affiliated entities controlled by the Company through contractual arrangements at the relevant time
"HK$" or "HKD"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"HKFRS"	Hong Kong Financial Reporting Standards
"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"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
"Model Code"	the Model Code for Securities Transaction by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"Mr. Tu"	Mr. Tu Zhiliang (涂志亮), the executive Director, the Chairman, the chief executive officer of the Company, and one of our Controlling Shareholders
"OMO"	online-merge-offline
"Post-IPO Share Option Scheme"	the share option scheme of the Company as approved on December 7, 2022, the principal terms of which are set out in the Circular
"Pre-IPO Share Option Plan"	the pre-IPO share option plan approved and adopted by the Company on March 31, 2021
"Prospectus"	the prospectus of the Company published on November 30, 2021
"Reporting Period"	the twelve-month period from January 1, 2024 to December 31, 2024
"RMB" or "Renminbi"	the lawful currency of the PRC

"RSA Scheme (Existing Shares)"	the restricted share award scheme (existing shares) of the Company adopted by the Company on September 9, 2022, the principal terms of which are set out in the announcement of the Company dated September 12, 2022 and as amended on December 7, 2023
"RSA Scheme (New Shares)"	the restricted share award scheme (new shares) of the Company as approved on December 7, 2022, the principal terms of which are set out in the Circular
"Share(s)"	ordinary share(s) in the share capital of the Company with nominal value of US$0.0001 each
"Shareholder(s)"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed thereto under section 15 of the Companies Ordinance
"TCM"	traditional Chinese medicine
"treasury shares"	has the meaning ascribed thereto under the Listing Rules
"US$" or "USD"	United States dollars, the lawful currency of the United States
"%"	Percent

By order of the Board
GUSHENGTANG HOLDINGS LIMITED
固生堂控股有限公司
TU Zhiliang
Chairman of the Board

Hong Kong, March 31, 2025

As at the date of this announcement, the Board comprises Mr. TU Zhiliang as Chairman and executive Director, Mr. HUANG Jingsheng, Mr. LIU Kanghua and Mr. GAO Jian as non-executive Directors, Ms. WANG Lan, Mr. LI Tie and Mr. ZHONG Weihe as independent non-executive Directors.