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)

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

FINANCIAL HIGHLIGHTS

Revenue of the Group increased by 9.5% to RMB1,494.9 million for the six months ended June 30, 2025 from RMB1,365.0 million for the six months ended June 30, 2024.

Gross profit of the Group increased by 14.1% to RMB457.9 million for the six months ended June 30, 2025 from RMB401.2 million for the six months ended June 30, 2024.

EBITDA[(1)] increased by 37.3% to RMB265.0 million for the six months ended June 30, 2025 from RMB193.0 million for the six months ended June 30, 2024.

Net profit increased by 41.6% to RMB152.0 million for the six months ended June 30, 2025 from RMB107.3 million for the six months ended June 30, 2024.

Note:

(1) EBITDA refers to earnings before interest, income tax expense, depreciation and amortization.

The Board is pleased to announce the unaudited consolidated interim results of the Group for the six months ended June 30, 2025 together with the comparative figures for the same period in 2024 as set out below.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended June 30, 2025

	Notes	**2025** *RMB'000* **(Unaudited)**	2024 *RMB'000* (Unaudited)
REVENUE	*4*	**1,494,891**	1,364,979
Cost of sales		**(1,037,035)**	(963,767)
Gross profit		**457,856**	401,212
Other income and gains	*5*	**17,112**	17,786
Selling and distribution expenses		**(177,122)**	(160,104)
Administrative expenses		**(94,249)**	(110,416)
Other expenses		**(10,515)**	(15,378)
Finance costs		**(12,269)**	(8,572)
Share of (losses)/profits of associates		**(821)**	557
PROFIT BEFORE TAX	*6*	**179,992**	125,085
Income tax expenses	*7*	**(28,038)**	(17,810)
PROFIT FOR THE PERIOD		**151,954**	107,275
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**4,352**	(4,774)
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:			
Translation of the Company's functional currency to presentation currency		**(5,137)**	12,529
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX		**(785)**	7,755
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**151,169**	115,030

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

For the six months ended June 30, 2025

	Note	**2025**	2024
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited)
Profit attributable to:			
Owners of the parent		**151,645**	106,866
Non-controlling interests		**309**	409
		151,954	107,275
Total comprehensive income attributable to:			
Owners of the parent		**150,860**	114,621
Non-controlling interests		**309**	409
		151,169	115,030
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*9*		
Basic			
— For profit for the period (RMB)		**0.63**	0.44
Diluted			
— For profit for the period (RMB)		**0.62**	0.43

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30, 2025

	Notes	**June 30, 2025** *RMB'000* **(Unaudited)**	December 31, 2024 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**165,532**	142,200
Right-of-use assets		**417,567**	389,604
Goodwill	*10*	**1,164,245**	1,132,508
Other intangible assets		**19,500**	21,563
Investments in associates		**40,417**	39,768
Time deposits	*12*	**99,000**	60,000
Prepayments		**22,157**	24,335
Deferred tax assets		**33,525**	33,545
Total non-current assets		**1,961,943**	1,843,523
CURRENT ASSETS			
Inventories		**190,546**	179,494
Trade receivables	*11*	**208,465**	269,442
Prepayments, deposits and other receivables		**244,294**	195,451
Financial assets at fair value through profit or loss		**35,194**	11,822
Time deposits	*12*	**86,972**	20,630
Restricted cash	*12*	**6,558**	19,317
Cash and cash equivalents	*12*	**1,157,481**	1,116,443
Total current assets		**1,929,510**	1,812,599
CURRENT LIABILITIES			
Trade and bills payables	*13*	**322,079**	307,673
Other payables and accruals		**335,613**	314,869
Interest-bearing bank loans		**14,266**	7,885
Lease liabilities		**78,668**	80,502
Tax payable		**27,909**	52,383
Dividend payable		**88,245**	—
Total current liabilities		**866,780**	763,312
NET CURRENT ASSETS		**1,062,730**	1,049,287
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,024,673**	2,892,810

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

June 30, 2025

	June 30, 2025 *RMB'000* **(Unaudited)**	December 31, 2024 *RMB'000* (Audited)
NON-CURRENT LIABILITIES		
Interest-bearing bank loans	**188,889**	92,205
Lease liabilities	**357,922**	327,972
Other payables and accruals	**93,653**	91,566
Deferred tax liabilities	**4,781**	4,778
Total non-current liabilities	**645,245**	516,521
Net assets	**2,379,428**	2,376,289
EQUITY		
Equity attributable to owners of the Company		
Share capital	**152**	157
Shares held for share award schemes	**(168,755)**	(168,755)
Treasury shares	**(12,418)**	(157,018)
Reserves	**2,559,859**	2,611,570
Proposed dividend	**—**	89,963
	2,378,838	2,375,917
Non-controlling interests	**590**	372
Total equity	**2,379,428**	2,376,289

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025

1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended June 30, 2025 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended December 31, 2024.

2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2024, except for the adoption of the following amended HKFRS Accounting Standards for the first time for the current period's financial information.

Amendments to HKAS 21	*Lack of Exchangeability*

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

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted with and the functional currencies of group entities for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the interim condensed consolidated financial information.

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.

Seasonality of operations

In line with the healthcare industry in the Mainland China, where the majority of the Group's revenue is derived from, the Group typically generate a majority of its total revenue in the second half of the year, during which customers in certain geographic regions tend to receive healthcare solutions and purchase healthcare products to promote well-being with the weather getting cold. Additionally, customers usually avoid visiting medical institutions shortly before and after the Chinese New Year. As a result of the foregoing, the revenue was slightly lower in the first half of the year.

4 REVENUE

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

	For the six months ended June 30,	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	**1,494,891**	1,364,979

Disaggregated revenue information

	For the six months ended June 30,	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Types of goods or service		
Provision of healthcare solutions	**1,484,862**	1,344,574
Sale of healthcare products	**10,029**	20,405
Total	**1,494,891**	1,364,979
Geographical markets		
Mainland China	**1,492,748**	1,364,010
Singapore	**2,143**	969
Total	**1,494,891**	1,364,979
Timing of revenue recognition		
Goods and services transferred at a point in time	**1,494,891**	1,364,979

5 OTHER INCOME AND GAINS

	For the six months ended June 30,	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest income	**11,862**	10,287
Fair value gains on financial assets at fair value through profit or loss, net	**2,091**	1,444
Government subsidies*	**978**	4,388
Rental income	**620**	646
Others	**1,561**	1,021
	17,112	17,786

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

6 PROFIT BEFORE TAX

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

	For the six months ended June 30,	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of provision of healthcare solutions	**1,030,657**	949,041
Cost of sale of healthcare products	**6,378**	14,726
Depreciation of property, plant and equipment	**28,156**	19,552
Amortisation of other intangible assets#	**2,172**	2,182
Depreciation of right-of-use assets	**54,276**	47,943
Foreign exchange, net*	**5,369**	11,933
Loss/(gain) on disposal of items of property, plant and equipment*	**236**	(25)
Impairment of trade receivables*	**321**	203

Included in "Administrative expenses" and "Selling and distribution expenses" in profit or loss.

* Gain and loss were included in "Other income and gains" and "Other expenses" in profit or loss, respectively.

7 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 Corporate Income Tax Law of the PRC and the respective regulations (the "**CIT Law**"), the subsidiaries of the Group which operates in Mainland China are subject to corporate income tax at a rate of 25% on the taxable income unless those are subject to tax exemption set out below.

A subsidiary is qualified as an "High and New Technology Enterprise" and therefore was entitled to a preferential income tax rate of 15% for the years from 2022 to 2024. As at 30 June 2025, it is in the progress of re-application of "High and New Technology Enterprise" and expected that it is probable to be recognised as "High and New Technology Enterprise". Thus the subsidiary calculated the income tax provision as the preferential rate of 15% in the periods. In addition, a subsidiary qualified for a preferential tax rate of 15% for the period pursuant to the eligibility criteria in the tax incentive policies of the district where the subsidiary is located.

Furthermore, certain subsidiaries of the Group in the Mainland China are qualified as “Small and Micro Enterprises” and therefore were entitled to a preferential income tax rate of 5% to 10% during the periods.

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 periods.

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.

	For the six months ended June 30,	
	2025	2024
	RMB’000	*RMB’000*
	(Unaudited)	(Unaudited)
Current	**28,015**	20,085
Deferred	**23**	(2,275)
Total	**28,038**	17,810

8 DIVIDENDS

	For the six months ended June 30,	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Final declared — HKD0.41 (2024: nil) per ordinary share	**88,331**	—
Dividends on ordinary shares declared after the interim reporting date:		
Interim — HKD0.35 (2024: HKD0.13) per ordinary share	**75,766**	28,882
Total	**164,097**	28,882

On August 29, 2025, the board of directors declared an interim dividend of HKD0.35 (six months ended June 30, 2024: HKD0.13) per ordinary share, amounting to a total of approximately RMB75,766,000 (six months ended June 30, 2024: RMB28,882,000).

9 EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 240,204,176 (six months ended June 30, 2024: 241,880,483) in outstanding during the period, as adjusted to reflect the rights issue during the period.

The calculation of the diluted earnings per share amounts is based on the profit for the period 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 period, 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 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:

	For the six months ended June 30,	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent	**151,645**	106,866
	Number of shares	
Shares		
Weighted average number of ordinary shares in issue used in the basic earnings per share calculation[#]	**240,204,176**	241,880,483
Effect of dilution — weighted average number of ordinary shares:		
Share options	**5,723,214**	6,763,926
Weighted average number of ordinary shares in issue used in the diluted earnings per share calculation	**245,927,390**	248,644,409

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

10 GOODWILL

	June 30, 2025 *RMB'000* **(Unaudited)**	December 31, 2024 *RMB'000* (Audited)
At the beginning of the period/year:		
Cost	**1,135,058**	987,238
Accumulated impairment	**(2,550)**	(2,550)
Net carrying amount	**1,132,508**	984,688
Acquisition of subsidiaries	**31,737**	147,820
At the end of the period/year:		
Cost	**1,166,795**	1,135,058
Accumulated impairment	**(2,550)**	(2,550)
	1,164,245	1,132,508

11 TRADE RECEIVABLES

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:

	June 30, 2025 *RMB'000* **(Unaudited)**	December 31, 2024 *RMB'000* (Audited)
Within six months	**195,499**	257,214
Six months to one year	**11,691**	10,535
Over one year	**1,275**	1,693
	208,465	269,442

12 CASH AND CASH EQUIVALENTS, TIME DEPOSITS AND RESTRICTED CASH

	June 30, 2025	December 31, 2024
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Cash and bank balances	**1,106,888**	912,285
Time deposits	**243,123**	304,105
Subtotal	**1,350,011**	1,216,390
Less: Restricted cash	**(6,558)**	(19,317)
Non-pledged time deposits with maturity of more than three months but less than one year when acquired	**(86,972)**	(20,630)
Non-pledged time deposits with maturity of more than one year when acquired	**(99,000)**	(60,000)
Cash and cash equivalents	**1,157,481**	1,116,443
Denominated in:		
RMB *(note)*	**939,833**	857,691
United State dollar	**266,848**	302,059
Hong Kong dollar	**142,958**	55,394
Singapore dollar	**372**	1,246
	1,350,011	1,216,390

Note:

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, 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 are deposited with creditworthy banks with no recent history of default.

13 TRADE AND BILLS PAYABLES

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:

	June 30, 2025	December 31, 2024
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within three months	**275,490**	263,801
Three months to one year	**26,829**	24,611
Over one year	**19,760**	19,261
	322,079	307,673

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 course 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 appointments, 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.

5. The Group created “TCM AI Avatars.” In June 2025, the Group launched its first “TCM AI Avatar.” By August, a total of 10 “TCM AI Avatars” had been introduced, covering eight core TCM specialties: oncology, dermatology, gastroenterology, otorhinolaryngology, andrology, psychological sleep medicine, classical prescription studies, and orthopedics and traumatology. By leveraging AI technology to enhance TCM practices, the Group has enhanced the supply of high-quality TCM services, addressed the shortage of premium healthcare resources, and delivered standardized and efficient diagnosis and treatment experiences to more patients. In addition to the AI Avatars, the Group has also launched AI health assistant to further improve the patient-side healthcare experience.

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.

In March 2025, the General Office of the State Council issued the *Opinions on Enhancing the Quality of TCM and Promoting the High-Quality Development of the TCM Industry (State Council Document No. 11 [2025])* (《關於提升中藥質量促進中醫藥產業高質量發展的意見》(國辦發[2025]11號)), which aims to comprehensively improve the quality of TCM healthcare products and drive the high-quality growth of the TCM industry by focusing on resource protection, industrial upgrading, technological innovation, quality monitoring, and global expansion. The policy outlines key measures including strengthening TCM resource conservation and eco-friendly cultivation, advancing modern seed breeding and distribution systems for medicinal herbs, accelerating the digitalization of the TCM industry, cultivating premium products and renowned brands, enhancing clinical value assessment and optimizing usage policies, boosting scientific innovation to facilitate the development and commercialization of innovative TCM products, improving standardization and full lifecycle quality control, promoting TCM globalization, and reinforcing industrial risk management. Additionally, the policy emphasizes talent development, funding, and organizational support to foster integrated development across the TCM industry chain, supporting the "Healthy China" initiative. The implementation of this policy is expected to further enhance the competitiveness of the Group, creating new opportunities for our development.

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 six months ended June 30, 2025 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 six months ended June 30, 2025 was primarily affected by the type and volume of valuable medicinal and nourishment sold during the period.

As of June 30, 2025, the Group owned and operated 83 medical institutions in Beijing, Shanghai, Guangzhou, Shenzhen, Foshan, Zhongshan, Fuzhou, Nanjing, Suzhou, Ningbo, Wuxi, Hangzhou, Zhengzhou, Wenzhou, Kunshan, Wuhan, Changshu, Changsha, Chengdu and Shantou in China. Moreover, the Group also further grew its business in the overseas market, introducing high-quality TCM healthcare services and strengthening the influence of TCM overseas. As of June 30, 2025, the Group owned and operated a medical institution in Singapore. All of the medical institutions owned and operated by the Group as of June 30, 2025 were operated under the brand name "Gushengtang (固生堂)." In addition, the Group owned and operated a variety of online channels as of June 30, 2025, including official websites, mobile applications, official WeChat accounts and mini programs. The Group also owned and operated multiple 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.

- In March 2025, the Group entered into an equity transfer agreement with the shareholders of Wuhan Weilai TCM Hospital Co., Ltd. (武漢未來中醫醫院有限公司) ("**Wuhan Weilai**") to acquire 90% equity interest of Wuhan Weilai.

- In April 2025, the Group entered into an equity transfer agreement with the shareholders of Wuxi Tongkang TCM Hospital Co., Ltd. (無錫同康中醫醫院有限公司) ("**Wuxi Tongkang**") to acquire 100% equity interest of Wuxi Tongkang.

- In April 2025, the Group entered into an equity transfer agreement with the shareholders of Beijing Changping Bohua Jingkang TCM Hospital Co., Ltd. (北京昌平博華京康中醫醫院有限公司) ("**Beijing Bohua**") to acquire 100% equity interest of Beijing Bohua.

- In April 2025, the Group entered into an equity transfer agreement with the shareholders of Changshu Guangren Hospital Co., Ltd. (常熟廣仁醫院有限公司) ("**Changshu Guangren**") to acquire 100% equity interest of Changshu Guangren.

- In June 2025, the Group entered into an equity transfer agreement with the shareholders of Tianjin Hexi PingAn General Out-patient Department Co., Ltd. (天津河西平安綜合門診部有限公司) ("**Tianjin PingAn**") to acquire controlling equity interest of Tianjin PingAn.

- In June 2025, the Group entered into an equity transfer agreement with the shareholders of Shenzhen Tianyuan Anorectal Hospital (深圳天元中醫肛腸醫院) ("**Shenzhen Tianyuan**") to acquire controlling equity interest of Shenzhen Tianyuan.

The Group established five new offline medical institutions during the Reporting Period, namely, Shanghai Gushengtang Jingbei TCM Out-patient Department Co., Ltd. (上海固生堂菁北中醫門診部有限公司), Chengdu Gaoxin Gushengtang Dayuan TCM Out-patient Department Co., Ltd. (成都高新固生堂大源中醫門診部有限公司), Shantou Longhu Gushengtang TCM Out-patient Department Co., Ltd. (汕頭龍湖固生堂中醫門診有限公司), Guangzhou Huadu Huachengdong Gushengtang Investment Co., Ltd. (廣州花都花城東固生堂投資有限公司) and Zhongshan Gushengtang Medical Service Co., Ltd. (中山市固生堂醫療服務有限公司).

As of June 30, 2025, except for Beijing Bohua, Tianjin PingAn and Shenzhen Tianyuan, all of the above acquired and self-established medical institutions had commenced business operations. Adhering to its existing strategies, the Group strive to achieve high-quality business expansion and increase the geographic coverage and market share of its medical service network.

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 June 30, 2025, the Group was in collaboration with multiple public hospitals and TCM universities.

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

	Six months ended June 30,	
	2025	2024
New customers[(1)]	**452,581**	419,963
Accumulated customers at the end of each period[(2)]	**4,878,448**	3,956,760
Customer visits *(thousands)*	**2,747**	2,383
Accumulated customer visits at the end of each period *(thousands)*	**25,329**	19,554
Customer return rate[(3)] *(%)*	**69.3**	69.5
Average spending per customer visit *(RMB)*	**544**	573

Notes:

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

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

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

The Group endeavours 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:

	Six months ended June 30,	
	2025	2024
Number of members who had made spending in medical service network of the Group	**273,604**	260,910
Member visits *(thousands)*	**1,080**	938
Member return rate[(1)] *(%)*	**85.0**	85.3

Note:

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

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, the Company expects the business strategies of the Group 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 technologies into the innovation and preservation of TCM, the Group has been utilizing AI to strengthen its diagnosis and treatment capabilities, leveraging which the Group expects to achieve broader customer reach through more efficient healthcare service workflows and remote TCM services. In June 2025, the Group launched its first "TCM AI Avatar." By August, a total of 10 "TCM AI Avatars" had been introduced, covering eight core TCM specialties: oncology, dermatology, gastroenterology, otorhinolaryngology, andrology, psychological sleep medicine, classical prescription studies, and orthopedics and traumatology. By leveraging AI technology to enhance TCM practices, the Group has enhanced the supply of high-quality TCM services, addressed the shortage of premium healthcare resources, and delivered standardized and efficient diagnosis and treatment experiences to more patients. In addition to the AI Avatars, the Group has also launched AI health assistant to further improve the patient-side healthcare experience.

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 Weijing Quyu Paste (圍經祛鬱膏) and Wumei Guihua Mixture (烏梅桂花合劑), 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 is 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.

6. **Expanding its wellness clinic (輕診所) network to deliver TCM services integrating consumer-grade and medical-grade services.** Capitalizing on the massive untapped potential of the billion-dollar TCM healthcare market in China and supported by favorable government policies, the Group leverages its comprehensive ecosystem, including TCM medical professional resources, established supply chain, HIS for information management, TCM AI Avatar technology, and referral network for complex cases to develop accessible clinic services that provide physiotherapy and wellness solutions tailored to younger population.

FINANCIAL REVIEW

Revenue Breakdown

Revenue by Business Segment

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

	Six months ended June 30,				Period to period fluctuation
	2025		2024		2025/2024
	Revenue	**% of total**	Revenue	% of total	
	(RMB'000)	***(%)***	*(RMB'000)*	*(%)*	*(%)*
		(unaudited)			
Provision of healthcare solutions	**1,484,862**	**99.3**	1,344,574	98.5	10.4
Sale of healthcare products	**10,029**	**0.7**	20,405	1.5	(50.9)
Total	**1,494,891**	**100.0**	1,364,979	100.0	9.5

Consolidated revenue of the Group increased by 9.5% from RMB1,365.0 million for the six months ended June 30, 2024 to RMB1,494.9 million for the six months ended June 30, 2025, primarily attributable to the increase in revenue generated from provision of healthcare solutions.

Revenue from Provision of Healthcare Solutions

Revenue derived from provision of healthcare solutions increased by 10.4% from RMB1,344.6 million for the six months ended June 30, 2024 to RMB1,484.9 million for the six months ended June 30, 2025, primarily attributable to business growth of offline medical institutions.

Revenue from Sale of Healthcare Products

Revenue derived from sale of healthcare products decreased by 50.9% from RMB20.4 million for the six months ended June 30, 2024 to RMB10.0 million for the six months ended June 30, 2025, primarily as the Group strategically focused more on provision of healthcare solutions in the first half of 2025.

Revenue by Channel

The following table sets forth a breakdown of the revenue of the Group by channel for the periods indicated:

	Six months ended June 30,				Period to period fluctuation
	2025		2024		2025/2024
	Revenue	**% of total**	Revenue	% of total	
	(RMB'000)	***(%)***	*(RMB'000)*	*(%)*	*(%)*
		(unaudited)			
Offline medical institutions[1]	**1,367,406**	**91.5**	1,230,565	90.2	11.1
Online healthcare platforms	**127,485**	**8.5**	134,414	9.8	(5.2)
Total	**1,494,891**	**100.0**	1,364,979	100.0	9.5

Note:

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

Revenue derived from offline medical institutions increased by 11.1% from RMB1,230.6 million for the six months ended June 30, 2024 to RMB1,367.4 million for the six months ended June 30, 2025, mainly attributable to the business growth and increase in the number of offline medical institutions.

Revenue derived from online healthcare platforms decreased by 5.2% from RMB134.4 million for the six months ended June 30, 2024 to RMB127.5 million for the six months ended June 30, 2025, primarily because the Group strategically focused more on the growth of offline medical business.

Cost of Sales

During the Reporting Period, the cost of sales of the Group 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. Cost of sales of the Group increased by 7.6% from RMB963.8 million for the six months ended June 30, 2024 to RMB1,037.0 million for the six months ended June 30, 2025, primarily due to the increased cost of physicians and cost of materials in the first half of 2025, which was in line with the business growth.

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

	Six months ended June 30,				Period to period fluctuation
	2025		2024		2025/2024
	Cost of sales	**% of total**	Cost of sales	% of total	
	(RMB'000)	***(%)***	*(RMB'000)*	*(%)*	*(%)*
		(unaudited)			
Cost of physicians and cost of materials	**825,988**	**79.6**	764,359	79.3	8.1
Regular operating expenses	**211,047**	**20.4**	199,408	20.7	5.8
Total	**1,037,035**	**100.0**	963,767	100.0	7.6

Cost of physicians and cost of materials of the Group increased by 8.1% from RMB764.4 million for the six months ended June 30, 2024 to RMB826.0 million for the six months ended June 30, 2025, primarily due to (i) the increased number of physicians accommodating the increasing demands for physician resources along with the Group's business expansion; and (ii) the increased cost of materials mainly in line with the expansion of the Group's business scale. Regular operating expenses of the Group increased by 5.8% from RMB199.4 million for the six months ended June 30, 2024 to RMB211.0 million for the six months ended June 30, 2025, primarily due to the increase of the Group's medical institutions in operation.

Gross Profit and Gross Profit Margin

Gross profit of the Group increased by 14.1% from RMB401.2 million for the six months ended June 30, 2024 to RMB457.9 million for the six months ended June 30, 2025.

The following table sets forth a breakdown of the gross profit and gross profit margin of the Group by business segment for the periods indicated:

	Six months ended June 30,			
	2025		2024	
	Gross profit *(RMB'000)*	**Gross profit margin** *(%)*	Gross profit *(RMB'000)*	Gross profit margin *(%)*
		(unaudited)		
Provision of healthcare solutions	**454,205**	**30.6**	395,533	29.4
Sale of healthcare products	**3,651**	**36.4**	5,679	27.8
Total	**457,856**	**30.6**	401,212	29.4

Gross profit of provision of healthcare solutions increased by 14.8% from RMB395.5 million for the six months ended June 30, 2024 to RMB454.2 million for the six months ended June 30, 2025, which was generally in line with the increased revenue generated from provision of healthcare solutions. Gross profit margin of provision of healthcare solutions remained relatively stable at 30.6% for the six months ended June 30, 2025 compared to 29.4% for the six months ended June 30, 2024.

Gross profit of sale of healthcare products decreased by 35.7% from RMB5.7 million for the six months ended June 30, 2024 to RMB3.7 million for the six months ended June 30, 2025, while gross profit margin of sale of healthcare products increased from 27.8% for the six months ended June 30, 2024 to 36.4% for the six months ended June 30, 2025, primarily due to the reduction in sale of healthcare products that have relatively lower gross profit margin in the first half of 2025.

Other Income and Gains

Other income and gains of the Group remained relatively stable at RMB17.1 million for the six months ended June 30, 2025 compared to that of RMB17.8 million for the six months ended June 30, 2024.

Selling and Distribution Expenses

The following table sets forth a breakdown of the selling and distribution expenses of the Group by nature for the periods indicated:

	Six months ended June 30,				Period to period fluctuation
	2025		2024		2025/2024
	Selling and distribution expenses	**% of total**	Selling and distribution expenses	% of total	
	(RMB'000)	***(%)***	*(RMB'000)*	*(%)*	*(%)*
	(unaudited)				
Regional operating expenses	**172,555**	**97.4**	157,200	98.2	9.8
Third-party client acquisition costs	**4,567**	**2.6**	2,904	1.8	57.3
Total	**177,122**	**100.0**	160,104	100.0	10.6

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

Selling and distribution expenses of the Group increased by 10.6% from RMB160.1 million for the six months ended June 30, 2024 to RMB177.1 million for the six months ended June 30, 2025, primarily attributable to an increase of RMB15.4 million in regional operating expenses, in line with the increase in all types of operating expenses as a result of increase in the number of the Group's medical institutions and the business expansion of its existing medical institutions.

The Group leverages multi-channel customer acquisition strategies to constantly expand customer base, while retaining existing customers and enhancing customer loyalty through differentiated customer retention strategies. New customers are attracted primarily through the Group's strengthened brand awareness and recognition underpinned by extensive physician resources and outstanding service capability. Multi-channel customer acquisition strategies enable the Group to expand customer base at relatively low customer acquisition costs.

Similar with the six months ended June 30, 2024, approximately 94% of new customers of the Group were acquired by proprietary medical institutions, pharmacies and online healthcare platform, while approximately 6% of the new customers were introduced by third-party online platforms that the Group collaborated with during the Reporting Period. Third-party client acquisition costs increased by 57.3% from RMB2.9 million for the six months ended June 30, 2024 to RMB4.6 million for the six months ended June 30, 2025, which was in line with the expansion of business of the Group. The Group also highly values customer experience and feedbacks. The customer retention strategies differentiate the Group from competitors and help it benefit from the growing customer loyalty.

Administrative Expenses

Administrative expenses of the Group decreased by 14.6% from RMB110.4 million for the six months ended June 30, 2024 to RMB94.2 million for the six months ended June 30, 2025, primarily due to the decrease in employee benefit expenses in relation to the share option and share award expenses.

Other Expenses

During the Reporting Period, other expenses of the Group primarily consisted of foreign exchange loss, donation and impairment of financial assets. Other expenses decreased by 31.6% from RMB15.4 million for the six months ended June 30, 2024 to RMB10.5 million for the six months ended June 30, 2025, primarily due to a decrease of RMB6.6 million in foreign exchange loss due to the fluctuation of exchange rate.

Finance Costs

Finance costs of the Group increased by 43.1% from RMB8.6 million for the six months ended June 30, 2024 to RMB12.3 million for the six months ended June 30, 2025, primarily due to (i) an increase of RMB1.9 million in loan interest caused by the increased bank loans; and (ii) an increase of RMB1.8 million in interest on lease liabilities as a result of the increased leases, which was in line with the increase of the Group's offline medical institutions.

Income Tax Expenses

The Group recorded income tax expenses of RMB28.0 million for the six months ended June 30, 2025, compared to income tax expenses of RMB17.8 million for the six months ended June 30, 2024, primarily due to the increase in taxable profit in line with the Group's business growth.

Profit for the Period

As a result of the foregoing, the Group's profit for the period increased from RMB107.3 million for the six months ended June 30, 2024 to RMB152.0 million for the six months ended June 30, 2025.

Non-HKFRS Measures

To supplement the financial information, which is presented in accordance with HKFRS Accounting Standards, the Company also provides adjusted net profit (non-HKFRS measure) and EBITDA (non-HKFRS measure) as non-HKFRS measures, which is unaudited in nature and is not required by, or presented in accordance with, HKFRS Accounting Standards. The Company believes that the non-HKFRS measures (i) facilitate period-to-period comparisons of operating performance by eliminating potential impacts of items that its management does not consider to be indicative of its operating performance; and (ii) provide useful information to investors in understanding and evaluating its results of consolidated statements of profit or loss and other comprehensive income in the same manner as they helped its management. However, its presentation of adjusted net profit (non-HKFRS measure) and EBITDA (non-HKFRS measure) 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 measures has limitations as an analytical tool, and the Shareholders and investors should not consider them in isolation from, or as substitutes for analysis of, its results of operations or financial condition as reported under HKFRS Accounting Standards.

The Company defined adjusted net profit as profit for the period adjusted for equity-settled share-based payments in relation to share awards granted under the RSA Scheme (Existing Shares). Adjusted net profit increased by 15.2% from RMB147.9 million for the six months ended June 30, 2024 to RMB170.4 million for the six months ended June 30, 2025.

	Six months ended June 30,	
	2025	2024
	(Unaudited)	
	(RMB'000)	*(RMB'000)*
Profit for the period	**151,954**	107,275
Adjustment for[1]:		
Equity-settled share-based payments	**18,435**	40,613
Adjusted net profit	**170,389**	147,888

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.

In addition, the Company defined EBITDA as profit for the period adjusted for depreciation and amortization, net finance costs and income tax expense. Our EBITDA increased by 37.3% from RMB193.0 million for the six months ended June 30, 2024 to RMB265.0 million for the six months ended June 30, 2025.

	Six months ended June 30,	
	2025	2024
	(Unaudited)	
	(RMB'000)	*(RMB'000)*
Profit for the period	**151,954**	107,275
Add:		
Depreciation and amortization*	**84,604**	69,677
Finance costs, net	**407**	(1,715)
Income tax expense	**28,038**	17,810
EBITDA (non-HKFRS measure)	**265,003**	193,047

* Depreciation and amortization equals to the sum of depreciation of property, plant and equipment, amortisation of other intangible assets and depreciation of right-of-use assets.

Liquidity, Financial Resources and Capital Structure

The Shares were successfully listed on the Main Board of the Stock Exchange on December 10, 2021. On March 30, 2023, 10,400,000 Shares 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 June 30, 2025, (i) the total number of Shares in issue (excluding treasury Shares) was 236,409,092; and (ii) the Company did not hold any treasury Shares (as defined in the Listing Rules).

As of June 30, 2025, the Group had cash and cash equivalents of RMB1,157.5 million (which was RMB1,116.4 million as of December 31, 2024), which were primarily denominated in RMB, USD or HKD. As of June 30, 2025, the Group had interest-bearing bank loans of an aggregate amount of RMB203.2 million (which was RMB100.1 million as of December 31, 2024), which were denominated in RMB with interest rates ranging from 2.48% to 2.90% per annum. Interests are charged at fixed rates. The Group has no interest rate hedging policy.

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

Treasury Policy

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

Contingent Liabilities

As of June 30, 2025, the Group did not have any contingent liabilities.

Gearing Ratio

As of June 30, 2025, the gearing ratio of the Group, being total interest-bearing bank loans divided by total equity as of the end of the period and multiplied by 100%, was 8.5% (which was 0.3% as of June 30, 2024).

Foreign Currency Risk

The Group has transactional currency exposures. Such exposures arise from the use of financial instruments denominated in USD or HKD to finance its 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 its PRC operations. The Group has no foreign currency hedging policy. However, its management monitors foreign exchange exposures and will consider appropriate hedging measures in the future should the need arise.

Pledge of Assets

None of the Group's assets were pledged to obtain financing as of June 30, 2025.

Capital Expenditures

The capital expenditure of the Group during the Reporting Period was primarily relating to (i) purchases of property, plant and equipment; (ii) decoration and renovation of its offline medical institutions; and (iii) purchases of intangible assets (such as software). During the Reporting Period, the Group incurred capital expenditures in an aggregate amount of RMB52.8 million (which was RMB37.8 million for the six months ended June 30, 2024), primarily due to the increased expenditure on offline medical institutions along with its business expansion.

Significant Investments Held

As of June 30, 2025, the Group did not hold any significant investments.

Material Acquisitions and Disposals

On June 10, 2025, Gushengtang Singapore, a wholly-owned subsidiary of the Company, entered into a share subscription agreement with Tu Health Care, pursuant to which, Tu Health Care agreed to make capital contribution, by way of cash, to Gushengtang Singapore in the amount of SGD1.6 million (the "**Capital Contribution**"). Upon completion of the Capital Contribution, (i) Gushengtang Singapore is held as to approximately 83.16% and 16.84% by the Company and Tu Health Care, respectively; and (ii) Gushengtang Singapore continues to be a subsidiary of the Company and the financial results of Gushengtang Singapore continue to be consolidated into the financial statements of the Group. For details, please refer to the announcement of the Company dated June 10, 2025. As of the date of this announcement, the Capital Contribution was completed by Tu Health Care.

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

EMPLOYEES AND REMUNERATION POLICY

As of June 30, 2025, the Group had 3,546 employees (which was 2,895 employees as of June 30, 2024). The following table sets forth a breakdown of the employees by function as of June 30, 2025:

Functions	Number of employees	% of total employees
Physicians and other medical professionals	2,097	59%
Management, operations and others	690	20%
Sales and marketing	529	15%
Supply chain	149	4%
Information technology and research and development	81	2%
Total	**3,546**	**100%**

For the six months ended June 30, 2025, the staff cost of the Group amounted to approximately RMB309.1 million (which was approximately RMB288.0 million for the six months ended June 30, 2024), including pension and housing fund.

The Group provides competitive compensation packages. Remuneration packages for employees mainly comprise base salary and performance-based bonus. The Group sets performance targets for its employees primarily based on their position and department and periodically reviews 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 or will be offered to participate in the Pre-IPO Share Option Plan, Post-IPO Share Option Scheme, RSA Scheme (New Shares) and RSA Scheme (Existing Shares).

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

To maintain and enhance the knowledge and skill levels of its workforce, the Group provides its employees with internal training, including orientation programs for new employees and technical training for existing employees. The Group also offers external training opportunities to its management team and medical professionals.

INTERIM DIVIDENDS

On August 29, 2025, the Board declared the payment of an interim dividend of HK$0.35 per Share for the six months ended June 30, 2025 (the "**Interim Dividend**") (which was HK$0.13 per Share for the six months ended June 30, 2024). Based on the total number of Shares in issue (excluding treasury Shares and Shares repurchased by the Company pending cancellation) as of the date of this announcement, the total amount of the Interim Dividend to be paid by the Company is approximately HK$82.6 million.

The Interim Dividend is expected to be paid in cash on or about September 29, 2025 to the Shareholders whose names appear on the register of members of the Company on September 17, 2025. For the purpose of determining the entitlement to the Interim Dividend, the register of members of the Company will be closed from September 15, 2025 to September 17, 2025, both days inclusive, during which period no transfer of Shares will be registered. The record date will be September 17, 2025. In order for a Shareholder to qualify for the Interim Dividend, all properly completed share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on September 12, 2025.

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 June 30, 2025, 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	Remaining amount as of December 31, 2024	Utilized amount during the six months ended June 30, 2025	Utilized amount as of June 30, 2025	Remaining amount as of June 30, 2025	Expected timeline for full utilization(1)
	(%)			*(HK$ million)*			
For the expansion of offline medical institutions	60.0	323.7	237.4	37.3	123.6	200.1	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	104.8	9.7	12.8	95.1	By the end of 2027
For diversifying the Company's product portfolio	10.0	54.0	52.5	8.8	10.3	43.7	By the end of 2027
For standardizing healthcare solutions and improving the Company's information technology systems	10.0	54.0	35.0	4.6	23.6	30.4	By the end of 2027
Total	100.0	539.6	429.7	60.4	170.3	369.3	

Note:

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

As of June 30, 2025, the Group has utilized the Top-up Placing Net Proceeds of approximately HK$170.3 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.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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 during the six months ended June 30, 2025, save and except for code provision C.2.1 in part 2 of the CG Code.

Pursuant to code provision C.2.1 in part 2 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 of the Board as well as the chief executive officer of the Company. As Mr. Tu is the founder of the Group and has been managing the 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 the Group by ensuring consistent leadership within the Group. The Board therefore considers it is appropriate to deviate from code provision C.2.1 in part 2 of the CG Code in such circumstances. The Board will continue to review and consider splitting the roles of chairman of the Board and the chief executive officer of the Company at an appropriate time if necessary, taking into account the circumstances of the 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.

COMPLIANCE WITH THE 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 standards specified in the Model Code during the six months ended June 30, 2025. 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 during the six months ended June 30, 2025.

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 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 of the Company as at the date of the annual general meeting.

During the six months ended June 30, 2025, the Company repurchased a total of 2,662,300 Shares on the Stock Exchange under the 2024 Repurchase Mandate at a total consideration (excluding expenses) of approximately HK$84,689,015, which was funded by internal resources of the Company. All of the 2,662,300 Shares repurchased during the Reporting Period have been cancelled as at the date of this announcement. Details of Shares repurchased by the Company during the Reporting Period are set out below:

		Price per Share repurchased		**Aggregate consideration paid (excluding expenses)**
Month of repurchase	**Number of Shares repurchased**	**Highest price** *(HK$)*	**Lowest price** *(HK$)*	*(HK$)*
Shares repurchased for cancellation				
January 2025	848,400	33.10	27.00	24,346,365
February 2025	—	—	—	—
March 2025	—	—	—	—
April 2025	214,200	29.00	28.10	6,098,400
May 2025	860,900	36.60	30.30	27,992,415
June 2025	738,800	37.95	33.30	26,251,835
Total	2,662,300	—	—	84,689,015

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. As of the date of this announcement, the Company did not hold any treasury Shares.

MATERIAL LITIGATION

As of the date of this announcement, no member of the Group was engaged in any pending 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.

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with the requirements under the Listing Rules. As of the date of this announcement, the Audit Committee comprises 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.

REVIEW OF INTERIM RESULTS

The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended June 30, 2025 and was of the opinion that such interim results had been prepared in accordance with the relevant accounting standards, laws and regulations, and that adequate disclosures have been made in accordance with the requirements of the Listing Rules. The unaudited interim results of the Group for the six months ended June 30, 2025 has not been reviewed by the auditor of the Company.

SUBSEQUENT EVENTS

There was no significant event which may have material impact on the Group occurred after the Reporting Period and up to the date of this announcement.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND THE INTERIM REPORT ON THE WEBSITE OF THE STOCK EXCHANGE AND THE COMPANY

The interim result announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.gstzy.cn). The interim report for the six months ended June 30, 2025 containing all the information required by the Listing Rules will be dispatched to the Shareholders (if requested) and made available on the above websites in due course.

GLOSSARY AND DEFINITIONS

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

"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
"Director(s)"	director(s) of the Company

"ERP system"	enterprise resource planning system
"Group"	the Company, its subsidiaries and controlled affiliated entities controlled by the Group through contractual arrangements at the relevant time
"Gushengtang Singapore"	Gushengtang Singapore TCM Healthcare Technologies Holdings Private Limited, a company incorporated under the Singapore laws on March 20, 2025 and is a wholly-owned subsidiary of the Company as of the date of this announcement
"HK$" or "HKD"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"HKFRS Accounting Standards"	Hong Kong Financial Reporting Standards Accounting 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 of the Board, the chief executive officer of the Company, and one of its controlling shareholders
"OMO"	online-merge-offline
"Post-IPO Share Option Scheme"	the share option scheme of the Company adopted by the Company on December 7, 2022, the principal terms of which are set out in the Circular

"Pre-IPO Share Option Scheme"	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 six-month period from January 1, 2025 to June 30, 2025
"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 adopted by the Company on December 7, 2022, the principal terms of which are set out in the Circular
"SGD"	Singapore dollars, the lawful currency of Singapore
"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 the Listing Rules
"TCM"	traditional Chinese medicine
"Tu Health Care"	Tu Health Care Holding Pte. Ltd, a company incorporated under the Singapore laws on September 10, 2021 and is ultimately controlled by Mr. Tu

"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, August 29, 2025

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