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, 2026

FINANCIAL HIGHLIGHTS

Revenue of the Group increased by 10.6% to RMB1,652.9 million for the six months ended June 30, 2026 from RMB1,494.9 million for the six months ended June 30, 2025.

Gross profit of the Group increased by 9.7% to RMB502.1 million for the six months ended June 30, 2026 from RMB457.9 million for the six months ended June 30, 2025.

EBITDA[(1)] increased by 39.8% to RMB370.6 million for the six months ended June 30, 2026 from RMB265.0 million for the six months ended June 30, 2025.

Net profit increased by 44.2% to RMB219.2 million for the six months ended June 30, 2026 from RMB152.0 million for the six months ended June 30, 2025.

Note:

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

The board (the "**Board**") of directors (the "**Directors**" and each a "**Director**") of GUSHENGTANG HOLDINGS LIMITED (the "**Company**", together with its subsidiaries and consolidated affiliated entities, the "**Group**") is pleased to announce the unaudited consolidated interim results of the Group for the six months ended June 30, 2026 together with the comparative figures for the same period in 2025 as set out below.

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

For the six months ended June 30, 2026

	Notes	2026	2025
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited)
REVENUE	4	**1,652,928**	1,494,891
Cost of sales		**(1,150,812)**	(1,037,035)
Gross profit		**502,116**	457,856
Other income and gains	5	**88,712**	17,112
Selling and distribution expenses		**(206,851)**	(177,122)
Administrative expenses		**(99,582)**	(94,249)
Other expenses		**(11,442)**	(10,515)
Finance costs		**(22,309)**	(12,269)
Share of profits/(losses) of associates		**206**	(821)
PROFIT BEFORE TAX	6	**250,850**	179,992
Income tax expenses	7	**(31,644)**	(28,038)
PROFIT FOR THE PERIOD		**219,206**	151,954
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**21,779**	4,352
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:			
Translation of the Company's functional currency to presentation currency		**(15,411)**	(5,137)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX		**6,368**	(785)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**225,574**	151,169

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

For the six months ended June 30, 2026

	Note	**2026**	2025
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited)
Profit attributable to:			
Owners of the parent		**220,711**	151,645
Non-controlling interests		**(1,505)**	309
		219,206	151,954
Total comprehensive income attributable to:			
Owners of the parent		**227,079**	150,860
Non-controlling interests		**(1,505)**	309
		225,574	151,169
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*9*		
Basic			
— For profit for the period (RMB)		**1.00**	0.63
Diluted			
— For profit for the period (RMB)		**0.69**	0.62

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30, 2026

	Notes	**June 30, 2026** *RMB'000* **(Unaudited)**	December 31, 2025 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**186,706**	177,334
Right-of-use assets		**474,348**	459,531
Goodwill	*10*	**1,401,762**	1,327,462
Other intangible assets		**33,357**	32,172
Investments in associates		**40,288**	39,690
Time deposits		**9,000**	29,000
Prepayments		**34,300**	28,007
Other financial assets		**16,377**	—
Deferred tax assets		**43,245**	43,028
Total non-current assets		**2,239,383**	2,136,224
CURRENT ASSETS			
Inventories		**221,843**	194,539
Trade receivables	*11*	**287,056**	257,397
Prepayments, deposits and other receivables		**323,357**	258,967
Other financial assets		**98,772**	66,530
Time deposits	*12*	**98,109**	165,409
Restricted cash	*12*	**18,398**	31,091
Cash and cash equivalents	*12*	**1,078,210**	882,333
Total current assets		**2,125,745**	1,856,266
CURRENT LIABILITIES			
Trade and bills payables	*13*	**271,709**	302,185
Other payables and accruals		**447,065**	555,782
Financial liabilities at fair value through profit or loss		**3,235**	3,235
Interest-bearing bank loans		**117,982**	118,220
Convertible bonds		**695,266**	—
Lease liabilities		**122,750**	97,387
Dividend payable		**137,134**	—
Tax payable		**1,374**	75,312
Total current liabilities		**1,796,515**	1,152,121
NET CURRENT ASSETS		**329,230**	704,145
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,568,613**	2,840,369

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

June 30, 2026

	June 30, 2026 *RMB'000* **(Unaudited)**	December 31, 2025 *RMB'000* (Audited)
NON-CURRENT LIABILITIES		
Interest-bearing bank loans	**219,810**	188,489
Lease liabilities	**377,211**	379,911
Other payables and accruals	**72,948**	81,973
Deferred tax liabilities	**5,241**	5,607
Total non-current liabilities	**675,210**	655,980
Net assets	**1,893,403**	2,184,389
EQUITY		
Equity attributable to owners of the Company		
Share capital	**151**	151
Shares held for share award schemes	**(168,754)**	(168,757)
Treasury shares	**(694,511)**	(225,605)
Reserves	**2,741,778**	2,564,192
	1,878,664	2,169,981
Non-controlling interests	**14,739**	14,408
Total equity	**1,893,403**	2,184,389

NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2026

1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended June 30, 2026 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, 2025.

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, 2025, except for the adoption of the following amended HKFRS Accounting Standards for the first time for the current period's financial information.

Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*
Amendments to HKFRS 9 and HKFRS 7	*Contracts Referencing Nature-dependent Electricity*
Annual Improvements to HKFRS Accounting Standards — Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7

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

(a) Amendments to HKFRS 9 and HKFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify that a financial asset is derecognised when the entity's rights to the contractual cash flows expire or are transferred, while a financial liability is derecognised on the settlement date. The amendments introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. Since the Group's accounting policy for the derecognition of financial assets and liabilities in prior years aligned with the amendments and the Group did not have the financial assets that were addressed by the amendments, the amendments did not have any impact on the interim condensed consolidated financial information. The Group will provide additional disclosures for its equity investments designated at fair value through other comprehensive income in the Group's consolidated financial statements for the year ending December 31, 2026.

(b) Amendments to HKFRS 9 and HKFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. As the Group did not have any contracts that are in the scope of the amendments, the amendments did not have any impact on the interim condensed consolidated financial information.

(c) *Annual Improvements to HKFRS Accounting Standards — Volume 11* set out narrow scope amendments to HKFRS 1, HKFRS 7 (and the accompanying *Guidance on implementing HKFRS 7*), HKFRS 9, HKFRS 10 and HKAS 7. The amendments include clarifications, simplifications, corrections or changes to improve consistency in the corresponding HKFRS Accounting Standards. 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 Chinese mainland, 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,	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	**1,652,928**	1,494,891

Disaggregated revenue information

	For the six months ended June 30,	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Types of goods or service		
Provision of healthcare solutions	**1,644,873**	1,484,862
Sale of healthcare products	**8,055**	10,029
Total	**1,652,928**	1,494,891
Geographical markets		
Chinese mainland	**1,620,799**	1,492,748
Singapore	**32,129**	2,143
Total	**1,652,928**	1,494,891
Timing of revenue recognition		
Goods and services transferred at a point in time	**1,652,928**	1,494,891

5 OTHER INCOME AND GAINS

	For the six months ended June 30,	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest income	**8,708**	11,862
Fair value gains on financial instruments, net	**71,859**	2,091
Government subsidies*	**6,204**	978
Rental income	**78**	620
Others	**1,863**	1,561
	88,712	17,112

* 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,	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of provision of healthcare solutions	**1,145,213**	1,030,657
Cost of sale of healthcare products	**5,599**	6,378
Depreciation of property, plant and equipment	**32,919**	28,156
Amortisation of other intangible assets#	**3,630**	2,172
Depreciation of right-of-use assets	**69,551**	54,276
Foreign exchange, net*	**5,540**	5,369
(Gain)/Loss on disposal of items of property, plant and equipment*	**(45)**	236
Impairment of trade receivables*	**730**	321

\# 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.

Chinese mainland

Pursuant to the PRC Income Tax Law and the respective regulations, a subsidiary which operates in Chinese mainland is subject to corporate income tax at a rate of 25% on the taxable income. Certain subsidiaries of the Group in Chinese mainland are qualified as "small and micro enterprises" and, accordingly, were entitled to a preferential income tax rate of 5% during the reporting period. Guangdong Gushengtang Health Technology Co., Limited of the Group is qualified as high technology enterprises and was hence granted a preferential corporate income tax rate of 15% for the three years from 2025 to 2028. Guangdong Jiyuan Traditional Chinese Medicine Technology Co., Ltd. is entitled to an enterprise income tax rate of 15% as part of the pilot preferential policy in the Nansha District of Guangzhou City.

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,	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current	**32,227**	28,015
Deferred	**(583)**	23
Total	**31,644**	28,038

8 DIVIDENDS

	For the six months ended June 30,	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Final declared — HKD0.69 (2025: HKD0.41) per ordinary share	**137,650**	88,331
Dividends on ordinary shares declared after the interim reporting date:		
Interim — HKD1.15 (2025: HKD0.35) per ordinary share	**210,873**	75,766
Total	**348,523**	164,097

On August 28, 2026, the board of directors declared an interim dividend of HKD1.15 (six months ended June 30, 2025: HKD0.35) per ordinary share, amounting to a total of approximately RMB210,873,000 (six months ended June 30, 2025: RMB75,766,000).

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 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 adjusted to reflect the fair value change on the convertible bonds. 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.

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

	For the six months ended June 30,	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent	**220,711**	151,645
Less: Fair value gain on convertible bonds	**(54,585)**	—
Profit attributable to ordinary equity holders of the parent before fair value gain on convertible bonds	**166,126**	151,645

	Number of shares	
Shares		
Weighted average number of ordinary shares in issue used in the basic earnings per share calculation[#]	**220,509,074**	240,204,176
Effect of dilution — weighted average number of ordinary shares:		
Share options	**4,265,593**	5,723,214
Convertible bonds	**17,400,979**	—
Weighted average number of ordinary shares in issue used in the diluted earnings per share calculation	**242,175,646**	245,927,390

[#] 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, 2026 ***RMB'000*** **(Unaudited)**	December 31, 2025 *RMB'000* (Audited)
At the beginning of the period/year:		
Cost	**1,330,012**	1,135,058
Accumulated impairment	**(2,550)**	(2,550)
Net carrying amount	**1,327,462**	1,132,508
Acquisition of subsidiaries	**74,300**	194,954
At the end of the period/year:		
Cost	**1,404,312**	1,330,012
Accumulated impairment	**(2,550)**	(2,550)
	1,401,762	1,327,462

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, 2026	December 31, 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within six months	**277,283**	250,981
Six months to one year	**7,361**	3,985
Over one year	**2,412**	2,431
	287,056	257,397

12 CASH AND CASH EQUIVALENTS, TIME DEPOSITS AND RESTRICTED CASH

	June 30, 2026	December 31, 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Cash and bank balances	**1,096,106**	912,893
Time deposits	**107,611**	194,940
Subtotal	**1,203,717**	1,107,833
Less: Restricted cash	**(18,398)**	(31,091)
Non-pledged time deposits with maturity of more than three months but less than one year when acquired	**(68,109)**	(105,409)
Non-pledged time deposits with maturity of more than one year when acquired	**(39,000)**	(89,000)
Cash and cash equivalents	**1,078,210**	882,333

	June 30, 2026 RMB'000 (Unaudited)	December 31, 2025 RMB'000 (Audited)
Denominated in:		
RMB *(note)*	**712,991**	954,269
United State dollar	**408,187**	40,700
Hong Kong dollar	**62,903**	87,959
Singapore dollar	**19,636**	24,905
	1,203,717	1,107,833

Note:

The RMB is not freely convertible into other currencies, however, under Chinese mainland'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, 2026 RMB'000 (Unaudited)	December 31, 2025 RMB'000 (Audited)
Within three months	**180,264**	244,762
Three months to one year	**59,375**	31,490
Over one year	**32,070**	25,933
	271,709	302,185

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

As a leading brand of TCM healthcare service in China, "Gushengtang (固生堂)" is dedicated to providing patients and 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 entire disease course and daily health management have the following key characteristics:

Proprietary supply chain with selected quality TCM medicinal materials

The Group has always regarded the quality of TCM medicinal materials as the core lifeline of its business development, and continues to deepen the building of its proprietary supply chain system to control the quality of medicinal materials at source. The Group has established a stable medicinal material procurement network in core authentic production areas nationwide, and formed long-term strategic partnerships with quality planting bases and suppliers, ensuring that every TCM medicinal material comes from the optimal production areas and follows the optimal harvesting season.

In terms of quality control, the Group has established a standardized management system covering the entire chain of "procurement — acceptance — warehousing — distribution", with a dedicated quality control team strictly applying the standards of the *Chinese Pharmacopoeia* (《中國藥典》) to screen key indicators such as origin traceability, pesticide residue and heavy metal testing, and active ingredient content of TCM medicinal materials at every stage, resolutely preventing inferior medicinal materials from entering any stage of the process.

Leveraging the in-depth integration capability of its proprietary supply chain, the Group has not only effectively mitigated the impact of raw material price fluctuations on its operations and enhanced the initiative in cost control, but also further consolidated patients' trust and loyalty in TCM consumption under the brand commitment of "quality medicinal materials, full traceability, and peace of mind for patients", laying a solid foundation for the Group's sustainable and high-quality development.

Combination of in-house physicians and co-operating physicians

The Group has always regarded high-quality physician resources as the core competitiveness of TCM services, and continues to build and optimize a dual-driven talent system of "in-house physicians + co-operating physicians" to provide patients with professional, stable and reliable TCM diagnostic and treatment services.

In building its in-house physician team, the Group adopts a dual strategy of "internal cultivation + external recruitment" to forge a team of physicians with solid academic foundations, rich clinical experience and a balanced age structure. In-house physicians are deeply integrated into the Group's service system and quality control standards, playing a benchmark and demonstrative role in areas such as consultation standardization, patient service processes and medical record management, ensuring consistency and controllability of the Group's medical service quality. At the same time, the Group has established a well-rounded physician training and promotion mechanism, regularly organizing mentorship under renowned TCM physicians, academic seminars, and continuing education courses to continuously enhance the clinical capabilities and research competencies of our in-house team.

In integrating co-operating physician resources, the Group actively attracts National TCM Masters, provincial-level famous and experienced TCM physicians and leading experts across disciplines to join the Group's platform, gathering a cohort of highly reputed TCM masters in the industry. Relying on a sound practice support system — including professional assistant teams, intelligent diagnostic and treatment systems and efficient patient management systems — the Group creates a favorable practice environment for co-operating physicians, enabling them to focus on clinical diagnosis and treatment itself and maximize their clinical value. The organic synergy between the in-house team and co-operating physicians not only safeguards the stability and continuity of services, but also enriches our treatment solutions with more diverse professional perspectives and academic rigor.

As of the date of this announcement, the Group has expanded its medical team while further refining its talent structure and advancing the development of renowned doctor studios and specialized departments. This high-caliber physician matrix elevates patient care and clinical efficacy, while providing a solid foundation of talent to bolster the Gushengtang brand's academic standing and market reach, positioning the Group for sustainable growth as it preserves and innovates TCM.

Balancing frontline clinical practice and academic exchange

The Group firmly believes that the inheritance and innovation of TCM cannot be achieved without the dual drivers of solid frontline clinical practice and vibrant academic exchange. While deepening its commitment to frontline TCM diagnosis and treatment services, the Group actively builds high-level academic exchange platforms, striving to be a promoter and leader in the prosperity of TCM academia.

In terms of frontline clinical practice, leveraging its nationwide network of offline clinics and online internet-based diagnosis and treatment platforms, the Group serves millions of patient visits annually, accumulating vast amounts of authentic TCM clinical data and practical experience. The Group's physician team has long been rooted in the frontline of clinical practice, developing distinctive diagnostic and therapeutic expertise and achieving significant clinical efficacy across multiple TCM specialties, including internal medicine, gynecology, pediatrics, dermatology, and oncology regulation. These extensive frontline practices not only provide fertile ground for the academic growth of individual physicians but also lay a solid foundation for the inheritance of TCM expertise, the compilation of proven prescriptions, and evidence-based research on therapeutic efficacy.

In building platforms for academic sharing and exchange, the Group established its flagship academic program, the "Gusheng Grand Lecture Hall (固生大講堂)". Held regularly on a monthly basis, the Gusheng Grand Lecture Hall invites renowned National TCM Great Masters (國醫大師), National Famous TCM Doctors (全國名中醫), and key opinion leaders across various disciplines to share cutting-edge academic achievements and valuable clinical experience. Topics span a diverse range of subjects, including classical text studies, case studies of eminent practitioners, diagnostic and therapeutic approaches for specialized diseases, and the latest advances in the integration of traditional Chinese and Western medicine. As of the date of this announcement, each session of the "Gusheng Grand Lecture Hall" attracts over ten thousand TCM practitioners and enthusiasts to participate online, establishing itself as one of the largest TCM academic exchange platforms in China with extensive and far-reaching influence across the industry.

The continued operation of the "Gusheng Grand Lecture Hall" not only effectively promotes the broad dissemination and sharing of premium academic resources, bridging the knowledge gap between grassroots practitioners and top-tier experts, but also further enhances the Group's brand appeal in the field of TCM academia. Frontline clinical practice provides a constant source of vitality for academic innovation, while academic sharing, in turn, fuels the continuous improvement of clinical diagnosis and treatment standards. Complementing each other, these two elements jointly forge the core advantage of the Group's "clinical-academic" double-helix development model, injecting a steady stream of academic momentum and professional confidence into the Group's long-term growth.

Integration of specialized medical care and consumer health services

Gushengtang has developed a deep understanding of the structural shifts in health consumption demands in the new era. It is proactively building a dual-track business model that advances both "specialized medical care + consumer health services". While upholding the professional depth of TCM diagnosis and treatment, the Company actively embraces the vast market opportunities brought by consumption stratification, continuously expanding the category boundaries of TCM services and the coverage of its customer base.

In the field of specialized medical care, Gushengtang remains focused on addressing patients' real disease-related needs. It has deepened its expertise across traditional strength disciplines such as TCM internal medicine, gynecology, pediatrics, oncology regulation, and chronic disease management. Leveraging its team of high-caliber physicians and supply chain of authentic and premium herbs, the Company provides TCM diagnosis and treatment solutions characterized by precise syndrome differentiation and definitive clinical efficacy. The specialized medical care business serves as the cornerstone of the Company, establishing its professional reputation and patient trust within the TCM industry, while also contributing stable and sustainable core revenue.

To capitalize on consumer healthcare opportunities, the Group targets modern consumers' expanding appetite for "self-care (悦己)" health and wellness solutions. Centered around scenarios such as sub-health regulation, weight and physique management, aesthetic anti-aging, and sports rehabilitation, it has systematically rolled out a series of TCM-featured service offerings with distinct consumer attributes, including cosmetic acupuncture, catgut embedding for weight loss, Tui Na (Chinese therapeutic massage), bone setting and spinal adjustments, and moxibustion regimens. These services enjoy a broad audience base, high consumption frequency, and strong customer stickiness. They effectively cater to the aspirations of younger demographics and urban white-collar professionals for a healthy lifestyle, thereby opening up new avenues for growth for the Company.

Specialized medical care and consumer health services empower and drive each other forward in a synergistic manner. Specialized medical care provides robust medical endorsement and professional technical support for consumer health service offerings, ensuring that every consumer-oriented service is built upon a safe, standardized, and effective medical foundation. In turn, consumer health services, characterized by their high frequency and wide reach, effectively cultivate potential patient groups, converting "health consumers (健康消費者)" into "long-term treatment clients (長期診療客戶)", which feeds back into the sustained growth of the specialized medical care business. This dual-track business model helps optimize the Company's revenue structure, enhances the lifetime value per customer, and achieves full life-cycle health service coverage spanning from "curative care (治病)" to "preventive care (治未病)" and further to "self-care wellness (悦己養生)". This injects strong and diversified endogenous momentum into the Company's long-term sustainable growth.

Expanding TCM into New Scenarios and Frontiers

1. Adopting an integrated offline-online healthcare model. The Group continues to advance the seamless integration of "offline outpatient clinics + online internet hospital" services. On the offline front, the Group is steadily expanding its nationwide network of clinics while deepening its presence in core cities. On the online front, it leverages its proprietary internet hospital platform to provide end-to-end digital services, including follow-up consultations, prescription refills, chronic disease management, and medication delivery. The seamless integration of these dual service channels effectively overcomes geographical limitations, enhances the convenience of patient care and the efficiency of physician services, and builds a new ecosystem for round-the-clock TCM health services.

2. Actively expanding overseas markets. The Group is steadily advancing its international presence with Singapore as a primary springboard, leveraging diversified models such as overseas self-operated clinics, localized collaborations, and telemedicine consultations. Adhering to the principle of "standardized output and localized operations", the Group strictly complies with local laws and regulations while advancing the international registration and certification of TCM materials. By delivering high-quality services, the Group is building the international image of its TCM brand and forging a new growth trajectory overseas.

3. Fully committing to developing the TCM AI Avatar technology (國醫AI分身). The Group has proactively laid the groundwork for the in-depth application of AI in the field of TCM diagnosis and treatment, and is fully committed to developing the "TCM AI Avatar technology" project. Leveraging the authentic clinical data and syndrome differentiation thinking of the Group's renowned physicians, the aforementioned project utilizes large language models and knowledge graph technology to digitally replicate the clinical experience of distinguished and senior TCM practitioners. The "TCM AI Avatar technology" empowers primary-care physicians to enhance their diagnostic and treatment capabilities while providing patients with round-the-clock intelligent health consultation services. It represents a key strategic initiative by the Group to advance the digital inheritance of TCM.

4. Developing more in-hospital preparations. The Group is thoroughly tapping into the valuable clinical experience and distinctive empirical formulas of its distinguished and senior TCM practitioners, actively promoting their transformation into in-hospital preparations to enable the standardized and large-scale application of these experts' expertise and achievements. The research and development and promotion of in-hospital preparations not only effectively preserve the academic essence and clinical wisdom of these distinguished and senior TCM practitioners but also enrich the clinical pharmacotherapy system of TCM. This enhances the differentiated competitiveness and clinical accessibility of TCM services, infusing vibrant new life into the inheritance and innovation of TCM in the new era.

PRC Government Policies Supporting TCM Healthcare Services

In December 2015, in a congratulatory letter marking the 60th anniversary of the founding of the China Academy of Chinese Medical Sciences, President Xi Jinping noted that "TCM is a treasure of ancient Chinese science and the key to unlocking the treasure trove of Chinese civilization". He emphasized the need to "advance the modernization of TCM and promote its global dissemination", and to "well inherit, develop and utilize" this precious legacy left to us by our ancestors.

In October 2019, President Xi Jinping issued important instructions on work related to TCM. He stressed the need to "follow the laws of TCM development, preserve the essence, uphold orthodoxy, and foster innovation", "accelerate the modernization and industrialization of TCM", "promote high-quality development of TCM undertakings and industries", and "contribute to building a Healthy China and realizing the Chinese Dream of the great rejuvenation of the Chinese nation".

In October 2019, the Central Committee of the Communist Party of China and the State Council issued the *Opinions on Promoting the Inheritance and Innovative Development of Traditional Chinese Medicine* (《關於促進中醫藥傳承創新發展的意見》). As the first policy document dedicated entirely to TCM since the founding of China, it established the strategic framework for the future development of TCM. The document explicitly calls for "vigorously developing TCM clinics, outpatient departments and specialized TCM hospitals, and encouraging chain operations," while emphasizing the need to "accelerate the modernization and industrialization of TCM" and "promote high-quality development of TCM undertakings and industries".

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 in a first-class environment. The Company believes that this ensures continuous policy-based encouragement and support for the business.

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 the 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* (《關於提升中藥質量促進中醫藥產業高質量發展的意見》), proposing to accelerate the establishment of a modern industrial system based on improving the quality of TCM, thereby forming a development model that places equal emphasis on both heritage and innovation, whilst ensuring quality and safety. This policy explicitly supports TCM enterprises in expanding their presence across the entire industrial chain, cultivating renowned and high-quality TCM varieties, and building well-known TCM brands. It provides strategic guidance for the Group's deepening engagement in the fields of in-hospital preparations and innovative proprietary Chinese medicines and TCM healthcare services.

In September 2025, the State Council issued the *Approval on the Implementation Plan for the Project to Strengthen the Foundations of Healthcare* (《關於<醫療衛生強基工程實施方案>的批覆》), which emphasized the need to expand the scale of training for TCM professionals, encourage the establishment of inheritance studios led by renowned senior TCM experts at the grassroots level, and improve the TCM talent system. Leveraging the expert committees and physician succession studios established in collaboration 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), the Group has formed a talent pipeline encompassing academic leaders, key practitioners and young key personnel. This structure aligns with the national policy direction of promoting the succession of TCM talent and the renowned physician project (名醫堂工程), laying a solid talent foundation for future business development.

In November 2025, the National Health Commission and four other departments jointly issued the *Implementation Opinions on Promoting and Regulating the Application and Development of "Artificial Intelligence + Healthcare"* (《關於促進和規範「人工智能+醫療衛生」應用發展的實施意見》), setting out the goal of achieving near-universal coverage of intelligent diagnostic assistance applications in primary healthcare by 2030, whilst prioritising support for the development of large-scale models for TCM diagnosis and treatment, intelligent diagnostic equipment, and intelligent management of the entire lifecycle of TCM.

In February 2026, eight government authorities, namely the Ministry of Industry and Information Technology, the National Ethnic Affairs Commission, the Ministry of Agriculture and Rural Affairs, the National Health Commission, the State-owned Assets Supervision and Administration Commission of the State Council, the National Financial Regulatory Administration, the National Administration of Traditional Chinese Medicine and the National Medical Products Administration, jointly issued the *Implementation Plan for the High-Quality Development of the Traditional Chinese Medicine Industry (2026–2030)* (《中藥工業高質量發展實施方案（2026-2030年）》), setting out the specific tasks and targets in respect of development quality, collaborative systems, innovative products, and digital-intelligent and green transformation and upgrading. It proposes to facilitate the approval and launch of a batch of innovative TCM drugs, newly cultivate 10 major proprietary Chinese medicine varieties, and promote the conversion of a batch of medical institution TCM preparations into innovative TCM drugs. Leveraging the Group's portfolio of proven formulations from renowned senior TCM experts and in-hospital preparations, the Group is well-positioned to capitalize on this policy pathway, bringing innovative TCM drugs to market to tap into new growth potential.

In April 2026, the General Office of the State Council issued *Several Measures on Accelerating the Construction of a Tiered Diagnosis and Treatment System* (《關於加快建設分級診療體系的若干措施》), which mandates (i) dynamically eliminating gaps in primary medical and health services; (ii) dispatching attending physicians and senior specialists from secondary and tertiary hospitals to provide year-round services at primary care facilities; (iii) appropriately allocating newly added annual medical insurance funds toward primary care; (iv) allowing primary healthcare providers to issue long-term prescriptions for chronic diseases for up to 12 weeks; (v) implementing standardized "equal payment for same diseases (同病同付)" reimbursement policy for primary care conditions; (vi) supporting the provision of home visits, hospice care, and home hospital beds at primary institutions; and (vii) encouraging eligible TCM hospitals to take the lead in forming compact medical consortiums.

Overview of the Group's Operations

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, 2026 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, 2026 was primarily affected by the type and volume of valuable medicinal and nourishment sold during the period.

As of June 30, 2026, the Group owned and operated 93 medical institutions in Beijing, Shanghai, Guangzhou, Shenzhen, Foshan, Zhongshan, Fuzhou, Nanjing, Suzhou, Ningbo, Wuxi, Hangzhou, Zhengzhou, Wenzhou, Kunshan, Wuhan, Changshu, Changsha, Chengdu, Tianjin, Jinan and Shantou in China. Moreover, the Group also further expanded its business in the overseas market, introducing high-quality TCM healthcare services and strengthening the influence of TCM overseas. As of June 30, 2026, the Group owned or operated 26 medical institutions in Singapore. In addition, the Group owned and operated a variety of online channels as of June 30, 2026, 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 appointments for offline services.

During the Reporting Period, the Group had expanded its business footprint in China and Singapore through strategic acquisitions and organic growth. In particular, the Group strategically acquired the following medical institutions.

- In March 2026, the Group entered into an equity transfer agreement with the shareholders and the ultimate beneficial owners of Jinan New Sunshine Traditional Chinese Medicine Hospital Co., Ltd. (濟南新陽光中醫醫院有限公司) ("**Jinan New Sunshine**") to acquire 70% equity interests in Jinan New Sunshine.

- In March 2026, the Group entered into an equity transfer agreement with the shareholders and the ultimate beneficial owners of Jinan Yunshengtang Hanyu Traditional Chinese Medicine Outpatient Department Co., Ltd. (濟南蘊生堂漢峪中醫門診部有限公司) ("**Jinan Yunshengtang**") to acquire 70% equity interests in Jinan Yunshengtang.

- In March 2026, the Group entered into an equity transfer agreement with the shareholder and ultimate beneficial owners of Jinan Licheng Yunshengtang Traditional Chinese Medicine Hospital Co., Ltd. (濟南曆城蘊生堂中醫醫院有限公司) ("**Jinan Licheng Yunshengtang**") to acquire 70% equity interests in Jinan Licheng Yunshengtang.

- In June 2026, the Group entered into a sale and purchase agreement with the shareholders of Sante Wellness TCM Clinics Pte. Ltd. ("**Sante Clinics**") and Sante Wellness TCM Pte. Ltd. ("**Sante TCM**") to purchase 100% equity interests in each of Sante Clinics and Sante TCM.

- In June 2026, the Group entered into an equity transfer agreement with the shareholders and ultimate beneficial owners of Tianjin Nankai District Bainian Ren Yi Tang TCM Clinic Co., Ltd. ("**Tianjin Bainian Ren Yi Tang**") to acquire 90% equity interests in Tianjin Bainian Ren Yi Tang.

During the Reporting Period, the Group set up new establishments in the PRC and Singapore, including Foshan Nanhai Gushengtang General Outpatient Department Co., Ltd. (佛山市南海固生堂綜合門診有限責任公司) and Guangzhou Tianhe Gushengtang Shatai South Traditional Chinese Medicine Outpatient Department Co., Ltd. (廣州天河區固生堂沙太南中醫門診部有限公司), and new branches in Singapore, continuously expanding its business layout.

As of June 30, 2026, except for Jinan Licheng Yunshengtang and Tianjin Bainian Ren Yi Tang, all of the above acquired and self-established medical institutions had commenced business operations. Adhering to its existing strategies, the Group strives 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, 2026, 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,	
	2026	2025
New customers[1]	**491,267**	452,581
Accumulated customers at the end of each period[2]	**5,885,399**	4,878,448
Customer visits *(thousands)*	**3,162**	2,747
Accumulated customer visits at the end of each period *(thousands)*	**31,752**	25,329
Customer return rate[3] *(%)*	**69.8**	69.3
Average spending per customer visit *(RMB)*	**523**	544

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,	
	2026	2025
Number of members who had made spending in medical service network of the Group	**352,128**	273,604
Member visits *(thousands)*	**1,381**	1,080
Member return rate[1] *(%)*	**87.0**	85.0

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 press ahead with the following initiatives in adherence to the fundamental principles of legal prudence and financial soundness: (1) actively advance its talent strategy; (2) accelerate mergers and acquisitions to expand scale advantages; (3) explore commercial health insurance for TCM to optimize the payment structure; (4) explore consumer-oriented store formats to create synergies between customer acquisition channels and the renowned TCM specialists network; and (5) consolidate its internationalization strategy.

Going forward, the Company expects the business strategies of the Group to focus on the following aspects:

1. **Deeply advance its talent strategy to build a talent engine for high-quality development.** Recognizing talent as its core strategic asset, the Group continues to deepen its workforce strategy to support high-quality, sustainable growth. In respect of management team building, the Group has actively recruited senior executives with diverse professional backgrounds in healthcare operations, supply chain management, and digital technologies for core roles such as vice president. This further optimizes the industry experience and professional competence structure of our management team. In respect of cultivating key talent, the Group has officially launched the "High-Potential Training Camp". Each cohort selects dozens of high-potential employees and nurtures them into core business leaders capable of taking independent charge, through systematic coursework, hands-on project practice, and executive mentorship. In respect of organizational capability building, the Group has fully implemented a cross-departmental job rotation mechanism. This encourages employees to gain experience across core business sectors, including clinical operations, supply chain management, marketing, and financial management. This initiative helps all staff gain a deep understanding of business logic, build solid career portfolios and holistic business thinking, break down departmental silos, and ultimately enhance organizational synergy and overall effectiveness.

2. **Accelerate mergers and acquisitions to expand scale advantages.** Currently, regulatory oversight in the TCM sector is continuously tightening, and compliance standards are constantly rising. The industry's supply side is undergoing deep consolidation and structural adjustments, with non-compliant small and medium-sized institutions accelerating their exit from the market. This trend has created a valuable window for M&A integration for leading enterprises equipped with strong brand advantages, robust compliance capabilities, and solid financial strength. Leveraging our mature operational management system, strong brand endorsement, and sound financial position, the Group is actively seizing this historic opportunity. We are accelerating our expansion through selective M&A of high-quality targets, achieving rapid integration of store networks, physician resources, and regional markets. Adhering to a "quality-first, value-driven" M&A strategy, the Group prioritizes targets with a solid compliance foundation, regional advantages, or specialized clinical capabilities. Through standardized integration and empowerment, we rapidly enhance the operational efficiency and service quality of acquired institutions, thereby maximizing synergistic value.

3. **Explore commercial health insurance for TCM to optimize the payment structure.** The Group places a high premium on the diversification and sustainability of patient payment structures. We are actively promoting the development of a multi-tiered payment system comprising "social medical insurance + commercial insurance + out-of-pocket payments" to reduce our reliance on the national medical insurance scheme. Leveraging commercial health insurance to share the costs of TCM treatments and alleviate the burden of pure out-of-pocket expenses for patients represents a long-term trend in the development of the TCM industry. The Group will collaborate with insurance companies to explore the inclusion of distinctive TCM treatments, preventive treatment services, and consumer medical services within commercial insurance coverage. These initiatives aim to optimize the patient payment experience while enhancing the business' s risk resilience and long-term growth sustainability.

4. **Explore consumer-oriented store formats to create synergies between customer acquisition channels and the renowned TCM specialists network.** The Group is closely monitoring the rapidly growing demand among younger demographics in areas such as health preservation, sub-health conditioning, and self-care consumption. We are actively exploring the opening of pure consumer-oriented stores focusing on massage, moxibustion, and physical constitution conditioning. By adopting a lightweight, high-frequency service model, we aim to tap into a broader consumer market. These stores not only effectively expand our user reach and build a wider customer traffic pool, but also serve to convert a portion of these users into patients seeking for in-depth medical service. This creates a virtuous cycle of "consumer acquisition and medical service conversion", directly empowering the renowned TCM specialists business under the Group. Ultimately, this strategy drives the synergistic development of both business models.

5. **Consolidate its internationalization strategy.** In active response to the national strategy of promoting TCM globally, the Group regards internationalization as a vital vehicle for bringing TCM culture to the world. The Group has already established 26 clinics in Singapore, building initial capabilities for scaled operations. Looking ahead, we aim to accelerate high-quality growth in the Singapore market. Meanwhile, the Group is steadily advancing its expansion plans in Hong Kong, Malaysia, and other Southeast Asian countries and regions. By tailoring our operations to local markets, we are committed to delivering premium TCM services to build a strong international image for Chinese brands, contributing Gushengtang's strength to the global journey of TCM.

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
	2026		2025		2026/2025
	Revenue *(RMB'000)*	**% of total** *(%)*	Revenue *(RMB'000)*	% of total *(%)*	*(%)*
	(Unaudited)				
Provision of healthcare solutions	**1,644,873**	**99.5**	1,484,862	99.3	10.8
Sale of healthcare products	**8,055**	**0.5**	10,029	0.7	(19.7)
Total	**1,652,928**	**100.0**	1,494,891	100.0	10.6

Consolidated revenue of the Group increased by 10.6% from RMB1,494.9 million for the six months ended June 30, 2025 to RMB1,652.9 million for the six months ended June 30, 2026, 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 10.8% from RMB1,484.9 million for the six months ended June 30, 2025 to RMB1,644.9 million for the six months ended June 30, 2026, primarily attributable to business growth with the expansion of offline medical institutions.

Revenue from Sale of Healthcare Products

Revenue derived from sale of healthcare products decreased by 19.7% from RMB10.0 million for the six months ended June 30, 2025 to RMB8.1 million for the six months ended June 30, 2026, primarily due to the Group's increased focus on providing healthcare solutions.

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
	2026		2025		2026/2025
	Revenue	**% of total**	Revenue	% of total	
	(RMB'000)	***(%)***	*(RMB'000)*	*(%)*	*(%)*
		(Unaudited)			
Offline medical institutions[1]	**1,537,845**	**93.0**	1,367,406	91.5	12.5
Online healthcare platforms	**115,083**	**7.0**	127,485	8.5	(9.7)
Total	**1,652,928**	**100.0**	1,494,891	100.0	10.6

Note:

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

Revenue derived from offline medical institutions increased by 12.5% from RMB1,367.4 million for the six months ended June 30, 2025 to RMB1,537.8 million for the six months ended June 30, 2026, mainly attributable to business growth and an increase in the number of offline medical institutions.

Revenue derived from online healthcare platforms decreased by 9.7% from RMB127.5 million for the six months ended June 30, 2025 to RMB115.1 million for the six months ended June 30, 2026, 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 11.0% from RMB1,037.0 million for the six months ended June 30, 2025 to RMB1,150.8 million for the six months ended June 30, 2026, primarily due to the increased cost of physicians and regular operating expenses in the first half of 2026, 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
	2026		2025		2026/2025
	Cost of sales	**% of total**	Cost of sales	% of total	
	(RMB'000)	***(%)***	*(RMB'000)*	*(%)*	*(%)*
		(unaudited)			
Cost of physicians and cost of materials	**910,222**	**79.1**	825,988	79.6	10.2
Regular operating expenses	**240,590**	**20.9**	211,047	20.4	14.0
Total	**1,150,812**	**100.0**	1,037,035	100.0	11.0

Cost of physicians and cost of materials of the Group increased by 10.2% from RMB826.0 million for the six months ended June 30, 2025 to RMB910.2 million for the six months ended June 30, 2026, primarily due to the increased number of physicians accommodating the increasing demands for physician resources along with our business expansion. Regular operating expenses of the Group increased by 14.0% from RMB211.0 million for the six months ended June 30, 2025 to RMB240.6 million for the six months ended June 30, 2026, 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 9.7% from RMB457.9 million for the six months ended June 30, 2025 to RMB502.1 million for the six months ended June 30, 2026.

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,			
	2026		2025	
	Gross profit *(RMB'000)*	**Gross profit margin** *(%)*	Gross profit *(RMB'000)*	Gross profit margin *(%)*
		(unaudited)		
Provision of healthcare solutions	**499,660**	**30.4**	454,205	30.6
Sale of healthcare products	**2,456**	**30.5**	3,651	36.4
Total	**502,116**	**30.4**	457,856	30.6

Gross profit of provision of healthcare solutions increased by 10.0% from RMB454.2 million for the six months ended June 30, 2025 to RMB499.7 million for the six months ended June 30, 2026, which was generally in line with the increased revenue generated from provision of healthcare solutions, and the gross profit margin of provision of healthcare solution remains relatively stable.

Gross profit of sale of healthcare products decreased by 32.4% from RMB3.7 million for the six months ended June 30, 2025 to RMB2.5 million for the six months ended June 30, 2026, while gross profit margin of sale of healthcare products decreased from 36.4% for the six months ended June 30, 2025 to 30.5% for the six months ended June 30, 2026, primarily due to the increase in the proportion of sales of healthcare products with low gross profit margin in the first half of 2026 compared with the same period of the previous year.

Other Income and Gains

Other income and gains of the Group increased by 418.7% from RMB17.1 million for the six months ended June 30, 2025 to RMB88.7 million for the six months ended June 30, 2026, primarily due to the increase in the fair value gains on financial instruments, such as convertible bonds.

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
	2026		2025		2026/2025
	Selling and distribution expenses	**% of total**	Selling and distribution expenses	% of total	
	(RMB'000)	***(%)***	*(RMB'000)*	*(%)*	*(%)*
		(unaudited)			
Regional operating expenses	**193,648**	**93.6**	172,555	97.4	12.2
Third-party client acquisition costs	**13,203**	**6.4**	4,567	2.6	189.1
Total	**206,851**	**100.0**	177,122	100.0	16.8

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 16.8% from RMB177.1 million for the six months ended June 30, 2025 to RMB206.9 million for the six months ended June 30, 2026, primarily due to the expansion of selling team and more investments to strengthen brand awareness and acquire more customers. The percentages of selling and distribution expenses to total revenue for the six months ended June 30, 2025 and 2026 were 11.8% and 12.5%, respectively.

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, 2025, 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 189.1% from RMB4.6 million for the six months ended June 30, 2025 to RMB13.2 million for the six months ended June 30, 2026, which was in line with the expansion of business of the Group. The Group also highly values customer experience and feedbacks. Its customer retention strategies differentiate the Group from competitors and help it benefit from the growing customer loyalty.

Administrative Expenses

Administrative expenses of the Group increased by 5.7% from RMB94.2 million for the six months ended June 30, 2025 to RMB99.6 million for the six months ended June 30, 2026, primarily due to the increase 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, which were relatively stable for the six months ended June 30, 2025 and 2026.

Finance Costs

Finance costs of the Group increased by 81.8% from RMB12.3 million for the six months ended June 30, 2025 to RMB22.3 million for the six months ended June 30, 2026, primarily due to (i) an increase of RMB3.3 million in loan interest caused by the increase in the average balance of bank loans; and (ii) an increase in one-off transaction costs of RMB7.3 million, primarily due to the issuance of convertible bonds.

Income Tax Expenses

The Group recorded income tax expenses of RMB31.6 million for the six months ended June 30, 2026, compared to income tax expenses of RMB28.0 million for the six months ended June 30, 2025, primarily due to the increase in taxable profit alongside the Group's business growth.

Profit for the Period

As a result of the foregoing, the Group's profit for the period increased from RMB152.0 million for the six months ended June 30, 2025 to RMB219.2 million for the six months ended June 30, 2026.

Non-HKFRS Measures

To supplement the financial information, which is presented in accordance with HKFRS Accounting Standards, the Company also provides 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 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 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 EBITDA as profit for the period adjusted for depreciation and amortization, net finance costs and income tax expense. The Group's EBITDA increased by 39.8% from RMB265.0 million for the six months ended June 30, 2025 to RMB370.6 million for the six months ended June 30, 2026.

	Six months ended June 30,	
	2026	2025
	(Unaudited)	
	(RMB'000)	*(RMB'000)*
Profit for the period	**219,206**	151,954
Add:		
Depreciation and amortization*	**106,100**	84,604
Finance costs, net	**13,601**	407
Income tax expense	**31,644**	28,038
EBITDA (non-HKFRS measure)	**370,551**	265,003

* 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, 2026, the total number of Shares in issue was 234,371,051, including (a) 11,725,600 treasury Shares (as defined in the Listing Rules) held by the Company (including any treasury Shares held or deposited with the CCASS established and operated by HKSCC); and (b) 10,064,900 Shares repurchased by the Company pending cancellation.

As of June 30, 2026, the Group had cash and cash equivalents of RMB1,078.2 million (which was RMB882.3 million as of December 31, 2025), which were primarily denominated in RMB, USD, SGD or HKD. As of June 30, 2026, the Group had interest-bearing bank loans of an aggregate amount of RMB337.8 million (which was RMB306.7 million as of December 31, 2025), which were denominated in RMB and HKD with interest rates from 2.15% to 3.25% per annum. Half of the borrowings accrue interest at fixed rates, while the remaining borrowings bear interest at floating rates. Furthermore, the Group had convertible bonds of an aggregate amount of RMB695.3 million, denominated in USD with a coupon rate of 2.0% per annum. 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, 2026, the Group did not have any contingent liabilities.

Gearing Ratio

Gearing ratio is calculated by total borrowings, including interest-bearing bank borrowings, and convertible bonds balance of total equity and multiplied by 100%. The gearing ratio of our Group increased from 14.0% as of December 31, 2025 to 54.6% as of June 30, 2026, primarily due to the issue of the convertible bonds. However, we have been in net cash position (namely, cash and cash equivalents exceeding total borrowings).

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, 2026.

Capital Expenditures

The capital expenditure of the Group during the Reporting Period was primarily related 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 RMB47.3 million (which was RMB52.8 million for the six months ended June 30, 2025), primarily due to the increased expenditure on offline medical institutions along with its business expansion.

Significant Investments Held

As of June 30, 2026, the Group did not hold any significant investments.

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 the Top-up Placing" and "Use of Proceeds from the issue of the Convertible Bonds" 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, 2026, the Group had 4,214 employees (which was 3,546 employees as of June 30, 2025). The following table sets forth a breakdown of the employees by function as of June 30, 2026:

Functions	Number of employees	% of total employees
Physicians and other medical professionals	2,496	59.2%
Management, operations and others	839	19.9%
Sales and marketing	765	18.2%
Supply chain	48	1.1%
Information technology and research and development	66	1.6%
Total	**4,214**	100.0%

For the six months ended June 30, 2026, the staff cost of the Group amounted to approximately RMB370.3 million (which was approximately RMB309.1 million for the six months ended June 30, 2025), 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 28, 2026, the Board declared the payment of an interim dividend of HK$1.15 per Share for the six months ended June 30, 2026 (the "**Interim Dividend**") (which was HK$0.35 per Share for the six months ended June 30, 2025). 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$243.7 million.

The Interim Dividend is expected to be paid in cash on or about October 23, 2026 to the Shareholders whose names appear on the register of members of the Company on October 7, 2026. For the purpose of determining the entitlement to the Interim Dividend, the register of members of the Company will be closed from October 5, 2026 to October 7, 2026, both days inclusive, during which period no transfer of Shares will be registered. The record date will be October 7, 2026. 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 October 2, 2026.

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 "**Placing Announcements**").

The following table sets out the intended use of the Top-up Placing Net Proceeds, actual usage up to June 30, 2026, 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, 2025**	**Utilized amount during the six months ended June 30, 2026**	**Utilized amount as of June 30, 2026**	**Remaining amount as of June 30, 2026**	**Expected timeline for full utilization[1]**
	(%)	*(HK$ million)*					
For the expansion of offline medical institutions	60.0	323.7	110.9	86.9	299.7	24.0	By the end of 2026
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	81.3	28.6	55.2	52.7	By the end of 2027
For diversifying the Company's product portfolio	10.0	54.0	33.1	7.3	28.2	25.8	By the end of 2027
For standardizing healthcare solutions and improving the Company's information technology systems	10.0	54.0	27.0	6.2	33.2	20.8	By the end of 2027
Total	100.0	539.6	252.3	129.0	416.3	123.3	

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, 2026, the Group has utilized the Top-up Placing Net Proceeds of approximately HK$416.3 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 Placing Announcements.

USE OF PROCEEDS FROM THE ISSUE OF THE CONVERTIBLE BONDS

Pursuant to the subscription agreement (the "**CB Subscription Agreement**") entered into by the Company dated January 26, 2026, the Company has agreed to issue, and Ginkgo Health Investment Ltd. (the "**Investor**") has conditionally agreed to subscribe for the convertible bonds (the "**Convertible Bonds**") in the aggregate principal amount of US$110,000,000 (equivalent to HK$857,263,000) at the conversion price of HK$37.77 per conversion share. All the conditions precedent under the CB Subscription Agreement have been fulfilled and the issue of the Convertible Bonds in an aggregate principal amount of US$110,000,000 was completed on February 12, 2026.

The initial conversion price of the Convertible Bonds is HK$37.77 per Share (the "**Conversion Price**"), which represents (i) a premium of approximately 22.23% over the closing price of HK$30.90 per Share as quoted on the Stock Exchange on January 26, 2026 (being the trading day on which the CB Subscription Agreement was signed); and (ii) a premium of approximately 22.11% over the average closing price of HK$30.93 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including January 23, 2026.

Assuming the Convertible Bonds are converted in full at the initial Conversion Price of HK$37.77 per Conversion Share in respect of (i) the principal amount of the Convertible Bonds; and (ii) the accrued interest from the preceding interest payment date up to the last date of the conversion period ending the seventh (7th) day prior to the maturity date, an aggregate of 22,915,071 Shares (the "**Conversion Shares**") will be issued. The maximum aggregate nominal value of the Conversion Shares of US$0.0001 each is approximately US$2,291.51. As of the date of this announcement, none of the conversion rights attaching to the Convertible Bonds have been exercised by the Investor and therefore none of the Convertible Bonds have been converted into the Shares.

The Directors consider that the new funding through the issuance of the Convertible Bonds combined with the in-depth healthcare and consumer experience of the Investor and its affiliates' portfolio companies will create synergies across the Group which assists the Group to strengthen its leading position in the Greater China region and Singapore and bring unparalleled experiences and expertise in expanding the Group's presence in the PRC, Singapore, and other overseas markets in order to achieve profitable long-term growth. The strategic co-operation with the Investor will allow the Group to work closely with the Investor and its affiliates' portfolio companies to develop its core businesses, penetrate and expand into the healthcare and consumer markets, remain steadfast in its core value of serving customers with "conscientious physicians, reliable pharmaceuticals (良心醫，放心藥)", improve operational efficiency and further enhance the Company's corporate governance.

The terms and conditions of the CB Subscription Agreement and the Convertible Bonds were agreed after arm's length negotiations between the Company and the Investor having taken into account the benefits arising from the strategic co-operation. The Directors consider that the terms of the CB Subscription Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The gross proceeds from the issue of the Convertible Bonds were US$110,000,000. The net proceeds from the issue of the Convertible Bonds, after deducting estimated expenses payable in connection with the issue of the Convertible Bonds, is approximately US$108.7 million (equivalent to approximately HK$847.1 million). The net price per Conversion Share is approximately HK$36.97. The Company intends to utilise the net proceeds as follows:

	Approximate net proceeds to be utilised *(US$)*	Utilised amount during the six months ended June 30, 2026 *(US$)*	Utilized amount as of June 30, 2026 *(US$)*	Unutilised amount as of June 30, 2026 *(US$)*	Expected time to utilize the remaining net proceeds in full
(i) Share repurchase to optimise capital structure and enhance shareholder value	59.8 million	46.0 million	46.0 million	13.8 million	By end of February 2029
(ii) Business development purposes					
(a) Expansion of offline medical institutions	39.2 million	6.1 million	6.1 million	33.1 million	By end of February 2029
(b) Upgrading and deepening the integration of online medical and health platform; researching and applying artificial intelligence technology; and standardising and improving information technology systems	3.9 million	0.5 million	0.5 million	3.4 million	By end of February 2029
(c) Enriching the Company's product and service portfolio	3.4 million	0.5 million	0.5 million	2.9 million	By end of February 2029
(iii) General working capital purposes	2.4 million	2.4 million(1)	2.4 million	—	—
Total	**108.7 million**	**55.5 million**	**55.5 million**	**53.2 million**	

Note:

(1) Out of the general working capital purposes, the amount utilised during the Reporting Period was approximately US$2.4 million, all of which was used for payment of salaries and allowance.

The Company intends to use the net proceeds from the issue of the Convertible Bonds in the same manner and proportion as set out in the announcements of the Company dated January 26, 2026 and February 12, 2026. As of the date of this announcement, the Company does not anticipate any change to its plan on the use of proceeds from the issue of the Convertible Bonds.

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, 2026, 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 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 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, 2026. 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, 2026.

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 20, 2025 to repurchase up to 23,696,549 Shares on the Stock Exchange, representing 10% of the total number of issued Shares (excluding treasury Shares) of the Company as at the date of such annual general meeting (the "**2025 Repurchase Mandate**").

On May 12, 2026, the Directors have been granted a new general mandate by the Shareholders at the extraordinary general meeting of the Company to repurchase a maximum of 22,911,655 Shares on the Stock Exchange, representing 10% of the total number of issued Shares (excluding treasury Shares) as at the date of such extraordinary general meeting (the "**2025 New Repurchase Mandate**").

On June 18, 2026, the Directors have been granted a general mandate by the Shareholders at the annual general meeting of the Company to repurchase a maximum of 22,417,435 Shares on the Stock Exchange, representing 10% of the total number of issued Shares (excluding treasury Shares) as at the date of such annual general meeting (the "**2026 Repurchase Mandate**").

During the six months ended June 30, 2026, the Company repurchased a total of 13,192,100 Shares on the Stock Exchange under the 2025 Repurchase Mandate, 2025 New Repurchase Mandate and 2026 Repurchase Mandate at a total consideration (excluding expenses) of approximately HK$360.2 million, which was funded by the net proceeds of the convertible bonds previously issued by the Company. All of the Shares repurchased for cancellation during the Reporting Period have not yet been cancelled as at the date of this announcement. 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 2026	—	—	—	—
February 2026	—	—	—	—
March 2026	—	—	—	—
April 2026	6,120,700	28.40	26.30	168,633,890
May 2026	—	—	—	—
June 2026	—	—	—	—
Subtotal	**6,120,700**	**—**	**—**	**168,633,890**
Shares held as treasury Shares				
January 2026	—	—	—	—
February 2026	—	—	—	—
March 2026	—	—	—	—
April 2026	135,900	29.82	29.28	4,027,226
May 2026	3,166,300	29.68	25.74	86,928,842
June 2026	3,769,200	27.92	24.64	100,603,648
Subtotal	**7,071,400**	**—**	**—**	**191,559,716**
Total	**13,192,100**	**—**	**—**	**360,193,606**

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 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. Chang Xin (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, 2026 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, 2026 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 WEBSITES 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, 2026 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" or "Board of Directors"	the board of directors of the Company
"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"Chairman"	the chairman of the Board
"China" or the "PRC"	the People's Republic of China, but for the purpose of this announcement and for geographical reference only, except where the context requires, references in this announcement to "China" and the "PRC" do not apply to Hong Kong, Macau 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" or "our 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, the Shares of which are listed on the Main Board of the Stock Exchange
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules and, unless the context otherwise requires, refers to Mr. Tu, Action Thrive, Celestial City, Dream True and Wumianshan Ltd.
"Director(s)"	director(s) of the Company

"Group", "our Group", "we", or "us"	the Company together with its subsidiaries and controlled affiliated entities controlled by it through contractual arrangements at the relevant time or, where the context so requires, in respect of the period before the Company became the holding company of its present subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be)
"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" or "HK"	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
"Macau"	the Macau Special Administrative Region of the PRC
"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 the Controlling Shareholders
"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 our Company on March 31, 2021, the principal terms of which are set out in the section headed "Statutory and General Information — D. Pre-IPO Share Option Plan" of Appendix IV to the Prospectus
"Prospectus"	the prospectus of the Company published on November 30, 2021

"Reporting Period"	the six-month period from January 1, 2026 to June 30, 2026
"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
"Share(s)"	ordinary share(s) in the share capital of the Company with par value of US$0.0001 each
"Shareholder(s)"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"TCM"	traditional Chinese medicine
"treasury Shares"	has the meaning ascribed thereto under the Listing Rules
"US$", "USD" or "U.S. dollars"	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 28, 2026

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