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GUSHENGTANG HOLDINGS LIMITED

固生堂控股有限公司

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

(Stock Code: 2273)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED DECEMBER 31, 2025; AND
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

FINANCIAL HIGHLIGHTS

Revenue of the Group increased by 7.5% to RMB3,249.1 million for the year ended December 31, 2025 from RMB3,022.4 million for the year ended December 31, 2024.

Gross profit of the Group increased by 11.3% to RMB1,012.4 million for the year ended December 31, 2025 from RMB909.3 million for the year ended December 31, 2024.

EBITDA⁽¹⁾ increased by 22.7% to RMB621.9 million for the year ended December 31, 2025 from RMB506.9 million for the year ended December 31, 2024.

Net profit increased by 14.6% to RMB352.1 million for the year ended December 31, 2025 from RMB307.2 million for the year ended December 31, 2024.

Note:

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

The Board is pleased to present the consolidated results of the Group for the year ended December 31, 2025 with the comparative figures as at December 31, 2024 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended December 31,	
	Notes	2025	2024
		RMB'000	RMB'000
REVENUE	4	3,249,070	3,022,377
Cost of sales		<u>(2,236,659)</u>	<u>(2,113,032)</u>
Gross profit		1,012,411	909,345
Other income and gains	4	35,846	44,205
Selling and distribution expenses		(372,445)	(368,687)
Administrative expenses		(191,896)	(184,689)
Other expenses		(32,571)	(18,523)
Finance costs		(26,150)	(17,612)
Share of losses of associates		(1,549)	(765)
PROFIT BEFORE TAX	5	423,646	363,274
Income tax expense	6	<u>(71,577)</u>	<u>(56,101)</u>
PROFIT FOR THE YEAR		<u>352,069</u>	<u>307,173</u>
OTHER COMPREHENSIVE INCOME/(LOSS)			
<i>Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations		5,038	(8,789)
<i>Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:</i>			
Translation of the Company's functional currency to presentation currency		<u>(18,841)</u>	<u>21,115</u>
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX		<u>(13,803)</u>	<u>12,326</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>338,266</u>	<u>319,499</u>

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

		Year ended December 31,	
	<i>Note</i>	2025	2024
		<i>RMB'000</i>	<i>RMB'000</i>
Profit attributable to:			
Owners of the parent		352,765	306,780
Non-controlling interests		(696)	393
		<u>352,069</u>	<u>307,173</u>
Total comprehensive income attributable to:			
Owners of the parent		338,962	319,106
Non-controlling interests		(696)	393
		<u>338,266</u>	<u>319,499</u>
		<i>RMB</i>	<i>RMB</i>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic	8	<u>1.49</u>	<u>1.26</u>
Diluted	8	<u>1.45</u>	<u>1.22</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

	<i>Notes</i>	31 December 2025 RMB'000	31 December 2024 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		177,334	142,200
Right-of-use assets		459,531	389,604
Goodwill	9	1,327,462	1,132,508
Other intangible assets		32,172	21,563
Investments in associates		39,690	39,768
Time deposits	11	29,000	60,000
Prepayments		28,007	24,335
Deferred tax assets		43,028	33,545
		<hr/>	<hr/>
Total non-current assets		2,136,224	1,843,523
CURRENT ASSETS			
Inventories		194,539	179,494
Trade receivables	10	257,397	269,442
Prepayments, deposits and other receivables		258,967	195,451
Financial assets at fair value through profit or loss		66,530	11,822
Time deposits	11	165,409	20,630
Restricted cash	11	31,091	19,317
Cash and cash equivalents	11	882,333	1,116,443
		<hr/>	<hr/>
Total current assets		1,856,266	1,812,599
CURRENT LIABILITIES			
Trade and bills payables	12	302,185	307,673
Other payables and accruals		555,782	314,869
Interest-bearing bank loans		118,220	7,885
Lease liabilities		97,387	80,502
Financial liabilities at fair value through profit or loss		3,235	—
Tax payable		75,312	52,383
		<hr/>	<hr/>
Total current liabilities		1,152,121	763,312
NET CURRENT ASSETS			
		<hr/>	<hr/>
		704,145	1,049,287
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<hr/>	<hr/>
		2,840,369	2,892,810

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

31 December 2025

	<i>Note</i>	31 December 2025 RMB'000	31 December 2024 RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank loans		188,489	92,205
Lease liabilities		379,911	327,972
Other payables and accruals		81,973	91,566
Deferred tax liabilities		5,607	4,778
		<hr/>	<hr/>
Total non-current liabilities		655,980	516,521
		<hr/>	<hr/>
Net assets		2,184,389	2,376,289
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the Company			
Share capital		151	157
Shares held for share award schemes		(168,757)	(168,755)
Treasury shares		(225,605)	(157,018)
Reserves		2,564,192	2,701,533
		<hr/>	<hr/>
		2,169,981	2,375,917
		<hr/>	<hr/>
Non-controlling interests		14,408	372
		<hr/>	<hr/>
Total equity		2,184,389	2,376,289
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

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

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

2.1 BASIS OF PREPARATION

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

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

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs amendments to HKAS 21 *Lack of Exchangeability* for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

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

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

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

HKFRS 18	<i>Presentation and Disclosure in Financial Statements²</i>
HKFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures²</i>
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments¹</i>
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity¹</i>
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>
Amendments to HKAS 21	<i>Translation to a Hyperinflationary Presentation Currency²</i>
<i>Annual Improvements to HKFRS Accounting Standards — Volume 11</i>	<i>Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7¹</i>

¹ Effective for annual periods beginning on or after 1 January 2026

² Effective for annual/reporting periods beginning on or after 1 January 2027

³ No mandatory effective date yet determined but available for adoption

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

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss and other comprehensive income, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss and other comprehensive income into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS

1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS Accounting Standards 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRS Accounting Standards. HKFRS 18 and the consequential amendments to other HKFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

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

- *HKFRS 7 Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing HKFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing HKFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *HKFRS 9 Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in HKFRS 16 and an extinguishment of a lease liability in accordance with HKFRS 9. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- *HKFRS 10 Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group’s financial statements.
- *HKAS 7 Statement of Cash Flows*: The amendments replace the term “cost method” with “at cost” in paragraph 37 of HKAS 7 following the prior deletion of the definition of “cost method”. Earlier application is permitted. The amendments are not expected to have any impact on the Group’s financial statements.

3. OPERATING SEGMENT INFORMATION

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

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

Geographical information

(a) Revenue from external customers

	2025 <i>RMB’000</i>	2024 <i>RMB’000</i>
Chinese mainland	3,238,764	3,019,225
Singapore	<u>10,306</u>	<u>3,152</u>
Total	<u><u>3,249,070</u></u>	<u><u>3,022,377</u></u>

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

(b) *Non-current assets*

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Chinese mainland	1,961,036	1,748,228
Singapore	103,160	1,750
Total	<u>2,064,196</u>	<u>1,749,978</u>

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

Information about major customers

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

4. REVENUE, OTHER INCOME AND GAINS

Revenue

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue from contracts with customers	<u>3,249,070</u>	<u>3,022,377</u>

(i) *Disaggregated revenue information*

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Types of goods or service		
Provision of healthcare solutions	3,219,648	2,987,656
Sale of healthcare products	29,422	34,721
	<u>3,249,070</u>	<u>3,022,377</u>
Geographical markets		
Chinese mainland	3,238,764	3,019,225
Singapore	10,306	3,152
	<u>3,249,070</u>	<u>3,022,377</u>
Timing of revenue recognition		
Revenue from contracts with customers	<u>3,249,070</u>	<u>3,022,377</u>

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Provision of healthcare solutions	<u>46,164</u>	<u>42,234</u>

(ii) Performance obligations

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

Provision of healthcare solutions

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

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

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

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Amounts expected to be recognised as revenue within one year	<u>90,507</u>	<u>46,164</u>

Sale of healthcare products

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

Other income and gains

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Interest income	15,659	24,993
Government grants*	13,152	9,593
Fair value gains on financial assets at fair value through profit or loss, net	3,059	3,495
Others	3,976	6,124
	<u>35,846</u>	<u>44,205</u>
Total other income and gains	<u><u>35,846</u></u>	<u><u>44,205</u></u>

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

5. PROFIT BEFORE TAX

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Cost of provision of healthcare solutions	2,219,642	2,090,823
Cost of sale of healthcare products	17,017	22,209
Depreciation of property, plant and equipment [#]	61,493	47,876
Amortisation of other intangible assets [#]	5,268	4,388
Depreciation of right-of-use assets [#]	120,982	98,717
Lease payments not included in the measurement of lease liabilities	5,437	14,910
Auditors' remuneration	4,360	4,070
Employee benefit expense (excluding directors' remuneration):		
— Wages and salaries	628,596	433,824
— Pension scheme contributions	58,491	41,057
— Equity-settled share option payments	1,571	9,463
— (Reversal of)/equity-settled share award payments	(8,646)	58,771
	<u>(8,646)</u>	<u>58,771</u>
	<u><u>680,012</u></u>	<u><u>543,115</u></u>

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Foreign exchange differences, net*	8,418	6,887
Fair value gains on financial assets at fair value through profit or loss, net**	(3,059)	(3,495)
Impairment of trade receivables*	1,374	978
Impairment of other receivables*	5,000	—
Loss on disposal of items of property, plant and equipment*	325	332

The amounts are included in “Cost of sales”, “Selling and distribution expenses” and “Administrative expenses” in profit or loss.

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

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

6. INCOME TAX EXPENSES

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

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 CIT 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 year.

Income tax for other jurisdictions

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

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Current	80,231	56,713
Deferred	(8,654)	(612)
Total tax charge for the year	<u>71,577</u>	<u>56,101</u>

7. DIVIDENDS

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Interim — HKD0.35 (2024: HKD0.13) per ordinary share	75,356	28,261
Proposal final — HKD0.69 (2024: HKD0.41) per ordinary share	<u>137,650</u>	<u>89,963</u>

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

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

The calculation of the basic earnings per share amount is based on the earnings for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares outstanding during the year, as adjusted to reflect the rights issue during the year.

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

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

	2025	2024
	RMB'000	RMB'000
Earnings		
Earnings attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations	<u>352,765</u>	<u>306,780</u>
	Number of shares	
Shares		
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation	237,360,717[#]	243,003,565 [#]
Effect of dilution — weighted average number of ordinary shares:		
Share options and awards	<u>5,108,839</u>	<u>8,012,433</u>
Total	<u>242,469,556</u>	<u>251,015,998</u>

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

9. GOODWILL

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
At the beginning of the year:		
Cost	1,135,058	987,238
Accumulated impairment	<u>(2,550)</u>	<u>(2,550)</u>
Net carrying amount	<u>1,132,508</u>	<u>984,688</u>
Cost at the beginning of the year, net of accumulated impairment	1,132,508	984,688
Acquisition of subsidiaries	<u>194,954</u>	<u>147,820</u>
At the end of the year	<u>1,327,462</u>	<u>1,132,508</u>
At the end of the year:		
Cost	1,330,012	1,135,058
Accumulated impairment	<u>(2,550)</u>	<u>(2,550)</u>
Net carrying amount	<u>1,327,462</u>	<u>1,132,508</u>

10. TRADE RECEIVABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade receivables	260,809	271,568
Impairment	(3,412)	(2,126)
	<hr/>	<hr/>
Net carrying amount	<u>257,397</u>	<u>269,442</u>

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

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within six months	250,981	257,214
Six months to one year	3,985	10,535
Over one year	2,431	1,693
	<hr/>	<hr/>
Total	<u>257,397</u>	<u>269,442</u>

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Cash and bank balances	912,893	912,285
Time deposits	<u>194,940</u>	<u>304,105</u>
Subtotal	1,107,833	1,216,390
Less: Restricted cash	(31,091)	(19,317)
Non-pledged time deposits with maturity of more than three months but less than one year when acquired	(165,409)	(20,630)
Non-pledged time deposits with maturity of more than one year when acquired	<u>(29,000)</u>	<u>(60,000)</u>
Cash and cash equivalents	<u>882,333</u>	<u>1,116,443</u>
Denominated in:		
RMB (<i>note</i>)	954,269	857,691
United State Dollar (“USD”)	40,700	302,059
Hong Kong Dollar (“HKD”)	87,959	55,394
Singapore Dollar (“SGD”)	<u>24,905</u>	<u>1,246</u>
Total	<u>1,107,833</u>	<u>1,216,390</u>

Note:

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

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

12. TRADE AND BILLS PAYABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade payables	302,013	268,764
Bills payable	172	38,909
	<hr/>	<hr/>
Total	<u>302,185</u>	<u>307,673</u>

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:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within three months	244,762	263,801
Three months to one year	31,490	24,611
Over one year	25,933	19,261
	<hr/>	<hr/>
Total	<u>302,185</u>	<u>307,673</u>

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

As a 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 courses and daily health management have the following key characteristics:

Integration of offline medical institutions and online healthcare platforms

The Group leverages its online healthcare platform to achieve effective integration between offline medical institutions and the online healthcare platform, addressing pain points in the traditional TCM diagnosis and treatment model, including limited customer reach, uneven distribution of physician resources across regions, and inconvenience in patient follow-up and long-term health management. Since launching online appointment, follow-up consultation, diagnosis and prescription services on its official WeChat account in 2018, the Group has successfully developed integrated offline and online healthcare solutions. On the one hand, the development of the online healthcare services enables the Group to utilize medical resources and expand its customer coverage more effectively. On the other hand, the Group is able to strategically choose geographical regions for offline expansion based on the activeness of online physicians and customers.

Combination of TCM and Western medicine

The Group originated from the TCM diagnosis and treatment methods of primary care and developed diagnosis and treatment methods combining TCM and Western medicine. It provides TCM healthcare solutions through its integrated offline and online medical service network, combining TCM with Western medicine. In 2025, the Group officially launched the “Gushengtang TCM Education and Research Programme” with Nanyang Technological University, Singapore, to promote the development of TCM talent and evidence-based research in Singapore and support the construction of the local healthcare ecosystem in Singapore; Gushengtang has also entered into a strategic cooperation with 1doc, a comprehensive digital medical platform in Singapore, under which both parties will systematically introduce TCM services into Western medicine family clinics in Singapore to provide the public with an integrated TCM and Western medicine diagnosis and treatment experience covering clinical treatment, daily healthcare and community health. The Group aims to effectively and efficiently provide customers with comprehensive healthcare solutions so as to meet their diverse healthcare management needs.

Standardized and digitalized operations

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

1. The Group has established a digital clerk system on the offline medical institution side. Through presenting operational data in the form of digital reports, the Group is able to enhance the in-depth interaction between its offline medical institutions and its customers to improve customer experience; the Group has established a client relationship management (the “**CRM**”) system on the medical-affair side to integrate its development and management of medical professional teams. Capitalizing on the CRM system, the Group is able to conduct digital analytics on daily operations and management of medical professional teams using digital statistics, thereby improving their operational efficiency; the Group has built a closed-loop ERP system that covers its whole business process to enhance its digital operation and management, thereby further improving management efficiency through comprehensive and systematic management of supply chain, sales, inventories and accounting.
2. The Group has built an intelligent prescription review platform embedded with compliance requirements under national medical insurance reimbursement programs and the relevant requirements from the local medical insurance bureaus, thereby conducting compliance control leveraging information technology.
3. The Group created “TCM AI Avatars.” In June 2025, the Group launched its first “TCM AI Avatar.” In 2025, a total of 13 “TCM AI Avatars” had been introduced, covering eight core TCM specialties: oncology, dermatology, gastroenterology, otorhinolaryngology, andrology, psychological sleep medicine, rheumatism and immunity, and orthopedics and traumatology. By leveraging AI technology to enhance TCM practices, the Group has enhanced the supply of high-quality TCM services, addressed the shortage of premium healthcare resources, and delivered standardized and efficient diagnosis and treatment experiences to more patients. In addition to the AI Avatars, the Group has also launched an AI health assistant, TCM Brain, and AI Studio. Through the “National TCM AI Avatars+ Offline Young Doctors” model, the Group promotes the cross-regional sharing of high-quality TCM resources and further enhances the diagnosis and treatment experience for patients.

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

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

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

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

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

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

In March 2025, the General Office of the State Council issued the *Opinions on Enhancing the Quality of TCM and Promoting the High-Quality Development of the TCM Industry* (《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-house 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. The Group has launched 13 TCM AI Avatars. Through a human-machine collaborative mechanism of “AI preliminary diagnosis + expert decision-making (AI 預診+專家決策)”, these avatars efficiently handle the follow-up treatment needs of patients returning for review, serving a greater number of patients. This aligns with the policy-encouraged direction of digital transformation. In the future, we may further expand into innovative applications such as AI-assisted diagnosis and treatment and smart TCM pharmacies, continuously driving the intelligent upgrading of healthcare services, and to make a positive contribution to the high-quality development of digital healthcare and better serving the public’s health.

During the Reporting Period, the Group generated its revenue primarily from (i) provision of healthcare solutions; and (ii) sale of healthcare products. The revenue derived from provision of healthcare solutions for the year ended December 31, 2025 was primarily affected by multiple factors including the scale of the Group’s medical service network, the number of its customers and their spending during the period. The revenue derived from sale of healthcare products for the year ended December 31, 2025 was primarily affected by the type and volume of valuable medicinal and nourishment sold during the Reporting Period.

As of December 31, 2025, the Group owned and operated 86 medical institutions in Beijing, Shanghai, Guangzhou, Shenzhen, Foshan, Zhongshan, Fuzhou, Nanjing, Suzhou, Ningbo, Wuxi, Hangzhou, Zhengzhou, Wenzhou, Kunshan, Wuhan, Changshu, Changsha, Chengdu, Tianjin 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 December 31, 2025, the Group owned or operated 15 medical institutions in Singapore. All of the medical institutions owned and operated by the Group as of December 31, 2025 were private for-profit medical institutions under the brand name “Gushengtang (固生堂).” In addition, the Group owned and operated a variety of online channels as of December 31, 2025, 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 through strategic acquisitions and organic growth. In particular, the Group strategically acquired the following medical institutions for the year ended December 31, 2025.

- In March 2025, the Group entered into an equity transfer agreement with the shareholders of Wuhan Weilai TCM Hospital Co., Ltd. (武漢未來中醫醫院有限公司) (“**Weilai TCM Hospital**”) to acquire 90% equity interest of Weilai TCM Hospital.
- In April 2025, the Group entered into an equity transfer agreement with the shareholders of Beijing Changping Bohua Jingkang TCM Hospital Co., Ltd. (北京昌平博華京康中醫醫院有限公司) (“**Jingkang TCM Hospital**”) to acquire 100% equity interest of Jingkang TCM Hospital.
- In April 2025, the Group entered into an equity transfer agreement with the shareholders of Changshu Guangren Hospital Co., Ltd. (常熟廣仁醫院有限公司) (“**Guangren Hospital**”) to acquire 100% equity interest of Guangren Hospital.
- In April 2025, the Group entered into an equity transfer agreement with the shareholders of Wuxi Tongkang TCM Hospital Co., Ltd. (無錫同康中醫醫院有限公司) (“**Tongkang TCM Hospital**”) to acquire 100% equity interest of Tongkang TCM Hospital.
- In June 2025, the Group entered into an equity transfer agreement with the shareholders of Tianjin Hexi PingAn General Out-patient Department Co., Ltd. (天津河西平安綜合門診部有限公司) (“**PingAn General Out-patient**”) to acquire controlling equity interest of PingAn General Out-patient.
- In June 2025, the Group entered into an equity transfer agreement with the shareholders of Shenzhen Tianyuan Anorectal Hospital (深圳天元中醫肛腸醫院) to acquire its controlling equity interest.
- In July 2025, the Group entered into an equity transfer agreement with the partners of Nanjing Zisutang TCM Out-patient Department (General Partnership) (南京紫蘇堂中醫門診部(普通合夥)) (“**Zisutang TCM**”) to acquire 100% partnership interest of Zisutang TCM.
- In September 2025, the Group entered into an equity transfer agreement with the shareholders of Fuzhou Taijiang District Tangfengdong TCM Out-patient Department Co., Ltd. (福州台江區堂奉董中醫門診部有限公司) to acquire its 100% equity interest.

- In October 2025, the Group entered into a shareholders' cooperation agreement with the shareholders of REN HE TCM GROUP PTE. LTD. (“**REN HE TCM**”) to acquire 51% equity interest of REN HE TCM by way of capital injection.
- In October 2025, the Group entered into a limited partnership agreement with the shareholders of 1DOC Health Group Pte. Ltd. to jointly establish GUSHENGTANG VENTURES LIMITED PARTNERSHIP (“**GST VENTURES**”), in which the Group holds a 70% equity interest of GST VENTURES.
- In November 2025, the Group entered into an equity transfer agreement with the shareholders of DA ZHONG TANG PTE. LTD. (“**DA ZHONG TANG**”) to acquire 100% equity interest of DA ZHONG TANG.
- In December 2025, the Group entered into an equity transfer agreement with the shareholders of Shanghai Xiangbinwan Health Management Co., Ltd. (上海香檳灣健康管理有限公司) (“**Shanghai Xiangbinwan Health Management**”) to acquire 100% equity interest of Shanghai Xiangbinwan Health Management.

The Group established three new offline medical institutions during the Reporting Period, namely, Chengdu Gaoxin Gushengtang Dayuan TCM Out-patient Department Co., Ltd. (成都高新固生堂大源中醫門診部有限公司), Shantou Longhu Gushengtang TCM Out-patient Department Co., Ltd. (汕頭龍湖固生堂中醫門診有限公司) and Zhongshan Gushengtang Medical Service Co., Ltd. (中山市固生堂醫療服務有限公司).

The Group has also enhanced its collaboration with public hospitals and TCM universities, leveraging medical consortia to redistribute high-quality physician resources to grass-roots level, addressing unmet healthcare demands across broader populations. As of December 31, 2025, the Group was in collaboration with multiple hospitals and TCM universities.

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

	Year ended December 31,	
	2025	2024
New customers ⁽¹⁾	968,265	889,070
Accumulated customers at the end of each year ⁽²⁾	5,394,132	4,425,867
Customer visits (<i>thousands</i>)	6,008	5,411
Accumulated customer visits at the end of each year (<i>thousands</i>)	28,590	22,582
Customer return rate ⁽³⁾ (%)	66.1	67.1
Average spending per customer visit (<i>RMB</i>)	541	559

Notes:

- (1) Refer to customers who received healthcare solutions or purchased healthcare products provided by us for the first time.
- (2) Refer to, as of the end of any financial year, the total number of customers who had ever visited our medical service network to receive any healthcare solution or purchase any healthcare product at any time on or before the end of such financial year.
- (3) Refer to, in respect of any financial year, a fraction (expressed as a percentage) equals to the number of returning customers in respect of such financial year divided by the total number of customers who had visited our medical service network to receive any healthcare solution or purchase any healthcare product at any time during such financial year.

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

	Year ended December 31,	
	2025	2024
Number of members who had made spending in our medical service network	477,294	459,522
Member visits (<i>thousands</i>)	2,354	2,131
Member return rate ⁽¹⁾ (%)	84.9	85.4

Note:

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

BUSINESS PROSPECT

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

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

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

2. **Empower healthcare services with digitalization, “Internet +” and AI.** Aligning with the PRC government’s policies to integrate emerging technologies into the innovation and preservation of TCM, the Group has been utilizing AI to strengthen its diagnosis and treatment capabilities, leveraging which the Group expects to achieve broader customer reach through more efficient healthcare service workflows and remote TCM services. In June 2025, the Group launched its first “TCM AI Avatar.” By December, a total of 13 “TCM AI Avatars” had been introduced, covering eight core TCM specialties: oncology, dermatology, gastroenterology, otorhinolaryngology, andrology, psychological sleep medicine, rheumatism and immunity, and orthopedics and traumatology. By leveraging AI technology to enhance TCM practices, the Group has enhanced the supply of high-quality TCM services, addressed the shortage of premium healthcare resources, and delivered standardized and efficient diagnosis and treatment experiences to more patients. In addition to the AI Avatars, the Group has also launched an AI health assistant to further improve the patient-side healthcare experience.

3. **Further enhance its investments in research and development to achieve the productization and standardization of healthcare solutions.** During the Reporting Period, the Group obtained the Registration Approval for Medical Institutions on TCM In-hospital Preparations (醫療機構傳統中藥製劑備案憑證) for its Weijing Quyū Paste (圍經祛鬱膏), Wumei Guihua Mixture (烏梅桂花合劑), Mind-Calming and Heart-Soothing Granules (神香心安顆粒), Blood-Activating Taohua Granules (活血桃花顆粒), Post-Cold Phlegm-Relieving Granules (感後祛痰顆粒), Throat-Itching Relief and Antitussive Granules (咽癢止咳顆粒) and Clearing Nasal Irrigation Granules (清養洗鼻顆粒), demonstrating its continuous efforts in developing TCM in-hospital preparations and propelling the productization and standardization of healthcare solutions. The in-hospital preparation center of the Group has completed engineering construction, equipment acceptance and trial production, and has obtained the Medical Institution Preparation License (醫療機構製劑許可證). Consequently, it can be used to conduct mass production for in-hospital preparations for which the Group has obtained registration numbers, thereby benefiting more customers with high-quality in-hospital preparations and standardized healthcare solutions. In the future, the Group expects to further increase its investments in this regard to produce more in-hospital preparations. In addition, the Group’s Ginseng and Astragalus Membranaceous Essence Granules (參芪固本顆粒), Hair-nourishing and Hair-care Granules (護髮益髮顆粒) and Spleen-Strengthening and Intestine-Moistening Granules (健脾潤腸顆粒) were approved for launch by the Health Sciences Authority (HSA) of Singapore during the Reporting Period. It is expected that more high-quality clinically-proven Chinese medicine products will be registered in Singapore in the future to benefit the wider public.

4. **Strengthen risk management and internal control to ensure a steady growth.** The Group’s accelerated growth trajectory are accompanied by potential risks and challenges. The Group will continue to upgrade its ERP system to enhance its information management capabilities. The Group will also strengthen its control process and credit risk management to cope with the growing credit risk arising from its diversified business model. Along with the business expansion, the Group is exposed to the risks of price inflation and insufficient supply of raw materials in the emerging markets. Based on its market research and forward-looking estimate, the Group will establish a strategic reservation mechanism for TCM medicinal materials and extend its business to upstream procurement to cope with the aforementioned risks.
5. **Further implement global strategy.** Promoting TCM culture and making TCM a mainstream medical practice worldwide has been the Group’s mission since its inception. In 2025, the Group acquired 100% equity interest in DA ZHONG TANG, further expanding the scale of its overseas presence. The Group continued to strengthen its presence in the Singapore market in 2025 and will further advance its internationalization strategy in the future, including expanding its offline service network overseas. During the Reporting Period, three in-hospital preparations were certified by the Health Sciences Authority (HSA) of Singapore, namely Hair-nourishing and Hair-care Granules (護髮益髮顆粒), Ginseng and Astragalus Membranaceous Essence Granules (參芪固本顆粒) and Spleen-Strengthening and Intestine-Moistening Granules (健脾潤腸顆粒), marking a crucial step for the Group’s internationalization strategy from “service network layout” to “product standard export”, injecting core product strength into the overseas offline service network and laying a solid foundation for the clinical implementation of TCM services. The Group believes the development of digital and AI technologies can address the insufficiency of high-quality TCM resources abroad. The Group also believes that TCM healthcare services will establish acceptance and recognition among overseas customers.
6. **Expand its wellness clinic (輕診所) network to deliver TCM services integrating consumer-grade and medical-grade services.** Capitalizing on the massive untapped potential of the billion-dollar TCM healthcare market in China and supported by favorable government policies, the Group leverages its comprehensive ecosystem, including TCM medical professional resources, established supply chain, HIS for information management, and referral network for complex cases to develop accessible clinic services that provide physiotherapy and wellness solutions tailored to younger population.

FINANCIAL REVIEW

Revenue Breakdown

Revenue by Business Segment

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

	Year ended December 31,				Year on year fluctuation 2025/2024 (%)
	2025		2024		
	Revenue (RMB'000)	% of total (%)	Revenue (RMB'000)	% of total (%)	
Provision of healthcare solutions	3,219,648	99.1	2,987,656	98.9	7.8
Sale of healthcare products	29,422	0.9	34,721	1.1	(15.3)
Total	3,249,070	100.0	3,022,377	100.0	7.5

Our consolidated revenue increased by 7.5% from RMB3,022.4 million for the year ended December 31, 2024 to RMB3,249.1 million for the year ended December 31, 2025, which was primarily attributable to the continuous increase in revenue generated from provision of healthcare solutions.

Revenue from Provision of Healthcare Solutions

Our revenue derived from provision of healthcare solutions increased by 7.8% from RMB2,987.7 million for the year ended December 31, 2024 to RMB3,219.6 million for the year ended December 31, 2025, primarily attributable to the increase in customer visits, driven by (i) the continuous growth in the number of our offline medical institutions from 79 in 2024 to 101 in 2025; and (ii) the expansion of business scale in our existing medical institutions, together with the enlargement of our physician team.

Revenue from Sale of Healthcare Products

Our revenue derived from sale of healthcare products decreased by 15.3% from RMB34.7 million for the year ended December 31, 2024 to RMB29.4 million for the year ended December 31, 2025, primarily as we focused more on provision of healthcare solutions in 2025.

Revenue by Channel

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

	Year ended December 31,				Year on year fluctuation 2025/2024 (%)
	2025		2024		
	Revenue (RMB'000)	% of total (%)	Revenue (RMB'000)	% of total (%)	
Offline medical institutions ⁽¹⁾	2,982,710	91.8	2,740,487	90.7	8.8
Online healthcare platforms	266,360	8.2	281,890	9.3	(5.5)
Total	3,249,070	100.0	3,022,377	100.0	7.5

Note:

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

Revenue derived from offline medical institutions increased by 8.8% from RMB2,740.5 million for the year ended December 31, 2024 to RMB2,982.7 million for the year ended December 31, 2025, primarily attributable to the business growth and increase in the number of offline medical institutions.

Revenue derived from online healthcare platforms decreased by 5.5% from RMB281.9 million for the year ended December 31, 2024 compared to RMB266.4 million for the year ended December 31, 2025, primarily because the Group strategically focused more on the growth of offline medical institutions.

Cost of Sales

During the Reporting Period, our cost of sales primarily consisted of (i) cost of physicians and cost of materials; and (ii) the regular operating expenses, including cost of non-physician staff worked at offline medical institutions, depreciation of right-of-use assets and utilities fees for offline medical institutions. Our cost of sales increased by 5.9% from RMB2,113.0 million for the year ended December 31, 2024 to RMB2,236.7 million for the year ended December 31, 2025.

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

	Year ended December 31,				Year on year fluctuation 2025/2024 (%)
	2025		2024		
	Revenue (RMB'000)	% of total (%)	Revenue (RMB'000)	% of total (%)	
Cost of physicians and cost of materials	1,789,422	80.0	1,694,274	80.2	5.6
Regular operating expenses	447,237	20.0	418,758	19.8	6.8
Total	2,236,659	100.0	2,113,032	100.0	5.9

Cost of physicians and cost of materials increased by 5.6% from RMB1,694.3 million for the year ended December 31, 2024 to RMB1,789.4 million for the year ended December 31, 2025, primarily due to the increased number of our physicians accommodating our increasing demands for physician resources during business expansion. Regular operating expenses increased by 6.8% from RMB418.8 million for the year ended December 31, 2024 to RMB447.2 million for the year ended December 31, 2025, primarily due to the increase of the Group's medical institutions in operation.

Gross Profit and Gross Profit Margin

Gross profit increased by 11.3% from RMB909.3 million for the year ended December 31, 2024 to RMB1,012.4 million for the year ended December 31, 2025.

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

	Year ended December 31,			
	2025		2024	
	Gross profit	margin	Gross profit	margin
	(RMB'000)	(%)	(RMB'000)	(%)
Provision of healthcare solutions	1,000,006	31.1	896,833	30.0
Sale of healthcare products	12,405	42.2	12,512	36.0
Total	<u>1,012,411</u>	31.2	<u>909,345</u>	30.1

Gross profit of provision of healthcare solutions increased by 11.5% from RMB896.8 million for the year ended December 31, 2024 to RMB1,000.0 million for the year ended December 31, 2025, which was generally in line with the increased revenue generated from provision of healthcare solutions. Gross profit margin of provision of healthcare solutions slightly increased to 31.1% for the year ended December 31, 2025, from 30.0% for the year ended December 31, 2024, primarily due to the decline in the market price of Chinese medicinal materials and the enhancement in efficiency of pharmaceutical procurement.

Gross profit of sale of healthcare products remained decreased at RMB12.5 million for the year ended December 31, 2024 and RMB12.4 million for the year ended December 31, 2025. The gross profit margin of sale of healthcare products increased from 36.0% for the year ended December 31, 2024 to 42.2% for the year ended December 31, 2025, primarily due to the reduction in sales of lower-margin healthcare products and the optimization of product mix towards higher-margin products in 2025.

Other Income and Gains

Our other income and gains decreased by 18.9% from RMB44.2 million for the year ended December 31, 2024 to RMB35.8 million for the year ended December 31, 2025, primarily due to the decrease in the interest income in 2025 primarily affected by the decrease in the average deposit interest rate.

Selling and Distribution Expenses

	Year ended December 31,				Year on year fluctuation 2025/2024
	2025		2024		
	Selling and distribution expenses (RMB'000)	% of total (%)	Selling and distribution expenses (RMB'000)	% of total (%)	(%)
Regional operating expenses	356,947	95.8	361,607	98.1	(1.3)
Third-party client acquisition costs	15,498	4.2	7,080	1.9	118.9
Total	372,445	100.0	368,687	100.0	1.0

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

Our selling and distribution expenses for the years ended December 31, 2024 and 2025 remained stable. As a percentage of revenue, they were 12.2% and 11.5% for 2024 and 2025, respectively.

The Group leverage multi-channel customer acquisition strategies to constantly expand our customer base, while retaining existing customers and enhancing customer loyalty through differentiated customer retention strategies. We attract new customers primarily through our strengthened brand awareness and recognition underpinned by extensive physician resources and outstanding service capability. We believe that our multi-channel customer acquisition strategies enable us to expand our customer base at relatively low customer acquisition costs.

Similar with the year ended December 31, 2024, approximately 95% of our new customers were acquired by our proprietary medical institutions, pharmacies and online healthcare platforms, while approximately 5% of our new customers were introduced by third-party online platforms that we collaborated with during the Reporting Period. Our third-party client acquisition costs increased from RMB7.1 million for the year ended December 31, 2024 to RMB15.5 million for the year ended December 31, 2025, which was due to the exploration of additional customer acquisition channels in 2025. The Group also highly values customer experience and feedbacks. The customer retention strategies differentiate the Group from competitors and help it benefit from the growing customer loyalty.

Administrative Expenses

Our administrative expenses increased by 3.9% from RMB184.7 million for the year ended December 31, 2024 to RMB191.9 million for the year ended December 31, 2025, primarily due to the increase in consultancy and advisory fees along with the development of our operations in 2025.

Other Expenses

During the Reporting Period, our other expenses primarily consisted of foreign exchange loss, donation and impairment of financial assets. Our other expenses increase significantly from RMB18.5 million for the year ended December 31, 2024 to RMB32.6 million for the year ended December 31, 2025, primarily due to (i) impairment loss of RMB5.0 million in other receivables with respect to termination of certain under-performing projects; (ii) the increase in the exchange loss of RMB1.5 million; and (iii) the increase in the one-off donations of RMB1.7 million.

EBITDA

Our EBITDA increased by 22.7% from RMB506.9 million for the year ended December 31, 2024 to RMB621.9 million for the year ended December 31, 2025, primarily driven by the continuous growth of our business.

Finance Costs

Our finance cost increased by 48.5% from RMB17.6 million for the year ended December 31, 2024 to RMB26.2 million for the year ended December 31, 2025, primarily due to (i) an increase of RMB4.9 million in loan interest caused by the increased bank loans; and (ii) an increase of RMB3.7 million in interest on lease liabilities as a result of the increased leases, which was in line with the increase of the Group's offline medical institutions.

Income Tax Expenses

Our income tax expenses increased by 27.6% from RMB56.1 million for the year ended December 31, 2024 to RMB71.6 million for the year ended December 31, 2025, primarily due to the increase in taxable profit in line with our business growth.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 14.6% from RMB307.2 million for the year ended December 31, 2024 to RMB352.1 million for the year ended December 31, 2025.

Non-HKFRS Measure — Adjusted Net Profit

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

We defined adjusted net profit as profit for the year adjusted for equity-settled share-based payments in relation to the share options and share awards granted under the RSA Scheme (Existing Shares and New Shares). Adjusted net profit increased by 0.55% from RMB400.4 million for the year ended December 31, 2024 to RMB402.6 million for the year ended December 31, 2025.

	Year ended December 31,	
	2025	2024
	(RMB'000)	(RMB'000)
Profit for the year	352,069	307,173
Adjustment for ⁽¹⁾ :		
Equity-settled share-based payments	<u>50,492</u>	<u>93,184</u>
Adjusted net profit	<u>402,561</u>	<u>400,357</u>

Note:

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

Liquidity, Financial Resources and Capital Structure

The Shares of the Company were successfully listed on the Main Board of the Stock Exchange on December 10, 2021. On March 30, 2023, 10,400,000 Shares of the Company were issued by way of top-up placing, details of which were set out in the section headed “Use of Proceeds from the Top-up Placing” of this announcement. As of December 31, 2025, the issued share capital of the Company was US\$23,437.1051 and the number of Share in issue was 234,371,051 of US\$0.0001 each.

As of December 31, 2025, we had cash and cash equivalents of RMB882.3 million (which was RMB1,116.4 million as of December 31, 2024), which were primarily denominated in RMB, USD or HKD. As of December 31, 2025, we had interest-bearing bank loans of an aggregate amount of RMB306.7 million (which was RMB100.1 million as of December 31, 2024), 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. We have no interest rate hedging policy.

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

Treasury Policy

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

Contingent Liabilities

As of December 31, 2025, we did not have any contingent liabilities.

Gearing Ratio

As of December 31, 2025, our gearing ratio, being our total interest-bearing bank loans divided by our total equity of the Group as of the end of the year and multiplied by 100%, was 14.0%.

Foreign Currency Risk

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

Pledge of Assets

None of our assets were pledged to obtain financing as of December 31, 2024 and 2025.

Capital Expenditures

Our capital expenditure during the Reporting Period was primarily relating to (i) purchases of property, plant and equipment; (ii) decoration and renovation of our offline medical institutions; and (iii) purchases and development of intangible assets. During the Reporting Period, we incurred capital expenditures in an aggregate amount of RMB114.8 million (which was RMB81.9 million for the year ended December 31, 2024), primarily due to the increased expenditures on offline medical institutions along with its business expansion.

Significant Investments Held

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

Material Acquisitions and Disposals

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

Future Plans for Material Investments or Capital Assets

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

EMPLOYMENT AND REMUNERATION POLICY

As of December 31, 2025, we had 3,551 employees (which was 2,915 employees as of December 31, 2024). The following table sets forth a breakdown of the employees by function as of December 31, 2025:

Functions	Number of employees	% of total employees
Physicians and other medical professionals	2,166	61%
Management, operations and others	595	17%
Sales and marketing	641	18%
Supply chain	79	2%
Information technology and research and development	70	2%
Total	<u>3,551</u>	<u>100%</u>

For the year ended December 31, 2025, our total staff cost amounted to approximately RMB680.0 million (which was approximately RMB543.1 million for the year ended December 31, 2024), including pension and housing fund.

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

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

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

FINAL DIVIDENDS

The Board has resolved to recommend the payment of a final dividend of HK\$0.69 per share for the year ended December 31, 2025 to shareholders whose names appear on the register of members of the Company on June 30, 2026. The final dividend is subject to the approval of the Shareholders at the annual general meeting to be held on June 18, 2026, and if approved, it will be paid on or around July 20, 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 “**Announcements**”).

The following table sets out the intended use of the Top-up Placing Net Proceeds, actual usage up to December 31, 2025, as well as the expected timeline for utilization:

	% of the Top-up Placing Net Proceeds (%)	Amount available for utilization	Top-up Placing Net Proceeds and utilization			Expected timeline for utilization ⁽¹⁾
			Utilized amount during the year ended December 31, 2025 (HK\$ million)	Utilized amount as of December 31, 2025	Remaining amount as of December 31, 2025	
For the expansion of offline medical institutions	60.0	323.7	126.5	212.8	110.9	By the end of 2027
For upgrading and deepening the integration of online healthcare platforms and enhancing connection and interaction between offline and online business of the Group	20.0	107.9	23.5	26.6	81.3	By the end of 2027
For diversifying the Company’s product portfolio	10.0	54.0	19.5	20.9	33.1	By the end of 2027
For standardizing healthcare solutions and improving the Company’s information technology systems	10.0	54.0	8.0	27.0	27.0	By the end of 2027
Total	100.0	539.6	177.5	287.3	252.3	

Note:

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

As of the December 31, 2025, the Group have utilized Top-up Placing Net Proceeds of approximately HK\$287.3 million. The remaining Top-up Placing Net Proceeds were deposited in banks as of the date of this announcement. The Group will gradually utilize the Top-up Placing Net Proceeds in accordance with the intended purposes as set out in the Announcements.

CORPORATE GOVERNANCE PRACTICES

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

The Board considered that the Company has complied with all applicable code provisions as set out in the CG Code for the year ended December 31, 2025, save and except for code provision C.2.1 of the CG Code.

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS

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

Having made specific enquiries of all Directors, each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code for the year ended December 31, 2025. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management members or relevant employees of the Group for the year ended December 31, 2025.

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

The Directors have been granted a general mandate by the Shareholders at the annual general meeting of the Company held on June 18, 2024 to repurchase up to 24,504,469 Shares (the “**2024 Repurchase Mandate**”) on the Stock Exchange, representing 10% of the total number of issued Shares (excluding treasury shares) as of the date of the annual general meeting. The Directors have been granted a general mandate by the Shareholders at the annual general meeting of the Company held on June 20, 2025 to repurchase up to 23,696,549 Shares (the “**2025 Repurchase Mandate**”) on the Stock Exchange, representing 10% of the total number of issued Shares (excluding treasury shares) as at the date of the annual general meeting.

During the year ended December 31, 2025, the Company repurchased a total of 15,706,800 Shares on the Stock Exchange under the 2024 Repurchase Mandate and 2025 Repurchase Mandate at a total consideration (excluding expenses) of approximately HK\$472,903,521, which was funded by internal resources of the Company. 7,108,400 Shares repurchased by the Company during the Reporting Period have been cancelled. 4,654,200 Shares repurchased by the Company during the Reporting Period are held as treasury shares of the Company as of December 31, 2025. Subject to compliance with the Listing Rules, the Company may consider applying such treasury shares for resale, consideration of future acquisitions, or funding existing share schemes of the Company. Details of Shares repurchased by the Company during the Reporting Period are set out below:

Month of repurchase	Number of Shares repurchased	Price per Share repurchased		Aggregate consideration paid (excluding expenses) (HK\$)
		Highest price (HK\$)	Lowest price (HK\$)	
<i>Shares repurchased for cancellation</i>				
January 2025	848,400	33.10	27.00	24,346,365
February 2025	—	—	—	—
March 2025	—	—	—	—
April 2025	214,200	29.00	28.10	6,098,400
May 2025	860,900	36.60	30.30	27,992,415
June 2025	738,800	37.95	33.30	26,251,835
July 2025	—	—	—	—
August 2025	—	—	—	—
September 2025	2,246,500	33.80	29.70	72,014,404
October 2025	4,217,600	32.48	28.34	127,211,884
November 2025	1,926,200	29.82	27.74	54,984,476
December 2025	—	—	—	—
<i>Shares held as treasury shares</i>				
November 2025	1,645,200	30.00	28.48	48,556,756
December 2025	3,009,000	29.38	27.54	85,446,986
Total	15,706,800	—	—	472,903,521

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

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

MATERIAL LITIGATION

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

SUBSEQUENT EVENT

Issue of Convertible Bonds

Pursuant to the subscription agreement (the “**Subscription Agreement**”) entered into by the Company dated 26 January 2026, the Company has agreed to issue, and Ginkgo Health Investment Ltd 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 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 12 February 2026.

The gross proceeds from the issue of the Convertible Bonds were US\$110,000,000. The net proceeds from the offering of the Convertible Bonds, after deducting estimated expenses payable in connection with offering of the Convertible Bonds, were approximately US\$108.7 million. The Company intends to allocate the net proceeds of the Convertible Bonds as follows: (i) 55% for share repurchase (approximately US\$59.8 million), (ii) 42.8% for business development purposes (approximately US\$46.5 million) and (iii) 2.2% for supplement general working capital (approximately US\$2.4 million). For details, please refer to the announcements of the Company dated January 26, 2026 and February 12, 2026, respectively.

Save as aforesaid, there is no important event affecting the Group that had occurred after the Reporting Period and up to the date of this announcement.

SUFFICIENCY OF PUBLIC FLOAT

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

REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE

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

The Audit Committee has, together with the management of the Company, reviewed the accounting practice and policies adopted by the Group and the consolidated financial statements for the year ended December 31, 2025, and has recommended for the Board's approval thereof.

REVIEW OF PRELIMINARY ANNOUNCEMENT OF RESULTS BY THE INDEPENDENT AUDITOR

The figures in respect of the Group's consolidated statement of financial position as at December 31, 2025, consolidated statement of profit or loss and other comprehensive income and related notes thereto for the year ended December 31, 2025 as set out in this preliminary announcement have been agreed by the Group's independent auditor to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Group's independent auditors in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by the Group's independent auditors on this preliminary announcement of results.

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Board proposes to make certain amendments to the Articles of Association or the purposes of, among other things, (i) aligning the existing Articles of Association with

the expanded paperless listing regime, the holding of hybrid and electronic meetings by listed issuers, permitting electronic voting and electronic dissemination of corporate communications by listed issuers; and (ii) incorporating certain minor consequential and housekeeping amendments (the “**Proposed Amendments**”). The Proposed Amendments and the adoption of the Articles of Association incorporating such amendments (which shall replace and supersede the existing Articles of Association) are subject to the approval of the Shareholders by way of a special resolution at the AGM. A circular containing, among other things, further information regarding the Proposed Amendments together with the notice of the AGM will be despatched to the Shareholders as soon as practicable.

ANNUAL GENERAL MEETING

The AGM of the Company will be held on June 18, 2026. A notice convening the AGM will be published on the Company’s website and the Stock Exchange’s website and despatched to the Shareholders in accordance with the requirements of the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

Entitlement to Attend and Vote at the Annual General Meeting

For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from June 15, 2026 to June 18, 2026, both days inclusive. During such period, no transfer of Shares of the Company will be registered. The record date for determining the eligibility to attend and vote at the Annual General Meeting will be June 18, 2026. In order to be eligible for attending and voting at the Annual General Meeting, all 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 not later than 4:30 p.m. on June 12, 2026.

Entitlement to the Proposed Final Dividend

For determining the Shareholders’ entitlement to the proposed final dividend, the register of members of the Company will be closed from June 26, 2026 to June 30, 2026, both days inclusive. During such period, no transfer of Shares of the Company will be registered. The record date for determining the eligibility to receive the proposed final dividend will be June 30, 2026. In order to be eligible for the entitlement to the proposed final dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company’s share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on June 25, 2026.

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

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.gstzy.cn), and the 2025 annual report containing all the information required by the Listing Rules will be despatched to the Shareholders (if requested) in accordance with the requirements of the Listing Rules and published on the respective websites of the Stock Exchange and the Company in due course.

DEFINITIONS AND GLOSSARIES

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

“AGM”	annual general meeting of the Company
“Articles of Association”	the articles of association of the Company (as amended, supplemented or otherwise modified from time to time)
“Audit Committee”	the audit committee of the Board
“Board”	the board of directors of the Company
“CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“Chairman”	the Chairman of the Board
“China” or the “PRC”	the People’s Republic of China, but for the purpose of this announcement and for geographical reference only, reference herein to “China” and the “PRC” do not apply to Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“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

“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules and, unless the context otherwise requires, refers to Mr. Tu, Action Thrive Group Limited, Celestial City Investment Limited, Dream True Limited and Wumianshan Ltd.
“Director(s)”	director(s) of the Company
“ERP”	enterprise resource planning system, a business process management system consisting of integrated software applications that help manage a business and automate many back office functions related to technology, service and human resources
“Group”, “our Group”, “we” or “us”	the Company, its subsidiaries and controlled affiliated entities controlled by the Company through contractual arrangements at the relevant time
“HK\$” or “HKD”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“HKFRS”	HKFRS Accounting Standards which includes all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations as issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
“Model Code”	the Model Code for Securities Transaction by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“Mr. Tu”	Mr. Tu Zhiliang (涂志亮), the executive Director, the Chairman, the chief executive officer of the Company, and one of our Controlling Shareholders

“OMO”	online-merge-offline
“Post-IPO Share Option Scheme”	the share option scheme of the Company as approved on December 7, 2022, the principal terms of which are set out in the Circular
“Pre-IPO Share Option Plan”	the pre-IPO share option plan approved and adopted by the Company on March 31, 2021
“Reporting Period”	the twelve-month period from January 1, 2025 to December 31, 2025
“RMB” or “Renminbi”	the lawful currency of the PRC
“RSA Scheme (Existing Shares)”	the restricted share award scheme (existing shares) of the Company adopted by the Company on September 9, 2022, the principal terms of which are set out in the announcement of the Company dated September 12, 2022 and as amended on December 7, 2023
“RSA Scheme (New Shares)”	the restricted share award scheme (new shares) of the Company as approved on December 7, 2022, the principal terms of which are set out in the Circular
“Share(s)”	ordinary share(s) in the share capital of the Company with nominal value of US\$0.0001 each
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under section 15 of the Companies Ordinance
“TCM”	traditional Chinese medicine
“treasury shares”	has the meaning ascribed thereto under the Listing Rules

“US\$” or “USD”	United States dollars, the lawful currency of the United States
“%”	Percent

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

Hong Kong, March 31, 2026

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