



KINGWORLD MEDICINES GROUP LIMITED

金活醫藥集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code : 01110

2025 INTERIM REPORT



买跨境好药 就上金活健康之家

香港直邮-进口医药-品质好货

扫一扫 立即购买



微信公众号



京东旗舰店



天猫旗舰店

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Corporate Information

DIRECTORS

Executive Directors

Mr. Zhao Li Sheng (*Chairman*)

Ms. Chan Lok San

Mr. Zhou Xuhua

Independent Non-executive Directors

Mr. Duan Jidong

Mr. Wong Cheuk Lam

Mr. Zhang Jianbin (*resigned with effect from 1 August 2025*)

Dr. Chu Xiaoping

AUDIT COMMITTEE

Mr. Wong Cheuk Lam (*Chairman*)

Mr. Duan Jidong

Mr. Zhang Jianbin (*resigned with effect from 1 August 2025*)

Dr. Chu Xiaoping

REMUNERATION COMMITTEE

Mr. Zhang Jianbin (*Chairman*) (*resigned with effect from 1 August 2025*)

Dr. Chu Xiaoping (*Chairman*) (*re-designated as Chairman with effect from 1 August 2025*)

Mr. Duan Jidong

Mr. Wong Cheuk Lam

NOMINATION COMMITTEE

Mr. Duan Jidong (*Chairman*)

Mr. Wong Cheuk Lam

Mr. Zhang Jianbin (*resigned with effect from 1 August 2025*)

Dr. Chu Xiaoping

COMPANY SECRETARY

Mr. Chan Hon Wan

AUTHORISED REPRESENTATIVES

Mr. Zhao Li Sheng

Mr. Chan Hon Wan

REGISTERED OFFICE

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Corporate Information

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

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Financial Highlights

	Six months ended 30 June		
	2025	2024	% Changes
	(unaudited) RMB'000	(unaudited) RMB'000	Increase/ (Decrease)
Financial Highlights			
Revenue	404,850	526,088	(23.0)%
Cost of sales	(302,807)	(388,828)	(22.1)%
Gross profit	102,043	137,260	(25.7)%
Gross profit margin	25.2%	26.1%	(0.9)% points
Profit for the period	11,436	45,620	(74.9)%
(Loss)/profit attributable to owners of the Company	(5,412)	30,716	N/A
Basic (loss)/earnings per share (RMB cents)	(0.94)	5.20	N/A
	As at	As at	% Changes
	30 June	31 December	Increase/ (Decrease)
	2025 (unaudited)	2024 (audited)	
Liquidity and Gearing			
Current ratio ⁽¹⁾	1.14	1.18	(3.4)%
Quick ratio ⁽²⁾	0.92	0.95	(3.2)%
Gearing ratio ⁽³⁾	26.2%	21.6%	4.6% points

Notes:

- (1) Current ratio is calculated as current assets divided by current liabilities.
- (2) Quick ratio is calculated as current assets less inventories divided by current liabilities.
- (3) Gearing ratio is calculated as total interest-bearing bank borrowings, less cash and cash equivalents, divided by total equity multiplied by 100%.

Management Discussion and Analysis

MARKET AND INDUSTRY REVIEW

For the six months ended 30 June 2025 (the “**Reporting Period**”), amid complex and volatile domestic and international economic conditions, the management of Kingworld Medicines Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”, “**Kingworld**”, “**we**”, “**our**” or “**us**”) achieved a profound understanding of forward-looking strategies under the Group’s Fifth Five-Year Plan to navigate the VUCA (Volatility, Uncertainty, Complexity, Ambiguity) era. Mission-driven and vision-led, the management flexibly adjusted its strategic implementation approaches. With an enterprising spirit and commitment to mutual benefit, the management vigorously deepened nationwide marketing collaborations with upstream suppliers, injecting strong momentum into the Group’s development and delivering steady interim results.

Looking ahead to the second half of 2025, the Group will build upon its strategic achievements from the first half through continued refinement. On the one hand, the Group will further unlock collaboration potential with upstream partners. While consolidating existing product lines, the Group will actively explore developing new dosage forms, specifications, and categories of current products to expand collaborative boundaries. On the other hand, the Group will accelerate the implementation of new collaboration projects. By leveraging its extensive distribution network, the Group aims to rapidly scale up newly introduced products and enhance performance growth.

BUSINESS REVIEW

I. Highlight of pharmaceutical products segment

The traditional Chinese patent medicine market in China’s urban retail pharmacies experienced its sharpest decline in a decade of approximately 15% in the first quarter of 2025, with respiratory medications dropped more than 20%. In addition, rising raw material costs further intensified production cost pressures. As a result, the sales of the Group’s flagship agency product, the Nin Jiom Pei Pa Koa series, fell short of expectations. Nevertheless, through refined, youth-oriented, and high-frequency marketing strategies, the product retained its leading market share among comparable offerings in the sector.

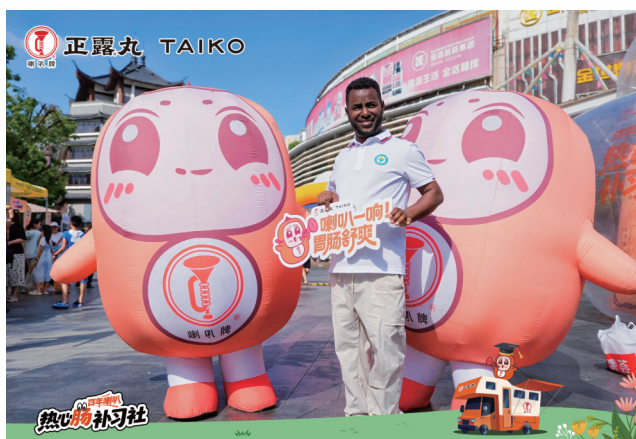


In the post-pandemic era, public awareness of health protection has significantly increased. Against the backdrop of consumption upgrading, health products with nourishing benefits and no side effects have gained growing popularity. However, factors including macroeconomic slowdown and consumption downgrading have impacted performance. During the Reporting Period, the pharmaceutical distribution segment recorded sales of RMB266.2 million, a year-on-year decrease of 25.3%, while maintaining stable growth momentum.

Management Discussion and Analysis



The Group's another flagship agency product, Taiko Seiroman, an essential household medicine for digestive and intestinal health, has seen robust market demand due to changing dietary habits among urban populations. During the Reporting Period, Taiko Pharmaceutical collaborated with Japan's National Institute of Health Risk Management and National Institute of Infectious Diseases to conduct research validating that creosote oil, one of the main ingredients in Taiko Seiroman, effectively inhibits anisakis activity. Anisakis is a parasite commonly found in seafood such as saltwater fish and squid, which may cause gastrointestinal symptoms including abdominal pain and diarrhoea when larvae infect humans. These findings further highlight the unique therapeutic value of creosote oil, Taiko Seiroman's natural ingredient. The Japanese capital market responded enthusiastically to this research. The research's conclusions are expected to support future product growth and expand its applicable user base. During the Reporting Period, Taiko Seiroman achieved relatively significant year-on-year growth of 443.2%. This level of growth was achieved despite the fact that the product is still affected by some supply chain demand issues, which demonstrates Taiko Seiroman's substantial market potential and promising outlook.



Management Discussion and Analysis

The Group's another major self-own product, Kingworld Imada Red Flower Oil, renowned for its blood-activating and pain-relieving properties, is widely used in sports injury care scenarios. Through years of sponsorships for marathons and cross-country races, the Group has consistently expanded the brand's influence among fitness enthusiasts and diversified its usage scenarios. These efforts have strengthened consumer engagement in daily health maintenance and fitness exercise, enhancing brand loyalty and usage frequency. In particular, this year's chikungunya fever outbreak in many locations of Guangdong Province drew public attention and demand for mosquito repellent products. Containing citronella oil as a key ingredient, which is known for its effective mosquito-repellent properties, Kingworld Imada Red Flower Oil gained consumer preference. The Group donated this product to government-led mosquito prevention initiatives in Shenzhen and Shantou, benefiting underprivileged families and generating positive social impact. However, due to the overall downturn in pharmaceutical distribution and economic pressures, during the Reporting Period, Kingworld Imada Red Flower Oil recorded sales of RMB21.5 million, a slight year-on-year decline of 10.6%.



During the Reporting Period, the Group's pharmaceutical distribution segment continued to strengthen the existing product portfolio while optimizing supply chain and channel management to identify new growth opportunities. The Group has two prescription medicines as its agency products, namely Foci Kingworld An Gong Niu Huang Wan and Fengbao Jianfu Capsule.

Management Discussion and Analysis

As the Group's key product launched in late 2024, Foci Kingworld An Gong Niu Huang Wan has been actively expanding the market through its high-quality and cost-effective advantages. The product uses endogenous cultivated calculus bovis as its core ingredient, ensuring consistent quality and safety. To reinforce the supply chain and enhance market competitiveness, the Group deepened its strategic partnership with Shang Pharmacy, a leading manufacturer of cultivated calculus bovis, by introducing a new product, the Cultivated Calculus Bovis Slice. This initiative has not only secured stable raw material supply for the An Gong Niu Huang Wan series but also established a new distribution model for Cultivated Calculus Bovis (Slice) through retail channels and third-terminal markets, creating additional pathways for market expansion and consumer accessibility. Through these strategic moves, the Group has caught the broad market opportunities. The growing aging population and rising prevalence of cardiovascular diseases have driven sustained demand for classical emergency medicines such as An Gong Niu Huang Wan. Recently, its clinical value received national recognition when it was officially included in the National Health Commission's "Chikungunya Fever Diagnosis and Treatment Guidelines (2025 Edition)" for treating severe cases. This official guidance not only validates its life-saving efficacy but also injects new momentum into its market prospects. Driven by these favourable factors, the An Gong Niu Huang Wan series is well-positioned to realize its growth potential. During the Reporting Period, the category recorded sales of RMB1.5 million, a year-on-year increase of 315.4%.



Management Discussion and Analysis

Jianfu Capsule is a premium gynecological medicine with precious ingredients and meticulous medication use. It has patented efficacy in preventing and treating infertility, which works by regulating endocrine and reproductive functions to improve fertility. Due to environmental pollution, delayed childbearing age, and increased life stress, the infertility rates keep rising. According to the National Bureau of Statistics, the infertility rates among Chinese couples of childbearing ages in 2023 reached 12%-18%. Therefore, the product holds significant market potential. During the Reporting Period, the Group worked with charitable organizations, including Shenzhen Charity Federation, Shenzhen Project Care Foundation, and Guangdong Province Concentric Charitable Foundation, to launch a women's reproductive health initiative. The campaign donated Jianfu Capsules worth nearly RMB3 million to regions mainly including Guangdong, as well as provinces and autonomous regions such as Jiangxi, Xinjiang, and Tibet, benefiting thousands of families through rural clinics, primary healthcare institutions, and maternal-child healthcare centers. Additionally, the Group focused on building a content ecosystem around women's wellness, collaborating with health-focused KOLs (Key Opinion Leaders) and influencers to create scenario-based promotional content. Leveraging platforms like Douyin and Xiaohongshu, the Group launched science-based education and product marketing, effectively reaching broader potential consumers and enhancing product awareness.

Zhuang Yao Jian Shen Pian (Strengthening Kidney Tablet) is another key product in the pharmaceutical distribution segment. Through in-depth research on its characteristics, the Group repositioned and redesigned the product's packaging to highlight its benefits and boost consumer appeal. During the Reporting Period, the Group completed medical insurance open-listed tenders in 13 provinces and secured a high-performing distributor with adequate experience. During the Reporting Period, the product successfully entered multiple chain pharmacies and medical insurance-designated pharmacies in Hubei, Jiangsu, and Hebei provinces. Through training programs, experiential marketing, and word-of-mouth promotion, it achieved strong initial sales and positive consumer feedback, with contracted orders progressing as planned.



Management Discussion and Analysis

During the Reporting Period, the Group has adopted the following development strategies for the pharmaceutical segment:

1) ***Strengthening industry chain collaboration to consolidate multi-channel development***

As of the first half of 2025, the Group served 204 tier-1 clients, representing an 11.5% year-on-year increase when compared to 2024. This growth was primarily driven by business-to-consumer (B2C) retail expansion, while business-to-business (B2B) corporate clients remained stable. The Group's distribution network covered 182,677 terminals, including 151,589 chain and independent pharmacies, 20,414 primary healthcare institutions, 10,655 hospitals and clinics, and 19 convenience stores and supermarkets. The total network coverage decreased by 10% compared to the previous year. This was mainly due to the Group's need for inventory control management during product market pricing optimization, coupled with the moderate elimination of local underperforming terminals amid the deepening of regional operations.

During the Reporting Period, the pharmaceutical distribution segment's products continued to strengthen channel development. Taiko Seirogan focused on key markets in Southern China and coastal regions, implementing a flagship store development program in six regions which covered 191 premium partner stores. Kingworld Imada Red Flower Oil focused on terminal image upgrades, successfully establishing 400 flagship stores nationwide. This significantly enhanced the brand's premium image and in-store visibility, laying a solid foundation for sales growth. Zhuang Yao Jian Shen Pian (Strengthening Kidney Tablet), a new product launched in April 2025, adopted a promotion strategy with terminal capability-building as the core. The Group conducted comprehensive training sessions and sales kick-off meetings to systematically enhance pharmacy staff's professional sales skills, establishing a strong foundation for market penetration. Additionally, the Group sent dedicated health management teams for in-store promotions, providing consumers with diversified health consultation services. In particular, the Group employed professional nutritionists to conduct product demonstrations and address consumer inquiries at retail outlets, effectively elevating the professional level on the retail end.



Management Discussion and Analysis

The Group has continued to strengthen upstream collaborations and expand the market presence. Moving forward, the Group and Lanzhou Foci will jointly increase resource allocation to support Hong Kong Foci's medium-to-long-term investment and development, aiming to achieve reasonable growth in Hong Kong Foci's revenue scale and investment returns and facilitate further expansion of the Hong Kong Foci joint venture's revenue and market share.



2) Enhancing scenario-based interactive marketing to deeply connect with consumer emotions

In response to the trend of consumption experience upgrading, the Group has prioritized providing consumers with offline, scenario-based experiences and genuine interactions. During the Reporting Period, the Group refined its integrated marketing strategy for Nin Jiom Pei Pa Koa and Herbal Candy, with a strong emphasis on immersive scenario-based campaigns. The Group selected high-quality terminal stores in core regions for targeted advertising. In high-traffic cities such as Hangzhou and Xi'an, the Group placed bus advertisements to cover commuting and daily life scenarios and placed building advertisements in key business districts to penetrate work and consumption scenarios, thereby achieving all-day brand exposure. In addition, the Group leveraged key occasions, including Women's Day, Mother's Day, and the Dragon Boat Festival, to launch themed campaigns, creating shared festive memories with consumers and deepening emotional bonds. During the Spring Festival, the Group aired Chinese New Year celebratory advertisements on the big screens of Wanda Cinema's branches nationwide, strongly embedding its brand into the highly engaging, immersive, family-oriented holiday movie-watching scenario. Starting June 2025, the Group continued its collaboration with Nin Jiom to expand the coverage and step up the intensity of the national tour for the "Healthy Lungs, Healthy Throat, Beautiful Voice" Music Caravan. The Caravan will follow four themed routes, visiting 48 distinctive second- and third-tier cities and landmarks. By integrating the Nin Jiom brand into music-centric leisure scenarios, the campaign will enhance product appeal and memorability among potential consumers in grassroots markets.

Management Discussion and Analysis



During the Reporting Period, Taiko Seirogan actively expanded its brand influence and fully leveraged key marketing touchpoints. During the Gaokao (National College Entrance Examination) period, the Group set up “Gaokao Support Stations” at multiple transit hubs in Guangzhou. Each station was equipped with supply kits containing Taiko Seirogan and other essential medicines along with stationery, effectively delivering brand value through targeted scenario-based exposure and functional usage. Prior to Gaokao, the Group received interviews from mainstream media and conducted integrated communication through Guangdong Traffic Radio and its affiliated omni-media platforms, significantly broadening brand exposure and public awareness. Additionally, through scientific planning, the Group concentrated brand displays in high-reach locations including storefront windows, core shelves, and checkout counters. This created a cumulative 359.6 square meters of brand display space across retail outlets. The initiative substantially enhanced Taiko Seirogan’s visual impact and brand message exposure frequency at sales terminals, effectively strengthening terminal marketing performance while maintaining brand recognition and consumer awareness.



Management Discussion and Analysis

Kingworld Imada Red Flower Oil focused on offline scenario-based marketing with notable results. Seizing Mother's Day market opportunities, the Group meticulously planned and executed 22 themed promotional campaigns nationwide. During the "Lei Feng Learning Month" in March 2025, the Group conducted eight special events in high-traffic areas of Shenzhen. Professional service stations were set up to provide instant fatigue-relief massages and health consultations to passers-by, integrating brand care into consumers' daily fatigue scenarios. Regarding event sponsorships, Kingworld Imada Red Flower Oil leveraged its decade-long expertise in professional sports protection. As an official sponsor, the brand participated extensively in the 20th Asian Marathon Championships and Jiaying Marathon 2025. It established on-site service areas to offer pre-race product trials for warm-ups, while organizing professional teams to provide post-race massage services with the medicated oil, precisely embedding product efficacy into high-intensity athletic scenarios. Furthermore, the Group sponsored China's first red-themed 2025 Jinggangshan Ultra Trail Race. Beyond conventional warm-up protection and post-race massages, the Group shared with participants how to use portable packages for protection against insects and leeches in the wilderness. These face-to-face solutions addressed runners' practical concerns, reinforcing Kingworld Imada Red Flower Oil's reliable reputation as a "sports protection expert".



Management Discussion and Analysis

3) *Strengthening the online marketing matrix to build an omni-channel brand communication ecosystem*

During the Reporting Period, the Group continued to enhance Nin Jiom's online strategic presence and accelerate the development of a comprehensive communication ecosystem. The Group focused on top-tier media platforms and high-quality content scenarios, strategically placing brand advertisements on "Fearless • Never Give Up" and "The Litchi Road". The former was a TV drama broadcast on China's national TV channel CCTV-8 and the top-tier video platform iQIYI, while the latter was the blockbuster drama of the year. These placements leveraged the dramas' high viewership and broad audience reach to achieve significant communication results.



Facing the rapid development of emerging internet mobile platforms, the Group has proactively explored new opportunities and keenly identified the significant potential of Douyin's local lifestyle services platform. The Group has decided to select this platform as a key testing ground for business model innovation. In line with this strategic vision, the Group officially launched the "Kingworld Cloud Chain" project during the Reporting Period, partnering with 60 pilot stores for initial implementation. The purpose of this project was to leverage Douyin's powerful localized content push capabilities to precisely redirect the massive online traffic to the offline services of partner stores, thereby achieving effective online-to-offline integration. This pilot project represented the Group's dual exploration in the OTC pharmaceutical sector: firstly, validating the potential of utilizing platform traffic aggregation effects to concentrate resources for more efficient development of market-preferred products; and secondly, testing the feasibility of a new marketing loop where "online content stimulates interest while offline stores facilitate immediate purchases".

Management Discussion and Analysis

4) *Revitalizing Kingworld's proprietary brands while accelerating the introduction of new products*

During the Reporting Period, the Group accelerated the incubation of its proprietary brands, successfully relaunching several legacy products with renewed appeal. Through strategic promotions, both Kingworld Zhuang Yao Jian Shen Pian (Strengthening Kidney Tablet) and Kingworld American Ginseng Capsule achieved notable progress compared to the previous year, owing to their exceptional efficacy.

The Strengthening Kidney Tablet generated nearly RMB1.0 million in sales during the Reporting Period, establishing itself as another strong performer in the Group's pharmaceutical portfolio. Meanwhile, the relaunched gift box version of American Ginseng Capsule, introduced in April 2025, gained rapid market traction through nationwide launch conferences to align market understanding, sales end capability building as the core strategy, and enhanced channel collaboration. The product successfully targeted specific consumer segments by offering tailored solutions for menopausal women, night owls combating fatigue, and individuals with qi deficiency. This approach earned strong consumer acceptance and drove both distribution coverage and sales growth during the Reporting Period.



In addition, the Group accelerated its new product introductions. During the Reporting Period, the Group not only initiated collaboration with Shang Pharmacy for Cultivated Calculus Bovis Slice distribution through second- and third-terminals, but also made smooth progress in its nationwide marketing partnership with Qihuang Pharmaceutical for Cistanche Laxative Oral Liquid. This exclusive patented product features a breakthrough formula based on the "treating blockage by tonification" principle, effectively addressing the core need of elderly and postpartum constipation patients with deficiency. Clinically proven with outstanding efficacy, the product demonstrates broad market potential. The product is scheduled for launch in the second half of the year. The two sides will leverage their complementary resources to jointly expand market share, drive nationwide sales growth, and enhance brand recognition and influence, thus creating mutually beneficial market opportunities for both sides.

Management Discussion and Analysis



II. Highlights of healthcare and daily chemical segment

As the Group's second largest business segment, the healthcare and daily chemical products include the Nin Jiom Herbal Candy series, Carmex Lip Balm, Goldpartner Glucosamine Radix Paeoniae Alba Calcium Capsule, and Innopharm Fish Oil, as well as the newly introduced products: Kräuterhof Horse Balm from Germany, and PrecisionBiotics SportPro+™, the No. 1 probiotic brand in Irish pharmacies. The Group's cross-border e-commerce platform also operates a variety of cross-border products. During the Reporting Period, the Group continued to introduce new products, integrate digital platform traffic resources, and enhance offline marketing scenarios, thereby steadily boosting the segment's market influence. Now the Group has advanced one position to rank fourth in JD International's overseas health supplement brand rankings.



Management Discussion and Analysis

During the Reporting Period, the Group adopted the following important development strategies for its healthcare and daily chemical products:

1) *Achieving high-density penetration in emerging communities with full-channel conversion*

During the Reporting Period, the Group effectively enhanced brand awareness and market penetration for Innopharm Fish Oil through coordinated online-offline efforts. For online channels, the Group focused on core platform sales to reach more customers efficiently. From January to May 2025, the Group collaborated with professionals (medical students, flight attendants, Big Tech employees, etc.) on Xiaohongshu to publish product-sharing posts, generating over 7.6 million impressions and 460,000 reads. The brand's official account consistently released 170 science popularization posts, accumulating more than 30,000 reads. Content covered oral supplement guidelines, fish oil product comparisons, and women's health insights, with a focus on consumption pain points including sedentary lifestyles, hair care needs, and gifting occasions. These posts accurately addressed consumers' needs, effectively drove in-store foot traffic, and facilitated sales conversion. The Group also intensified short video marketing on Taobao and JD.com, publishing 50 KOL-collaborated videos and 200 brand-created videos. The content on Tmall achieved nearly 300,000 views, with video visitors accounting for 91% of total store traffic. The content on JD.com saw sustained view growth, with 29% of videos receiving platform traffic support. Through the above-mentioned initiatives, the Group successfully redirected Xiaohongshu traffic to Tmall with a certain level of sales conversions, establishing a new promotional pathway for its products.



Management Discussion and Analysis

During the Reporting Period, Carmex Lip Balm achieved measurable growth by deepening vertical community penetration. The brand strategically de-emphasized its traditional seasonal positioning to focus on the core “lip makeup primer” scenario, highlighting its “intensive moisturizing/keratin care” functionality and cross-scenario versatility for both daily makeup and specialized needs like cosplay and western-style makeup. The product precisely targeted high-potential 18 to 25-year-old consumer segments (students/anime fans/western makeup enthusiasts), leveraging their strong purchasing power, community influence, and social engagement patterns. Through Douyin as the central platform, the Group implemented cost-efficient precision marketing. It launched 145 vertical content pieces (covering tags like #Anime, #Cosplay, and #WesternMakeup), and successfully incubated 12 viral videos with 10,000+ interactions each. The off-platform traffic redirection combined with flagship store promotions formed a closed-loop strategy, driving the 18 to 25-year-old group’s share to 33% of total consumers with a year-on-year sales increase of 24%, which validated the scalable conversion model for niche communities.

2) *Re-elevating the scenarios-based strategy through dual-core product-driven synergy*

During the Reporting Period, Innopharm Fish Oil actively expanded offline promotion scenarios by sponsoring professional sports events targeting high-activity demographics. At the Jiaying Marathon Expo, the brand’s booth attracted numerous runners for interactions. As the official fish oil sponsor of the 2025 Jinggangshan Ultra Trail Race, the brand achieved multidimensional exposure through prime advertising place on the main stage, 24/7 live broadcast visibility, award ceremony product placement, MC endorsements, and course-side visual displays, significantly strengthening brand memory points. The Group pioneered a “professional advisory” offline service model, deploying expert teams for face-to-face consumer consultations at events and retail end. These specialists addressed practical concerns including sedentary fatigue, hair care, product value, and gift-giving needs while providing scientific fish oil selection guidance, successfully steering consumers toward Innopharm products. This professional knowledge-based interaction effectively established trust and conversion advantages unattainable through online channels alone.

Owing to its notable throat-soothing effects and portability, the Group’s established flagship product, the Nin Jiom Herbal Candy series, continued to enjoy strong popularity among specific consumer groups such as those with prolonged vocal strain and throat fatigue. Having cultivated this vertical market for years, during the Reporting Period, the Group further strengthened pharmacy partnerships and deepened emotional connections with consumers to reinforce brand loyalty. During the Reporting Period, the Nin Jiom Music Caravan campaign underwent upgrades, expanding to more urban landmarks. With larger stages and more distinctive musical performances, this campaign created a unique health-and-music experiential journey.

Goldpartner Glucosamine Radix Paeoniae Alba Calcium Capsule adopted a strategy of deep integration with the Kingworld Red Flower Oil product line to develop a scenario-based “external pain relief + internal nourishment” solution. Centred on the synergistic value of “immediate relief + long-term repair”, this approach successfully shifted consumer perception from “singular pain relief” to “systematic joint care”, driving co-purchases of both products. During the Reporting Period, the Group focused the “relief-nourishment” closes-loop education, effectively enhancing the capsule’s scenario penetration and sales conversion.

Management Discussion and Analysis



3) *Expanding product portfolio and continuously developing new communication channels*

During the Reporting Period, the Group made steady progress on the Cistanche Probiotics project jointly developed with the Hong Kong University of Science and Technology. The project conducted research among young consumers in first-tier cities including Beijing, Shanghai, Guangzhou, and Shenzhen and received positive feedback. The Group will further refine the product based on these insights, with planned launch within the current year. The Cistanche Probiotics product is designed for sub-healthy working professionals, addressing intestinal imbalance caused by insufficient exercise and regular takeout meals with a low-side-effect solution. In addition, it caters to the silver economy by meeting elderly consumers' needs for bowel regulation and constitutional improvement through intestinal flora regulation. Amid the consumption upgrading and demographic aging trends, this product demonstrates significant market growth potential.

During the Reporting Period, the Group introduced multiple overseas products to the Hong Kong market, including Germany's Kräuterhof Horse Balm and PrecisionBiotics SportPro+™, the No. 1 Probiotic Brand in Irish Pharmacies. Kräuterhof Horse Balm is a professional herbal cosmeceutical brand under Germany's ASAM Group with over 50 years of history. Its core products feature natural plant-based formulations, contain no animal-derived ingredients, and are EU-certified. The products specialize in joint and muscle care, effectively alleviating pain caused by cervical spondylosis, lumbar disc herniation, rheumatoid arthritis, and sciatica. These products are particularly suitable for post-exercise muscle recovery and sedentary individuals. PrecisionBiotics (Chinese name: 普葆), the No. 1 brand in Irish pharmacies, is a high-end probiotic brand under Denmark's Novonesis Group. Adhering to the principles of "Natural, Precise, and Scientific", the brand's products are available in 26 countries worldwide. The sport probiotic product utilizes Italian-origin bacterial strains with precise formulations to enhance athletic performance and physical recovery. These newly introduced products significantly enriched the Group's product portfolio.

Management Discussion and Analysis



While introducing new products, the Group kept developing new distribution channels. In addition to strengthening existing partnerships with pharmacies, Watsons, and Mannings, the Hong Kong market team expanded into new channels including Yue Hwa department stores, the Hospital Authority Staff e-Co-Op Online Shop, HKTVmall (Hong Kong's largest e-commerce platform), and C Live Online (a leading Hong Kong livestreaming platform). Brands such as Innopharm, Kräuterhof Horse Balm, and PrecisionBiotics SportPro+™ have been launched on these new channels. The Group also developed the Kingworld overseas independent site and the Innopharm Hong Kong independent site. During the Reporting Period, the Group was honored with the Pharmacy Partner Excellence 2024 award by the Hong Kong General Chamber of Pharmacy Ltd.



Additionally, during the Reporting Period, the Group collaborated with celebrities and influencers to promote products. Innopharm worked with a renowned artist Wong Cheung Hing and prominent Facebook influencers including Winny, Wincy, and Shum Sir to conduct over 30 online livestreaming sessions. Both Kräuterhof Horse Balm and PrecisionBiotics collaborated with a well-known artist Yeung Cheuk Na for livestream promotions.

Management Discussion and Analysis

4) *Empowering the Product Matrix through Partnership with a Leading European Pharmaceutical Manufacturer*

During the Reporting Period, the Group has been in active negotiations for a significant strategic partnership with a top European herbal therapy manufacturer. This partner possesses a profound pharmaceutical background, with its product R&D and production processes fully adhering to European Good Manufacturing Practice (GMP), and is dedicated to integrating traditional herbal essences with modern scientific evidence and enjoys an excellent reputation in the European market.

The initial batch of collaborative products will precisely target core areas such as joint health, sleep improvement, and immunity enhancement. This initiative aims to seize the growth opportunities in the wellness market and meet the increasing consumer demand for safe, effective, and high-quality natural health products backed by scientific research. This collaboration is not only a powerful supplement to the Group's product line but also a crucial step in introducing leading international pharmaceutical-grade standards, thereby elevating product quality and technological substance. It is anticipated that this product series will leverage its unique quality advantages to become a new engine for the Group's growth.

5) *Building Core Technological Barriers by Collaborating with a National-Level Research Team*

In line with the Group's strategy, the Company plans to deepen its collaboration with a team of senior professors from a university in Western China. Focusing on a key Traditional Chinese Medicine (TCM) ingredient, the partnership will leverage national-level scientific research achievements and integrate the mutual advantages of both parties in R&D and industrialization to jointly develop health products for the global market.

This collaboration aims to create a seamless link between research, production, and sales. Through Shenzhen-Hong Kong synergy, it will accelerate the commercialization, registration, and internationalization of research outcomes, promoting the global standardization of TCM. The partnership will focus on key technologies such as the primary processing of geo-authentic medicinal materials, extraction of active ingredients, quality standardization, and storage of fresh products. It will also involve the joint development of various product series, including extracts from fresh medicinal materials, natural active ingredients, and probiotic-enhanced products, featuring anti-aging and anti-fatigue benefits. The technological research findings from this collaboration will also be applied to a wider range of the Company's own products in the future.

Management Discussion and Analysis

III. Highlights of the medical devices and equipment segment

As a global developer and manufacturer of electrophysical therapy and rehabilitation equipment and a national high-tech enterprise, Shenzhen Dong Di Xin Technology Company Limited (“**Dong Di Xin**”), a non-wholly owned subsidiary of the Group, has been dedicated to electrophysical therapy and rehabilitation equipment since its establishment in 2000. Its products span two primary fields, namely physical rehabilitation physiotherapy instruments and general diagnostic devices. The product lineup includes five major categories: infrared thermometers, handheld electrophysical therapeutic products, professional medical electrophysical therapeutic equipment, biofeedback therapeutic products, and accessories and spare parts.



Dong Di Xin continued to rigorously advance its “Lean Production 6S” management model. Guided by the “Do It Right the First Time” principle, Dong Di Xin ensured high-quality product output and further enhanced its international reputation by once again passing international factory inspections in a single audit. During the Reporting Period, Dong Di Xin recorded sales of RMB118.4 million, representing a year-on-year increase of 4.0%.

During the Reporting Period, Dong Di Xin launched its new product – the innovative portable shockwave therapy device SW3200 Basic. This is a new-generation electromagnetic radial shockwave equipment. With a main unit weight of only approximately 2kg, it integrates advantages such as electromagnetic drive technology, portable design, and a multi-layer conductive flexible treatment head. Equipped with an efficient battery module, it operates independently without external power supply, significantly expanding clinical mobility. The device provides rehabilitation therapists with more flexible and efficient shockwave therapy solutions. The product debuted at the 91st CMEF in Shanghai, receiving positive market feedback and demonstrating promising prospects.

Management Discussion and Analysis

During the Reporting Period, the Group adopted the following essential development strategies for the medical devices and equipment business:

1) *Deepening domestic and international presence with notable strategic cooperation results*

In the first half of 2025, international trade activities faced challenges due to tariff disputes. Confronted with external pressures, the Company's management efficiently coordinated supply chain operations with customer demand. It successfully delivered the majority of customer orders before the formal implementation of key market tariff policies, achieving particularly notable results in the North American market. This effectively mitigated the impact of external environmental changes on the Company's overall sales performance for the first half of the year.

To proactively adapt to shifting market dynamics, the Company's management adhered to the "Going Global" strategy by strengthening face-to-face communication and cooperation with international clients. While consolidating the existing market share in North America, the Company intensified efforts to develop emerging markets including South America, South Africa, and Southeast Asia. Active participation in multiple internationally influential industry exhibitions significantly enhanced the Company's global brand visibility. Furthermore, the Company deepened the "Bringing In" strategy by organizing over five on-site inspection and exchange programs for international clients. Two globally renowned physical rehabilitation equipment manufacturers conducted in-depth visits to the Company, with both parties demonstrating strong intent regarding potential product collaborations, which established a solid foundation for future international market expansion.



Management Discussion and Analysis

In the domestic market, the Company completed the medical device re-registration process for the biofeedback therapeutic products, successfully obtaining five-year registration certificates. This ensures continued compliant sales in the domestic market. Additionally, the Company completed medical device advertising license filings for all domestically registered products, establishing a solid regulatory foundation for further domestic market expansion. During the Reporting Period, the Company has successfully entered multiple domestic hospital systems at various levels through bidding processes.

During the Reporting Period, the Company deepened its strategic partnership with Moxun Technology, a renowned sales partner in the rehabilitation sector. At the CMEF exhibition in Shanghai, Moxun Technology dedicated a special exhibition area for its agency ultrasound physiotherapy device, which attracted active on-site negotiations. Benefiting from close collaboration and effective marketing, this product has risen to the forefront of similar products on flagship stores of major e-commerce platforms including JD.com and Tmall, demonstrating significantly enhanced market competitiveness.

2) *Strengthening internal control and operational efficiency while employing multiple measures to enhance profitability*

During the Reporting Period, the Company continued to optimize its product quality system, after-sales service system, and risk management framework. To improve global customer satisfaction, the Company established localized after-sales service response networks in key markets, either independently or through partnerships with core distributors. These initiatives significantly enhanced the timeliness and efficiency of customer issue resolution.

The Company actively advanced organizational efficiency improvement and cost optimization. On the one hand, it streamlined positions through consolidation and strengthened incentives for key employees, thereby optimizing its structure and talent management. On the other hand, the Company implemented comprehensive cost reduction and efficiency enhancement strategies in its production and operation processes, including conducting multi-dimensional price comparisons among suppliers, adopting a bidding system for equipment, consumables and raw materials, minimizing energy consumption in production, and strengthening production cost control to reduce unnecessary administrative expenses. These systematic measures effectively improved the product gross margin level.

3) *Consistently advancing digital transformation with industry-academia-research collaboration for new product development*

During the Reporting Period, the Company continued to optimize and upgrade its digital intelligent manufacturing system. It deepened strategic partnerships with leading domestic AI research institutions and actively explored in-depth applications of AI in enhancing production efficiency and empowering product development, thus significantly improving overall operational performance. The Company further strengthened industry-academia-research collaboration. It collaborated with renowned rehabilitation hospitals and the Shenzhen Institutes of Advanced Technology, Chinese Academy of Sciences to pursue technical breakthroughs in the rehabilitation sector. The related R&D projects progressed smoothly with breakthroughs made in key technologies. The innovative technologies and products based on these collaborations are expected to launch within the year, bringing new momentum to the development of the rehabilitation industry.

Management Discussion and Analysis

IV. Other businesses

1) *Gathering momentum and empowering growth with Longde Industrial Park as the hub to connect the collaborative ecosystem of the health industry*

During the Reporting Period, the Kingworld + Longde Health Industrial Park (“**Longde Health Industrial Park**”), which the Group has been dedicated to building, maintained a proactive and perseverance-driven work attitude to gather momentum and empower growth against the complex backdrop of continued macroeconomic downward pressure and severe market challenges. The Group further strengthened the health industry’s collaborative ecosystem through industrial cooperation and policy coordination.

During the Reporting Period, senior executives from leading players in the industry including Yangtze River Pharmaceutical Group and Ningbo Tianyi Medical Appliance visited Longde Health Industrial Park for exchanges and discussions. These discussions focused on synergistic development, innovation opportunities, and potential collaboration in the pharmaceutical and healthcare sectors, particularly exploring the feasibility market potential in the Greater Bay Area and international product deployment.

Benefiting from Longgang District’s policies to encourage technological innovation, Longde Health Industrial Park received continued government support due to its unique industrial clustering advantages. In the first half of the year, the park hosted 25 inspection visits from various government departments and business associations. These visits effectively showcased the Group’s development achievements, expanded cooperation channels, and enhanced the park’s brand value and service capabilities.

Leaders and officials from the CPC Shenzhen Municipal Committee, Longgang District, the CPPCC Longgang District Committee, the Investment Promotion and Enterprise Service Center, and Baolong Subdistrict visited the Longde Health Industrial Park and spoke highly of its development. These visits provided in valuable guidance and strong support for policies regarding the park’s development.



Management Discussion and Analysis

During the Reporting Period, Longde Health Industrial Park leveraged the Group's established advantages in the pharmaceutical industry chain and integrated government and industry resources to collaborate with various chambers of commerce and enterprises to organize multiple large-scale industry exchange events. For example, the park worked with the Baolong Chamber of Commerce and the Longgang District Youth Research Institute of Sciences to organize events such as entrepreneur salons, the sharing session on China's "going global" strategy, the preparatory symposium for the "Agarwood Special Project under the National Food and Medicine Homology Industry Innovation Project", and the specialized lecture on the construction of a new pharmaceutical retail ecosystem and OTC channel upgrading. These events further gathered momentum and empowered growth to effectively expand industry influence. Additionally, the park successfully hosted dozens of public welfare courses and themed community activities for the local subdistrict, benefiting surrounding communities and park enterprises while demonstrating significant public value.



Through these initiatives, the Group and Longde Health Industrial Park strategically identified high-quality projects that can create synergies with the Group's sales network and investment platform. The key platform-based project, "Medicine-Food Homology Agarwood Base", has been confirmed, and the Group is committed to driving the substantive implementation of this project. During the Reporting Period, the park attracted 72 new potential clients, injecting fresh vitality into its sustainable development.

As the Group's core platform for diversified operations, Longde Industrial Park has systematically upgraded its commercial facilities, institutional frameworks, and customized services for tenant enterprises, while continuously enhancing the park's cultural cohesion and people-oriented environment.



Management Discussion and Analysis

2) *Proactively capturing investment opportunities in the health industry to drive sustainable growth*

The Group actively captured development opportunities in the health industry, committed to promoting sustainable growth of the Group's businesses through strategic investments. Leveraging its unique advantages as a listed company in capital markets, the Group continued to integrate internal and external resources, optimize financing platforms, and deepen collaborative partnerships with upstream and downstream enterprises in the industrial chain, with the aim of actively establishing robust strategic alliances. By effectively incorporating the Group's brand influence and advanced management expertise into cooperative frameworks, the Group continually facilitated resource sharing and optimal allocation to achieve mutual benefits.

Looking ahead, the Group's investment division will remain focused on high-potential projects and strengthen investment positioning to provide solid support for the Group's business expansion and investment returns, thereby achieving shared prosperity and long-term development for both the Group and its partners in the healthcare sector.

V. *R&D and innovation*

As of 30 June 2025, the Group has established a robust intellectual property system. The Group's Kingworld and related brands have accumulated over 300 registered trademarks domestically and internationally, along with 83 software copyrights and one invention patent (excluding Dong Di Xin data). Additionally, Dong Di Xin in the medical devices and equipment segment has possessed four valid invention patents, 24 utility model patents, one design patent, and 13 software copyrights, demonstrating continuous enhancement in technological reserves and innovation capabilities.

During the Reporting Period, the Group took digital transformation as the core driver, vigorously advancing information system development. Significant achievements were made in expense control, customer relationship management, and AI technology application, providing strong support for cost reduction, efficiency improvement, and business expansion.

The market activity management system, which the Group was committed to building, was successfully launched, achieving improvement and upgrading of digital cost control management. This system integrates multiple functions including budget management, application processing, expense write-off, ledger management, to invoice handling, and report management, connecting internal systems to establish a secure, efficient and compliant management closed-loop. The automated workflows effectively reduce manual intervention while improving approval efficiency, leading to markedly enhanced cost utilization. As for customer relationship management, the Group officially released Version 2.0 of the client visit management system. The new version launched on the new mini program platform features comprehensive improvements in geolocation accuracy, visit scheduling rationality, key activity logging completeness, and report analysis depth. These enhancements not only boost visit efficiency but also effectively implement marketing management requirements at the frontline level, ensuring proper execution of management objectives. With rapid AI development, the Group has implemented AI-powered office solutions by integrating public AI interfaces for document processing and data analysis scenarios, substantially improving operational efficiency. As for marketing, the Group utilized AI digital imaging to enhance the creativity and quality of promotional content.

Management Discussion and Analysis

In the second half of 2025, the Group will officially launch its long-planned microservices architecture middle platform to empower overall operational efficiency and accelerate response times. This middleware platform features advantages including high scalability, high availability, and flexible deployment, enabling rapid iterative computing and reuse of business modules while breaking down data barriers between systems. Additionally, the flow management system will undergo iterative computing upgrading with emphasis on deeper data mining and cross-comparison utilization. The enhanced data analytics can provide more precise and comprehensive decision-making support, further strengthening the Group's market competitiveness and risk management capabilities. Through continuous optimization of informationization construction, the Group will deepen the integration of business and technology, injecting strong momentum for high-quality development.



VI. Talent and Culture

1. *Enhancing the talent cultivation mechanism to support strategic breakthroughs*

Guided by the “people-oriented” management philosophy, which recognizes that a talented workforce is crucial for sustainable development, the Group has established a comprehensive talent cultivation system that ensures efficient human resource allocation through multiple channels including multi-platform recruitment, university-enterprise partnerships, headhunter collaboration, and internal promotion. Training programs cover various dimensions such as new employee onboarding, professional competency development, and leadership training initiatives. The total training participation reached nearly 1,000 person-times. Through continuous optimization of organizational structure and workforce planning, the Group has strategically aligned talent supply with demand for core positions supporting new products and channels, thereby facilitating the achievement of corporate strategic goals.



Management Discussion and Analysis

During the Reporting Period, the Group actively recruited professional talent to align with market changes and strategic development needs. Kingworld Medicines recently created new positions including management accounting roles, bringing in specialized professionals. This initiative will enable more precise analysis of operational costs and rational allocation of strategic resources to achieve optimized resource configuration. Amid the uncertainties of the VUCA era, the efficient operational management and scientific cost control will establish a solid foundation for the Group's sustainable development.

The Company emphasizes career planning for employees, encouraging them to develop personalized career development plans based on individual interests and professional goals. By providing diverse career paths and promotion opportunities, the Company ensures every employee can find his/her ideal development platform. As at 30 June 2025, the Group had a total of 759 employees, with 137 working at the Group's Shenzhen head office, 261 stationed in 36 other regions primarily responsible for sales and marketing duties, and 361 employed at Dong Di Xin. Through systematic training and development programs, the Company continuously enhances employees' professional skills and management capabilities, laying a solid talent foundation for long-term growth.



2. *Consistently advancing the share award scheme to stimulate team vitality and corporate growth momentum*

During the Reporting Period, the Group established a comprehensive performance management system and incentive mechanism. By setting clear performance indicators, conducting regular performance evaluations, and implementing diversified incentive measures, the Group effectively enhanced employee motivation and creativity. On 4 July 2025, pursuant to the 2025 share award scheme adopted by the Company on 14 April 2025, the Group granted a total of 3,457,600 awarded shares at nil consideration to 70 selected participants. Among these, 1,397,600 awarded shares were granted to 19 selected participants who are connected grantees, and 2,060,000 awarded shares were granted to 51 selected participants who are non-connected grantees. This initiative represents the Group's concrete implementation of its share award scheme, designed to recognize and reward key talent for their contributions. The scheme aims to motivate their continued support for the Group's sustainable operations and development, while attracting outstanding professionals to join and further advance the Group's growth.

Management Discussion and Analysis

VII. Sustainable development

The Group continued to uphold the corporate mission of “serving the community and benefiting the world”, actively fulfilling its corporate social responsibility and striving to build a harmonious and graceful community of human beings. During the Reporting Period, the Group made consistent contributions in various areas, including earthquake relief and disaster response, people’s livelihood security, education development, and care for vulnerable groups.

Responding swiftly to the earthquake disaster in Shigatse of Tibet Autonomous Region, the Group and the Kingworld Caring Health Foundation made emergency donations totaling over RMB680,000 in cash and medical supplies including Kingworld Imada Red Flower Oil and Kingworld Gan Mao Qing (Cold Relief) via the Shenzhen Charity Federation. These donations effectively addressed medical supply shortages in the affected areas and supported local communities in rebuilding their homes.

The Group demonstrated strong commitment to women’s health. Through the “Jianfu Capsule Donation Initiative” in partnership with the Shenzhen Charity Federation, Shenzhen Project Care Foundation, and Guangdong Province Concentric Charitable Foundation, the Group donated nearly RMB3 million worth of Jianfu Capsules, primarily distributed across Guangdong Province with nationwide coverage through primary healthcare institutions, including maternal-child hospitals and grassroots clinics, to enhance women’s healthcare protection. In recognition of the outstanding contributions in poverty alleviation and disaster relief, the Group’s foundation was awarded in June 2025 the “2024 Guangdong Poverty Alleviation Red Cotton Cup Bronze Award”.



Continuing its philanthropic tradition, the Group launched the “Vassa Retreat Grand Public Welfare Activity for Supporting Monks” during the Reporting Period. It donated medical supplies including Kingworld Imada Red Flower Oil, Nin Jiom Pei Pa Koa, Kingworld American Ginseng Capsules, and Kingworld Protection Roll-On Oil to over 70 renowned mountain temples nationwide, helping alleviate physical discomfort and mosquito disturbances during the monastic retreat period and enabling undisturbed spiritual practice. Beyond safeguarding monks’ health, the initiative became a signature corporate social responsibility program that delivers humanitarian care through cultural engagement.

Management Discussion and Analysis

The Group continued to vigorously promote social welfare practices and shoulder the mission of corporate social responsibility. During the Reporting Period, it donated essential medicines through the “Better Life Public Welfare New Year’s Goods Festival” to strengthen the foundation of social care. The “Lei Feng Learning Day • Gentle Hands Public Welfare Event”, integrating the spirit of Lei Feng into daily life and spread social goodwill through interactive and educational activities. In collaboration with the Shenzhen Teochew Youth Association and other organizations, the Group participated in the “Lions Club Warms Teachers’ Hearts” campaign, donating Kingworld American Ginseng Capsules to teachers to help alleviate physical discomfort caused by work fatigue, paying tribute to educators with practical actions. The Group and its subsidiary Shuxintang hosted a special event for children with autism during the global travelling art exhibition “The Feeling of Hugs”, sending special care to children with autism. As for sports events, the Group supported mass participation events such as the Xitaihu Lake Half Marathon, the Xstep Running Club Greater Bay Area event, Jiaying Marathon, and Jinggangshan Ultra Trail Race, contributing to the promotion of a healthy lifestyle.



The Group took education-focused public welfare as a key initiative to support the physical and mental health development of young people. During the Gaokao (National College Entrance Examination) period in June 2025, the Group set up “Support Stations” at six bus stops near exam venues in Guangzhou and public welfare sun shelters at exam sites in Haikou of Hainan and other places, providing emergency supplies, massage services to relieve summer heat, and other support for examinees, parents, and staff and ensuring the smooth progress of Gaokao. As a supporting organization for the 3rd SZ-HK-MO Design Competition for Young Talents, the Group’s Shuxintang and Kingworld Caring Health Foundation deeply participated in the competition work, supporting the discovery of outstanding creative talents and fostering innovation capabilities among the youth.



Management Discussion and Analysis

HONOURS

Corporate Honors

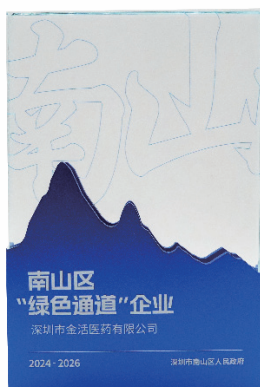
- Nanshan District Green Channel Enterprise (2024-2026)
- Shenzhen Health Industry Product Technology and Service Model Innovation Case 2024

Product Honors

- Kingworld Imada Red Flower Oil: Xstep Running Club's Honorary Partner in the Greater Bay Area"
- Foci Minshan Xiao Yao Wan: The Top Popularity Award of H.K. Pharmacies 2024-2025

Public Welfare Honors

- 2024 Guangdong Poverty Alleviation Red Cotton Award (Bronze)
- Outstanding Enterprise in Fulfilling Social Responsibility 2024



Management Discussion and Analysis

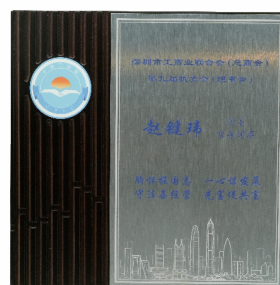


Group Leadership Personal Honors

Ms. Chan Lok San (Executive Director): Outstanding Individual in Fulfilling Social Responsibility 2024; The Most Inspiring Woman on March 8th International Women's Day in the "New Era Deep Love for Her" Campaign by Nanfang Daily

Mr. Zhao Kin Wai (Assistant to the Chairman): "Starfish Shining" Cultural Communication Practice Award; Standing Director of Shenzhen Federation of Industry and Commerce

Ms. Zhao Wai Ying (Assistant to the Chairman): Member of the Shenzhen Luohu District Committee of the Chinese People's Political Consultative Conference; Fifth "Shenzhen New Generation Innovation and Entrepreneurship Figure"



Management Discussion and Analysis

FINANCIAL REVIEW

1. *Revenue*

Revenue of the Group for the six months ended 30 June 2025 amounted to approximately RMB404,850,000, representing a decrease of approximately RMB121,238,000 or 23.0% compared to approximately RMB526,088,000 for the six months ended 30 June 2024. The decrease was mainly due to the decrease in the revenue from distribution of imported branded pharmaceutical and healthcare products in China for the Reporting Period as compared to the six months ended 30 June 2024 as a result of the reduction of the positive effect from the market recovery from the lifting of the pandemic control measures. Such decrease was partially offset by the increase in sales of medical devices, including electrotherapy and rehabilitation equipment, manufactured by Dong Di Xin.

2. *Cost of sales and gross profit margin*

For the six months ended 30 June 2025, cost of sales of the Group amounted to approximately RMB302,807,000, representing a decrease of approximately RMB86,021,000 or 22.1% compared to approximately RMB388,828,000 for the six months ended 30 June 2024. The decrease in cost of sales was mainly due to the decrease in sales volume and the change of product mix. Gross profit margin decreased from 26.1% for the six months ended 30 June 2024 to 25.2% for the six months ended 30 June 2025 as a result of the change in sales mix which led to the increase in proportion of revenue for the products with lower gross profit margin for the Reporting Period.

3. *Other revenue, income and other losses, net*

Other revenue, income and other losses, net mainly included rental income, interest income, promotion service income, government grants, change in fair value of financial assets at fair value through profit or loss, investment gain and exchange gain. For the six months ended 30 June 2025, other revenue, income and other losses, net amounted to approximately RMB7,877,000, representing an increase of approximately RMB3,655,000 or 86.6% compared to approximately RMB4,222,000 for the six months ended 30 June 2024. Such increase was mainly due to the decrease in losses from the change in fair value of financial assets at fair value through profit or loss. Details of other revenue, income and other losses, net are set forth in Note (7) to the condensed consolidated financial statements.

4. *Selling and distribution costs*

For the six months ended 30 June 2025, selling and distribution costs amounted to approximately RMB43,592,000, representing a decrease of approximately RMB4,973,000 or 10.2% compared to approximately RMB48,565,000 for the six months ended 30 June 2024. This decrease was mainly due to the decreases in advertising expenses, delivery expenses and storage fee as a result of the decrease in sales volume for the Reporting Period.

5. *Administrative expenses*

For the six months ended 30 June 2025, administrative expenses amounted to approximately RMB55,020,000, representing an increase of approximately RMB12,312,000 or 28.8% compared to approximately RMB42,708,000 for the six months ended 30 June 2024. This increase was mainly due to the increase in depreciation and research and development cost during the Reporting Period.

6. *Profit from operations*

For the six months ended 30 June 2025, profit from operations for the Group amounted to approximately RMB15,958,000, representing a decrease of approximately RMB41,971,000 or 72.5% compared to approximately RMB57,929,000 for the six months ended 30 June 2024. The decrease in profit from operations was mainly due to the decrease in gross profit of approximately RMB35,217,000 and the increase in administrative expenses, which was partially off-set by the decrease in selling and distribution costs during the Reporting Period.

Management Discussion and Analysis

7. Finance costs

For the six months ended 30 June 2025, finance costs amounted to approximately RMB8,085,000, representing a decrease of approximately RMB1,231,000 or 13.2% compared to approximately RMB9,316,000 for the six months ended 30 June 2024. The decrease in finance costs was mainly due to the decrease in interest charged on bank loans as a result of a decrease in the average bank borrowing costs for the Reporting Period.

8. Profit before taxation

For the six months ended 30 June 2025, profit before taxation for the Group amounted to approximately RMB13,874,000, representing a decrease of approximately RMB41,592,000 or 75.0% compared to approximately RMB55,466,000 for the six months ended 30 June 2024. The decrease in profit before taxation was mainly due to the decrease in profit from operations.

9. Income tax

For the six months ended 30 June 2025, income tax for the Group amounted to approximately RMB2,438,000, representing a decrease of approximately RMB7,408,000 or 75.2% compared to approximately RMB9,846,000 for the six months ended 30 June 2024. The effective tax rate during the Reporting Period was 16.4%, compared to 17.8% for the six months ended 30 June 2024. Details of income tax are set forth in Note (9) to the condensed consolidated financial statements.

10. Profit for the period

As a result of the foregoing, for the six months ended 30 June 2025, profit for the period of the Group amounted to approximately RMB11,436,000, representing a decrease of approximately RMB34,184,000 or 74.9% compared to approximately RMB45,620,000 for the six months ended 30 June 2024.

11. (Loss)/profit for the period attributable to owners of the Company

For the six months ended 30 June 2025, loss for the period attributable to owners of the Company amounted to approximately RMB5,412,000, while there was a profit of approximately RMB30,716,000 for the six months ended 30 June 2024.

12. Liquidity and capital resources

The Group has met its working capital needs mainly through cash generated from operations and various short-to-long term bank borrowings. During the Reporting Period, the effective interest rate for fixed rate loans ranged from 3.3% to 7.0%. Taking into account the cash flow generated from operations and the bank borrowing facilities available to the Group, the Directors are of the view that the Group has sufficient working capital to meet its current liquidity demand and the liquidity demand within at least twelve months from the date of publication of this interim report.

As at 30 June 2025, the Group had cash and cash equivalents of RMB230,541,000 (as at 31 December 2024: approximately RMB235,299,000) mainly generated from operations of the Group.

Management Discussion and Analysis

13. Cash flows

The Group's cash is primarily used to meet the demand of financing its working capital requirement, repaying interest and principal due on its indebtedness and providing funds for capital expenditures as well as growth and expansion of the Group's operations. During the Reporting Period, the Group's cash and cash equivalents decreased by approximately RMB4,758,000, which mainly comprised the net cash inflow generated from operating activities with the amount of approximately RMB5,884,000, net cash outflow used in investing activities with the amount of approximately RMB7,516,000, net cash outflow used in financing activities with the amount of approximately RMB2,191,000 and the foreign exchange loss of approximately RMB935,000. Details of cash flows of the Group are set out in page 59 of the "Condensed Consolidated Statement of Cash Flows" in this report.

14. Capital structure

Indebtedness

The total amount of the borrowings of the Group as at 30 June 2025 was approximately RMB413,754,000 (as at 31 December 2024: approximately RMB387,616,000). During the Reporting Period, the Group did not experience any difficulties in renewing its banking facilities with its lenders.

Gearing ratio

As at 30 June 2025, the Group's gearing ratio, calculated as the total interest-bearing bank borrowings, less cash and cash equivalents, divided by total equity multiplied by 100%, was 26.2% (as at 31 December 2024: 21.6%). The decrease in gearing ratio was mainly due to the increase in cash and cash equivalents, and total equity.

Pledge of assets

As at 30 June 2025, the Group had pledged investment properties, right-of-use assets, property, plant and equipment to certain banks in the amount of approximately RMB111,600,000, RMB92,681,000, and RMB207,610,000, respectively (as at 31 December 2024: the Group had pledged investment properties, right-of-use assets, property, plant and equipment to certain banks in the amount of approximately RMB107,000,000, RMB94,257,000, and RMB15,526,000, respectively).

Capital expenditure

The capital expenditures of the Group primarily included purchase of property, plant and equipment. The Group's capital expenditures amounted to approximately RMB1,955,000 and RMB54,919,000 for the Reporting Period and the six months ended 30 June 2024, respectively.

Foreign exchange risk

The principal business of the Group has used RMB, HK\$, Euro and US\$ as the functional and operational currencies. The Group faces foreign exchange risk arising from RMB, HK\$, Euro and US\$. The Group has no major risks in changes in other currency exchange rates.

Management Discussion and Analysis

15. *Contingent liabilities, legal and potential proceedings*

As at 30 June 2025, the Group did not have any material legal proceedings or potential proceedings.

References are made to the paragraph headed “Litigation” in the 2015 Annual Report, the 2016 Annual Report, the 2017 Annual Report, the 2018 Annual Report, the 2019 Annual Report, the 2020 Annual Report, the 2021 Annual Report, the 2022 Annual Report, the 2023 Annual Report and the 2024 Annual Report of the Company, the paragraph headed “Contingent liabilities, legal and potential proceedings” in the 2016 Interim Report, the 2017 Interim Report, the 2018 Interim Report, the 2019 Interim Report, the 2020 Interim Report, the 2021 Interim Report, the 2022 Interim Report, 2023 Interim Report and 2024 Interim Report of the Company, the announcement of the Company dated 24 October 2016 (the “**Announcement**”), the announcement of the Company dated 31 October 2016 (the “**Second Announcement**”), the announcement of the Company dated 10 August 2018 (the “**Third Announcement**”), the announcement of the Company dated 2 August 2019 (the “**Fourth Announcement**”) and the announcement of the Company dated 17 January 2022 (the “**Fifth Announcement**”) in relation to update on litigation. Unless otherwise defined, capitalised terms used in this paragraph shall have the same meanings as those defined in the Announcement, the Second Announcement, the Third Announcement, the Fourth Announcement and the Fifth Announcement. Based on the judgment (the “**2021 Judgment**”) handed down by the Intermediate Court on 31 December 2021, the Intermediate Court ruled to dismiss all claims of the plaintiff of the first instance that the Substantial Shareholder shall not be required to transfer his 15% equity interest in Dong Di Xin to the plaintiff of the first instance, and Dong Di Xin shall not be required to undertake relevant assistance obligations.

The Company confirms that the 2021 Judgment did not and will not have any material adverse impact on the ordinary operations and financial positions of the Company and its subsidiaries. Please refer to the Fifth Announcement for further details. In June 2022, the Company received notification that the plaintiff applied to High People’s Court of Guangdong Province for re-trial. In February 2025, the Guangdong Province Shenzhen Municipal People’s Procuratorate (廣東省深圳市人民檢察院) had rejected the request for re-trial and the litigation has come to an end.

16. *Major acquisitions and disposals*

For the six months ended 30 June 2025, the Group did not make any material acquisition or disposal.

17. *Going concern*

Based on the current financial position and financing facilities available, the Group has sufficient financial resources for ongoing operation in the foreseeable future. As such, the financial statements were prepared on a “going concern” basis.

Management Discussion and Analysis

FUTURE OUTLOOK

I Industry landscape and trends

In the first half of 2025, the global economy continued to diverge amid challenging conditions. Despite complex and volatile international trade and geopolitical environments, China's economy demonstrated notable resilience through counter-cyclical policy measures. During the Reporting Period, China's GDP reached RMB66.0536 trillion, representing a year-on-year increase of 5.3%, higher than the annual growth target. Total retail sales of consumer goods amounted to RMB24.5458 trillion, a year-on-year increase of 5.0%. National per capita disposable income stood at RMB21,840, registering a real growth of 5.4%. These indicators reflect stable economic performance and the continuous consolidation of the foundation for domestic economic strength.

In the first half of the year, despite the U.S.-initiated trade war and the increasingly complex external conditions, China's foreign trade still demonstrated vitality.

Regarding China's export, in the first half of 2025, the total value of China's goods imports and exports reached RMB21.7876 trillion, a year-on-year increase of 2.9%. Among this, exports reached RMB13 trillion, a year-on-year increase of 7.2%. Data released by the China Chamber of Commerce for Import and Export of Medicines and Health Products shows that in the first half of 2025, China's import and export trade of medicines and health products demonstrated the characteristics of "stable total volume with optimized structure" amid the complex and ever-changing international environment. The total trade volume reached USD97.95 billion, with a year-on-year increase of 0.23%, of which exports stood at USD54.539 billion, a year-on-year increase of 3.80%. This reflects pharmaceutical companies' accelerating international market expansion.

Overall, domestic effective demand remained insufficient in the first half of 2025. However, from the perspective of the health consumption sector, the supporting momentum driven by the upgrading of consumption concepts and the expansion of group demands was prominent. Healthcare consumption remained a key engine for the growth of China's domestic demand, showing new characteristics. As public health awareness continued to rise, data from the National Bureau of Statistics showed that in the first half of 2025, per capita healthcare consumption expenditure reached RMB1,314, a year-on-year increase of 3.4%, accounting for 9.2% of per capita consumption expenditure. Healthcare prices rose by 0.3%, highlighting the rigid nature of healthcare demand. The public's health concept is accelerating its shift from passive medical treatment to active health management, leading to a continuous increase in preventive health investment. From the perspective of consumer groups, healthcare demand is penetrating all age groups. The elderly group has seen a steady rise in demand for chronic disease management and health maintenance, becoming the core group of health consumption. According to data from the State Taxation Administration, in the first half of 2025, the sales revenue of nutrition and health products for the elderly increased by 30.1% year-on-year. Young people are leading the new domestic trend of health consumption, showing a particular preference for products and services integrating traditional wisdom, such as traditional Chinese medicine health-preserving teas and herbal skincare. The value of traditional Chinese medicine in daily health management has become increasingly prominent. Consumer demand for medicinal and edible products and for OTC preparations of classic traditional Chinese medicine formulations has continued to grow, driving the expansion of traditional Chinese medicine consumption scenarios toward daily life and greater diversification.

Management Discussion and Analysis

Medical insurance, centralized procurement, anti-corruption, and innovation act as four wheels to drive the traditional Chinese medicine industry to enhance quality and efficiency

In the first half of 2025, medical insurance policies were implemented with precision to empower the high-quality development of the traditional Chinese medicine cause. Multiple pilot regions expanded digital healthcare services covered by insurance, including smart TRADITIONAL CHINESE MEDICINE pharmacies and TRADITIONAL CHINESE MEDICINE day wards. Across 22 provinces nationwide, 178 TRADITIONAL CHINESE MEDICINE-dominant disease categories have been covered by diagnosis-related group payment, with some provinces and cities aligning reimbursement standards for TRADITIONAL CHINESE MEDICINE treatments demonstrating equivalent efficacy to Western medicine for treating the same disease. As of 6 May 2025, the real-time settlement system for medical insurance was operational in 300 regions, accounting for 77% of nationwide regions with unified management of medical insurance funds, with a target to reach 80% by the end of the year.

The centralized procurement mechanism has been further advanced, making the industry pricing system more standardized and reasonable. Since 2025, multiple rounds of provincial-level or inter-provincial alliance-based centralized procurement for traditional Chinese patent medicines have been carried out in multiple regions of China. Starting from April 2025, the third round of national centralized procurement for traditional Chinese patent medicines were implemented in 26 provinces, covering 95 products (including 64 injectables), with 174 drugs selected. In January 2025, the national alliance-based procurement of Chinese herbal pieces encompassed 45 varieties (including astragalus and angelica), with 598 winning suppliers, enhancing quality standardization through traceability management. The National Healthcare Security Administration plans to carry out approximately 20 national alliance-based procurements with professional characteristics at the local level in the second half of 2025, covering traditional Chinese medicines, Chinese herbal pieces, and high-value consumables. It is expected that the number of drug varieties included in national and alliance-based centralized procurement in 2025 will reach 700.

In-depth anti-corruption efforts in the pharmaceutical industry have created a clean and upright ecosystem for the healthy development of the sector. In June 2025, 14 ministries and commissions including the National Health Commission, the National Healthcare Security Administration, and the National Audit Office jointly released the “2025 Key Points for Addressing Misconduct in the Pharmaceutical Purchase and Sale Sector and Medical Services”, which severely cracks down on corrupt practices in the pharmaceutical field and solidifies the governance foundation for the high-quality development of the traditional Chinese medicine industry.

With policy support, the layout of the entire traditional Chinese medicine industry chain has been accelerated. In the first half of 2025, the National Medical Products Administration approved 14 new traditional Chinese medicine drugs, an increase of eight compared with the first half of 2024, which include five innovative traditional Chinese medicine drugs, one improved traditional Chinese medicine drug, and eight classical traditional Chinese medicine compound formulations.

Management Discussion and Analysis

Rapid development of pharmaceutical e-commerce drives accurate and efficient upgrading

As restrictions on online sales of prescription drugs are gradually lifted, the pharmaceutical e-commerce market is embracing new development opportunities. According to iiMedia Research, the scale of China's pharmaceutical e-commerce market is expected to exceed RMB340 billion by 2026. Driven by both policies and technology, the pharmaceutical e-commerce ecosystem is upgrading toward precision and efficiency. On the one hand, supervision has been strengthened to enhance drug traceability, quality, and security, ensuring the safety of consumers' online drug purchases. For example, Shanghai released the "Action Plan for the Supervision of Online Drug Sales (2025-2027)". On the other hand, the platform builds a "doctor + medicine + insurance" closed-loop ecosystem, which integrates services such as online consultation and chronic disease management while leveraging instant delivery and cold chain logistics for e-commerce to extend service reach.

II Challenges and strategies

During the Reporting Period, due to multiple factors including macroeconomic conditions, policy adjustments, and shifting consumer behaviors, the physical pharmacies faced widespread challenges, resulting in reduced traffic. Domestic retail pharmacies have been under persistent pressure from inventory saturation. According to data from the National Medical Products Administration, the average number of people served per retail pharmacy dropped to 2,000 in 2024, falling below the World Health Organization standard. This industry downturn has impacted upstream pharmaceutical enterprises, slowing the sales momentum of OTC traditional Chinese medicines and leaving many enterprises with high channel inventories. Statistics from Sinohealth Chis indicate that retail sales of traditional Chinese patent medicines reached RMB41.2 billion in the first quarter of 2025, a year-on-year decrease of 7.67%. Data from Menet shows that the cumulative scale of China's physical pharmacies from January to June 2025 was RMB296.1 billion, a decline of 2.2% compared with the same period last year. These figures reflect multiple pressures on the physical pharmacy sector. On the one hand, some pharmacies withdrew from medical insurance designation due to policy adjustments and cost control, directly affecting customer flow and sales. On the other hand, many chain pharmacies were faced with the plight of declining year-on-year revenue, alongside fixed costs like rent, labour, and procurement, leading to weakened overall profitability. Against this backdrop, some chains chose to close underperforming stores to scale back operations, which further reflects the current operational challenges in the industry.

Amid the trend of leading pharmacy chains gradually increasing the proportion of non-pharmaceutical business, pharmaceutical enterprises must accelerate and deepen their strategic transformation. Pharmaceutical enterprises should reduce production capacity for homogeneous products to mitigate channel stagnation risks while strengthening R&D in medicine-food homology products, such as wellness teas and herbal supplements, to accurately meet end-user demand. Secondly, pharmaceutical enterprises should implement differentiated channel strategies, leveraging dominant or exclusive varieties to enhance cooperation with retail terminals and strengthen their voice in terminal operations. Thirdly, they should respond actively to the OTC conversion of prescription drugs and preventive healthcare demands of the silver economy by strategically cutting production capacity of high-inventory categories while expanding medical device portfolios and functional foods. Additionally, pharmaceutical enterprises should accelerate "Internet+" initiatives to extend traditional Chinese medicine from clinical diagnosis and treatment to daily wellness consumption scenarios, building an integrated online-offline upgrading path for the entire industry chain.

Management Discussion and Analysis

In the face of the above changes and trends, the Group will continue to deepen its core strategy by actively replicating successful product models, accelerating the launch of new products with market potential, and continuously optimizing its product portfolio to better meet the growing demand of domestic consumers for a better and healthier life.

In the domestic market, relying on the concept of “medicine-food homology”, the Company will deepen industry-academia-research cooperation with top universities such as the Hong Kong University of Science and Technology to accelerate the R&D and implementation of relevant health products. To address constipation issues caused by changes in dietary structure and aging, the Company will introduce Cistanche Laxative Oral Liquid. Adhering to the traditional Chinese medicine concept of “tonifying for relief”, this product will enter the high-potential constipation product market, providing consumers with a better alternative to conventional products that may cause side effects. In the overseas market, the Group will deepen strategic cooperation with internationally leading brands in the herbal healthcare sector. The Group is now working with a renowned brand in Europe and will focus on introducing featured products centred on botanical medicines, aiming to address emerging health pain points including sleep disorders, emotional stress, and lung function regulation during post-COVID-19 recovery, in line with the new global trend of health consumption upgrading.

Furthermore, based on the solid foundation of classic products such as the American Ginseng Capsule which was approved as a pharmaceutical product in 1989, the Company will further plan the layout of new products in the second half of the year and beyond to enrich its product pipeline, consolidate and enhance market competitiveness, and create more comprehensive health value for consumers. The Group will continue to focus on exploring the core functional value of its products, committed to bringing consumers tangible health experiences and benefits.

III Conclusion

Kingworld Medicines Group would like to extend the sincerest gratitude to its strongly supportive partners, hardworking employees, and friends from all sectors of society who have shown care and kindness. Moving forward, Kingworld Medicines will work together with its employees and partners to flexibly adjust and implement the strategies in the VUCA era. Upholding the spirit of proactiveness, dedication and altruism, the Group will inject strong impetus into its development, deepen the presence in the health sector, and advance product innovation and service upgrading with a more vigorous stance to strengthen its core competitiveness.

Management Discussion and Analysis

HUMAN RESOURCES AND TRAINING

As at 30 June 2025, the Group had a total of 759 employees, of whom 137 worked at the Group's headquarters in Shenzhen, and 261 were stationed in 36 other regions mainly responsible for sales and marketing, and 361 worked at Dong Di Xin. For the six months ended 30 June 2025, the Group's total remuneration paid to employees was approximately RMB61,110,000 (2024: approximately RMB66,559,000). The Group releases an annual sales guideline on a yearly basis, setting out the annual sales targets and formulating quarterly sales strategies, so as to provide sales and marketing guidelines for all representative offices and their staff to observe. The Group has a management team with extensive industry experience (including sales directors and product managers). They are responsible for coordinating front-line sales and marketing teams to meet the annual sales targets.

During the Reporting Period, the Group adopted a people-oriented management approach and its staff were closely involved in the management and development of the Group. The Group has implemented a strict selection process for hiring its employees and a number of initiatives to enhance the work efficiency of its employees. The Group conducts periodic performance review on its employees, and revises their salaries and bonuses accordingly. In addition, the Group has arranged training programs for employees in various positions.

DISCLOSURE OF INTERESTS

(a) *Interests and Short Positions of Directors and Chief Executive in the Shares, Underlying Shares and Debentures of the Company and its Associated Corporations*

As at 30 June 2025, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)), which were required (i) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange, were as follows:

(I) *Interests in the shares in the Company*

Name of Directors	Capacity/Nature of Interest	Number of shares in the Company held	Approximate percentage of the Company's total issued share capital
Zhao Li Sheng ^(Note 1)	Beneficial owner	24,720,000	3.97%
	Interest of spouse	90,448,000	14.53%
	Interest of a controlled corporation	297,812,250	47.84%
Chan Lok San ^(Note 2)	Beneficial owner	448,000	0.07%
	Interest of spouse	322,532,250	51.81%
	Interest of a controlled corporation	90,000,000	14.46%
Zhou Xuhua ^(Note 3)	Beneficial owner	296,000	0.05%
	Interest of spouse	2,380,000	0.38%
Zhang Jianbin	Beneficial owner	248,000	0.04%
Duan Jidong	Beneficial owner	212,000	0.03%
Wong Cheuk Lam	Beneficial owner	212,000	0.03%

Notes:

- In addition to 24,720,000 shares which are beneficially owned by Mr. Zhao Li Sheng (“**Mr. Zhao**”), Mr. Zhao is deemed (by virtue of the SFO) to be interested in 388,260,250 shares in the Company. These shares are held in the following capacities:
 - 297,812,250 shares are held by Golden Land International Limited (“**Golden Land**”). Mr. Zhao is the beneficial owner of the entire issued share capital of Golden Land, therefore, Mr. Zhao is deemed to be interested in the 297,812,250 shares held by Golden Land. Mr. Zhao is also the sole director of Golden Land.
 - 448,000 shares are held by Ms. Chan Lok San (“**Ms. Chan**”), the spouse of Mr. Zhao, in her own name and 90,000,000 shares are held by Golden Morning International Limited (“**Golden Morning**”). Ms. Chan is the beneficial owner of the entire issued share capital of Golden Morning, therefore, Mr. Zhao is also deemed to be interested in the 448,000 shares held by Ms. Chan and 90,000,000 shares held by Golden Morning.

Other Information

2. Ms. Chan is deemed (by virtue of the SFO) to be interested in 412,980,250 shares in the Company. These shares are held in the following capacities:
 - (a) 448,000 shares are held by Ms. Chan in her own name and 90,000,000 shares are held by Golden Morning. Ms. Chan is the beneficial owner of the entire issued share capital of Golden Morning, therefore, Ms. Chan is deemed to be interested in the 90,000,000 shares held by Golden Morning. Ms.Chan is also the sole director of Golden Morning.
 - (b) 24,720,000 shares are held by Mr. Zhao Li Sheng, the spouse of Ms. Chan, in his own name and 297,812,250 shares are held by Golden Land. Mr. Zhao is the beneficial owner of the entire issued share capital of Golden Land, therefore, Ms. Chan is also deemed to be interested in the 24,720,000 shares held by Mr. Zhao and the 297,812,250 shares held by Golden Land.
3. 296,000 shares are held by Mr. Zhou Xuhua ("Mr. Zhou") in his own name and Mr. Zhou is also deemed (by virtue of the SFO) to be interested in 2,380,000 shares in the Company held by his spouse, Ms. Huang Xiaoli.

(II) Interests in the shares of the associated corporations of the Company

Name of Directors	Name of associated corporations	Capacity/Nature of interest	Percentage of shareholding
Zhao Li Sheng	Golden Land	Beneficial owner	100%
Chan Lok San	Golden Morning	Beneficial owner	100%

As at 30 June 2025, save as disclosed above, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange.

Save as disclosed above, as at 30 June 2025, none of the Directors is a director or employee of a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Other Information

(b) *Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares of the Company*

As at 30 June 2025, so far as was known to the Directors, the interests or short positions held by the following persons (other than the Directors) in the shares of the Company which were required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or the interests or short positions recorded in the register kept by the Company under section 336 of the SFO were as follows:

Interests in the Shares

Name of Shareholders	Capacity/Nature of Interest	Number of shares in the Company held	Approximate percentage of the Company's total issued share capital
Golden Land	Beneficial owner	297,812,250	47.84%
Golden Morning	Beneficial owner	90,000,000	14.46%
Zhao Li Sheng ^(Note 1)	Beneficial owner	24,720,000	3.97%
	Interest of spouse	90,448,000	14.53%
	Interest of a controlled corporation	297,812,250	47.84%
Chan Lok San ^(Note 2)	Beneficial owner	448,000	0.07%
	Interest of spouse	322,532,250	51.81%
	Interest of a controlled corporation	90,000,000	14.46%
Sinopharm Healthcare Fund L.P.	Beneficial owner	28,879,117	4.64%
Sinopharm Capital Limited ^(Note 3)	Interest of a controlled corporation	28,879,117	4.64%
	Beneficial owner	1,312,687	0.21%
Sun Hill Capital Investments Limited ^(Note 4)	Interest of a controlled corporation	30,191,804	4.85%
Wu Aimin ^(Note 5)	Interest of a controlled corporation	30,191,804	4.85%

Notes:

- In addition to 24,720,000 shares which are beneficially owned by Mr. Zhao, Mr. Zhao is deemed (by virtue of the SFO) to be interested in 388,260,250 shares in the Company. These shares are held in the following capacities:
 - 297,812,250 shares are held by Golden Land. Mr. Zhao is the beneficial owner of the entire issued share capital of Golden Land, therefore, Mr. Zhao is deemed to be interested in the 297,812,250 shares held by Golden Land. Mr. Zhao is also the sole director of Golden Land.
 - 448,000 shares are held by Ms. Chan, the spouse of Mr. Zhao, in her own name and 90,000,000 shares are held by Golden Morning. Ms. Chan is the beneficial owner of the entire issued share capital of Golden Morning, therefore, Mr. Zhao is also deemed to be interested in the 448,000 shares held by Ms. Chan and 90,000,000 shares held by Golden Morning.

Other Information

2. Ms. Chan is deemed (by virtue of the SFO) to be interested in 412,980,250 shares in the Company. These shares are held in the following capacities:
 - (a) 448,000 shares are held by Ms. Chan in her own name and 90,000,000 shares are held by Golden Morning. Ms. Chan is the beneficial owner of the entire issued share capital of Golden Morning, therefore, Ms. Chan is deemed to be interested in the 90,000,000 shares held by Golden Morning. Ms. Chan is also the sole director of Golden Morning.
 - (b) 24,720,000 shares are held by Mr. Zhao, the spouse of Ms. Chan, in his own name and 297,812,250 shares are held by Golden Land. Mr. Zhao is the beneficial owner of the entire issued share capital of Golden Land, therefore, Ms. Chan is also deemed to be interested in the 24,720,000 shares held by Mr. Zhao and the 297,812,250 shares held by Golden Land.
3. The corporate substantial shareholder notice filed by Sinopharm Capital Limited indicated that it controlled 1.79% interest in Sinopharm Healthcare Fund L.P.
4. The corporate substantial shareholder notice filed by Sun Hill Capital Investments Limited indicated that it controlled 100% interest in Sinopharm Capital Limited and indirectly controlled 1.79% interest in Sinopharm Healthcare Fund L.P.
5. The individual substantial shareholder notice filed by Wu Aimin indicated that he controlled 85% interest in Sun Hill Capital Investments Limited, indirectly controlled 100% interest in Sinopharm Capital Limited and 1.79% interest in Sinopharm Healthcare Fund L.P.

Save as disclosed above, to the best knowledge of the Directors of the Company, as at 30 June 2025, no person (other than the Directors) had any interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO or any interest or short positions recorded in the register kept by the Company under section 336 of the SFO.

SHARE OPTION SCHEME

The Company operates a share option scheme (the “**Share Option Scheme**”) for the purpose of providing incentives and rewards to eligible participants, including directors, eligible employees, consultants, suppliers, customers, and shareholders of any member of the Group or associated company or any of their respective associates, who contributed to the success of the Group. The Share Option Scheme was conditionally approved by a written resolution of the shareholders of the Company dated 5 November 2010. Details of the Share Option Scheme are set out in the Prospectus. Upon the expiration of the Share Option Scheme on 4 November 2020, on 20 August 2021, the Company has adopted the new share option scheme (the “**New Share Option Scheme**”) to provide incentives or rewards to eligible participants for their contribution to the Group and/or to enable the Group to recruit and retain high calibre employees and attract human resources that are available to the Group. For details of the New Share Option Scheme, please refer to the circular of the Company dated 27 July 2021.

Other Information

The principal terms of the New Share Option Scheme are summarised as follows:

- (a) The maximum number of the Company's shares issuable upon exercise of all options to be granted under the New Share Option Scheme and any other schemes of the Company must not in aggregate exceed 10% of the all issued shares of the Company as at the date of the adoption of the New Share Option Scheme (that is, 20 August 2021, the "**Adoption Date**") (which were 622,500,000 shares) unless shareholders' approval has been obtained, and which must not in aggregate exceed 30% of the shares of the Company in issue from time to time.
- (b) The total number of shares issued and to be issued upon the exercise of options granted to each participant (including both exercised and outstanding options) under the New Share Option Scheme and any other share option schemes of the Company in any 12-month period up to the date of grant shall not exceed 1% of the shares in issue.
- (c) The subscription price of a share in respect of any particular option granted under the New Share Option Scheme shall be a price solely determined by the Board and notified to the relevant participant and shall be at least the higher of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day; (ii) the average of the closing prices of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of the Company's shares on the date of grant of the option.
- (d) An option may be exercised in accordance with the terms of the New Share Option Scheme at any time during a period as the Board may determine, which shall not exceed 10 years from the date of grant subject to the provisions of early termination thereof.
- (e) Any grant of an option to a director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by the Independent Non-executive Directors (excluding any Independent Non-executive Director who is the grantee of the option).
- (f) The New Share Option Scheme shall be valid and effective for a period of ten years commencing on the Adoption Date (that is, 20 August 2021).

All share options granted under the Share Option Scheme were lapsed as at 31 December 2021. No share option was granted under the New Share Option Scheme during the Reporting Period. The New Share Option Scheme was terminated by the Board on 14 April 2025. Please refer to the announcement of the Company dated 14 April 2025 for further details.

Other Information

SHARE AWARD SCHEME

The Company has adopted a share award scheme on 27 August 2019 (the “**2019 Share Award Scheme**”) for the purpose of recognising the contributions made by certain participants and providing incentives in retaining the participants for the continual operation and development of the Group and attracting suitable personnel for future development of the Group. Participants of the Share Award Scheme include (i) any full time or part time employee (including any executive directors) of the Company or any subsidiary of the Company; (ii) any non-executive director (including independent non-executive directors) of the Company or any subsidiary of the company; and (iii) any person who, in the sole discretion of the Board, has contributed or may contribute to the Group. Details of the Share Award Scheme are set out in the announcement of the Company dated 27 August 2019 (the “**August Announcement**”).

In accordance with the announcement of the Company date 29 March 2022, the maximum entitlement of each participant (i.e. the increased Individual limit) of the Share Award Scheme in any 12-month period shall not exceed 0.1% of the issued share capital of the Company immediately preceding such allocation and award.

The Share Award Scheme shall be subject to the administration of the Board in accordance with the Award Scheme Rules (as defined in the August Announcement). The trustee (the “**Trustee**”) shall hold the shares of the Company granted under the Share Award Scheme and any income derived from them in accordance with the terms of the trust deed entered into and among the Company and the Trustee. The total number of shares to be awarded under the Share Award Scheme shall not exceed 16,000,000 shares of the Company (subject to adjustment in the event of sub-division of Shares, consolidation of Shares or bonus issue in accordance with the Award Scheme Rules) unless otherwise determined by the resolution of the Board.

As disclosed in the announcement of the Company dated 13 July 2022, the Board has resolved to further increase the Scheme Limit to 46,000,000 Shares, being approximately 7.39% of the issued share capital of the Company as at the date of this report (subject to adjustment in the event of sub-division of Shares, consolidation of Shares or bonus issue in accordance with the Award Scheme Rules) with effect from 13 July 2022. Please refer to the announcement of the Company dated 13 July 2022 for further details.

Due to the expected expiry of the 2019 Share Award Scheme in August 2025, on 14 April 2025, the Board has adopted the 2025 Share Award Scheme (the “**2025 Share Award Scheme**”) and terminated the 2019 Share Award Scheme for the purpose of, among other things, reflecting the latest changes to and requirements under Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). Please refer to the announcements of the Company dated 14 April 2025 and 10 July 2025 for details.

The principal terms of the 2025 Share Award Scheme are summarised as follows:

(I) Purpose

- (A) recognise and reward the contribution of certain Eligible Participants to the growth and development of the Group and to give incentives thereto in order to retain them for the continual operation and development of the Group; and
- (B) attract suitable personnel for further development of the Group.

Other Information

(II) Duration and Termination

The 2025 Share Award Scheme shall be valid and effective for a term of 10 years commencing from the date on which the 2025 Share Award Scheme was adopted by the Board (the “**Adoption Date**”), and after the expiry of such 10-year term no further Awards may be made but these rules of the 2025 Share Award Scheme shall remain in full force and effect to the extent necessary to give effect to any Awards made prior thereto and the administration of the trust property held by the Trustee pursuant to the Trust Deed.

The 2025 Share Award Scheme shall terminate on the earlier of:

- (A) on the 10th anniversary date of the Adoption Date; and
- (B) such date of early termination as determined by the Board or the Committee and notified to the Trustee in writing, provided that such termination shall not affect any subsisting rights of any Selected Participant thereunder.

(III) Administration

The Share Award Scheme shall be subject to the administration of the Board or the Committee in accordance with the terms of the 2025 Share Award Scheme. The Trustee shall hold the Shares and any income derived from them in accordance with the terms of the Trust Deed. The Board shall establish the Committee to administer the operation of the 2025 Share Award Scheme in accordance with the terms of the 2025 Share Award Scheme and/or the Trust Deed.

(IV) Eligible Participant

Eligible Persons are persons eligible to participate in the 2025 Share Award Scheme and shall comprise (i) any director and employee of the Company or the Group (including persons who are granted awards under the 2025 Share Award Scheme as an inducement to enter into employment contracts with the Company or any of its subsidiaries); (ii) directors and employees of the holding companies, fellow subsidiaries or associated companies of the Company; and (iii) person(s) who provide(s) services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group, including but not limited to persons who work for the Company as independent contractors where the continuity and frequency of their services are akin to those of employees, but excluding placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions, professional service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity.

(V) Scheme Limit

The aggregate maximum number of Shares (“**Plan Mandate Limit**”) (i) to be purchased for the purpose of the 2025 Share Award Scheme; and (ii) to be issued under any other share schemes adopted or to be adopted by the Company from time to time, shall not exceed 10% of the total number of issued Shares (excluding Treasury Shares) as at the Adoption Date or the relevant date of approval of the refreshment of the Plan Mandate Limit. The aggregate maximum number of Shares (“**Service Provider Sub-limit**”) to be purchased to be awarded to all Service Providers pursuant to the 2025 Share Award Scheme shall not exceed 0.5% of the total number of issued Shares (excluding Treasury Shares) as at the Adoption Date or the relevant date of approval of the refreshment of the Service Provider Sub-limit.

Other Information

Awards lapsed in accordance with the terms of the 2025 Share Award Scheme will not be regarded as utilised for the purpose of calculating the Plan Mandate Limit or the Service Provider Sub-limit. If the Company conducts any capitalisation issue, rights issue, share consolidation, share sub-division or capital reduction, the maximum number of Shares that may be issued by the Company, or purchased by the Trustee pursuant to the 2025 Share Award Scheme and all other share schemes of the Company under the unutilised Plan Mandate Limit or the Service Provider Sub-limit shall be adjusted accordingly, with reference to the total number of issued Shares on the date immediately before and after such event and rounded to the nearest whole Share, such that the Select Participants will be entitled to the same proportion of the Company's equity capital as to which such Select Participants previously entitled to. In respect of any such adjustments, other than any made on a capitalisation issue, an independent financial adviser or the Company's auditors must confirm to the Directors in writing that the adjustments satisfy the requirements under the Notes to Rule 17.03(13) of the Listing Rules.

(VI) Maximum entitlement of each Participant

Any grant of Awards to any Director, chief executive or substantial shareholder of the Company, or any of his respective associates, shall be subject to the prior approval of the independent non-executive Directors of the Company (excluding any independent non-executive Director who is a proposed recipient of the grant of Awards). In addition:

- (A) where any grant of Awards (excluding grant of share options) to any Director (other than an independent non-executive Director) or chief executive of the Company, or any of his respective associates, would result in the Shares issued and to be issued in respect of all Awards granted (excluding any Awards lapsed in accordance with the terms of the 2025 Share Award Scheme) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the Shares in issue (excluding Treasury Shares) at the date of such grant; or
- (B) where any grant of Awards to an independent non-executive Director or substantial shareholder of the Company (or any of his respective associates) would result in the number of Shares issued and to be issued upon exercise of all Awards already granted (excluding any Awards lapsed in accordance with the terms of the 2025 Share Award Scheme) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% (or such other higher percentage as may from time to time be specified by the Stock Exchange) of Shares in issue (excluding Treasury Shares), such further grant of Awards must be approved by Shareholders of the Company in general meeting in the manner required, and subject to the requirements set out, in the Listing Rules. In particular, the Company send a circular to the Shareholders. The Selected Participants, his associates and all core connected persons of the Company must abstain from voting in favour at such general meeting. The Company must comply with the requirements under Rules 13.40, 13.41 and 13.42 of the Listing Rules.

The maximum number of Shares, in a 12-month period up to and including the date of award, which may be subject to an Award or Awards to a Selected Participant together with any Shares to be issued under any options granted to such Selected Participant under any share option schemes of the Company shall not (i) in aggregate exceed 1% of the issued share capital of the Company (excluding Treasury Shares) as at the Adoption Date; and (ii) exceed any limits applicable to such Selected Participant under the Listing Rules, unless the Company has obtained separate approval by Shareholders in general meeting.

The Company may seek approval by its shareholders in general meeting for refreshing the Plan Mandate Limit and/or the Service Provider Sub-limit after three years from the date of shareholders' approval for the last refreshment or the adoption of the 2025 Share Award Scheme and in accordance with the applicable Listing Rules.

Other Information

(VII) Vesting Period

Pursuant to the 2025 Share Award Scheme, (i) subject to the Listing Rules, the Board or the Committee may from time to time, at its discretion, determine the earliest vesting date and other subsequent date(s), if any, upon which the Awarded Shares (or the net sale proceeds thereof) held by the Trustee upon trust and which are referable to a Selected Participant shall vest in that Selected Participant; and (ii) the Board or the Committee shall specify, among others, the condition(s) and/or the performance target(s), if any, that must be duly fulfilled by the relevant Selected Participant before any of the Awarded Shares may be vested in such Selected Participant under such Award.

The Vesting Date in respect of any Award shall be not less than 12 months from the grant date, provided that for Employee Participants and Related Entity Participants, the Vesting Date may be less than 12 months from the grant date (including on the grant date) in the following circumstances:

- (A) grants of “make whole” Awards to new Employee Participants or Related Entity Participants to replace share awards such Employee Participants or Related Entity Participants forfeited when leaving their previous employers;
- (B) grants to an Employee Participant or a Related Entity Participant whose employment is terminated due to death or disability or event of force majeure;
- (C) grants of Awards which are subject to the fulfilment of performance targets pursuant to the terms of the 2025 Share Award Scheme;
- (D) grants of Awards the timing of which is determined by administrative or compliance requirements not connected with the performance of the relevant Employee Participant or Related Entity Participants, in which case the Vesting Date may be adjusted to take account of the time from which the Award would have been granted if not for such administrative or compliance requirements;
- (E) grants of Awards with a mixed vesting schedule such that the Awards vest evenly over a period of 12 months; or
- (F) grants of Awards with a total vesting and holding period of more than 12 months.

CAPITAL COMMITMENT

As at 30 June 2025, the Group had capital commitment of approximately RMB1,868,000 (as at 31 December 2024: approximately RMB12,553,000).

PUBLIC FLOAT

According to information disclosed publicly and as far as the Directors are aware, during the Reporting Period and up to the date of this interim report, at least 25% of the issued shares of the Company was held by public shareholders.

DIVIDENDS

Pursuant to a resolution passed by the shareholders of the Company on 29 May 2025, the Company declared a final dividend for the year ended 31 December 2024 of HK3.17 cents per share, amounting to approximately HK\$19,733,000 (equivalent to approximately RMB18,026,000) to the shareholders of the Company. The dividend was fully paid on 30 June 2025 by the internal cash resources of the Company.

Other Information

The Board resolved not to recommend the payment of any interim dividend for the six months ended 30 June 2025 (2024: nil).

PURCHASES, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities, including sales of treasury shares (the "**Treasury Shares**") within the meaning under the Listing Rules. As at 30 June 2025, the Company did not hold any Treasury Shares.

CORPORATE GOVERNANCE PRACTICES

The Board strives to uphold the principles of corporate governance set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Listing Rules, and adopted various measures to enhance the internal control system, the Directors' continuing professional training and other areas of practice of the Company. While the Board strives to maintain a high level of corporate governance, it also works hard to create value and achieve maximum return for its shareholders. The Board will continue to conduct review and improve the quality of corporate governance practices with reference to local and international standards.

During the Reporting Period, the Company complied with the code provisions as set out in the CG Code, in force during the Reporting Period other than code provision C.2.1 of the CG Code.

According 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. Currently, Mr. Zhao is the Chairman of the Board and the chief executive officer. The Board is in the opinion that having Mr. Zhao to carry out both roles can bring about strong and consistent leadership for the Group, and can be more effective in planning and implementing long-term business strategies. The Board also considers that since members of the Board include competent and independent non-executive Directors, this structure will not impair the balance of power and authority between the Board and its management in the business of the Group. The Board is in the opinion that the structure described above will be beneficial to the Company and its business.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules (the "**Model Code**") as its own code governing securities transactions of the Directors. After having made specific enquiries with all Directors, all Directors have confirmed that they have complied with the required standards set out in the Model Code during the Reporting Period.

NOMINATION COMMITTEE

The Company established a nomination committee (the "**Nomination Committee**") on 5 November 2010 with written terms of reference, which was amended and adopted by the Board on 30 June 2025 and the contents of which are in compliance with the provisions of the CG Code. Please refer to the announcement of the Company dated 30 June 2025 for details. During the Reporting Period, the Nomination Committee had four members, namely Mr. Duan Jidong, Mr. Zhang Jianbin, Dr. Chu Xiaoping and Mr. Wong Cheuk Lam. Mr. Duan has been appointed as the chairman of the Nomination Committee. Mr. Zhang Jianbin resigned as a member of the Nomination Committee with effect from 1 August 2025.

AUDIT COMMITTEE

The Company established an audit committee (the “**Audit Committee**”) on 5 November 2010 and has formulated its written terms of reference, which have from time to time been modified, in accordance with the prevailing provisions of the CG Code. The primary duties of the Audit Committee are (among other things) to provide an independent review and supervision of financial reporting, and examine the effectiveness of the internal controls of the Group and to ensure the external auditor is independent and the audit process is effective. The Audit Committee examines all matters relating to the accounting principles and policies adopted by the Group, auditing functions, internal controls, risk management and financial reporting. The Audit Committee also serves as a channel of communication between the Board and the external auditor. During the Reporting Period, the Audit Committee comprised of four members, namely Mr. Duan Jidong, Mr. Zhang Jianbin, Dr. Chu Xiaoping and Mr. Wong Cheuk Lam. Mr. Wong Cheuk Lam, who has appropriate professional qualifications and experience in accounting matters, has been appointed as the chairman of the Audit Committee. Mr. Zhang Jianbin resigned as a member of the Audit Committee with effect from 1 August 2025.

The financial information in this interim report has not been audited by the auditor of the Company. The Audit Committee has reviewed the unaudited condensed consolidated interim financial statements, the unaudited results announcement and this interim report of the Company for the six months ended 30 June 2025 with the management of the Group and agreed with the accounting treatments adopted by the Company, and was of the opinion that the preparation of the financial statements in this interim report complies with the applicable accounting standards and the requirements under the Listing Rules and adequate disclosures have been made.

EVENTS AFTER THE REPORTING PERIOD

Grant of award pursuant to the 2025 Share Award Scheme

The Board approved to grant awards with an aggregate of 3,457,600 awarded shares on 4 July 2025 (“**Date of Grant**”) to 70 selected participants under the 2025 Share Award Scheme adopted by the Company on 14 April 2025 at nil consideration, among which 1,397,600 awarded shares were granted to 19 selected participants who are connected grantees and 2,060,000 awarded shares were granted to 51 selected participants who are non-connected Grantees (the “**Grant of Award**”).

For the Grant of Award, the awarded shares represent approximately 0.55% of the total issued share capital of the Company as at the Date of Grant (being 622,500,000 Shares). The closing price of the Shares on the Date of Grant was HK\$0.55 per Share and the average closing price of the Share for the five business days immediately preceding the Date of Grant was HK\$0.558 per Share.

With the acceptance by the Grantees, the Awarded Shares have been vested in the Grantees on 4 July 2025. Please refer to the announcements of the Company dated 4 July 2025 and 10 July 2025, respectively for details.

Other Information

Resignation of independent non-executive Director

Mr. Zhang Jianbin has tendered his resignation as an independent non-executive Director of the Company, the chairman of the remuneration committee, a member of the Audit Committee and a member of the Nomination Committee of the Company with effect from 1 August 2025. Please refer to the announcement of the Company dated 1 August 2025 for further details.

Save as disclosed, there is no material event after the Reporting Period and up to the date of this interim report.

DISCLOSURE OF INFORMATION

The interim report for the six months ended 30 June 2025 will be duly dispatched to shareholders of the Company and published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.kingworld.com.cn>).

By order of the Board
Kingworld Medicines Group Limited
Zhao Li Sheng
Chairman

Hong Kong, 27 August 2025

Consolidated Statement of Profit or Loss

FOR THE SIX MONTHS ENDED 30 JUNE 2025 - UNAUDITED

Six months ended 30 June			
	Note	2025 (unaudited) RMB'000	2024 (unaudited) RMB'000
Revenue	4	404,850	526,088
Cost of sales		(302,807)	(388,828)
Gross profit		102,043	137,260
Other revenue	7(a)	7,276	6,483
Other income and other losses	7(b)	601	(2,261)
Selling and distribution costs		(43,592)	(48,565)
Administrative expenses		(55,020)	(42,708)
Valuation gain on investment properties		4,650	7,720
Profit from operations		15,958	57,929
Finance costs	8(a)	(8,085)	(9,316)
Share of profit of a joint venture		5,247	6,391
Share of profit of an associate		754	462
Profit before taxation	8	13,874	55,466
Income tax	9	(2,438)	(9,846)
Profit for the period		11,436	45,620
(Loss)/profit for the period attributable to:			
Owners of the Company		(5,412)	30,716
Non-controlling interests		16,848	14,904
Profit for the period		11,436	45,620
(Loss)/earnings per share	11		
Basic and diluted (RMB cents)		(0.94)	5.20

The accompanying notes form part of these unaudited interim financial report.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE SIX MONTHS ENDED 30 JUNE 2025 - UNAUDITED

	Six months ended 30 June	
	2025 (unaudited) RMB'000	2024 (unaudited) RMB'000
Profit for the period	11,436	45,620
Other comprehensive income for the period		
<i>Items that will not be reclassified to profit or loss:</i>		
Fair value gain on financial assets	1,451	9,537
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of entities outside the PRC	(1,121)	2,186
	330	11,723
Total comprehensive income for the period	11,766	57,343
Attributable to:		
Owners of the Company	(5,082)	42,439
Non-controlling interests	16,848	14,904
Total comprehensive income for the period	11,766	57,343

The accompanying notes form part of these unaudited interim financial report.

Consolidated Statement of Financial Position

AS AT 30 JUNE 2025 - UNAUDITED

	Note	30 June 2025 (unaudited) RMB'000	31 December 2024 (audited) RMB'000
Non-current assets			
Property, plant and equipment	12	315,553	315,347
Right-of-use assets	12	113,506	108,362
Investment properties	13	124,270	126,027
Goodwill		90,693	90,693
Interest in a joint venture		90,016	84,769
Interests in associates		11,375	10,858
Financial assets at fair value through other comprehensive income		63,957	64,203
Financial assets at fair value through profit or loss		7,541	7,541
		816,911	807,800
Current assets			
Inventories		112,744	120,217
Trade and bills receivables, deposits, prepayments and other receivables	14	215,619	237,950
Financial assets at fair value through profit or loss		10,001	14,302
Time deposits		14,307	–
Cash and cash equivalents		230,541	235,299
		583,212	607,768
Current liabilities			
Contract liabilities		86,131	59,934
Trade and other payables	15	156,344	214,056
Bank loans		259,896	225,664
Lease liabilities		6,434	4,356
Income tax payable		1,333	10,858
		510,138	514,868
Net current assets		73,074	92,900
Total assets less current liabilities		889,985	900,700
Non-current liabilities			
Bank loans		153,858	161,952
Lease liabilities		14,288	10,465
Deferred tax liabilities		22,829	22,751
		190,975	195,168
NET ASSETS		699,010	705,532
CAPITAL AND RESERVES			
Share capital	16	53,468	53,468
Reserves		562,954	586,324
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		616,422	639,792
NON-CONTROLLING INTERESTS		82,588	65,740
TOTAL EQUITY		699,010	705,532

The accompanying notes form part of these unaudited interim financial report.

Consolidated Statement of Changes in Equity

FOR THE SIX MONTHS ENDED 30 JUNE 2025 - UNAUDITED

Attributable to equity shareholders of the Company										
	Share capital	Share premium	Statutory and discretionary reserves	Fair value reserve	Exchange reserve	Capital reserve	Retained profits	Total	Non-Controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025	53,468	139,408	48,641	(26,266)	(16,728)	(22,354)	463,623	639,792	65,740	705,532
Changes in equity for the six months ended 30 June 2025										
Profit for the period	—	—	—	—	—	—	(5,412)	(5,412)	16,848	11,436
Other comprehensive income for the period	—	—	—	1,451	(1,121)	—	—	330	—	330
Total comprehensive income for the period	—	—	—	1,451	(1,121)	—	(5,412)	(5,082)	16,848	11,766
Dividend relating to 2024	—	—	—	—	—	—	(18,026)	(18,026)	—	(18,026)
Shares purchased for the share award scheme	—	—	—	—	—	(262)	—	(262)	—	(262)
At 30 June 2025 (unaudited)	53,468	139,408	48,641	(24,815)	(17,849)	(22,616)	440,185	616,422	82,588	699,010
At 1 January 2024	53,468	139,408	48,641	(22,494)	(20,673)	(21,162)	441,846	619,034	80,318	699,352
Changes in equity for the six months ended 30 June 2024										
Profit for the period	—	—	—	—	—	—	30,716	30,716	14,904	45,620
Other comprehensive income for the period	—	—	—	—	9,537	2,186	—	11,723	—	11,723
Total comprehensive income for the period	—	—	—	—	9,537	2,186	30,716	42,439	14,904	57,343
At 30 June 2024 (unaudited)	53,468	139,408	48,641	(22,494)	(11,136)	(18,976)	472,562	661,473	95,222	756,695

The accompanying notes form part of these unaudited interim financial report.

Condensed Consolidated Statement of Cash Flows

FOR THE SIX MONTHS ENDED 30 JUNE 2025 - UNAUDITED

	Six months ended 30 June	
	2025 (unaudited) RMB'000	2024 (unaudited) RMB'000
Net cash generated from operating activities	5,884	163,362
Net cash used in investing activities	(7,516)	(76,033)
Net cash (used in)/generated from financing activities	(2,191)	24,194
Net (decrease)/increase in cash and cash equivalents	(3,823)	111,523
Cash and cash equivalents at 1 January	235,299	173,678
Effect of foreign exchange rate changes	(935)	2,034
Cash and cash equivalents at 30 June	230,541	287,235

The accompanying notes form part of these unaudited interim financial report.

Notes to the Unaudited Interim Financial Report

FOR THE SIX MONTHS ENDED 30 JUNE 2025 - UNAUDITED

1. GENERAL INFORMATION

Kingworld Medicines Group Limited (the “**Company**”) was incorporated as an exempted company in the Cayman Islands with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised of the Cayman Island) on 10 July 2008. The Company is an investment holding company whereas its subsidiaries (together with the Company, the “**Group**”) are principally engaged in (i) distribution sales of branded imported pharmaceutical and healthcare products, and (ii) manufacturing and sales of electrotherapeutic and physiotherapeutic devices and general medical examination devices in the People’s Republic of China (the “**PRC**”) and Hong Kong.

2. BASIS OF PREPARATION

The unaudited interim financial report has been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Hong Kong Accounting Standard 34 Interim Financial Reporting (the “**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

The preparation of an unaudited interim financial report in conformity with the HKAS 34 requires the management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

This unaudited interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of the events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2024 annual financial statements. The condensed consolidated financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with HKFRS Accounting Standards.

The interim financial report is unaudited, but has been reviewed by the Company’s audit committee.

3. CHANGES IN ACCOUNTING POLICIES

The Group has applied the amendments to HKAS 21 “Lack of Exchangeability” to this interim financial report for the current accounting period. The amendments do not have a material impact on this interim report as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

Notes to the Unaudited Interim Financial Report

FOR THE SIX MONTHS ENDED 30 JUNE 2025 - UNAUDITED

4. REVENUE

Revenue represents sales of branded imported pharmaceutical and healthcare products, electrotherapeutic and physiotherapeutic devices, and general medical examination devices at net invoiced value of goods sold, less value-added and sales taxes, returns and discounts, during the Reporting Period.

Six months ended 30 June		
	2025 (unaudited) RMB'000	2024 (unaudited) RMB'000
Sales of		
– pharmaceutical products	266,154	356,306
– healthcare products	20,298	55,876
– medical devices	118,398	113,906
	404,850	526,088
Timing of revenue recognition		
A point in time	404,850	526,088

5. SEGMENT INFORMATION

The Group manages its businesses by divisions, which are organised by a mixture of both business lines and geography. In a manner consistent with the way in which information is reported internally to the Group's director, i.e., the chief operating decision-makers, for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Distribution sales of pharmaceutical and healthcare products: this segment distributes and sells branded imported pharmaceutical and healthcare products primarily in Hong Kong and the PRC.
- Manufacturing and sales of electrotherapeutic and physiotherapeutic devices and general medical examination devices: this segment manufactures and sells electrotherapeutic and physiotherapeutic devices and general medical examination devices. Currently, the Group's activities in this regard are primarily carried out in the PRC.

Notes to the Unaudited Interim Financial Report

FOR THE SIX MONTHS ENDED 30 JUNE 2025 - UNAUDITED

5. SEGMENT INFORMATION (Continued)

(a) Segment results, assets and liabilities

Information regarding the Group's reportable segments as provided to the chief operating decision-makers for the purposes of resource allocation and assessment of segment performance for the Reporting Period is set out below.

	Distribution sales of pharmaceutical and healthcare products				Manufacturing and sales of electrotherapeutic and physiotherapeutic devices and general medical examination devices		Total	
	Hong Kong		PRC		PRC			
For the six months ended 30 June	2025 (unaudited) RMB'000	2024 (unaudited) RMB'000	2025 (unaudited) RMB'000	2024 (unaudited) RMB'000	2025 (unaudited) RMB'000	2024 (unaudited) RMB'000	2025 (unaudited) RMB'000	2024 (unaudited) RMB'000
Revenue from external customers	6,201	15,621	280,258	396,561	118,391	113,906	404,850	526,088
Inter-segment revenue	—	1,794	—	4,968	—	—	—	6,762
Reportable segment revenue	6,201	17,415	280,258	401,529	118,391	113,906	404,850	532,850
Reportable segment profit/(loss) (adjusted EBITDA)	(7,201)	(1,872)	342	59,829	49,015	30,634	42,156	88,591
	30 June 2025 (unaudited) RMB'000	31 December 2024 (audited) RMB'000	30 June 2025 (unaudited) RMB'000	31 December 2024 (audited) RMB'000	30 June 2025 (unaudited) RMB'000	31 December 2024 (audited) RMB'000	30 June 2025 (unaudited) RMB'000	31 December 2024 (audited) RMB'000
Reportable segment assets	31,842	34,223	622,331	548,060	317,945	317,946	972,118	900,229
Reportable segment liabilities	2,815	1,285	338,678	322,260	82,043	84,474	423,536	408,019

The measure used for reporting segment profit is "adjusted EBITDA" i.e. "adjusted earnings before interest, taxes, depreciation and amortisation", where "interest" is regarded as including investment income and "depreciation and amortisation" is regarded as including impairment losses on non-current assets. To arrive at adjusted EBITDA the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as directors' emoluments and auditors' remuneration and other head office or corporate administration costs.

(b) Reconciliations of reportable segment profit or loss

	Six months ended 30 June	
	2025 (unaudited) RMB'000	2024 (unaudited) RMB'000
Reportable segment profit derived from the Group's external customers and joint venture	42,156	88,591
Depreciation and amortisation	(13,203)	(19,026)
Finance costs	(8,085)	(9,316)
Unallocated head office and corporate expenses	(6,994)	(4,783)
Consolidated profit before taxation	13,874	55,466

Notes to the Unaudited Interim Financial Report

FOR THE SIX MONTHS ENDED 30 JUNE 2025 - UNAUDITED

6. SEASONALITY OF OPERATIONS

The Group's business in distribution sale of pharmaceutical and healthcare products and manufacturing and sales of electrotherapeutic and physiotherapeutic devices and general medical examination devices had no special seasonality factor.

7. OTHER REVENUE, INCOME AND OTHER LOSSES

	Six months ended 30 June	
	2025 (unaudited) RMB'000	2024 (unaudited) RMB'000
(a) Other revenue		
Total interest income on financial assets not at fair value through profit or loss:		
Bank interest income	3,099	779
Gross rental income from investment properties	2,517	1,064
Dividend income from financial assets at fair value through other comprehensive income	—	141
Promotional service income	1,588	4,499
Management fee income	72	—
	7,276	6,483
(b) Other income and other losses		
Government grants	—	3,196
Change in fair value of financial assets at fair value through profit or loss	(166)	(6,048)
Exchange loss, net	(1,500)	(546)
Others	2,267	1,137
	601	(2,261)
Total	7,877	4,222

Notes to the Unaudited Interim Financial Report

FOR THE SIX MONTHS ENDED 30 JUNE 2025 - UNAUDITED

8. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting) the following:

Six months ended 30 June		
	2025 (unaudited) RMB'000	2024 (unaudited) RMB'000
(a) Finance costs		
Interest on bank loans	7,617	8,990
Interest on lease liabilities	468	326
	8,085	9,316
(b) Other items		
Cost of inventories sold	302,807	388,828
Staff costs	61,110	66,559
Depreciation of property, plant and equipment	8,000	5,826
Amortisation of right-of-use assets	5,203	5,218
Rental income from investment properties less direct outgoings of RMB112,000 (six months ended 30 June 2024: RMB159,000)	(2,405)	(905)
Research and development cost	8,492	6,742
Payment for share award scheme expense	—	3,509

9. INCOME TAX

Six months ended 30 June		
	2025 (unaudited) RMB'000	2024 (unaudited) RMB'000
Current Tax		
Hong Kong Profits Tax	—	—
PRC Enterprise Income Tax	4,727	10,730
Under/(over)-provision in prior periods	861	(884)
	5,588	9,846
Deferred Tax	(3,150)	—
	2,438	9,846

Notes to the Unaudited Interim Financial Report

FOR THE SIX MONTHS ENDED 30 JUNE 2025 - UNAUDITED

9. INCOME TAX (Continued)

Notes:

- (i) Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.
- (ii) The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2024: 16.5%) to the six months ended 30 June 2025, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime.

For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2024.

- (iii) The PRC Enterprise Income Tax charge of the Group during the six months ended 30 June 2025 and 2024 represented mainly the PRC Enterprise Income Tax charge on the Group's PRC subsidiaries, Shenzhen Kingworld Medicine Company Limited, and Shenzhen Dong Di Xin Technology Company Limited ("**Dong Di Xin**") are based on a statutory rate of 25% (six months ended 30 June 2024: 25%), except for Dong Di Xin, which is based on a preferential income tax rate of 15% (six months ended 30 June 2024: 15%).
- (iv) Under the New EIT Law and its implementation rules, dividends receivable by non-PRC resident enterprises from PRC resident enterprises are subject to withholding tax at a rate of 10% unless reduced by tax treaties or agreements. Under the Agreement between the Mainland China and Hong Kong Special Administration Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion, or Mainland China/HKSAR DTA, Hong Kong corporate tax residents which hold 25% or more of a PRC enterprise are entitled to a reduced dividend withholding tax rate of 5%. Pursuant to CaiShui [2008] No. 1 Notice on Certain Preferential Enterprise Income Tax Policies, undistributed profits generated prior to 1 January 2008 are exempted from such withholding tax. Accordingly, dividends receivable by the Group's investment holding company in Hong Kong from the PRC subsidiaries in respect of profits earned since 1 January 2008 will be subject to 5% withholding tax.

10. DIVIDENDS

The Company's directors did not recommend the payment of an interim dividend for the six months ended 30 June 2025 and 2024.

Notes to the Unaudited Interim Financial Report

FOR THE SIX MONTHS ENDED 30 JUNE 2025 - UNAUDITED

11. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of the basic (loss)/earnings per share attributable to owners of the Company is based on the following data:

(i) (Loss)/profit attributable to owners of the Company

	Six months ended 30 June	
	2025 (unaudited) RMB'000	2024 (unaudited) RMB'000
(Loss)/profit for the period attributable to owners of the Company	(5,412)	30,716

(ii) Weighted average number of ordinary shares

	Six months ended 30 June	
	2025 (unaudited)	2024 (unaudited)
Weighted average number of ordinary shares in issue	622,500,000	622,500,000
Effect of shares repurchased and held under share award scheme	(48,016,667)	(31,688,791)
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	574,483,333	590,811,209

(b) Diluted (loss)/earnings per share

There were no dilutive potential ordinary shares for the six months ended 30 June 2025 and 2024; therefore diluted (loss)/earnings per share are equivalent to the basic (loss)/earnings per share.

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FOR THE SIX MONTHS ENDED 30 JUNE 2025 - UNAUDITED

12. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the six months ended 30 June 2025, the Group entered into a number of lease agreements for use of warehouses, plant and offices, and therefore recognised the additions to right-of-use assets of RMB10,489,000 (six months ended 30 June 2024: RMB240,000).

During the six months ended 30 June 2025, the Group acquired items of property, plant and equipment with a cost of approximately RMB1,955,000 (six months ended 30 June 2024: RMB54,919,000).

The Group's property, plant and equipments and right-of-use assets with a carrying amount of RMB207,610,000 (31 December 2024: RMB15,526,000) and RMB92,681,000 (31 December 2024: RMB94,257,000), respectively, have been pledged to secure general banking facilities granted to the Group (Note 17).

13. INVESTMENT PROPERTIES

	RMB'000
Fair value	
At 1 January 2025	126,027
Transfer to property, plant and equipment	(6,273)
Fair value adjustment	4,650
Exchange adjustment	(134)
At 30 June 2025 (unaudited)	124,270

- (a) The Group's investment properties were revalued as at 30 June 2025 on an open market value basis calculated by reference to (i) comparable market transactions in the relevant markets or (ii) net rental income allowing for reversionary income potential. The valuations were carried out by independent firms of qualified valuers, Hong Kong Appraisal Advisory Limited, who amongst their staff have members of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued. The Group's property manager and the chief financial officer have discussions with the valuer on the valuation assumptions and valuation results when the valuations are performed at 30 June 2025.
- (b) The Group's investment properties are held under medium-term leases in the PRC.
- (c) The Group's investment properties with a carrying amount of RMB111,600,000 (31 December 2024: RMB107,000,000) have been pledged to secure general banking facilities granted to the Group (Note 17).

Notes to the Unaudited Interim Financial Report

FOR THE SIX MONTHS ENDED 30 JUNE 2025 - UNAUDITED

14. TRADE AND BILLS RECEIVABLES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

The Group generally granted credit terms ranging from 30 days to 120 days to its customers. As of the end of the Reporting Period, the ageing analysis of trade and bills receivables (which are included in trade and other receivables), based on the invoice date and net of allowance for credit losses, is as follows:

	At 30 June 2025 (unaudited) RMB'000	At 31 December 2024 (audited) RMB'000
0-90 days	144,996	111,008
91-120 days	12,300	46,014
121-180 days	2,480	252
181-365 days	296	450
Trade and bills receivables, net of allowance for credit losses	160,072	157,724
Amount due from a related party	2,645	13,183
Amount due from an associate	6,950	5,398
Amount due from a joint venture	185	2
Prepayments	11,024	19,324
Trade and other deposits	9,422	15,786
Value-added tax recoverable	6,839	6,780
Other receivables	21,393	22,664
Less: Allowance for credit losses	(2,911)	(2,911)
	215,619	237,950

15. TRADE AND OTHER PAYABLES

The credit terms granted by the suppliers were generally 45 days to 90 days. Ageing analysis of trade payables is presented based on invoice date as of the end of the Reporting Period as follows:

	At 30 June 2025 (unaudited) RMB'000	At 31 December 2024 (audited) RMB'000
0-90 days	110,555	159,545
91-180 days	1,186	354
Total trade payables	111,741	159,899
Accruals	4,043	6,733
Payable for acquisition of property, plant and equipment	7,081	8,422
Value-added tax payable	4,159	7,073
Other payables and customer deposits	29,320	31,929
	156,344	214,056

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FOR THE SIX MONTHS ENDED 30 JUNE 2025 - UNAUDITED

16. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000	Amount equivalent to RMB'000
Authorised:			
Ordinary shares of HK\$0.1 each			
At 1 January 2024, 31 December 2024 (audited), 1 January 2025 and 30 June 2025 (unaudited)	10,000,000	1,000,000	877,900
Issued and fully paid:			
Ordinary shares of HK\$0.1 each			
At 1 January 2024, 31 December 2024 (audited), 1 January 2025 and 30 June 2025 (unaudited)	622,500	62,250	53,468

17. PLEDGE OF ASSETS

The following assets of the Group have been pledged to secure the banking facilities granted:

	At 30 June 2025 (unaudited) RMB'000	At 31 December 2024 (audited) RMB'000
Investment property	111,600	107,000
Property, plant and equipment	207,610	15,526
Right-of-use assets	92,681	94,257

In addition to the above, as at 30 June 2025 and 31 December 2024, the Group has pledged 90% equity interest in a subsidiary to secure a banking facility granted to the Group.

18. FINANCIAL INSTRUMENTS

Fair value

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the unaudited interim financial report approximate their fair values.

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the Reporting Period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs, that is, unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs, that is, observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

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FOR THE SIX MONTHS ENDED 30 JUNE 2025 - UNAUDITED

18. FINANCIAL INSTRUMENTS (Continued)

Fair value (Continued)

Fair value hierarchy (Continued)

	Fair value measurements as at 30 June 2025 categorised into				Fair value measurements as at 31 December 2024 categorised into			
	Fair value at 30 June 2025 RMB'000 (unaudited)	Level 1 RMB'000 (unaudited)	Level 2 RMB'000 (unaudited)	Level 3 RMB'000 (unaudited)	Fair value at 31 December 2024 RMB'000 (audited)	Level 1 RMB'000 (audited)	Level 2 RMB'000 (audited)	Level 3 RMB'000 (audited)
Recurring fair value measurements								
Assets:								
Financial assets at fair value through other comprehensive income (non-recycling)								
– Unlisted equity investments	15,142	—	—	15,142	15,344	—	—	15,344
– Listed securities	48,815	48,815	—	—	48,859	48,859	—	—
Financial assets at fair value through profit or loss								
– Unlisted equity investments	7,541	—	—	7,541	7,541	—	—	7,541
– Listed securities	10,001	10,001	—	—	14,302	14,302	—	—

During the six months ended 30 June 2025 and the year ended 31 December 2024, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of the fair value hierarchy as at the end of the Reporting Period in which they occur.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates.

19. CAPITAL COMMITMENTS

Capital commitments of the Group at the end of the reporting period are as follows:

	At 30 June 2025 (unaudited) RMB'000	At 31 December 2024 (audited) RMB'000
Contracted but not provided for in respect of		
– Property, plant and equipment	1,868	12,553

Apart from the above, the Group did not have other significant capital commitments as at 30 June 2025 and 31 December 2024.