PuraPharm®

PURAPHARM CORPORATION LIMITED
培力農本方有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 1498)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2026

FINANCIAL HIGHLIGHT

	Six months ended 30 June					
	2026		2025			
	Revenue	**% of**	Revenue	% of	Change	
	HK$'000	**total**	*HK$'000*	total	*HK$'000*	*%*
HK and overseas CCMG	**93,914**	**58.8%**	92,103	53.5%	1,811	2.0%
Chinese healthcare products	**40,368**	**25.3%**	52,699	30.6%	(12,331)	(23.4%)
Nong's® (農本方®) Chinese medicine clinics	**24,541**	**15.4%**	25,765	14.9%	(1,224)	(4.8%)
China CCMG and plantation	**850**	**0.5%**	1,728	1.0%	(878)	(50.8%)
Total	**159,673**	**100%**	172,295	100.0%	(12,622)	(7.3%)
Gross profit	**92,314**		95,123		(2,809)	(3.0%)
Net loss for the period	**(14,244)**		(21,806)		7,562	34.7%

The board (the "**Board**") of directors (the "**Directors**") of PuraPharm Corporation Limited (the "**Company**") hereby presents the unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 30 June 2026 (the "**Reporting Period**" or "**2026 Interim Period**") with the corresponding comparative figures of the six months ended 30 June 2025 and certain comparative audited figures as at 31 December 2025 as follows.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Six months ended 30 June	
		2026	2025
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
REVENUE	*5*	**159,673**	172,295
Cost of sales		**(67,359)**	(77,172)
Gross profit		**92,314**	95,123
Other income and gains	*5*	**8,027**	4,855
Selling and distribution expenses		**(30,849)**	(23,126)
Administrative expenses		**(68,260)**	(86,149)
Share of loss of a joint venture		**(134)**	–
Impairment loss on financial assets, net		**–**	(744)
Other expenses		**(4,444)**	(1,269)
Finance costs		**(10,541)**	(9,176)
LOSS BEFORE TAX	*6*	**(13,887)**	(20,486)
Income tax expense	*7*	**(357)**	(1,320)
LOSS FOR THE PERIOD		**(14,244)**	(21,806)
Attributable to:			
Owners of the parent		**(14,244)**	(21,806)
LOSS FOR THE PERIOD		**(14,244)**	(21,806)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Six months ended 30 June 2026 HK$'000 (Unaudited)	2025 HK$'000 (Unaudited)
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**7,835**	12,264
TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD		**(6,409)**	(9,542)
Attributable to:			
Owners of the parent		**(6,409)**	(9,542)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
– For loss for the period (expressed in HK cents per share)	*9*	**(2.66)**	(5.52)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**267,452**	265,492
Investment properties		**4,127**	3,969
Right-of-use assets		**97,731**	87,229
Goodwill	*10*	**17,944**	17,944
Other intangible assets		**65,321**	67,000
Investments in a joint venture		**731**	865
Financial assets at fair value through profit or loss		**12,283**	12,283
Financial assets at fair value through other comprehensive income		**2,746**	2,746
Prepayments for non-current assets	*12*	**6,731**	2,276
Deferred tax assets		**7,309**	6,868
Total non-current assets		**482,375**	466,672
CURRENT ASSETS			
Inventories		**108,892**	99,188
Trade receivables	*11*	**44,377**	56,405
Prepayments, other receivables and other assets	*12*	**51,948**	50,318
Restricted cash and pledged deposits		**–**	5,005
Cash and cash equivalents		**12,226**	16,170
Total current assets		**217,443**	227,086
CURRENT LIABILITIES			
Trade and bills payables	*13*	**84,191**	85,231
Other payables and accruals		**99,572**	106,377
Interest-bearing bank and other borrowings	*14*	**272,834**	268,311
Lease liabilities		**15,370**	15,811
Tax payable		**2,147**	3,515
Government grants		**170**	170
Total current liabilities		**474,284**	479,415
NET CURRENT LIABILITIES		**(256,841)**	(252,329)

	Notes	30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
TOTAL ASSETS LESS CURRENT LIABILITIES		**225,534**	214,343
NON-CURRENT LIABILITIES			
Other payables and accruals		**12,408**	11,957
Interest-bearing bank and other borrowings	*14*	**41,589**	55,505
Lease liabilities		**21,335**	11,515
Government grants		**3,075**	2,687
Convertible bonds		**19,488**	–
Deferred tax liabilities		**2,678**	2,195
Total non-current liabilities		**100,573**	83,859
Net assets		**124,961**	130,484
EQUITY			
Equity attributable to owners of the parent			
Share capital	*15*	**4,153**	4,153
Shares held for share award scheme	*16(b)*	**(2,859)**	(2,859)
Reserves		**123,667**	129,190
Total equity		**124,961**	130,484

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Six months ended 30 June **2026** ***HK$'000*** **(Unaudited)**	2025 *HK$'000* (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax:		**(13,887)**	(20,486)
Adjustments for:			
Finance costs		**10,541**	9,176
Bank interest income	*5*	**(6)**	(28)
Foreign exchange difference, net		**–**	256
Depreciation of property, plant and equipment	*6*	**8,545**	10,969
Depreciation of right-of-use assets	*6*	**9,770**	6,806
Amortisation of other intangible assets	*6*	**2,563**	2,476
Fair value change on financial assets at fair value through profit or loss	*5*	**–**	269
Loss on disposal of fixed assets	*6*	**–**	334
Impairment loss on trade receivables, net	*6*	**–**	744
Write-down of inventories to net realisable value	*6*	**–**	42
Share of loss of a joint venture		**134**	–
Write-down of property, plant and equipment		**24**	–
		17,684	10,558
(Increase)/decrease in inventories		**(7,170)**	40,175
Decrease in trade receivables		**13,160**	6,224
Increase in prepayments, other receivables and other assets		**(2,414)**	(7,779)
Decrease in trade and bills payables		**(4,188)**	(5,082)
Increase in government grants		**489**	–
Decrease in other payables and accruals		**(17,335)**	(8,827)

	Notes	Six months ended 30 June	
		2026	2025
		HK$'000	*HK$'000*
		(Unaudited)	(Unaudited)
Cash generated from operations		**226**	35,269
Hong Kong income tax paid		**(1,206)**	(1,927)
Overseas income tax paid		**(12)**	(9)
PRC corporate income tax paid		**(327)**	(1,408)
Net cash flows (used in)/generated from operating activities		**(1,319)**	31,925
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**6**	28
Purchases of property, plant and equipment		**(1,472)**	–
Proceed from redemption of life insurance policy		**–**	6,264
Addition to intangible assets		**(298)**	(561)
Decrease in restricted cash and pledged deposits		**5,005**	1,789
Net cash flows generated from investing activities		**3,241**	7,520
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in director's loan		**–**	804
New bank loans and other borrowings		**45,584**	22,700
Repayment of bank loans and other borrowings		**(56,913)**	(43,972)
Principal portion of lease payment		**(9,619)**	(6,593)
Interest paid		**(9,838)**	(8,842)
Proceed from issue of convertible bonds		**20,000**	–
Net cash flows used in financing activities		**(10,786)**	(35,903)

	Notes	Six months ended 30 June **2026** ***HK$'000*** **(Unaudited)**	 2025 *HK$'000* (Unaudited)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(8,864)**	3,542
Cash and cash equivalents at beginning of period		**16,170**	12,794
Effect of foreign exchange rate changes, net		**4,920**	461
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**12,226**	16,797
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**12,226**	16,797

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

PuraPharm Corporation Limited (the "**Company**") was incorporated as an exempted company with limited liability under the Companies Law, Cap 22 of the Cayman Islands on 2 December 2011. The registered office address is P.O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman KY1-1205, Cayman Islands.

The Company is an investment holding company. During the six months ended 30 June 2026 (the "**Reporting Period**"), the Group have been principally engaged in the research, development, production and sale of concentrated Chinese medicine granule ("**CCMG**") products and Chinese healthcare products, plantation and trading of raw Chinese herbs, and manufacturing and sales of Traditional Chinese Medicine ("**TCM**") decoction pieces ("**中藥飲片**"), as well as rendering of Chinese medical diagnostic services.

In the opinion of the board of directors of the Company (the "**Directors**"), the ultimate holding company is Fullgold Development Limited, which was incorporated in the British Virgin Islands (the "**BVI**") and is wholly owned by Mr. Abraham, Chan Yu Ling ("**Mr. Abraham Chan**"), the founder of the Group.

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2026 has been prepared in accordance with HKAS 34 Interim Financial Reporting. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2025.

The interim condensed consolidated financial statements have not been audited by the Company's independent auditors but have been reviewed by the Company's audit committee.

During the six months ended 30 June 2026, the Group recorded a loss attributable to the owners of the Company of HK$14.2 million. As at 30 June 2026, the Group had net current liabilities of HK$256.8 million, including cash and cash equivalents of HK$12.2 million and interest-bearing bank and other borrowings of HK$272.8 million. These conditions, together with the following measures, may cast material uncertainty on the Group's ability to continue as a going concern.

In view of these circumstances, the directors of the Company have given consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. In order to improve the Group's liquidity and cash flows to sustain the Group as a going concern, the directors of the Company implemented or is in the process of implementing the following measures:

(a) The Group continues to restructure their products mix and tightening overall cost control measures so as to attain profitable and positive cash flow operations;

(b) The Group's sales continue to be solid despite the slowing down in the Hong Kong economy during the Reporting Period;

(c) The Group has taken and will continue to take measures to tighten cost controls over administrative and other operating expenses aiming at improving the working capital and cash flow position of the Group;

(d) During the Reporting Period, the Group continues to be able to draw down from the bank facilities. The directors believe that it is highly probable that they could continue to draw down the unutilised bank facilities and renew the revolving loans under the existing bank facilities in the future;

(e) The directors are also actively negotiating with the banks to seek for new borrowings and finding additional new sources of financing. In addition, the Group had non-pledged long-term assets of HK$157.9 million in the PRC as at 30 June 2026, which could be used for obtaining new borrowings in the future; and

(f) The Group is actively seeking potential investor to raise capital.

The directors of the Company have prepared a cash flow forecast for the Group which covers a period over fifteen months from the end of the reporting period. They are of the opinion that, taking into account the abovementioned plans and measures, coupled with the Group's internally generated funds and unutilised bank facilities, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due in the foreseeable future. Accordingly, the directors are of the opinion that it is appropriate to prepare the condensed consolidated financial statements of the Group for the six months ended 30 June 2026 on a going concern basis.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2025, except for the adoption of the following HKFRS Accounting Standards for the first time for the current period's financial information.

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

The application of the amendments to HKFRS Accounting Standards in the current period has had no material impact on the Group's financial performance and position for the current and prior period and/or on the disclosures set out in these interim condensed consolidated financial statements.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

(a) the China CCMG segment mainly engages in the production and sale of CCMG products in China and the plantation segment mainly engages in the plantation and trading of raw Chinese herbs, and manufacture and sale of TCM decoction pieces;

(b) the Hong Kong CCMG segment mainly engages in the sale of CCMG products excluding the sales through self-operated clinics in Hong Kong;

(c) the Chinese healthcare products segment mainly engages in the production and sale of Chinese healthcare products in Hong Kong, China, the USA and Japan; and

(d) the clinics segment mainly engages in the provision of Chinese medical diagnostic services and sale of CCMG products through self-operated clinics.

Management monitors the results of the Group's operating segments respectively for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss after tax. The adjusted profit or loss after tax is measured consistently with the Group's profit or loss after tax except interest income, net foreign exchange difference, equity-settled share option and share award scheme expense, finance cost (other than interest on lease liabilities), corporate and other unallocated expenses and income tax expense.

Intersegment sales are eliminated on consolidation. Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the prevailing market prices.

The following tables present revenue, profit/(loss) and other segment information for the Group's operating segments for the six months ended 30 June 2026 and 2025.

Six months ended 30 June 2026 (Unaudited)

	Hong Kong CCMG *HK$'000*	Chinese healthcare products *HK$'000*	Clinics *HK$'000*	China CCMG and Plantation *HK$'000*	Elimination *HK$'000*	Total *HK$'000*
Segment revenue:						
Revenue from external customers	93,914	40,368	24,541	850	–	159,673
Intersegment sales	6,938	1,146	–	72,407	(80,491)	–
Total segment revenue	100,852	41,514	24,541	73,257	(80,491)	159,673
Segment results	16,655	5,980	(4,967)	10,006	–	27,674
Reconciliations:						
Interest income						6
Foreign exchange difference, net						3,965
Finance costs (other than interest on lease liabilities)						(10,172)
Corporate and other unallocated expenses						(35,360)
Loss before tax						(13,887)
Income tax expense						(357)
Net loss						(14,244)
Other segment information:						
Depreciation and amortisation of property, plant and equipment and other intangible assets	1,121	2,217	457	7,313	–	11,108
Depreciation of right-of-use assets	435	4,235	4,760	340	–	9,770
Capital Expenditure*	321	15,102	3,894	1,400	–	20,717

Six months ended 30 June 2025 (Unaudited)

	Hong Kong CCMG *HK$'000*	Chinese healthcare products *HK$'000*	Clinics *HK$'000*	China CCMG and Plantation *HK$'000*	Elimination *HK$'000*	Total *HK$'000*
Segment revenue:						
Revenue from external customers	92,103	52,699	25,765	1,728	–	172,295
Intersegment sales	3,845	974	–	76,676	(81,495)	–
Total segment revenue	95,948	53,673	25,765	78,404	(81,495)	172,295
Segment results	42,802	11,989	(2,578)	(12,929)	–	39,284
Reconciliations:						
Interest income						28
Foreign exchange difference, net						(256)
Finance costs (other than interest on lease liabilities)						(8,604)
Corporate and other unallocated expenses						(50,938)
Loss before tax						(20,486)
Income tax expense						(1,320)
Net loss						(21,806)
Other segment information:						
Depreciation and amortisation of property, plant and equipment and other intangible assets	1,077	3,766	547	8,055	–	13,445
Depreciation of right-of-use assets	154	2,144	4,508	–	–	6,806
Write-down of inventories to net realisable value	–	–	–	42	–	42
Impairment loss on trade and bills receivables, net	–	744	–	–	–	744
Capital Expenditure*	615	7,521	3,970	–	–	12,106

* *Capital expenditure consists of additions to right-of-use assets amounted to HK$18,947,000 (six months ended 30 June 2025: HK$11,545,000).*

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue, other income and gains is as follows:

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Sales of CCMG products and raw Chinese herbs	**112,800**	113,415
Sales of Chinese healthcare products	**40,368**	52,699
Rendering of Chinese medical diagnostic services (the "**Diagnostic Services**")	**6,505**	6,181
Total	**159,673**	172,295

Disaggregated revenue information

Segments	For the six months ended 30 June					
	2026			2025		
	Sale of goods	**Diagnostic Services**	**Total**	Sale of goods	Diagnostic Services	Total
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	(Unaudited)	(Unaudited)	(Unaudited)
Types of goods or services						
Sale of goods	**153,168**	**–**	**153,168**	166,114	–	166,114
Rendering of services	**–**	**6,505**	**6,505**	–	6,181	6,181
Total revenue from contracts with customers	**153,168**	**6,505**	**159,673**	166,114	6,181	172,295
Geographical markets						
Hong Kong	**132,060**	**6,110**	**138,170**	138,321	4,983	143,304
Chinese Mainland	**1,632**	**395**	**2,027**	1,727	1,198	2,925
Other countries/regions	**19,476**	**–**	**19,476**	26,066	–	26,066
Total revenue from contracts with customers	**153,168**	**6,505**	**159,673**	166,114	6,181	172,295
Timing of revenue recognition						
Goods transferred at a point in time	**153,168**	**–**	**153,168**	166,114	–	166,114
Services transferred over time	**–**	**6,505**	**6,505**	–	6,181	6,181
Total revenue from contracts with customers	**153,168**	**6,505**	**159,673**	166,114	6,181	172,295

Other income and gains

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Government grants*	**645**	406
Gain from the sale of equipment and accessories	**2,031**	1,683
Bank interest income	**6**	28
Foreign exchange difference, net	**3,965**	–
Fair value change on financial assets at fair value through profit or loss	**–**	(269)
Others	**1,380**	3,007
Total	**8,027**	4,855

* *The amount represented government grants from the relevant authorities in the PRC and Hong Kong government, which consisted primarily of the PRC subsidies and compensation for operation finance costs, research and development costs and grants for improvement of the Group's research facilities in relation to certain research and development projects.*

6. LOSS BEFORE TAX

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

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold	**65,720**	71,323
Cost of services provided	**1,639**	5,849
Depreciation of property, plant and equipment	**8,545**	10,969
Depreciation of right-of-use assets	**9,770**	6,806
Amortisation of other intangible assets	**2,563**	2,476
Loss on disposal of fixed assets	**–**	334
Research and development costs*	**5,571**	6,546
Lease payments not included in the measurement of lease liabilities: Land and buildings	**1,866**	5,701
Auditors' remuneration	**50**	1,104
Employee benefit expenses (excluding directors' remuneration):		
Wages and salaries	**29,962**	32,036
Pension scheme contributions	**2,019**	815
	31,981	32,851
Foreign exchange difference, net**	**(3,965)**	256
Impairment loss on trade receivables, net	**–**	744
Write-down of inventories to net realisable value***	**–**	42

* *Depreciation of HK$763,000 (six months ended 30 June 2025: HK$608,000) and employee benefit expenses of HK$2,048,000 (six months ended 30 June 2025: HK$2,137,000) were included in "Research and development costs" for the six months ended 30 June 2026.*

** *The foreign exchange difference is included in "Other income and gains" (six months ended 30 June 2025: "Other expenses") in the interim condensed consolidated statements of profit or loss for the six months ended 30 June 2026.*

*** *The write-back or write–down of inventories to net realisable value is included in "Cost of sales" in the interim condensed consolidated statement of profit or loss.*

7. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which subsidiaries of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and BVI, the subsidiaries of the Group which are incorporated in the Cayman Islands and BVI are not subject to any income tax.

Hong Kong Profits Tax has been provided at the rate of 16.5% (2025: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 (2025: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2025: 8.25%) and the remaining assessable profits are taxed at 16.5% (2025: 16.5%).

U.S. profits tax has been provided at the federal rate of 21.0% and the state rate of 8.8% as well as Japan profits tax has been provided at the rate of 23.2% on the estimated assessable profits arising in the respective jurisdictions during the six months ended 30 June 2026 and 2025.

The statutory tax rate of the Group in respect of its operation in Chinese Mainland is 25.0% (2025: 25.0%). The Group's PRC subsidiary, PuraPharm (Nanning) Pharmaceuticals Co., Limited, is qualified as a High and New Technology Enterprise and was entitled to a preferential income tax rate of 15.0% (2025: 15.0%). According to prevailing PRC income tax law, the income obtained from activities in agricultural, forestry, animal husbandry and fishery projects shall be entitled to income tax reduction or exemption, among which, projects of cultivation of Chinese medicine herbs and service projects related to agriculture such as agro-product preliminary processing are exempted from income tax. PuraPharm (Guizhou) Chinese Medicine Co., Ltd. and Gold Sparkle (Guizhou) HZ Plantation Co., Ltd. have obtained the documentation acknowledged by the in-charge tax authority for the CIT exemption for the six months ended 30 June 2026 and 2025 and the preferential income tax rate was 0%.

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current	**315**	1,238
Deferred	**42**	82
Total tax charge for the period	**357**	1,320

8. DIVIDENDS

No interim dividend was proposed for the six months ended 30 June 2026 and 2025.

9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to owners of the parent by the weighted average number of ordinary shares in issue during the six months ended 30 June 2026 excluding ordinary shares purchased by the Group and held for Share Award Scheme (note 16(b)).

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
Loss attributable to the owners of the parent *(HK$'000)*	**(14,244)**	(21,806)
Number of issued shares on 1 January	**535,897,647**	395,897,275
Adjustment for vested shares under share award scheme	**(844,335)**	(844,335)
Weighted average number of ordinary shares in issue during the period	**535,053,312**	395,052,940
Basic loss per share *(expressed in HK cents per share)*	**(2.66)**	(5.52)

(b) Diluted

The Group had no potentially dilutive ordinary shares in issue for share options and share award scheme and convertible bonds during the six months ended 30 June 2026 and 2025 as they had an anti-dilutive effect on the basic loss per share amounts presented.

10. GOODWILL

	30 June 2026	31 December 2025
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Goodwill	**17,944**	17,944

The carrying amount of goodwill allocated to each of the cash-generating units is as follows:

	30 June 2026	31 December 2025
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Chinese herbal products CGU	**10,656**	10,656
SODX Co., Ltd CGU	**7,288**	7,288
Total	**17,944**	17,944

11. TRADE RECEIVABLES

	30 June 2026	31 December 2025
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables	**83,861**	94,658
Less: impairment of trade receivables	**(39,484)**	(38,253)
Total	**44,377**	56,405

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one to six months, extending up to longer periods for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control policy to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the Reporting Period, based on the invoice date and net of impairment, is as follows:

	30 June 2026	31 December 2025
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 1 month	**26,306**	47,656
1 to 3 months	**1,554**	844
3 to 6 months	**1,087**	2,026
6 months to 1 year	**9,881**	3,194
Over 1 year	**5,549**	2,685
Total	**44,377**	56,405

12. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	30 June 2026	31 December 2025
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Prepayments	**18,098**	24,118
Right-of-return assets	**3,513**	3,513
Deposits and other receivables	**34,631**	21,857
Value-added tax recoverable	**2,393**	3,004
Amounts due from related parties	**2,261**	2,234
	60,896	54,726
Less: Impairment allowance	**(2,217)**	(2,132)
	58,679	52,594
Portion classified as non-current	**(6,731)**	(2,276)
Current portion	**51,948**	50,318

13. TRADE AND BILLS PAYABLES

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

	30 June 2026	31 December 2025
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 1 month	**14,300**	18,844
1 to 2 months	**6,022**	16,650
2 to 3 months	**7,463**	14,283
Over 3 months	**56,406**	35,454
Total	**84,191**	85,231

The trade and bills payables are interest-free and are normally settled on terms of one to six months, extending to longer periods for those long-standing suppliers.

14. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2026 (Unaudited)		
	Effective interest rate per annum (%)	**Maturity**	***HK$'000***
Current			
Bank overdraft	**4.25-5.25**	**On demand**	**3,000**
Bank loans – secured *(a)*	**4.25-6.5**	**On demand**	**38,649**
Bank loans – secured	**3.13-7.13**	**2026-2027**	**176,745**
Bank loans – unsecured *(a)*	**0.85-4.5**	**2026-2027**	**20,347**
Other borrowings – secured	**5-5.5**	**On demand**	**3,051**
Other borrowings – unsecured	**10**	**On demand**	**31,042**
			272,834
Non-current			
Bank loans – secured	**0.85-5**	**2027-2031**	**39,273**
Bank loans – unsecured	**4.5**	**2027-2030**	**2,316**
			41,589
Total			**314,423**

	31 December 2025 (Audited)		
	Effective interest rate per annum (%)	Maturity	*HK$'000*
Current			
Bank overdraft	4.25-5.25	On demand	3,000
Bank loans – secured	4.25-6.5	On demand	55,464
Bank loans – secured	3.13-7.13	2026	155,058
Bank loans – unsecured	4.5	On demand	–
Bank loans – unsecured	0.85-3.35	2026	19,670
Other borrowings – secured	5.4-5.5	On demand	1,827
Other borrowings – secured	5	2026	4,539
Other borrowings – unsecured	10	2026	28,753
Total – current			268,311
Non-current			
Bank loans – secured	0.85-6.5	2027-2030	52,717
Bank loans – unsecured	1.2	2030	2,788
Total – non-current			55,505
Total			323,816

	30 June 2026	31 December 2025
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Analysed into:		
Bank loans and other borrowings:		
Within one year or on demand	**272,834**	268,311
In the second year	**11,831**	20,999
In the third to fifth years, inclusive	**29,758**	34,506
	314,423	323,816

Interest-bearing bank and other borrowings are denominated in:

	30 June 2026	31 December 2025
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
HK$	**42,200**	55,497
RMB	**271,308**	267,196
JPY	**915**	1,123
	314,423	323,816

Notes:

(a) Interest-bearing bank loans of the Group in the amount of HK$42,200,000 (31 December 2025: HK$55,497,000) include a repayment on demand clause under the relevant loan agreements, among which a balance of HK$7,534,000 (31 December 2025: HK$19,830,000) that is repayable after one year from the end of the Reporting Period has been classified as current liabilities.

(b) As at 30 June 2026, the Group was not in compliance with certain loan covenants as stipulated in the agreements of the bank and other borrowings amounting to approximately HK$53,515,000 (31 December 2025: HK$49,608,000). Bank and other borrowings amounting to HK$51,199,000 (31 December 2025: HK$44,381,000), are repayable on demand and have already been accounted for as current liabilities.

(c) As at 30 June 2026, the Group's bank facilities including overdraft were amounting to HK$372,825,000 (31 December 2025: HK$343,816,000) of which HK$314,423,000 (31 December 2025: HK$323,816,000) had been utilised.

(d) The following assets were pledged as securities for interest-bearing bank and other borrowings:

	Carrying value	
	30 June 2026	31 December 2025
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Property, plant and equipment	**142,613**	141,208
Investment properties	**4,127**	3,969
Right-of-use assets	**34,922**	35,179
Financial assets at fair value through profit or loss	**12,283**	12,283
Inventories	**7,528**	7,738
Trade receivables	**2,735**	3,130
Pledged deposits	**–**	5,000
Total	**204,208**	208,507

15. SHARE CAPITAL

	30 June 2026	31 December 2025
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Authorised:		
5,000,000,000,000 ordinary shares of US$0.001 (HK$0.00775) each	**38,750,000**	38,750,000
Issued and fully paid:		
535,897,647 (31 December 2025: 535,897,647) ordinary shares of US$0.001 (HK$0.00775) each	**4,153**	4,153

A summary of movements in the Company's share capital and share premium account are as follows:

	Notes	Number of shares in issue	Share capital HK$'000	Share premium account HK$'000	Total HK$'000
At 1 January 2025 (audited)		395,897,275	306,820	221,571	528,391
Share capital reduction	*(a)*	–	(303,752)	–	(303,752)
Issue of new shares	*(b)*	140,000,372	1,085	59,116	60,201
31 December 2025 (audited), 1 January 2026 (audited) and 30 June 2026 (unaudited)		535,897,647	4,153	280,687	284,840

Notes:

(a) In March 2025, there was a reduction of issued share capital of the Company by reducing the par value of each issued ordinary share from US$0.1 to US$0.001 by cancelling the paid up share capital to the extent of US$0.099 per issued ordinary share. The reduced amount of HK$303,752,000 was transferred to accumulated losses during the year.

(b) During the year ended 31 December 2025, shares of 93,488,372 and 46,512,000 were issued to BAGI Research Limited and Providence Discovery Fund for the acquisition of certain patents valued at HK$40,200,000 and net proceeds of HK$20,000,000 from share subscription respectively. Balance of HK$59,116,000, representing the difference between par value of shares issued and fair value of patents and share subscription proceeds, is recorded to share premium account. Details of the issue of shares please refer to announcement of the Company dated 30 October 2025 and Circular dated on 2 October 2025.

During the six months ended 30 June 2026, except for the issuance of the convertible bonds, neither the Company nor any of its subsidiaries issued, repurchased or repaid any debt or equity securities.

16. SHARE OPTION SCHEME AND SHARES HELD FOR THE SHARE AWARD SCHEME

(a) Share option scheme

The Company operates a share option scheme (the "**Option Scheme**") for the purpose to recognise and acknowledge the contributions that the eligible participants of the Option Scheme had or may have made to the Company. Eligible participants of the Option Scheme include any full-time or part-time employees, executives or officers of the Company and its subsidiaries, directors (including independent non-executive directors) of the Company and its subsidiaries and advisers, consultants, supplier, customers, distributors and other persons upon the terms set out in the Option Scheme (the "**Eligible Option Participants**"). The Option Scheme was adopted pursuant to the resolutions of the Company's shareholders passed on 12 June 2015 (the "**Adoption Date**") and shall be valid and effective for a period of 10 years commencing on the Adoption Date. The maximum number of shares which may be issued upon exercise of all options to be granted under the Option Scheme and other share option schemes of the Company shall not in aggregate exceed 10% of the total number of shares in issue as at the Listing Date (i.e., 22,500,000 shares) unless the Company obtains approval from its shareholders in general meeting and/or such other requirements prescribe under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**" and the "**Stock Exchange**", respectively) and must not exceed 30% of the total number of shares in issue from time to time. The total number of shares issued and to be issued upon exercise of the options granted to each grantee (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of the Company's shares in issue, unless approval of the Company's shareholders in general meeting and/or such other requirements prescribe under the Listing Rules is obtained.

The amount payable by the grantee on application or acceptance of an option shall be HK$1.00. The period within which the shares must be taken up under an option shall be determined by the board of directors (the "**Board**") at its absolute discretion and in any event, such period shall not be longer than 10 years from the date upon which any particular option is granted in accordance with the Option Scheme.

The subscription price in respect of each share issued pursuant to the exercise of an option granted under the Option Scheme shall be determined by the Board and shall not be less than the highest of: (a) the official closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet on the date of grant, which must be a day on which the Stock Exchange is open for business of dealing in securities; (b) the average of the official closing prices of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (c) the nominal value of a share. The Option Scheme does not contain any provision of minimum period for which an option must be held before it can be exercised unless otherwise determined by the Board and specified in the offer letter at the time of offer.

On 9 May 2019, the Board has resolved to grant share options to certain Directors and employees of the Company, entitling them to subscribe for a total of 6,376,000 ordinary shares of the Company. The exercise price and the number of shares were adjusted upon completion of the Rights Issue on 2 March 2020.

On 24 July 2020, 16,124,000 options were granted to five Directors and certain employees of the Company, entitling them to subscribe for a total of 16,124,000 shares at the exercise price of HK$0.8 per share, conditional upon the grantee accepting the grant. Among the options resolved to grant, 4 employees have not accepted the grant and out of the 16,124,000 options, 800,000 options were not granted eventually. As a result, only 15,324,000 options were granted for the year ended 31 December 2020.

On 29 December 2022, the Board has resolved to grant share options to certain Directors of the Company, entitling them to subscribe for a total of 7,700,000 ordinary shares of the Company at the exercise price of HK$1.292 per share, conditional upon the grantee accepting the grant.

The following share options were outstanding under the Option Scheme:

As at 30 June 2026

	Weighted average exercise price *HK$'* (Unaudited)	Number of options *'000* (Unaudited)
At 1 January 2026 and 30 June 2026	**1.35**	**23,962**

The exercise prices and exercise periods of the share options outstanding are as follows:

Number of options	Exercise price	Vesting date	Exercise period
3,011,859	HK$2.3*	10 May 2020	From vesting date to 9 May 2029
3,011,859	HK$2.3*	10 May 2021	From vesting date to 9 May 2029
132,853	HK$2.3*	10 May 2022	From vesting date to 9 May 2029
132,853	HK$2.3*	10 May 2023	From vesting date to 9 May 2029
4,417,667	HK$0.8	23 July 2021	From vesting date to 23 July 2030
5,388,667	HK$0.8	23 July 2022	From vesting date to 23 July 2030
166,666	HK$0.8	23 July 2023	From vesting date to 23 July 2030
3,850,000	HK$1.292	29 December 2023	From vesting date to 28 December 2032
3,850,000	HK$1.292	29 December 2024	From vesting date to 28 December 2032
23,962,424			

As at 30 June 2025

	Weighted average exercise price	Number of options
	HK$'	*'000*
	(Unaudited)	(Unaudited)
At 1 January 2025 and 30 June 2025	1.35	23,962

The exercise prices and exercise periods of the share options outstanding are as follows:

Number of options	Exercise price	Vesting date	Exercise period
3,011,859	HK$2.3*	10 May 2020	From vesting date to 9 May 2029
3,011,859	HK$2.3*	10 May 2021	From vesting date to 9 May 2029
132,853	HK$2.3*	10 May 2022	From vesting date to 9 May 2029
132,853	HK$2.3*	10 May 2023	From vesting date to 9 May 2029
4,417,667	HK$0.8	23 July 2021	From vesting date to 23 July 2030
5,388,667	HK$0.8	23 July 2022	From vesting date to 23 July 2030
166,666	HK$0.8	23 July 2023	From vesting date to 23 July 2030
3,850,000	HK$1.292	29 December 2023	From vesting date to 28 December 2032
3,850,000	HK$1.292	29 December 2024	From vesting date to 28 December 2032
23,962,424			

* *The number of option and exercise price was adjusted upon the completion of Right issue.*

At the end of the Reporting Period, the Company had 23,962,424 (six months ended 30 June 2025: 23,962,424) share options outstanding under the Option Scheme, which represented approximately 4.5% (six months ended 30 June 2025: 6.1%) of the Company's shares in issue as at that date. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 23,962,424 (six months ended 30 June 2025: 23,962,424) additional ordinary shares of the Company and additional equity amount of HK$32,371,000 (six months ended 30 June 2025: HK$32,371,000) (before issue expenses).

(b) Shares held for the share award scheme

The Board has adopted a share award scheme on 22 February 2016 (the "**Share Award Scheme**") in which any employee and non-executive director of the Company and/ or any member of the Group who, in the sole opinion of the Board, will contribute or have contributed to the Company and/or any member of the Group (the "**Eligible Award Participants**") will be entitled to participate. The purposes of the Share Award Scheme are:

1. to recognise and motivate the contributions by certain Eligible Award Participants and to give incentives thereto in order to retain them for the continual operation and development of the Group;

2. to attract suitable personnel for further development of the Group; and

3. to provide certain Eligible Award Participants with a direct economic interest in attaining a long-term relationship between the Group and certain Eligible Award Participants.

The Group has set up a trust (the "**Share Award Scheme Trust**") for the purpose of administrating the Share Award Scheme. The Share Award Scheme Trust will acquire the Company's shares from the Stock Exchange, with a maximum number determined by the Board, and hold the shares granted to the employees but not vested for the employees until they are vested. Unless early terminated by the Board, the Share Award Scheme shall be valid and effective for a term of 10 years commencing on the Adoption Date. The Board has further resolved in February 2016 that a sum of HK$10,000,000 be provided for the purchase of the Shares to be awarded to the Eligible Award Participants to be selected by the Board.

Shareholdings of Share Award Scheme Trust

As at 30 June 2026, the Share Award Scheme Trust holds 844,335 (six months ended 30 June 2025: 844,335) shares of the Company. During the six months ended 30 June 2026, no share (six months ended 30 June 2025: Nil) was purchased by the Share Award Scheme Trust through the Stock Exchange and no share was vested (six months ended 30 June 2025: Nil).

Granted Award shares

On 16 June 2017 (the "**Date of Grant**"), the Board of the Company resolved to grant share awards in respect of a total of 2,050,000 shares (the "**Award Shares**") to 18 persons who are Eligible Award Participants. Details of the grant of Award Shares pursuant to the Share Award Scheme have been set out in the Company's announcement dated 16 June 2017.

On 25 August 2020, the Board resolved to grant share awards in respect of a total of 1,000,000 shares to a director and this director was re-designated as a non-executive director in June 2021 and retired in March 2022. All of the awarded shares granted to this director were vested or forfeited at that time.

All of the awarded shares were vested or forfeited and no share has been awarded during the six months ended 30 June 2026 and 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS

Strategic Initiatives

To overcome these challenges and seize new growth opportunities, the Company is executing the following focused strategies:

1. **Shifting focus from public hospital channels to private healthcare institutions:** We are reducing our reliance on public hospital procurement systems in Mainland China and expanding into private hospitals, clinics, and direct-to-consumer channels.

2. **Expanding Nong's® clinics within the Greater Bay Area ("GBA"):** We are broadening the Nong's® clinic network in Shenzhen and exploring a franchise model to accelerate growth while maintaining strict capital discipline.

3. **Accelerating cross-border e-commerce for healthcare products:** We are increasing investments in digital marketing and online sales platforms to capture the growing demand in Mainland China for premium, Hong Kong-branded healthcare products.

4. **Strengthening international expansion:** By leveraging our existing overseas production facilities, we are developing innovative, high-quality healthcare products tailored for both domestic and international markets.

Outlook

The Company approaches the latter half of 2026 with measured optimism. Despite economic uncertainties, the Group's targeted expansion in GBA clinics and healthcare products will drive performance. Bolstered by robust brand and quality ethos of the Group, the Group is poised to capitalize on opportunities and generate enduring shareholder value.

FINANCIAL HIGHLIGHT

Revenue

	Six months ended 30 June					
	2026		2025			
	Revenue	**% of total**	Revenue	% of total	Change	
	HK$'000		*HK$'000*		*HK$'000*	*%*
HK and overseas CCMG	**93,914**	**58.8%**	92,103	53.5%	1,811	2.0%
Chinese healthcare products	**40,368**	**25.3%**	52,699	30.6%	(12,331)	(23.4%)
Nong's® (農本方®) Chinese medicine clinics	**24,541**	**15.4%**	25,765	14.9%	(1,224)	(4.8%)
China CCMG and plantation	**850**	**0.5%**	1,728	1.0%	(878)	(50.8%)
Total	**159,673**	**100%**	172,295	100.0%	(12,622)	(7.3%)
Gross profit	**92,314**		95,123		(2,809)	(3.0%)
Net loss for the period	**(14,244)**		(21,806)		7,562	34.7%

The Group's revenue for the 2026 Interim Period was HK$159.7 million, representing a decrease of HK$12.6 million or 7.3%, compared to HK$172.3 million for the corresponding period in 2025. The decrease in revenue was principally attributable to the slowing down in consumption and keen market competition of Chinese healthcare products.

The Group recorded a net loss for the 2026 Interim Period of HK$14.2 million as compared with the net loss of HK$21.8 million recorded during the corresponding period of last year, representing a decrease of HK$7.6 million. The decrease in loss was mainly attributable to the decrease in administrative expenses in the 2026 Interim Period.

Hong Kong and overseas CCMG

According to a market research performed in 2026, the Group continued to maintain its leading market position in Hong Kong and sell its CCMG products directly to customers comprising hospitals, Chinese medicine clinics, non-profit organisations and private Chinese medicine practitioners. During the 2026 Interim Period, the direct sales of CCMG products in Hong Kong was HK$93.9 million, representing an increase of HK$1.8 million or 2.0% compared to HK$92.1 million for the corresponding period in last year. The Group has improved both the turnover as well as the gross profit in this segment through high quality customer service and stable supply of products. With the established brand and product reputation, high-quality product and customer service, the segment contributed a healthy profit contribution to the Group.

During the 2026 Interim Period, the Group remained as a leading CCMG supplier to the major non-profit organisations in Hong Kong, and continued to expand its customer base in private Chinese medicine practitioners sector.

Chinese healthcare products

	Six months ended 30 June					
	2026		2025			
	Revenue	**% of**	Revenue	% of	Change	
	HK$'000	**total**	*HK$'000*	total	*HK$'000*	%
United States of America (the "**U.S.**")	**15,687**	**38.9%**	20,265	38.5%	(4,578)	(22.6%)
Japan	**2,816**	**7.0%**	4,965	9.4%	(2,149)	(43.3%)
Hong Kong and Mainland	**21,865**	**54.1%**	27,469	52.1%	(5,604)	(20.4%)
	40,368	**100%**	52,699	100%	(12,331)	(23.4%)

During the 2026 Interim Period, revenue from sales of Chinese healthcare products in the U.S., Japan, Hong Kong and Mainland markets was HK$40.4 million in aggregate, representing a decrease of HK$12.3 million or 23.4% as compared to HK$52.7 million in the corresponding period in last year.

Among the Group's Chinese healthcare products segment, the sales recorded a decrease of HK$12.3 million, which is mainly attributable to the drop of the sales in Chinese Mainland and U.S. market.

The Group has invested more resources during the 2026 Interim Period in marketing and advertising of Chinese healthcare products, the expenses of which are recognized as an expense but will benefit the sales of the Group's various products in near future.

We are increasing investments in digital marketing and online sales platforms to capture the growing demand in Chinese Mainland for premium, Hong Kong – branded healthcare products.

As the COVID-19 pandemic has brought profound changes to the society, the Group believes that consumers' health awareness will be increased and the growth in demand for healthcare products will render further opportunities for the Group's Chinese healthcare products segment. The Group will continue to proactively develop new and innovative healthcare products to enrich the products portfolio, devote more focus to market the Group's healthcare products through the online platform in order to reach the PRC and overseas markets with great growth potential.

Nong's®（農本方®）Chinese medicine clinics

During the 2026 Interim Period, the Group operated 22 clinics in Hong Kong (same as at 31 December 2025) and 2 clinics in Shenzhen, compared with 4 clinics as at 31 December 2025. The revenue generated by the Group's Nong's®（農本方®）Chinese medicine clinics through the sales of CCMG products and provision of Chinese medical diagnostic services was HK$24.5 million, representing a decrease of HK$1.3 million or 4.8% compared to HK$25.8 million for the corresponding period in last year.

The decrease in revenue of Nong's® clinics segment during the 2026 Interim Period is attributable to the slow down in consumption of the Hong Kong economy.

By leveraging the Group's brand awareness in Hong Kong, the Group is seeking to explore the market opportunity in the GBA by continuing opening more clinics there. The Group will continue to review and improve the performance of the existing clinic portfolio and proactively negotiate with the landlords on rental reduction in order to improve clinic profitability.

China CCMG and plantation

During the 2026 Interim Period, the sales of CCMG in China and plantation has a decrease of HK$0.8 million or 50.8% as compared to HK$1.7 million in the corresponding period in last year. The process of downplaying of the hospital channels in China continued in 2026.

Profitability

	Six months ended 30 June		
	2026	2025	Change
	HK$'000	*HK$'000*	*HK$'000*
Revenue	**159,673**	172,295	(7.3%)
Cost of sales	**(67,359)**	(77,172)	(12.7%)
Gross profit	**92,314**	95,123	(3.0%)
Gross profit margin	**57.8%**	55.2%	

The Group's gross profit margin for the 2026 Interim Period was 57.8%, representing an increase of 2.6 percentage points, as compared to 55.2% in the corresponding period in last year. The increase in gross profit margin was due to continued effort to control production cost amidst a changing market environment of raw material and a decrease in production volume.

Other income and gains

The Group's other income and gains mainly comprised of foreign exchange gains, government grants, gain from the sale of equipment and accessories, fair value change on financial assets at fair value through profit or loss and bank interest income. For the 2026 Interim Period, the Group's other income and gain was HK$8.0 million, representing an increase of HK$3.1 million or 65.3% as compared to HK$4.9 million for the corresponding period in last year.

The increase in other income and gains was mainly due to an increase in foreign exchange gains, and gain from sale of equipment and accessories in the 2026 Interim Period as compared to the corresponding period in last year.

Selling and distribution expenses

The Group's selling and distribution expenses mainly comprised of advertising and promotion expenses, sales and marketing staff costs, delivery and storage costs, depreciation expense, travel and business development expenses and sales and marketing departmental expenses. For the 2026 Interim Period, the Group's selling and distribution expenses was HK$30.8 million, representing an increase of HK$7.7 million or 33.4% as compared to HK$23.1 million for the corresponding period in last year. The increase was mainly due to the increase in the advertising expenses.

Administrative expense

During the 2026 Interim Period, the Group's administrative expenses was HK$68.3 million, representing decrease of HK$17.8 million or 20.8% compared to HK$86.1 million for the corresponding period in last year. The administrative expenses mainly comprised staff costs, research and development cost, office and clinics rental expenses, legal and professional fees, clinic management fee, depreciation and amortisation and other general administrative expenses. The decrease was mainly attributable to the result of effective control in the expense.

Other expenses

For the 2026 Interim Period, the Group's other expenses was HK$4.4 million, representing an increase of HK$3.1 million as compared to HK$1.3 million for the corresponding period in last year. The increase in other expenses was mainly attributable to the increase of non-operating expenses during the 2026 Interim Period.

Finance costs

For the 2026 Interim Period, the Group's finance costs amounted to HK$10.5 million, which represented an increase of HK$1.3 million from HK$9.2 million in the corresponding period in last year. The increase was mainly due to the impact of convertible bonds issued during the 2026 Interim Period.

Income tax expense

During the 2026 Interim Period, the Group's income tax expenses decreased from HK$1.3 million in the corresponding period in last year to HK$0.4 million for the 2026 Interim Period. The income tax expense arose from the profitable subsidiaries. The decrease was mainly due to decrease in sales turnover during the 2026 Interim Period.

Loss for the period

The Group recorded a net loss for the 2026 Interim Period of HK$14.2 million as compared with the net loss of HK$21.8 million during the corresponding period in last year, representing a decrease of HK$7.6 million or 34.7%. The decrease in loss was mainly attributable to the decrease in administrative expenses in the 2026 Interim Period.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2026, the Group had net current liabilities of HK$256.8 million (31 December 2025: net current liabilities of HK$252.3 million), which included cash and cash equivalents of HK$12.2 million (31 December 2025: HK$16.2 million) and interest-bearing bank and other borrowings amounting to HK$272.8 million (31 December 2025: HK$268.3 million), which were principally denominated in Hong Kong Dollar and RMB. As at 30 June 2026, bank and other borrowings of the Group amounted to approximately HK$314.4 million, which were principally denominated in Hong Kong Dollar, RMB and JPY. For details of the interest-bearing bank and other borrowings made by the Group, please refer to note 14 to the interim condensed consolidated financial statement in this announcement.

TREASURY POLICY AND RISK MANAGEMENT

The Directors will continue to follow a prudent treasury policy in managing the Group's cash and maintaining a healthy liquidity to ensure that the Group is well placed to take advantage of future growth opportunities, while no unnecessary risks are taken with the Group's assets. No investment in financial instruments other than cash or bank deposits was used during the 2026 Interim Period. As at 30 June 2026, the Group's credit risk is primarily attributable to trade receivables, deposits, bank deposits with original maturity over three months and bank balances and cash. As at 30 June 2026 and 31 December 2025, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

GEARING RATIO

As at 30 June 2026, the gearing ratio of the Group, which is calculated by dividing total interest-bearing bank and other borrowings by total equity, remained stable at 2.5 (31 December 2025: 2.5).

EXCHANGE RISK

The Group conducts business primarily in Hong Kong and China with most of its transactions denominated and settled in Hong Kong Dollars and Renminbi. During the 2026 Interim Period, the Group has not entered into any foreign exchange contracts or instruments to hedge against the fluctuations in exchange rate between currencies. However, the Group regularly monitors foreign exchange exposure and assesses if there is a need to hedge against significant foreign currency exposure from time to time.

HUMAN RESOURCES

As at 30 June 2026, the Group had a total of 460 employees (31 December 2025: 441 employees). During the six months ended 30 June 2026, total staff costs excluding Directors' remuneration was HK$32.0 million (six months ended 30 June 2025: HK$32.9 million). The Group offers competitive remuneration packages to its employees, including mandatory retirement funds, insurance and medical coverage. In addition, discretionary bonus, share options and share awards may be granted to eligible employees based on the Group and individual performance. The Group also allocated resources for continuing education and training for management and employees to improve their skills and knowledge.

PLEDGE OF ASSETS

The following assets were pledged as security for interest-bearing bank and other borrowings as at 30 June 2026 and 31 December 2025:

	Carrying value	
	30 June 2026	31 December 2025
	HK$'000	*HK$'000*
Property, plant and equipment	**142,613**	141,208
Investment properties	**4,127**	3,969
Right-of-use assets	**34,922**	35,179
Financial assets at fair value through profit or loss	**12,283**	12,283
Inventories	**7,528**	7,738
Trade receivables	**2,735**	3,130
Pledged deposits	**–**	5,000
	204,208	208,507

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save for the business plan disclosed in this announcement, the Group did not have any future plans for material investments or capital assets as at 30 June 2026.

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENT

There were no material acquisitions or disposals of subsidiaries, associates and joint ventures, and no significant investment was held by the Group during the six months ended 30 June 2026.

CONTINGENT LIABILITIES

There were no material contingent liabilities of the Group as at 30 June 2026.

SHARE OPTION SCHEME

On 12 June 2015, the share option scheme (the "**Share Option Scheme**") was adopted by the then Shareholders and will be valid and effective for a period of 10 years from the adoption date on 12 June 2015 and shall expire on the day immediately preceding the tenth anniversary period (which expired on 11 June 2025).

As the Share Option Scheme was lapsed on 12 June 2025, no share options were available for grant under the Share Option Scheme as at 1 January 2026, 30 June 2026 and as at the date of this announcement, respectively. Since the Share Option Scheme has already lapsed, it is not applicable for the Company to set out the number of Shares that may be issued in respect of the share options granted under the Share Option Scheme during the period divided by the weighted average number of Shares of the relevant class in issue (excluding Treasury Shares, if any) for the six months ended 30 June 2026.

No options were exercised, lapsed or cancelled during the 2026 Interim Period.

As at the date of this announcement, the total number of share which may be issued upon the exercise of all outstanding options granted under the Share Option Scheme was 23,962,424 shares, which represent approximately 4.47% of the total number of issued shares of the Company.

Details of the options previously granted under the Share Option Scheme are as follows:

Grantees	Name of Director	Grant date	Exercise price	Vesting date	As at 1 January 2026	Number of options granted during the 2026 Interim Period	Exercised during the 2026 Interim Period	Lapsed during the 2026 Interim Period	As at 30 June 2026
Directors	Mr. Chan Yu Ling, Abraham	9 May 2019	HK$2.3	10 May 2020	1,085,228	–	–	–	1,085,228
			(Note)	10 May 2021	1,085,228	–	–	–	1,085,228
		24 Jul 2020	HK$0.8	23 Jul 2021	1,740,000	–	–	–	1,740,000
				23 Jul 2022	1,740,000	–	–	–	1,740,000
		29 Dec 2022	HK$1.292	29 Dec 2023	1,925,000	–	–	–	1,925,000
				29 Dec 2024	1,925,000	–	–	–	1,925,000
	Ms. Man Yee Wai, Viola	9 May 2019	HK$2.3	10 May 2020	354,275	–	–	–	354,275
			(Note)	10 May 2021	354,275	–	–	–	354,275
		24 Jul 2020	HK$0.8	23 Jul 2021	1,740,000	–	–	–	1,740,000
				23 Jul 2022	1,740,000	–	–	–	1,740,000
		29 Dec 2022	HK$1.292	29 Dec 2023	1,925,000	–	–	–	1,925,000
				29 Dec 2024	1,925,000	–	–	–	1,925,000
	Dr. Tsoi Kam Biu, Alvin	9 May 2019	HK$2.3	10 May 2020	354,275	–	–	–	354,275
			(Note)	10 May 2021	354,275	–	–	–	354,275
		24 Jul 2020	HK$0.8	23 July 2022	871,000	–	–	–	871,000
Sub-total for Directors					19,118,556	–	–	–	19,118,556

Grantees	Name of Director	Grant date	Exercise price	Vesting date	As at 1 January 2026	Number of options granted during the 2026 Interim Period	Exercised during the 2026 Interim Period	Lapsed during the 2026 Interim Period	As at 30 June 2026
	Mr. Chan Kin Man, Eddie	9 May 2019	HK$2.3	10 May 2020	1,085,228	–	–	–	1,085,228
	(retired on 28 May 2021)		*(Note)*	10 May 2021	1,085,228	–	–	–	1,085,228
		24 Jul 2020	HK$0.8	23 Jul 2021	871,000	–	–	–	871,000
				23 Jul 2022	871,000	–	–	–	871,000
	Dr. Norimoto Hisayoshi	9 May 2019	HK$2.3	10 May 2020	44,285	–	–	–	44,285
	(retired on 20 November		*(Note)*	10 May 2021	44,285	–	–	–	44,285
	2023, currently the			10 May 2022	44,284	–	–	–	44,284
	Chief Executive Officer			10 May 2023	44,284	–	–	–	44,284
	of PuraPharm Japan								
	Corporation)	24 Jul 2020	HK$0.8	23 Jul 2021	66,667	–	–	–	66,667
				23 Jul 2022	66,667	–	–	–	66,667
				23 Jul 2023	66,666	–	–	–	66,666
Sub-total					4,289,594	–	–	–	4,289,594
Employees		9 May 2019	HK$2.3	10 May 2020	88,570	–	–	–	88,570
			(Note)	10 May 2021	88,568	–	–	–	88,568
				10 May 2022	88,568	–	–	–	88,568
				10 May 2023	88,568	–	–	–	88,568
					354,274	–	–	–	354,274
		24 July 2020	HK$0.8	23 July 2022	100,000	–	–	–	100,000
				23 July 2023	100,000	–	–	–	100,000
					200,000	–	–	–	200,000
Sub-total for Employees					554,274	–	–	–	554,274
Total					23,962,424	–	–	–	23,962,424

Note:

As a result of the completion of the Rights Issue, assuming no other adjustment events under the terms and conditions of the Share Option Scheme having been triggered and pursuant to (i) the terms and conditions of Share Option Scheme; and (ii) Chapter 17 of the Listing Rules and the supplementary guidance issued by the Stock Exchange on 5 September 2005 regarding adjustment of share options under Rule 17.03(13) of the Listing Rules, the exercise price of the Share Options and the number of shares which may fall to be issued upon exercise of the subscription rights attaching to the outstanding Share Options granted before the completion of the Rights Issue has been adjusted.

SHARE AWARD SCHEME

The Board adopted a share award scheme on 22 February 2016 (the "**Share Award Scheme**") in which any employee and Director of the Company and/or any member of the Group who, in the sole opinion of the Board, will contribute or have contributed to the Company and/or any member of the Group (the "**Eligible Award Participants**") will be entitled to participate by awarding the Award Shares to them. The Share Award Scheme does not involve any issue of new Share. The Share Award Scheme was lapsed on 22 February 2026.

Awarded Shares

During the 2026 Interim Period and up to the date of this announcement, there was no outstanding or unvested Awarded Shares under the Share Award Scheme.

During the 2026 Interim Period, no Award Shares were granted, cancelled or lapsed (2025: nil).

ISSUE OF CONVERTIBLE BONDS UNDER GENERAL MANDATE

Reference is made to the announcements of the Company dated 26 February 2026 and 23 March 2026 ("**Announcements**").

On 26 February 2026, the Company entered into a convertible bond subscription agreement (the "**CB Subscription Agreement**") with Protoss Global Opportunities Fund as the subscriber (the "**CB Subscriber**"), pursuant to which the CB Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to issue the the convertible bonds (the "**Convertible Bonds**") with the principal amount of HK$20,000,000 convertible into up to approximately 40,816,326 convertible shares (the "**Conversion Shares**") at the conversion price of HK$0.49 per Conversion Share (the "**Conversion Price**"). The maximum aggregate nominal value of the Conversion Shares is US$40,816.326. The Conversion Price of HK$0.49 per Conversion Share represents a premium of approximately 46.27% to the closing price of HK$0.335 per Share as quoted on the Stock Exchange on 26 February 2026, being the date of the CB Subscription Agreement.

The coupon rate of the Convertible Bonds is 6% per annum and the interest shall be payable on every anniversary after the issue date. The Convertible Bonds shall become mature on the date of second anniversary of the issue date, which may be extended by bondholder to the third anniversary after the issue date. The CB Subscriber is an exempted company incorporated in the Cayman Islands with limited liability and is principally engaged in investment fund business. The ultimate beneficial owner of the CB Subscriber is Mr. Bi Wei. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the CB Subscriber and its ultimate beneficial owner are Independent Third Parties.

The gross proceeds and net proceeds of the CB Subscription are approximately HK$20,000,000 and HK$19,850,000 respectively. The Directors intend to apply the net proceeds from the CB Subscription as follows: (i) approximately HK$10 million will be allocated to general working capital, including procurement of raw herbs, staff costs, and rental expenses; (ii) approximately HK$5 million will be applied towards repayment of existing bank loans, with the objective of lowering the Group's gearing ratio and reducing finance costs; and (iii) the remaining proceeds will be dedicated to expansion of the Group's existing business, specifically for upgrading production facilities and supporting research and development of new CCMG products.

The Company considers that the CB Subscription is undertaken to optimize the Company's capital structure by enabling it to raise funds without causing immediate dilution of existing shareholders' equity interests.

The subscription of the Convertible Bonds were completed on 23 March 2026.

The following table sets forth a breakdown of the use of net proceeds from the subscription of the Convertible Bonds as at 30 June 2026:

Planned use of net proceeds	**Total amount of net proceeds allocated**	**Utilised (as at 30 June 2026)**	**Unutilised as at 30 June 2026**	**Expected time of use**
	HK$ million	*HK$ million*	*HK$ million*	
General working capital breakdown:				
– procurement of raw herbs		6.46		
– staff costs		3.15		
– rental expenses		0.39		
Subtotal: General Working Capital	10.00	10.00	–	–
Repayment of existing bank loans	5.00	5.00	–	–
Expansion of the Group's existing business	4.85	–	4.85	by December 2027
	19.85	**15.00**	**4.85**	

CORPORATE GOVERNANCE

The Directors recognise the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability.

The Company has adopted the code provisions stated in the Corporate Governance Code (the "**Code**") as set out in Appendix C1 to the Listing Rules as its own code of corporate governance. Throughout the six months ended 30 June 2026, save as disclosed below, the Company has complied with all applicable code provisions set out in the Code.

Pursuant to code provision C.2.1 of the Code, the roles of the chairman and the chief executive should be separate and should not be performed by the same individual. However, due to the nature and extent of the Group's operations and Mr. Abraham Chan's in-depth knowledge and experience in Chinese medicine and healthcare products and his familiarity with the operations of the Group, the Company considers that it is not preferable to find an alternative candidate to replace Mr. Abraham Chan and serve in either of the positions at this stage. As such, the roles of the chairman and chief executive officer of the Company are not being separated pursuant to the requirement under code provision C.2.1 of the Code.

COMPETING INTEREST

For the six months ended 30 June 2026, the Directors were not aware of any business or interest of the Directors, the controlling shareholders, and their respective close associates (as defined under the Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

A deed of non-competition dated 16 June 2015 was entered into by the controlling shareholders in favour of the Company (for itself and as trustee for its subsidiaries), details of which are set out in the section headed "Relationship with our Controlling Shareholders" of the prospectus of the Company dated 25 June 2015. The Directors are of the view that the controlling shareholders have been in compliance with the deed of non-competition during the 2026 Interim Period.

AUDIT COMMITTEE

The Company established an audit committee (the "**Audit Committee**") on 12 June 2015 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the Code. As at the date of this announcement, the Audit Committee consists of four independent non-executive Directors, Dr. Hung Ting On, John (chairman), Dr. Leung Lim Kin, Simon, Mr. Lee Stephen and Prof. Ng Wang Wai, Charles. The primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management system of the Group, to oversee the audit process, to develop and review the Group's policies and to perform other duties and responsibilities as assigned by our Board. The Audit Committee discussed the accounting principles and policies adopted by the Group together with the management. The interim results of the Group for the six months ended 30 June 2026 contained in this announcement has also been reviewed and passed by the Audit Committee, but the financial information contained in this announcement has not been audited by the auditor of the Company.

THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules as its own code of conduct for securities transactions by Directors. Having made specific enquiries of all Directors, all Directors confirmed that, they have complied with the required standard of dealing as set out in the Model Code throughout the six months ended 30 June 2026.

UPDATE ON DIRECTORS' INFORMATION

The update on Directors' information as required to be disclosed pursuant to Rule 13.51B (1) of the Listing Rules is set out below:

Prof. Tsui Lap Chee, an independent non-executive Director of the Company, has resigned as an independent non-executive Director of the Company and ceased to be a member of each of the audit committee, remuneration committee and nomination committee of the Board with effect from 25 June 2026.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including treasury shares, as defined under the Listing Rules) throughout the six months ended 30 June 2026. During the six months ended 30 June 2026, the Company did not hold any treasury shares and did not sell any treasury shares.

IMPORTANT EVENTS SINCE THE END OF THE REPORTING PERIOD

There were no significant event affecting the Company nor any of its subsidiaries after the end of the 2026 Interim Period up to the date of this announcement which requires disclosure in this announcement.

PUBLICATION OF INTERIM REPORT

The interim report of the Company for the six months ended 30 June 2026 containing all the information required by the Listing Rules will be issued by the Company and made available for review on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.purapharm.com by September 2026 in accordance with the Listing Rules.

By Order of the Board
PuraPharm Corporation Limited
Chan Yu Ling, Abraham
Chairman

Hong Kong, 26 August 2026

As at the date of this announcement, the executive Directors are Mr. Chan Yu Ling, Abraham, Ms. Man Yee Wai, Viola and Dr. Tsoi Kam Biu, Alvin; the non-executive Directors are Mr. Leung Stephen Kwok Keung and Mr. Dong Zimeng; and the independent non-executive Directors are Dr. Hung Ting On, John, Dr. Leung Lim Kin, Simon, Mr. Lee Stephen and Prof. Ng Wang Wai Charles.