雲白國際有限公司

YNBY International Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 00030)

2026
Interim Report

CONTENTS

CORPORATE INFORMATION

As at 30 June 2026

BOARD OF DIRECTORS

Executive Directors:

Mr. Dong Ming *(Chairman)*
Mr. Tang Ming *(Chief Executive Officer)*
Mr. Liu Huaiyu

Non-Executive Directors:

Mr. He Tao
Mr. Cao Yonggang

Independent Non-Executive Directors:

Dr. Cecilia Wai Bing Pang
Dr. Cheung Hoi Yu
Mr. Wong Hin Wing

COMMITTEES

Audit Committee:

Mr. Wong Hin Wing *(Chairman)*
Mr. He Tao
Dr. Cecilia Wai Bing Pang
Dr. Cheung Hoi Yu

Remuneration Committee:

Dr. Cheung Hoi Yu *(Chairman)*
Mr. Tang Ming
Dr. Cecilia Wai Bing Pang
Mr. Wong Hin Wing

Nomination Committee:

Mr. Dong Ming *(Chairman)*
Dr. Cecilia Wai Bing Pang
Dr. Cheung Hoi Yu
Mr. Wong Hin Wing

COMPANY SECRETARY

Mr. Liu Huaiyu

LEGAL ADVISORS

As to Bermuda law:
Conyers Dill & Pearman
As to Hong Kong law:
King & Wood

AUTHORIZED REPRESENTATIVES

Mr. Tang Ming
Mr. Liu Huaiyu

REGISTERED OFFICE

Richmond House
12 Par-la-Ville Road
Hamilton HM 08
Bermuda

PRINCIPAL PLACE OF BUSINESS

32/F
Cambridge House, Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

AUDITORS

ZHONGHUI ANDA CPA Limited

REGISTRAR

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong

WEBSITE

www.0030.com.hk

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

For the six months ended 30 June 2026

		Six months ended 30 June	
	Notes	**2026** **HK$** **(unaudited)**	2025 HK$ (unaudited)
Revenue	*4*	**762,535,892**	396,442,188
Cost of sales		**(740,021,910)**	(375,135,844)
Gross profit		**22,513,982**	21,306,344
Other income, gains and losses		**1,203,455**	649,626
Net reversal of allowance for expected credit losses ("ECL")		**1,720,039**	–
Selling and distribution costs		**(5,429,132)**	(4,948,777)
Administrative expenses		**(14,166,271)**	(12,660,277)
Profit from operations		**5,842,073**	4,346,916
Finance costs	*5*	**(126,831)**	(190,797)
Profit before tax	*6*	**5,715,242**	4,156,119
Income tax expense	*7*	**(3,026,051)**	(1,782,876)
Profit for the period attributable to owners of the Company		**2,689,191**	2,373,243
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**3,432,731**	1,114,615
Total comprehensive income for the period attributable to owners of the Company		**6,121,922**	3,487,858
Earnings per share attributable to ordinary equity owners of the Company:	*8*		
Basic (HK cents per share)		**0.030**	0.034
Diluted (HK cents per share)		**0.028**	0.027

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2026

	Notes	As at 30 June 2026 HK$ (unaudited)	As at 31 December 2025 HK$ (audited)
Non-current assets			
Property, plant and equipment	*10*	**2,007,830**	2,406,625
Right-of-use assets		**5,984,831**	8,082,123
Deferred tax assets		**1,124,631**	1,124,631
		9,117,292	11,613,379
Current assets			
Inventories		**1,910,479**	3,517,243
Trade receivables	*11*	**311,944,597**	348,779,332
Loan and interest receivables	*12*	**–**	–
Other receivables, deposits and prepayments	*13*	**9,143,860**	29,718,936
Tax recoverable		**989,449**	989,449
Cash and cash equivalents		**145,022,410**	198,007,251
		469,010,795	581,012,211
Current liabilities			
Trade and other payables	*14*	**91,696,572**	193,249,034
Contract liabilities		**1,252,297**	2,154,448
Amount due to a shareholder		**2,449,704**	27,947,524
Bank borrowings	*15*	**16,161,962**	–
Lease liabilities		**4,206,000**	4,106,182
Tax payable		**1,912,499**	1,673,938
		117,679,034	229,131,126
Net current assets		**351,331,761**	351,881,085
Total assets less current liabilities		**360,449,053**	363,494,464

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

At 30 June 2026

	Notes	**As at 30 June 2026 HK$ (unaudited)**	As at 31 December 2025 HK$ (audited)
Non-current liabilities			
Lease liabilities		**1,760,844**	4,017,802
Other payables	*14*	**1,500,000**	1,500,000
		3,260,844	5,517,802
NET ASSETS		**357,188,209**	357,976,662
Capital and reserves			
Share capital	*17*	**95,378,987**	75,999,142
Reserves		**261,809,222**	281,977,520
TOTAL EQUITY		**357,188,209**	357,976,662

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2026

	Attributable to owners of the Company							
	Share capital	Treasury shares	Share premium	Capital redemption reserve	Convertible bond reserve	Exchange reserve	Accumulated losses	Total
	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$
At 1 January 2026(audited)	**75,999,142**	**–**	**1,168,677,672**	**176,000**	**56,168,231**	**(661,592)**	**(942,382,791)**	**357,976,662**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**2,689,191**	**2,689,191**
Other comprehensive income for the period:								
Exchange differences arising from translating foreign operation	**–**	**–**	**–**	**–**	**–**	**3,432,731**	**–**	**3,432,731**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**3,432,731**	**2,689,191**	**6,121,922**
Purchase of treasury shares *(note 17)*	**–**	**(6,910,375)**	**–**	**–**	**–**	**–**	**–**	**(6,910,375)**
Conversion of convertible bonds *(note 17)*	**19,379,845**	**–**	**36,788,386**	**–**	**(56,168,231)**	**–**	**–**	**–**
At 30 June 2026 (unaudited)	**95,378,987**	**(6,910,375)**	**1,205,466,058**	**176,000**	**–**	**2,771,139**	**(939,693,600)**	**357,188,209**
At 1 January 2025 (audited)	67,999,142	–	1,085,013,367	176,000	56,168,231	(2,453,442)	(946,962,820)	259,940,478
Profit for the period	–	–	–	–	–	–	2,373,243	2,373,243
Other comprehensive income for the period:								
Exchange differences arising from translating foreign operation	-	-	-	-	-	1,114,615	-	1,114,615
Total comprehensive income for the period	-	-	-	-	-	1,114,615	2,373,243	3,487,858
Issue of shares on placement, net of share issue costs *(note 17)*	8,000,000	–	83,664,305	–	–	–	–	91,664,305
At 30 June 2025 (unaudited)	75,999,142	–	1,168,677,672	176,000	56,168,231	(1,338,827)	(944,589,577)	355,092,641

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2026

	Six months ended 30 June	
	2026	2025
	HK$	HK$
	(unaudited)	(unaudited)
Net cash used in operating activities	**(22,149,843)**	(5,682,348)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash flow from deconsolidation of a joint venture	**–**	**10,593**
Purchase of property, plant and equipment	**(24,307)**	**(63,946)**
Interest received	**169,691**	**567,004**
Net cash generated from investing activities	**145,384**	**513,651**
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of shares, net of share issue costs	**–**	**91,664,305**
Purchase of treasury shares	**(6,910,375)**	**–**
Repayments of bank borrowing	**–**	**(2,169,376)**
Capital element of lease rentals paid	**(2,222,329)**	**(1,966,203)**
Interest element of lease rentals paid	**(126,831)**	**(172,864)**
Interest paid	**–**	**(17,933)**
Change in amount due to a shareholder	**(25,500,000)**	**–**
Net cash (used in)/generated from financing activities	**(34,759,535)**	**87,337,929**
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(56,763,994)**	**82,169,232**
Effect of foreign exchange rate changes	**3,779,153**	**1,421,713**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**198,007,251**	**212,482,172**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**145,022,410**	**296,073,117**
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	**145,022,410**	**296,073,117**

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

1. GENERAL INFORMATION

The Company was incorporated in Bermuda with limited liability. The address of its registered office is Richmond House, 12 Par-la-Ville Road, Hamilton HM 08, Bermuda. The address of its principal place of business is at 32/F, Cambridge House, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Yunnan Baiyao Group Co., Limited ("Yunnan Baiyao Group"), a company incorporated in China and listed on the Shenzhen Stock Exchange, is the ultimate holding company of the Company.

The principal activity of the Company is investment holding. The Group is principally engaged in trading of goods and commodities.

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company.

2. BASIS OF PREPARATION

These unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

These unaudited condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2025. The accounting policies and methods of computation used in the preparation of these unaudited condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2025.

3. APPLICATION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS

For the six months ended 30 June 2026 (the "Reporting Period"), the Group has adopted all the new and revised HKFRS Accounting Standards issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2026. HKFRS Accounting Standards comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRS Accounting Standards did not result in significant changes to the Group's accounting policies, presentation of the Group's condensed consolidated financial statements and amounts reported for the current period and prior years.

The Group has not applied the new and revised HKFRS Accounting Standards that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRS Accounting Standards but is not yet in a position to state whether these new and revised HKFRS Accounting Standards would have a material impact on its results of operations and financial position.

4. REVENUE AND SEGMENT INFORMATION

Information reported to the executive Directors and senior management, being the chief operating decision maker, for the purpose of resource allocation and assessment of segment performance focus on types of goods or services delivered or provided. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group. Specifically, the Group's reportable operating segments under HKFRS 8 are (i) trading of goods and commodities; and (ii) an other segment which engages in the provision of marketing services, product registration services and the sourcing of OEM/ODM services.

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable and operating segments:

For the six months ended 30 June 2026 (unaudited)

	Trading of goods and commodities HK$	**Others** *(note)* **HK$**	**Total HK$**
Revenue			
External sales	**762,535,892**	**–**	**762,535,892**
Gross profit	**22,513,982**	**–**	**22,513,982**
Segment result	**17,475,065**	**–**	**17,475,065**
Unallocated income, gains and losses			**1,697,246**
Unallocated expenses			**(13,330,238)**
Finance costs			**(126,831)**
Profit before tax			**5,715,242**

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment revenues and results *(Continued)*

For the six months ended 30 June 2025 (unaudited)

	Trading of goods and commodities HK$	Others *(note)* HK$	Total HK$
Revenue			
External sales	396,442,188	–	396,442,188
Gross profit	21,306,344	–	21,306,344
Segment result	16,753,060	–	16,753,060
Unallocated income, gains and losses			133,290
Unallocated expenses			(12,539,434)
Finance costs			(190,797)
Profit before tax			4,156,119

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the profit earned from each segment without allocation of certain items, mainly comprising interest revenue, depreciation, central administrative costs, directors' and chief executives' salaries and finance costs. This is the measure reported to the chief operating decision makers for the purposes of resources allocation and performance assessment.

Note: The Group retained the capacity for the provision of marketing services, product registration services and sourcing of OEM/ODM services during the six months ended 30 June 2026 and 2025.

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

	Trading of goods and commodities HK$	**Total** HK$
As at 30 June 2026 (unaudited)		
Segment assets	**445,365,637**	**445,365,637**
Unallocated assets		**32,762,450**
		478,128,087
Segment liabilities	**(109,813,624)**	**(109,813,624)**
Unallocated liabilities		**(11,126,254)**
		(120,939,878)
As at 31 December 2025 (audited)		
Segment assets	575,468,590	575,468,590
Unallocated assets		17,157,000
		592,625,590
Segment liabilities	(194,114,559)	(194,114,559)
Unallocated liabilities		(40,534,369)
		(234,648,928)

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities *(Continued)*

For the purpose of monitoring segment performances and allocating resources between segments:

– all assets are allocated to reportable and operating segments other than certain property, plant and equipment, certain right-of-use assets, certain other receivables, deposits and prepayments and certain bank balances and cash which are managed on a group basis.

– all liabilities are allocated to reportable and operating segments other than certain other payables, amount due to a shareholder and certain lease liabilities which are managed on a group basis.

Revenue from major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue for the period is set out below:

	Six months ended 30 June	
	2026	2025
	HK$	HK$
	(unaudited)	(unaudited)
Customer A[1,2]	**131,642,599**	96,623,630
Customer B[1,3]	**173,761,229**	101,549,639
Customer C[1,3]	**273,788,980**	–
Customer D[1,3]	**–**	55,850,682

1 Revenue from trading of goods and commodities.

2 Customer A was the Company's fellow subsidiary.

3 Customer B, C and D were independent third parties of the Group.

5. FINANCE COSTS

	Six months ended 30 June	
	2026	2025
	HK$	HK$
	(unaudited)	(unaudited)
Interest expense on bank borrowings	**–**	17,933
Interest expenses on lease liabilities	**126,831**	172,864
	126,831	190,797

6. PROFIT BEFORE TAX

The Group's profit before tax is stated after charging/(crediting) the following:

	Six months ended 30 June	
	2026	2025
	HK$	HK$
	(unaudited)	(unaudited)
Directors' emoluments	**2,411,305**	4,106,006
Cost of inventories sold	**740,021,910**	375,135,844
Depreciation of property, plant and equipment	**431,231**	442,709
Depreciation of right-of-use assets	**2,160,439**	1,977,523
Reversal of allowance for ECL	**(1,720,039)**	–
Expenses relating to short-term lease	**70,781**	206,026

7. INCOME TAX EXPENSE/(CREDIT)

	Six months ended 30 June	
	2026	2025
	HK$	HK$
	(unaudited)	(unaudited)
Current tax:		
– The People's Republic of China ("the PRC") Enterprises Income Tax ("EIT")	**2,777,659**	2,956,738
– Hong Kong Profits Tax	**248,392**	–
Deferred tax	**–**	(1,173,862)
	3,026,051	1,782,876

(a) Hong Kong profits tax:

Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. For the six months ended 30 June 2026, Hong Kong profits tax is provided at 16.5% based on the assessable profit less allowable losses brought forward. No provision for Hong Kong profits tax is required for the six months ended 30 June 2025 as the Group's estimated assessable profits were offset by tax losses brought forward.

(b) The PRC enterprise income tax:

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the subsidiaries in the PRC is 25% during the six months ended 30 June 2026 (six months ended 30 June 2025: 25%). Certain subsidiaries were qualified as "small Low-profit Enterprise" and entitled to a tax relief policy. The portion of annual taxable income amount of a small Low-profit Enterprise which does not exceed RMB3 million, shall be computed at a reduced rate of 25% as taxable income amount, and be subject to enterprise income tax at 20% tax rate.

8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following:

	Six months ended 30 June	
	2026	2025
	HK$	HK$
	(unaudited)	(unaudited)
Earnings		
Earnings for the purpose of calculating basic and diluted earnings per share	**2,689,191**	2,373,243

	Six months ended 30 June	
	2026	2025
	(unaudited)	(unaudited)
Number of shares		
Issued ordinary shares at beginning of the period	**7,599,914,160**	6,799,914,160
Effect of new shares issued	**–**	176,795,580
Effect of conversion of convertible bonds	**1,327,679,986**	–
Effect of purchase of treasury shares	**(830,387)**	–
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**8,926,763,759**	6,976,709,740
Effect of dilutive potential ordinary shares arising from convertible bond outstanding	**610,304,510**	1,937,984,496
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**9,537,068,269**	8,914,694,236

8. EARNINGS PER SHARE *(Continued)*

Convertible bonds remained outstanding at period-end and were dilutive to earnings per share for the six months ended 30 June 2025.

All convertible bonds were fully converted to ordinary shares on 27 February 2026, with no convertible bonds remaining outstanding as at 30 June 2026. Potential ordinary shares arising from the assumed full conversion of convertible bonds were included in the diluted EPS calculation on a time-weighted basis for the period from 1 January 2026 to 26 February 2026 to reflect the dilutive effect during the period the convertible bonds were outstanding. The weighted average ordinary shares for basic EPS have been reduced on a time-weighted basis to account for treasury shares repurchased in the period.

9. DIVIDEND

The board of the directors does not recommend the payment of any dividend in respect of the six months ended 30 June 2026, nor has any dividend been proposed since the end of the six months ended 30 June 2026 (six months ended 30 June 2025: nil).

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2026, the Group has acquired property, plant and equipment with a cost of HK$24,307 (six months ended 30 June 2025: HK$63,946).

11. TRADE RECEIVABLES

	As at 30 June 2026 HK$ (unaudited)	As at 31 December 2025 HK$ (audited)
Trade receivables	**311,944,597**	349,734,121
Provision for loss allowance	**–**	(954,789)
	311,944,597	348,779,332

Trade receivables are granted an average credit period ranging from 30 to 90 days (31 December 2025: 30 to 90 days).

The ageing analysis of trade receivables (before allowance for ECL) presented based on the invoice dates at the end of the Reporting Period is as follows:

	As at 30 June 2026 HK$ (unaudited)	As at 31 December 2025 HK$ (audited)
0 to 90 days	**308,300,567**	323,068,995
91 to 180 days	**3,644,030**	22,564,061
181 to 365 days	**–**	–
Over 365 days	**–**	4,101,065
	311,944,597	349,734,121

As at 30 June 2026, certain trade receivables of the Group were past due but not impaired, no impairment loss has been recognized because there has been no significant deterioration in the credit quality of the counterparties and the amounts are still considered recoverable. The Group does not hold any collateral for the trade receivables above.

12. LOAN AND INTEREST RECEIVABLES

	As at 30 June 2026 HK$ (unaudited)	As at 31 December 2025 HK$ (audited)
Loan receivables		
Secured	**273,491,519**	274,256,465
Unsecured	**202,291,346**	202,291,346
	475,782,865	476,547,811
Less: net allowance for expected credit losses	**(475,782,865)**	(476,547,811)
	–	–

The maturity profile of the loan receivables (before net allowance for expected credit losses) as at 30 June 2026, analysed by the maturity date, is as follows:

	As at 30 June 2026 HK$ (unaudited)	As at 31 December 2025 HK$ (audited)
Overdue	**475,782,865**	476,547,811
Gross amount analysed for reporting purpose:		
Current assets	**475,782,865**	476,547,811

12. LOAN AND INTEREST RECEIVABLES *(Continued)*

The secured and unsecured loans advanced to the customers arising under the Group's money lending business had an average loan period of 3 months to 5 years (31 December 2025: 3 months to 5 years). The loans provided to customers bore fixed interest rates ranging from 1%–2.4% per month (31 December 2025: 1%–2.4% per month), depending on the individual credit evaluations of the borrowers. These evaluations focus on the borrowers' financial background, individual credit rating, current ability to pay, and take into account information specific to the borrowers as well as the guarantees and/or security from the borrowers. The loans provided to borrowers are repayable in accordance with the loan agreement, in which interest portion will be repaid on a monthly basis while the principal amounts are repayable on maturity.

With reference to the announcement made by the Company on 25 October 2023 regarding the key findings of the forensic investigation, the loan and interest receivables are fully impaired.

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 30 June 2026 HK$ (unaudited)	As at 31 December 2025 HK$ (audited)
Other receivables	**4,535,357**	3,352,839
Deposits	**277,749,512**	323,207,327
Prepayments	**3,383,724**	1,983,503
	285,668,593	328,543,669
Less: allowance for ECL	**(276,524,733)**	(298,824,733)
	9,143,860	29,718,936

14. TRADE AND OTHER PAYABLES

	As at 30 June 2026 HK$ (unaudited)	As at 31 December 2025 HK$ (audited)
Trade payables *(note)*	**88,270,675**	189,312,255
Other payables and accrued charges	**4,925,897**	5,436,779
	93,196,572	194,749,034
The total is analysed for reporting purposes as:		
Current	**91,696,572**	193,249,034
Non-current	**1,500,000**	1,500,000
	93,196,572	194,749,034

The non-current amount relates to the provision for reinstatement cost of leased office, on which the tenancy will expire in two years.

Note: The credit period for trade payables ranges from 0 to 90 days (31 December 2025: 0 to 90 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

An ageing analysis of trade payables presented based on the invoice date as at 30 June 2026 is set out as follows:

	As at 30 June 2026 HK$ (unaudited)	As at 31 December 2025 HK$ (audited)
0 to 30 days	**86,542,470**	169,341,722
31 to 60 days	**1,728,205**	19,963,485
61 to 90 days	**–**	–
Over 90 days	**–**	7,048
	88,270,675	189,312,255

14. TRADE AND OTHER PAYABLES *(Continued)*

During the six months ended 30 June 2026, the Group uses certain bank borrowings as its supplier finance arrangement for certain suppliers as at 30 June 2026. The banks settle the Group's accounts payable to its suppliers directly and the Group will repay the bank borrowings on a date later than the invoice payment due date. The terms of these bank borrowings are within 60 days from date of drawing.

15. BANK BORROWINGS

	As at 30 June 2026 HK$ (unaudited)	As at 31 December 2025 HK$ (audited)
Bank borrowings (guaranteed)	**16,161,962**	–
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(16,161,962)**	–
Amount due for settlement after 12 months	**–**	–
The borrowings are repayable as follows:		
On demand or within one year	**16,161,962**	–

15. BANK BORROWINGS *(Continued)*

The average interest rates were as follows:

	Six months ended 30 June	
	2026	2025
	(unaudited)	(unaudited)
Bank borrowings	**4.05%**	3.10%

There are 2 types of supplier finance arrangements of the Group:

a. The Group uses certain specific bank borrowings as its supplier finance arrangement. The funds of these borrowings are first deposited to the Group's bank accounts and the Group can later use these funds to settle its suppliers. The terms of these specific bank borrowings are within 60 days from drawing of the borrowings. These borrowings are secured by the corporate guarantee of the Company.

b. The Group also uses certain specific bank borrowings as its supplier finance arrangement. The banks will settle the Group's suppliers directly using the funds of these bank borrowings. The terms of these bank borrowings are within 60 days from drawing of the borrowings. These borrowings are secured by the corporate guarantee of the Company.

	As at 30 June 2026 HK$ (unaudited)	As at 31 December 2025 HK$ (audited)
Carrying amount of liabilities	**16,161,962**	N/A
– of which suppliers have received payment	**16,161,962**	N/A
Range of payment due dates after invoice dates		
– Supplier finance arrangement liabilities	**60-150 days**	N/A
– Comparable trade payable not part of the supplier finance arrangement	**0-90 days**	N/A

16. CONVERTIBLE BOND

The Company entered into a subscription agreement with Yunnan Baiyao on 14 October 2019 (the "Subscription Agreement"), pursuant to the Subscription Agreement and the supplemental subscription agreement (collectively the "Subscription Agreements") which the Company has conditionally agreed to issue, and Yunnan Baiyao has conditionally agreed to subscribe for, through its trustee, Shanghai International Trust Corp., Ltd., convertible bond (the "Convertible Bond") in the aggregate principal amount of HK$500 million with coupon rate of 3% per annum for 2 years (the "Subscription").

Reference is made to the Company's circular dated 12 January 2023, on 5 December 2022, the Company and Yunnan Baiyao entered into an extension supplemental agreement, pursuant to which the Company and Yunnan Baiyao conditionally agreed to extend the initial maturity date by two years from 31 October 2022 to 30 October 2024 by way of entering into a supplemental agreement. Save for the proposed extension, all other terms and conditions of the convertible bond remained unchanged. The supplemental agreement was subsequently approved on 1 February 2023. Reference is made to the Company's announcement dated 29 October 2024, the Company received a notice from the bondholder, Yunnan Baiyao of exercising the conversion rights of the convertible bonds in full. On that date, the Company's public float was approximately 25.5%, if Yunnan Baiyao fully exercises the conversion rights of the convertible bonds, the public float of the Company would be reduced to approximately 19.84%, which fails to comply with the minimum public float requirement of 25% under the Rule 8.08(1)(a) of the Listing Rules. Therefore, according to the pre-existing terms of the convertible bonds, Yunnan Baiyao would only be allotted the conversion shares after the Company's public float satisfies the share exchange requirements. Details of the Convertible Bond were disclosed in the Group's consolidated financial statements for the year ended 31 December 2025.

Reference is made to the Company's announcement dated 27 February 2026, the Company allotted and issued in full 1,937,984,496 conversion shares to Shanghai International Trust Corp., Ltd. at a conversion price of HK$0.258 per conversion share, representing approximately 25.50% of the total issued shares immediately before the issue of the conversion shares and approximately 20.32% of the enlarged total issued shares immediately after the issue of the conversion shares.

16. CONVERTIBLE BOND *(Continued)*

The movement of the liability component of the convertible bond is set out below:

	Liability component HK$
Carrying amount at 1 January 2026 (audited) and 30 June 2026 (unaudited)	–

17. SHARE CAPITAL

	No. of shares	**Amount** HK$
Authorised:		
Ordinary shares of HK$0.01 each	20,000,000,000	200,000,000
Issued and fully paid:		
Ordinary shares of HK$0.01 each at 1 January 2025 (audited)	6,799,914,160	67,999,142
Issue of shares on placement at 22 May 2025 (unaudited)	800,000,000	8,000,000
Ordinary shares of HK$0.01 each at 30 June 2025 (unaudited) and 1 January 2026 (audited)	7,599,914,160	75,999,142
Conversion of convertible bonds at 27 February 2026 (unaudited)	1,937,984,496	19,379,845
Ordinary shares of HK$0.01 each at 30 June 2026 (unaudited)	9,537,898,656	95,378,987

In May 2025, the Company placed 800,000,000 ordinary shares to not less than six independent parties at a price of HK$0.1161 per share with the net proceeds of approximately HK$92 million. The premium on the issue of shares, amounting to HK$83,664,305, net of share issue costs of HK$1,215,695, has been credited to the Company's share premium account.

17. SHARE CAPITAL *(Continued)*

For further details about the placing in May 2025, please refer to the announcements of the Company dated 2 May 2025, 5 May 2025, 15 May 2025 and 22 May 2025.

Reference is made to the Company's announcement dated 27 February 2026, the Company allotted and issued in full 1,937,984,496 conversion shares to Shanghai International Trust Corp., Ltd. at a conversion price of HK$0.258 per conversion share, representing approximately 25.50% of the total issued shares immediately before the issue of the conversion shares and approximately 20.32% of the enlarged total issued shares immediately after the issue of the conversion shares.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

During the six months ended 30 June 2026, the Company repurchased 28,548,000 (six months ended 30 June 2025: nil) of its own ordinary shares through the Stock Exchange of Hong Kong Limited with an aggregate consideration of HK$6,910,375 (six months ended 30 June 2025: nil).

None of the repurchased ordinary shares were cancelled upon repurchase and all repurchased shares remained as treasury shares at the end of the reporting period.

18. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the condensed consolidated financial statements, the Group has the following material transactions with related parties:

(a) Transactions with related parties

	Six months ended 30 June	
	2026	2025
	HK$	HK$
	(unaudited)	(unaudited)
Purchase of goods and commodities from Yunnan Baiyao *(Note)*	**441,911**	1,809,485
Purchase of goods and commodities from fellow subsidiaries *(Note)*	**285,933**	14,766
Sales of goods and commodities to fellow subsidiaries *(Note)*	**131,642,599**	96,673,288

18. MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(a) Transactions with related parties *(Continued)*

Note:

The transaction constituted a continuing connected transaction as defined in Chapter 14A of the Listing Rules (the "Continuing Connected Transaction"). Further details of the Continuing Connected Transaction are provided in the section headed "Continuing Connected Transaction" in the Report of the Directors as set out in the Company's annual report for the year ended 31 December 2025.

(b) Key management compensation

	Six months ended 30 June	
	2026	2025
	HK$	HK$
	(unaudited)	(unaudited)
Salary and other short term benefits	**1,703,305**	4,660,006
Contribution to defined contribution retirement plans	**18,000**	27,000
	1,721,305	4,687,006

(c) Period-ended balances with related-parties

	As at 30 June 2026	As at 31 December 2025
	HK$	HK$
	(unaudited)	(audited)
Trade payable to a shareholder	**431,795**	–
Trade payable to a fellow subsidiary	**316,677**	–
Trade receivable from a fellow subsidiary	**30,482,570**	24,835,996
Trade deposit paid to a shareholder	**2,761,621**	31,296
Amount due to a shareholder	**2,449,704**	27,947,524

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the Reporting Period, the Group has principally engaged in the trading of goods and commodities business, which mainly comprises e-commerce and general trading business and raw material trading business, and the provision of professional services, which include product registration and promotion services. The Group operations are divided into (i) the trading of goods and commodities business, encompassing (a) e-commerce and general trading business, (b) raw material trading business for healthcare products in the People's Republic of China (the "PRC"), and (c) distribution of certain products (the "YNBY Products") manufactured and branded by the Company or the Company's controlling shareholder Yunnan Baiyao Group Co., Ltd.（雲南白藥集團股份有限公司）("Yunnan Baiyao Group") to overseas markets; and (ii) other segment, mainly providing marketing services, product registration services, and sourcing for OEM/ODM services.

Trading of goods and commodities segment

The trading of goods and commodities segment refers to (i) e-commerce and general trading business, (ii) raw materials trading business for healthcare products which includes the sourcing of packaging materials, pharmacy and cosmetics materials, plant extracts, etc. and then reselling of the products to the PRC corporate customers that are engaged in the manufacturing of cosmetics and healthcare products and the respective packaging materials and (iii) distribution of the YNBY Products to overseas markets.

The Group's e-commerce and general trading business is primarily operated by selling products bearing third-party brands, which are sourced and procured from overseas suppliers and sold to renowned online platforms in China, such as VIP.com, JD.com, Tmall and overseas online platforms, such as Coupang as well as to other general trading clients.

During the Reporting Period, the Group renewed its strategic cooperation with Yunnan Baiyao Group, the controlling shareholder of the Company. As the former framework agreement dated 13 December 2022 in relation to the provision of products registration, supply chain, and professional services and the mutual cross-distribution of products expired on 14 May 2026, the Company and Yunnan Baiyao Group entered into the renewal framework agreement (the "2026 Framework Agreement") on 18 March 2026 for renewal, which was subsequently approved by the independent shareholders at the special general meeting held on 5 June 2026. The 2026 Framework Agreement ensures the Group's continued general distributorship to distribute YNBY Products in overseas markets (excluding the PRC), broadening our product distribution to include the flagship "Yunnan Baiyao" series of medicines, "Yunnan Baiyao" toothpaste series products, general medicine products, and personal care items, thereby diversifying revenue streams. The distribution of the YNBY Products, including the Thailand-manufactured toothpaste, aligns with Yunnan Baiyao Group's globalization strategy and leverages the Group's existing overseas distribution network and marketing expertise, creating a new revenue stream and enhancing market presence.

The Group is fully equipped with the resources, experience, and subsidiaries needed to effectively navigate the healthcare product industry and is deeply confident that trading raw materials for healthcare products will continue to be a significant contributor to the Group's profitability.

For the Reporting Period, the Group's trading of goods and commodities segment recorded a total revenue of approximately HK$762.54 million, which was higher by approximately 92.34% than for the six months period from 1 January 2025 to 30 June 2025 of approximately HK$396.44 million. For the Reporting Period, this segment recorded a profit of approximately HK$17.48 million (six months ended 30 June 2025: approximately HK$16.75 million). The improvement in the segment profit was mainly attributable to more revenue generated during the Reporting Period.

Other Segment – marketing services, product registration services and sourcing for OEM/ODM services

For the provision of professional services, the Group will (i) assist its customers on the registration of products pursuant to the relevant overseas regulatory and registration requirements; (ii) assist its customers on intellectual property registration of products; (iii) provide overseas marketing services for its customers and their products; and (iv) provide overseas market expansion services to its customers.

The Group's other segment neither generated any revenue, nor incurred any profit or loss during the Reporting Period and the six months ended 30 June 2025.

PROSPECTS

In the first half of 2026, the global macroeconomic environment remained complex and volatile, with major central banks maintaining a cautious wait-and-see approach regarding interest rate trends. The continuous escalation of geopolitical conflicts, significant fluctuations in energy markets, renewed tightening of supply chains, and rising trade frictions have collectively driven up global inflation and accelerated the restructuring of the global trade landscape.

Moreover, the growing global recognition of Traditional Chinese Medicine (TCM), fueled by the Chinese government's promotion of two major policies–the "15th Five-Year Plan for the Revitalization and Development of Traditional Chinese Medicine" and the "Implementation Plan for the High-Quality Development of the Traditional Chinese Medicine Industry (2026–2030)"–presents robust growth opportunities for the Group. The "15th Five-Year Plan for the Revitalization and Development of Traditional Chinese Medicine" aims to establish a comprehensive TCM service system covering the entire population by 2030, focusing on perfecting high-quality TCM services and enhancing full-life-cycle health service capabilities. Concurrently, the "Implementation Plan (2026–2030)" supports international expansion by strengthening global cooperation, encouraging the international registration of competitive proprietary Chinese medicines, and providing channel and information support for enterprises exploring overseas markets. It also guides TCM enterprises to collaborate with foreign partners through localised production, localised supply of certain raw materials, and shared sales networks to enhance overseas adaptability, while supporting TCM cross-border e-commerce in establishing overseas warehouses to boost international competitiveness. This strong policy momentum accelerates TCM export and high-quality development, creating a highly favourable environment for the Company to capitalise on these trends and drive significant growth in the expanding global TCM market.

With the successful renewal of the 2026 Framework Agreement, the Group has solidified its general distributorship of Yunnan Baiyao Group products for the next three years. Building on the successful business strategies implemented since 2022, the Group sees significant opportunities in the trading of goods and commodities, supply chain trading business, and TCM international trading business. The Group is well-positioned to capitalise on these opportunities and drive substantial growth across these key business areas. The Group will continue to execute its strategic initiatives, optimise its business operations, and explore new growth opportunities to drive sustainable and profitable growth in 2026.

SELLING AND DISTRIBUTION COSTS

For the Reporting Period, the Group recorded selling and distribution costs of approximately HK$5.43 million, representing an increase of approximately 9.71%, as compared to the six months ended 30 June 2025. The increase in the selling and distribution costs was mainly attributable to the rise in revenue driven by expanded selling and marketing activities during the Reporting Period, particularly in relation to the Group's marketing campaigns for its existing trading business in Asia markets and international business development with respect to product marketing and sale, product registration and trading network development.

ADMINISTRATIVE EXPENSES

For the Reporting Period, the administrative expenses amounted to approximately HK$14.17 million (six months ended 30 June 2025: approximately HK$12.66 million), representing an increase of approximately 11.90%. The increase was mainly due to an increase in operating activities during the Reporting Period.

FINANCE COSTS

For the Reporting Period and the six months ended 30 June 2025, finance costs of approximately HK$0.13 million and approximately HK$0.19 million were incurred, respectively, representing a decrease of approximately 33.53% as compared with the six months ended 30 June 2025. The decrease in finance costs was mainly attributed to the decrease in interest expenses on lease liabilities during the Reporting Period.

INCOME TAX EXPENSES

For the Reporting Period, the Group incurred income tax expenses of approximately HK$3.03 million (six months ended 30 June 2025: approximately HK$1.78 million). The increase in income tax expenses was mainly attributable to the absence of tax credit arising from the recognition of deferred tax assets during the Reporting Period (six months ended 30 June 2025: approximately HK$1.17 million).

EARNINGS PER SHARE

During the Reporting Period, the basic earnings per share amounted to 0.030 HK cents (six months ended 30 June 2025: 0.034 HK cents) while the diluted earnings per share amounted to 0.028 HK cents (six months ended 30 June 2025: 0.027 HK cents). The decrease in basic earnings per share was primarily attributable to the issuance of new shares upon the conversion of convertible bonds during the Reporting Period.

FINANCIAL POSITION

The shareholders' equity slightly decreased from approximately HK$357.98 million as at 31 December 2025 to approximately HK$357.19 million as at 30 June 2026, which mainly resulted from the Company's purchase of its own shares at a consideration, including transaction fees, of approximately HK$6.91 million on the Stock Exchange during the Reporting Period. Total assets decreased by approximately 19.32% from approximately HK$592.63 million as at 31 December 2025 to approximately HK$478.13 million as at 30 June 2026. The decrease in total assets was primarily due to the utilisation of working capital – including cash and bank balances – for business operations, particularly the settlement of trade payables brought forward from the year ended 31 December 2025.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2026, the Group's cash and cash equivalents amounted to approximately HK$145.02 million (31 December 2025: approximately HK$198.01 million). As at 30 June 2026, the Group had bank borrowings denominated in HK$ of approximately HK$16.16 million (31 December 2025: nil), which carried floating interest rates and were short-term loans maturing within 60 days from the date of drawing. The gearing ratio of the Group as at 30 June 2026 was nil (31 December 2025: approximately 10%), which was calculated as net debt divided by total equity. Net debt is calculated as total liabilities less cash and cash equivalents.

DIVIDEND

The Board did not propose an interim dividend for the Reporting Period (six months ended 30 June 2025: nil).

SHARE CAPITAL AND FUND-RAISING ACTIVITIES

As at 30 June 2026, the total number of issued ordinary shares (the "Shares") of the Company was 9,537,898,656 Shares (31 December 2025: 7,599,914,160 Shares).

In October 2020, the Company issued a convertible bond ("Convertible Bond") to Yunnan Baiyao Group with a principal of HK$500 million with net proceeds of approximately HK$498 million, equivalent to a net price of approximately HK$0.257 (the "Subscription") in order to provide financial resources for exploring opportunities to diversify the businesses. A total of 1,937,984,496 ordinary shares ("Conversion Shares") of a nominal value of HK$0.01 per share could be converted and issued at a conversion price of HK$0.258 per share upon maturity. The closing price per share on the date of the subscription agreement (being 14 October 2019) was HK$0.260. Please refer to the circulars of the Company dated 11 September 2020 and 12 January 2023 for further details. All net proceeds from the Subscription had been fully utilised as at 31 December 2025.

The Convertible Bond had matured on 30 October 2024 but had not been converted as at 31 December 2025. On 27 February 2026, the Company allotted and issued 1,937,984,496 Conversion Shares in full, representing approximately 25.50% of the total number of issued Shares immediately before the issue of Conversion Shares and approximately 20.32% of the total number of issued Shares enlarged by the issue of the Conversion Shares immediately thereafter, to Shanghai International Trust Corp., Ltd.* (上海國際信託有限公司), the trustee appointed by Yunnan Baiyao Group to subscribe for and hold the Convertible Bond on behalf of Yunnan Baiyao Group, at the conversion price of HK$0.258 per Conversion Share. Please refer to the announcements of the Company dated 29 October 2024 and 27 February 2026 for further details.

In June 2022, the Company placed 351,762,000 ordinary shares of a nominal value of HK$0.01 per share (Aggregate nominal value: HK$3,517,620) with gross proceeds of approximately HK$100 million (net proceeds of HK$100 million) (the "2022 Placing") to Sunwah Great Wall Group Limited at a subscription price of HK$0.285 per share (with a net price of approximately HK$0.284 per share) in order to supplement the Group's long-term funding of its expansion plan and growth strategies and broaden the shareholder base. The closing price per share on the date of the 2022 Placing agreement (being 14 April 2022) was HK$0.244.

In May 2025, the Company placed 800,000,000 ordinary shares of a nominal value of HK$0.01 per share (Aggregate nominal value: HK$8,000,000) with gross proceeds of approximately HK$93 million (the net proceeds of approximately HK$92 million) (the "2025 Placing") to not less than six independent third parties at a subscription price of HK$0.1161 per share (with a net price of approximately HK$0.1149 per share) in order to further enlarge the shareholders' equity base of the Company, optimise the capital structure of the Company and support the healthy and sustainable development of the Company. The closing price per share on the date of the 2025 Placing agreement (being 2 May 2025) was HK$0.145.

The following table summarises the details of application of the net proceeds from the 2022 Placing and 2025 Placing during the Reporting Period.

	Unused balances from the net proceeds as at 31 December 2025	**Actual use of the net proceeds during the six months period from 1 January 2026 to 30 June 2026**	**Unused balances from the net proceeds as at 30 June 2026** *(Note 1)*
	HK$ million	*HK$ million*	*HK$ million*
2022 Placing			
Research and development of Chinese herbal medicines in the PRC and development of the trading network in Thailand, Indonesia, Singapore, Korea and Malaysia, etc	4	(2)	2
Total	4	(2)	2

	Unused balances from the net proceeds as at 31 December 2025	Actual use of the net proceeds during the six months period from 1 January 2026 to 30 June 2026	Unused balances from the net proceeds as at 30 June 2026 *(Note 1)*
	HK$ million	*HK$ million*	*HK$ million*
2025 Placing			
Registration, development, OEM/ODM, etc., of products in ASEAN markets	15	–*	15
Marketing, promotion, and trading network development in ASEAN markets	15	–*	15
Marketing and sales of products in ASEAN markets	25	–*	25
General working capital and for future investment/expansion of the Group	33	(15)	18
Total	88	(15)	73

* The amounts are less than a million

Note 1

Due to longer-than-expected lead time for product registration and regulatory approvals in certain ASEAN markets, and the Company's decision to take a phased approach to market entry to manage costs and risks, the Company now expects that the unused balances of the net proceeds will be fully utilised by 31 December 2027.

FUNDING AND TREASURY POLICY

The Group adopts prudent treasury policies and maintains disciplined capital management. The Group's management performs ongoing credit evaluations of customers' financial conditions to mitigate credit risk exposure. In addition, the Board closely monitors liquidity positions to ensure that asset, liability, and commitment structures meet funding requirements. Having maintained a debt-free position with no bank loans in prior periods, the Group drew down a new bank facility of approximately HK$16.16 million during the Reporting Period to enhance working capital flexibility. Going forward, the Group will continue to monitor its capital structure dynamically and utilise available banking facilities as appropriate to support ongoing operational needs.

EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the Reporting Period, the Company repurchased an aggregate of 81,388,000 Shares on the Stock Exchange during the period from 2 July 2026 to 10 July 2026 pursuant to the Buy-back Mandate (the "Subsequent Share Buy-backs"), at an aggregate consideration of approximately HK$21,724,902 (including transaction fees). As at the date of this report, the Company held an aggregate of 109,936,000 Treasury Shares (comprising the 28,548,000 Repurchased Shares and the 81,388,000 Shares repurchased under the Subsequent Share Buy-backs), representing approximately 1.15% of the total number of issued Shares. The repurchased Shares will be either cancelled or held as Treasury Shares, subject to market conditions and the Group's capital management needs. Save as disclosed above, the Group does not have any material subsequent events after 30 June 2026 and up to the date of this report.

PLEDGE OF ASSETS

As at 30 June 2026, no assets of the Group were pledged to secure general banking facilities granted to the Group (31 December 2025: nil).

CAPITAL COMMITMENTS

As at 30 June 2026, the Group had no material capital commitments (31 December 2025: nil).

CONTINGENT LIABILITIES

As at 30 June 2026, the Group had no material contingent liabilities (31 December 2025: nil).

FOREIGN EXCHANGE EXPOSURE

Most of the Group's assets and liabilities are denominated in Hong Kong dollars, US dollars, and Renminbi, with the majority of cash balances deposited in these currencies with licensed banks in Hong Kong and the PRC. Certain portions of the Group's sales, purchases, and expenses are denominated in foreign currencies, which expose the Group to foreign currency risk. The Group currently does not have a formal foreign currency hedging policy, as the foreign currency risk is considered insignificant. This is because a natural hedge exists as income and expenditures are substantially matched in Renminbi, while the Hong Kong dollar remains pegged to the US dollar. However, management will continue to closely monitor the Group's foreign exchange exposure and will consider hedging significant exposures if and when necessary.

COMMODITY PRICE RISK

The price of commodity products is influenced by international and domestic market prices and changes in global supply and demand for such products. Both the international and domestic market price of commodities as well as the volatility of their supply and demand are beyond the control of the Company. Therefore, the volatility of commodity price may affect the revenue and comprehensive income of the Group. The Group did not engage in nor enter into any trading contracts and price arrangements to hedge the risk of volatility of commodity prices.

EMPLOYEE REMUNERATION POLICY

As at 30 June 2026, the Group had 35 employees (31 December 2025: 36 employees). For the Reporting Period, the total salaries, commissions, incentives and all other staff-related costs amounted to approximately HK$7.99 million (six months ended 30 June 2025: approximately HK$8.65 million). Our remuneration policies are in line with prevailing market practices and formulated on the basis of the performance and experience of individual employees. Apart from basic salaries, other staff benefits included defined contribution mandatory provident funds in accordance with local laws and regulations and medical insurance.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

For the Reporting Period, the Group did not have any significant investments, acquisitions or disposals of subsidiaries, associates and joint ventures.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There was no specific plan for material investments or capital assets as at 30 June 2026. In the event that the Group is engaged in any plan for material investments or capital assets, the Company will make announcement(s) and comply with the Listing Rules as and when appropriate.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Reporting Period, the Company repurchased an aggregate of 28,548,000 Shares (the "Repurchased Shares") on the Stock Exchange pursuant to the buy-back mandate granted by the shareholders of the Company to the Board (the "Buy-back Mandate") at the annual general meeting held on 22 May 2026 (the "Share Buy-backs"). All of the Repurchased Shares were held as treasury shares (as defined under the Listing Rules) ("Treasury Shares") as at 30 June 2026. Details of the transactions are as follows:

Month of repurchase	Number of Repurchased Shares	Price per share		Total consideration (including transaction fees)
		Highest	Lowest	
		HK$	*HK$*	*HK$*
June 2026	28,548,000	0.250	0.212	6,910,375

The Board believes that the Share Buy-backs demonstrate the Company's confidence in its own business outlook and prospects and would ultimately benefit the Company and create value for the shareholders of the Company. As at 30 June 2026, the Company held 28,548,000 Treasury Shares. The Repurchased Shares will be either cancelled or held as Treasury Shares, subject to market conditions and the Group's capital management needs.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including Treasury Shares) during the Reporting Period.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2026, none of the Directors or chief executives of the Company had any interest or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO")) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which Directors have taken or deemed to have under such provisions of SFO); or (b) were required pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for the Securities Transactions by Directors of Listed Issuers (the "Model Code") to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2026, the following persons and entities (other than a Director or chief executives of the Company) had an interest or short position in the shares and underlying shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO:

Names of Shareholders	Capacity	Number of Shares held (long position)	Percentage of the total number of issued Shares
Yunnan Baiyao Group	Beneficial owner	1,908,025,360 *(Note 2)*	20%
雲南白藥集團(海南)有限公司	Interest in a controlled corporation	3,101,911,000 *(Note 2)*	32.52%
Yunbaiyao Hong Kong Co., Limited	Beneficial owner	3,101,911,000 *(Note 2)*	32.52%
Shanghai International Trust Corp., Ltd. ("Shanghai Trust")	Trustee	1,937,984,496 *(Note 1 and Note 2)*	20.32%

Notes:

1. The 1,937,984,496 Shares are held by Shanghai Trust as trustee on behalf of Yunnan Baiyao Group. These Shares were allotted and issued to Shanghai Trust on 27 February 2026 upon the full conversion of the convertible bonds in the aggregate principal amount of HK$500 million previously issued by the Company to Yunnan Baiyao Group. Yunnan Baiyao Group is the beneficial owner of the Shares held by Shanghai Trust.

   The Convertible Bonds had matured on 30 October 2024 and the Company allotted and issued 1,937,984,496 conversion shares ("Conversion Shares") in full on 27 February 2026, representing approximately 25.50% of the total number of issued Shares immediately before the issue of Conversion Shares and approximately 20.32% of the total number of issued Shares enlarged by the issue of the Conversion Shares immediately thereafter, to Shanghai Trust at conversion price of HK$0.258 per Conversion Shares.

2. Yunnan Baiyao Group is interested in an aggregate of 6,947,920,856 Shares, comprising (i) 1,908,025,360 Shares held directly as beneficial owner; (ii) 1,937,984,496 Shares held by Shanghai Trust as trustee on behalf of Yunnan Baiyao Group (as further described in Note 1 above); and (iii) a deemed interest in 3,101,911,000 Shares held by Yunbaiyao Hong Kong Co., Limited.雲南白藥集團（海南）有限公司is a wholly-owned subsidiary of Yunnan Baiyao Group. Yunbaiyao Hong Kong Co., Limited is a wholly-owned subsidiary of 雲南白藥集團（海南）有限公司 and is the direct beneficial owner of 3,101,911,000 Shares. By virtue of the SFO, each of 雲南白藥集團（海南）有限公司 and Yunnan Baiyao Group is deemed to be interested in the Shares held by Yunbaiyao Hong Kong Co., Limited.

Save as disclosed above, as at 30 June 2026, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO.

CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, save for deviations as set out below, during the Reporting Period and up to the date of this report, the Group has applied and complied with the principles set out in the Corporate Governance Code (the "CG Code") as contained in Part 2 of Appendix C1 to the Listing Rules:

Code Provision C.1.5

Code Provision C.1.5 stipulates that independent non-executive Directors and other non-executive Directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders.

Mr. He Tao, one of the non-executive Directors, was unable to attend the annual general meeting of the Company held on 22 May 2026 due to other important business engagements.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the full set of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "Model Code") as the code of conduct regarding securities transactions by the Directors. The prohibitions on securities dealing and disclosure requirements in the Model Code also apply to the Group's senior management and persons who are privy to price sensitive information of the Group. Having made specific enquiries, all Directors confirmed to the Company that they have complied with the Model Code during the Reporting Period and up to the date of publication of this report.

BOARD DIVERSITY POLICY

With an aim to achieve diversity on the Board, the Board has approved and adopted a Board Diversity Policy (the "Policy") and revised the terms of reference of the nomination committee of the Company (the "Nomination Committee") to ensure the appropriate implementation of the Policy. The Policy was made with a view to achieve a sustainable and balanced development of the Company, through the invitation and selection of different talents to join the Board having due regard to the importance of Board diversity.

The Company is committed to establishing procedures of candidates' selection based on a range of diversity perspectives including gender, age, cultural background, ethnicity, educational background, professional experience, skills and knowledge. The ultimate selection decision will be based on merit and the contribution that the elected candidates will bring to the Board.

NOMINATION COMMITTEE

The Nomination Committee was established with specific terms of reference, whose purposes include the reviewing of the Board composition, advising the Board on the appointment and succession planning of Directors and assessing the independence of independent non-executive Directors. The Company has adopted a nomination policy for Directors, details of which have been disclosed in the annual report of the Company for the year ended 31 December 2025.

During the Reporting Period, the Nomination Committee consisted of the following members:

Independent Non-executive Directors

Dr. Cecilia Wai Bing Pang
Dr. Cheung Hoi Yu *(re-elected on 22 May 2026)*
Mr. Wong Hin Wing

Executive Director

Mr. Dong Ming *(Chairman)*

REMUNERATION COMMITTEE

The remuneration committee of the Company (the "Remuneration Committee") was established by the Board with specific terms of reference, the purposes of which include reviewing the remuneration of Directors and the remuneration policies of the Group.

During the Reporting Period, the Remuneration Committee consisted of the following members:

Independent Non-executive Directors

Dr. Cheung Hoi Yu *(Chairman) (re-elected on 22 May 2026)*
Dr. Cecilia Wai Bing Pang
Mr. Wong Hin Wing

Executive Director

Mr. Tang Ming

AUDIT COMMITTEE AND REVIEW OF ACCOUNTS

The audit committee of the Company (the "Audit Committee") was established by the Board with specific terms of reference, whose purposes include the reviewing of the accounting principles and practices adopted by the Group and discussing auditing, internal control, risk management and financial reporting matters. The Audit Committee currently comprises Mr. He Tao (a non-executive Director) and three independent non-executive Directors, namely, Mr. Wong Hin Wing, Dr. Cheung Hoi Yu and Dr. Cecilia Wai Bing Pang. The interim results of the Company for the Reporting Period have not been audited by the Company's independent auditors. The Audit Committee has reviewed the unaudited condensed consolidated interim financial statements of the Group for the Reporting Period and is of the view that such financial information has been prepared in compliance with the applicable accounting standards, the Listing Rules and other applicable legal requirements, and that adequate disclosure has been made with no disagreement by the Audit Committee.

Independent Non-executive Directors

Mr. Wong Hin Wing *(Chairman)*
Dr. Cheung Hoi Yu *(re-elected on 22 May 2026)*
Dr. Cecilia Wai Bing Pang

Non-executive Director

Mr. He Tao

UPDATE ON DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the change in information of the Directors for the Reporting Period and up to the date hereof is set out below:

(1) With effect from 22 May 2026,

   (i) Mr. Huang Bin, non-executive Director, has retired from office by rotation;

   (ii) Mr. Cao Yonggang has been appointed as a non-executive Director.

(2) Mr. Wong Hin Wing has been appointed as an independent director of China Pacific Insurance (Group) Co., Ltd., a company listed on the Stock Exchange with stock code: 2601 with effect from 22 January 2026. He has become a member of the Council of the Hong Kong Metropolitan University since 20 June 2026. He was appointed as the Deputy Chairman to the Board of the Ocean Park Corporation from 1 July 2026.

By Order of the Board
YNBY International Limited
Tang Ming
Executive Director & Chief Executive Officer

Hong Kong, 14 August 2026