2026 INTERIM REPORT

中智藥業控股有限公司
Zhongzhi Pharmaceutical Holdings Limited

Cell-wall Broken Herbs (CaoJingHua®)
Better Absorption Convenient Medication

(Incorporated in the Cayman Islands with limited liability) Stock code: 3737

Content

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Lai Zhi Tian (Chairman)
Mr. Lai Ying Feng
Mr. Lai Ying Sheng
Mr. Cao Xiao Jun

Non-executive Director

Ms. Jiang Li Xia

Independent Non-executive Directors

Mr. Ng Kwun Wan
Mr. Zhu Shang Heng
Mr. Zhou Dai Han

COMMITTEES OF THE BOARD

Audit Committee

Mr. Ng Kwun Wan (Chairman)
Mr. Zhu Shang Heng
Mr. Zhou Dai Han

Remuneration Committee

Mr. Zhu Shang Heng (Chairman)
Mr. Lai Zhi Tian
Mr. Lai Ying Feng
Mr. Ng Kwun Wan
Mr. Zhou Dai Han

Nomination Committee

Mr. Zhu Shang Heng (Chairman)
Mr. Lai Ying Feng
Ms. Jiang Li Xia
Mr. Ng Kwun Wan
Mr. Zhou Dai Han

AUTHORIZED REPRESENTATIVES

Mr. Lai Ying Feng
Ms. Ho Wing Yan

COMPANY SECRETARY

Ms. Ho Wing Yan

REGISTERED ADDRESS

Windward 3
Regatta Office Park
P.O. Box 1350
Grand Cayman
KY1-1108
Cayman Islands

HEADQUARTER IN THE PRC

No. 3 Kangtai Road South
Torch Development Zone
Zhongshan
Guangdong Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 10B, 15/F
Cable TV Tower
9 Hoi Shing Road
Tsuen Wan, New Territories
Hong Kong

OFFICE IN SHENZHEN

Units A-H on the 20th Floor
Dream City Office Tower
Mei Lin Lu, Futian Qu, Shenzhen
PRC

AUDITOR

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

Corporate Information

PRINCIPAL BANKER

China Construction Bank Corporation
Bank of Communications Co., Ltd.

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Ltd.
Windward 3
Regatta Office Park
P.O. Box 1350
Grand Cayman
KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
Suites 3301-04, 33/F.
Two Chinachem Exchange Square
338 King's Road
North Point, Hong Kong

STOCK NAME

ZHONGZHIPHARM

STOCK CODE

3737

COMPANY WEBSITE

www.zeus.cn
www.caojinghua.cn

草晶华®
破壁草本

Business Review and Prospects

On behalf of the Board (the "Board") of Zhongzhi Pharmaceutical Holdings Limited (the "Company", together with its subsidiaries, collectively, the "Group"), I hereby present the business review and future and outlook of the Group for the six months ended 30 June 2026 (the "Reporting Period") to the shareholders of the Company (the "Shareholders").

FINANCIAL REVIEW

During the Reporting Period, the Group's revenue amounted to RMB790.0 million, representing a decrease of 10.3% over the corresponding period in 2025; gross profit was RMB418.2 million; profit attributable to owners of the Company was RMB9.1 million (corresponding period in 2025: RMB8.8 million). The Board does not recommend the payment of an interim dividend for 2026. For a detailed analysis of the Group's financial performance, please refer to the section headed "Management Discussion and Analysis" in this report.

BUSINESS REVIEW

Industrial Environment

In 2026, following the official release of the 15th Five-Year Plan for National Economic and Social Development, the 15th Five-Year Plan for National Health and the 15th Five-Year Plan for the Revitalization and Development of Traditional Chinese Medicine were successively issued, and favorable policies supporting biomedicine and the modernization of traditional Chinese medicine have continued to be introduced. The residents healthcare expenditure per capita has steadily increased, with gradually recovering confidence in the pharmaceutical market.

Pharmaceutical Manufacturing Segment

During the Reporting Period, the Group's manufacturing business has achieved positive results in quality certification, product category development, channel expansion and market bidding activities. On 25 May 2026, Guangdong Caojinghua Cell-broken Herb Co., Ltd. (廣東草晶華破壁草本有限公司), a subsidiary of the Group, was granted the FSSC 22000 Food Safety System Certification hailed as the "gold standard" of international food safety, which facilitates its products to gain access to major high-standard platforms and builds customers' "dual confidence" in product safety and quality.

Cell-broken Decoction Pieces

As the pioneer of the "cell-broken herbs (破壁草本)" product category, our core brand "Caojinghua" (草晶華) has continued to lead the market with the brand value of "better absorption and convenient consumption". Our cell-broken Astragalus products have ranked among the top-sellers nationwide for five consecutive years and firmly established itself as an industry benchmark. During the Reporting Period, the Group continued to expand its product portfolio of cell-broken decoction pieces, launching more than 40 varieties that cover multiple wellness scenarios such as replenishing Qi (氣), nourishing blood and clearing heat. Leveraging our ecologically traceable planting bases in geo-authentic regions for Chinese medicine herbs and our full-process traceability system featuring "one can one code", the Group has achieved full-process quality traceability from cultivation and production to terminal consumption, further reinforcing consumers' confidence in our product quality.

Market Expansion

On 16 June 2026, the National Traditional Chinese Medicine Decoction Pieces Alliance announced its procurement results. Guangdong Yunzhi Chinese Medicine Herb in Pieces Co., Ltd., a subsidiary of the Group, was selected for 57 specifications in total, achieving a favorable result. The selected products are undergoing supply coordination with various medical institutions. This selection will further consolidate the market position in traditional decoction pieces business of Yunzhi Herbal Pieces, provide a stable source of incremental revenue for the manufacturing segment, and deepen the Group's channel presence in the hospital market.

Business Review and Prospects

Chain Pharmacies Segment

The Group actively implements the Opinions on Promoting the High-Quality Development of the Pharmaceutical Retail Industry (《關於促進藥品零售行業高品質發展的意見》) issued by nine ministries, including the Ministry of Commerce, to steadily advance the transformation and upgrading of the retail business. During the Reporting Period, the Group added 60 stations featuring "prevention, nourishment and regulation", upgraded and established 9 benchmark stores of standardized "prevention, nourishment and regulation" health hubs, to create replicable and promotable service scenario models, which will enrich in-store health service functions and provide consumers with diversified health service options.

FUTURE AND OUTLOOK

Looking ahead, the restructuring of in-hospital and out-of-hospital channel landscape in the pharmaceutical industry is accelerating. Retail pharmacies are positioned as community-based health stations and are transforming from pure drug sellers to health service providers. New business models, such as online follow-up visits and medication purchases, as well as chronic disease management, are expanding rapidly. We anticipate that opportunities and challenges will coexist in the coming year. The Group will seize opportunities arising from policy and channel changes, continuously improve product quality and service capabilities, and further deepen the synergetic development of "manufacturing + retail". As always, we are committed to delivering greater value for our Shareholders and investors.

GRATITUDE

On behalf of the Company, I would like to express my sincere gratitude to our valued shareholders, customers, suppliers, banks, as well as the management and all employees for their continuous trust in and support to the Group.

By order of the Board
Lai Zhi Tian
Chairman & Executive Director

Hong Kong, 26 August 2026

Management Discussion and Analysis

BUSINESS REVIEW

By virtue of the clear strategic positioning, in 2026, Zhongzhi Pharmaceutical grasped the best strategic pulse of development, successfully formed its unique brand and marketing mode, and conducted organisational transformation, which resulted in high synergy and enabled it to stay at the top of the industry.

- During the Reporting Period, the Group recorded a total revenue of approximately RMB790.0 million (corresponding period in 2025: RMB880.5 million), representing a decrease of 10.3% over the corresponding period in last year.

- The Group recorded a profit attributable to owners of the parent for the period of approximately RMB9.1 million (corresponding period in 2025: RMB8.8 million), representing an increase of approximately 3.8% over the corresponding period in last year.

- The basic earnings per share is RMB1.1 cents (corresponding period in 2025: RMB1.0 cents), remained relatively stable as compared with the corresponding period in last year.

BUSINESSS REVIEW

Industrial Environment In 2026, following the official release of the 15th Five-Year Plan for National Economic and Social Development, the 15th Five-Year Plan for National Health and the 15th Five-Year Plan for the Revitalization and Development of Traditional Chinese Medicine were successively issued, and favorable policies supporting biomedicine and the modernization of traditional Chinese medicine have continued to be introduced. The residents healthcare expenditure per capita has steadily increased, with gradually recovering confidence in the pharmaceutical market.

Pharmaceutical Manufacturing Segment During the Reporting Period, the Group's manufacturing business has achieved positive results in quality certification, product category development, channel expansion and market bidding activities. On 25 May 2026, Guangdong Caojinghua Cell-broken Herb Co., Ltd. (廣東草晶華破壁草本有限公司), a subsidiary of the Group, was granted the FSSC 22000 Food Safety System Certification hailed as the "gold standard" of international food safety, which facilitates its products to gain access to major high-standard platforms and builds customers' "dual confidence" in product safety and quality.

Management Discussion and Analysis

Cell-broken Decoction Pieces As the pioneer of the "cell-broken herbs (破壁草本)" product category, our core brand "Caojinghua" (草晶華) has continued to lead the market with the brand value of "better absorption and convenient consumption". Our cell-broken Astragalus products have ranked among the top-sellers nationwide for five consecutive years and firmly established itself as an industry benchmark. During the Reporting Period, the Group continued to expand its product portfolio of cell-broken decoction pieces, launching more than 40 varieties that cover multiple wellness scenarios such as replenishing Qi (氣), nourishing blood and clearing heat. Leveraging our ecologically traceable planting bases in geo-authentic regions for Chinese medicine herbs and our full-process traceability system featuring "one can one code", the Group has achieved full-process quality traceability from cultivation and production to terminal consumption, further reinforcing consumers' confidence in our product quality.

Market Expansion On 16 June 2026, the National Traditional Chinese Medicine Decoction Pieces Alliance announced its procurement results. Guangdong Yunzhi Chinese Medicine Herb in Pieces Co., Ltd., a subsidiary of the Group, was selected for 57 specifications in total, achieving a favorable result. The selected products are undergoing supply coordination with various medical institutions. This selection will further consolidate the market position in traditional decoction pieces business of Yunzhi Herbal Pieces, provide a stable source of incremental revenue for the manufacturing segment, and deepen the Group's channel presence in the hospital market.

Chain Pharmacies Segment The Group actively implements the Opinions on Promoting the High-Quality Development of the Pharmaceutical Retail Industry (《關於促進藥品零售行業高品質發展的意見》) issued by nine ministries, including the Ministry of Commerce, to steadily advance the transformation and upgrading of the retail business. During the Reporting Period, the Group added 60 stations featuring "prevention, nourishment and regulation", upgraded and established 9 benchmark stores of standardized "prevention, nourishment and regulation" health hubs, to create replicable and promotable service scenario models, which will enrich in-store health service functions and provide consumers with diversified health service options.

Management Discussion and Analysis

FINANCIAL ANALYSIS

Revenue

The operation of the Group can be divided into two operating segments, namely (i) pharmaceutical manufacturing and (ii) operation of chain pharmacies. Below is an analysis of revenue by segment.

	Revenue for the six months ended 30 June			% of total revenue for the six months ended 30 June		
	2026	2025	Change	**2026**	2025	Change
	RMB'000	RMB'000	(%)	**(%)**	(%)	(%)
Pharmaceutical manufacturing	**530,727**	604,552	(12.2)	**67.2**	68.7	(1.48)
Operation of chain pharmacies	**259,236**	275,928	(6.0)	**32.8**	31.3	1.48
	789,963	880,480	(10.3)	**100.0**	100.0	

Pharmaceutical Manufacturing

The Group is engaged in the research and development, manufacturing and sale of (i) Chinese patent medicines; and (ii) decoction pieces (consisting of traditional decoction pieces and modern decoction pieces) under the Group's brands in the PRC. The Group's brands include "Zeus (中智)", "Liumian (六棉)" and "Caojinghua (草晶華)".

Revenue derived from pharmaceutical manufacturing decreased by approximately 12.2% to RMB530.7 million for the six months ended 30 June 2026 (six months ended 30 June 2025: RMB604.6 million) and accounted for 67.2% of the total revenue during the Reporting Period (six months ended 30 June 2025: 68.7%). The decrease in revenue was mainly attributable to divergent market demands and consumption contraction, with channels undergoing inventory reduction adjustments.

Operation of Chain Pharmacies

The Group has been operating chain pharmacies in Guangdong under the brand "Zeus (中智)" for the sale of pharmaceutical products since 2001. As at 30 June 2026, the Group has 373 self-operated chain pharmacies in Guangdong (as at 30 June 2025: 390), of which 373 are medical insurance designated pharmacies (醫保定點藥店).

Segment revenue of the operation of chain pharmacies decreased by 6.0% to RMB259.2 million for the six months ended 30 June 2026 (six months ended 30 June 2025: RMB275.9 million) and accounted for 32.8% of the total revenue during the Reporting Period (six months ended 30 June 2025: 31.3%), which was mainly attributable to the pharmaceutical retail terminal facing competitive stress from many aspects and the diversion effect of community hospitals' medical insurance services, leading to a decrease in footfall.

Management Discussion and Analysis

Gross Profit and Gross Profit Margin

Gross profit of the Group for the Reporting Period was RMB418.2 million, representing a decrease of RMB64.3 million or 13.3% as compared with RMB482.5 million for the six months ended 30 June 2025. The analysis of gross profit and gross profit margin by segment is as below:

	Gross profit for the six months ended 30 June			Gross profit margin for the six months ended 30 June		
	2026	2025	Change	**2026**	2025	Change
	RMB'000	RMB'000	(%)	**(%)**	(%)	(%)
Pharmaceutical manufacturing	**330,668**	374,261	(11.6)	**62.3**	61.9	0.4
Operation of chain pharmacies	**87,520**	108,257	(19.2)	**33.8**	39.2	(5.4)
	418,188	482,518	(13.3)	**52.9**	54.8	(1.9)

Pharmaceutical Manufacturing

The gross profit of pharmaceutical manufacturing segment decreased by 11.6% to RMB330.7 million for the six months ended 30 June 2026 (six months ended 30 June 2025: RMB374.3 million). The gross profit margin increased to 62.3% for the six months ended 30 June 2026 (six months ended 30 June 2025: 61.9%). The increase in gross profit margin was mainly due to the change in the structure of sales varieties.

Operation of Chain Pharmacies

The gross profit of chain pharmacies segment decreased by 19.2% to RMB87.5 million for the six months ended 30 June 2026 (six months ended 30 June 2025: RMB108.3 million). The gross profit margin of the chain pharmacies segment decreased to 33.8% for the six months ended 30 June 2026 (six months ended 30 June 2025: 39.2%). The decrease in gross profit margin was mainly due to the change in the structure of online and offline channels.

Other Income and Gains

Other income and gains mainly comprise of bank interest income and government grants. For the six months ended 30 June 2026, other income and gains of the Group were approximately RMB9.5 million (six months ended 30 June 2025: RMB12.9 million), representing a decrease of approximately RMB3.4 million as compared to corresponding period in last year, which was mainly attributable to the decrease in bank interest income.

Selling and Distribution Expenses

Selling and distribution expenses mainly represent sales-related staff costs, advertisement and promotional costs and rental expenses of the Group's chain pharmacies. Selling and distribution expenses for the six months ended 30 June 2026 amounted to approximately RMB339.7 million (six months ended 30 June 2025: RMB405.7 million), representing a decrease of approximately 16.3% as compared to corresponding period in last year. Selling and distribution expenses ratio was 43.0% (six months ended 30 June 2025: 46.1%) against revenue for the six months ended 30 June 2026, representing a decrease of 3.1% over the corresponding period in last year, which is mainly due to more precise allocation of marketing expenses and improved efficiency in expense utilization.

Management Discussion and Analysis

Administrative Expenses

Administrative expenses mainly represent expenses and depreciation related to the administrative office and salaries and benefits of the management staff. Administrative expenses amounted to approximately RMB41.5 million for the six months ended 30 June 2026 (six months ended 30 June 2025: RMB49.5 million), representing a decrease of approximately 16.1% as compared to corresponding period in last year. The decrease was mainly due to the results of the Group's ongoing process optimization and promotion of the use of automation tools.

Income Tax Expense

Income tax expense amounted to approximately RMB4.5 million for the six months ended 30 June 2026 (six months ended 30 June 2025: income tax credit of RMB8.2 million). The change was mainly due to the profit for this period has increased.

Profit Attributable to Owners of the Parent

As a result of the factors discussed above, profit attributable to owners of the parent increased by 3.8% to RMB9.1 million for the six months ended 30 June 2026 (six months ended 30 June 2025: RMB8.8 million). The Group's net profit margin was 1.2% for the six months ended 30 June 2026 (six months ended 30 June 2025: 1.0%).

LIQUIDITY AND CAPITAL RESOURCES

Net Current Assets

As at 30 June 2026, the Group had net current assets of approximately RMB349.4 million (31 December 2025: RMB373.8 million). As at 30 June 2026, the Group's total cash and bank balances amounted to approximately RMB161.6 million (31 December 2025: RMB174.4 million). The current ratio of the Group maintained at approximately 1.6 as at 30 June 2026 (31 December 2025: 1.6).

The equity attributable to shareholders of the Company as at 30 June 2026 amounted to approximately RMB1,102.4 million (31 December 2025: RMB1,094.7 million). As at 30 June 2026, the Group had outstanding unsecured borrowings of RMB10.0 million at a floating interest rate (31 December 2025: RMB48.1 million and HK$0 million).

The Group's gearing ratio (borrowings over total equity) as at 30 June 2026 was 0.9% (31 December 2025: 4.4%).

As at 30 June 2026, the Group had available unutilized banking facilities of RMB193.5 million (31 December 2025: RMB440.4 million) and HK$40.0 million (31 December 2025: HK$40.0 million).

The Group adopts a centralized management of its financial resources and always maintains a prudent approach for a steady financial position.

Financing

The Board considers that the existing financial resources together with funds generated from business operations will be sufficient to meet future expansion plans and, if necessary, the Group believes that it will be capable of obtaining additional financing with favorable terms.

Management Discussion and Analysis

CAPITAL STRUCTURE

The shares of the Company (the "Shares") were listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 13 July 2015. The capital of the Company comprises ordinary shares and other reserves. As at 30 June 2026, the number of issued shares of the Company was 863,600,000 ordinary shares of HK$0.01 each.

FOREIGN EXCHANGE EXPOSURE AND EXCHANGE RATE RISK

The Group's transactions are mainly denominated in RMB. Certain of the Group's cash and bank deposits are denominated in Hong Kong dollars. In addition, the Company will pay dividend in Hong Kong dollars in the future. Any significant exchange rate fluctuations of Hong Kong dollars against RMB may have financial impacts on the Group. The Group did not use any forward contracts, currency borrowings or other means to hedge its foreign currency exposure as at 30 June 2026. Nevertheless, the Group will from time to time review and adjust the Group's hedging and financing strategies based on the RMB and Hong Kong dollars exchange rate movement.

CHARGE ON GROUP ASSETS

As at 30 June 2026 and 31 December 2025, the Group did not have any charges on its assets.

CAPITAL EXPENDITURE

For the six months ended 30 June 2026, the Group had capital expenditure of approximately RMB15.5 million (six months ended 30 June 2025: RMB27.8 million). The capital expenditure was mainly related to the purchase of items of property, plant and equipment and other intangible assets.

INTERIM DIVIDEND

The Board is proposed not to distribute any interim dividend for the six months ended 30 June 2026 to maintain a healthy cash flow (no interim dividend was distributed for the six months ended 30 June 2025).

EMPLOYEES AND EMOLUMENTS POLICY

The key components of the Group's remuneration package included basic salary, and where appropriate, other allowances, commission, bonuses and the Group's contribution to mandatory provident funds or state-managed retirement benefits scheme. Other benefits included share options to be granted under the share option scheme adopted on 8 June 2015, which became effective on the Listing Date, and shares to be granted under the share award plan which was adopted and became effective on 8 January 2016.

As at 30 June 2026, the Group had 2,168 employees with a total remuneration of RMB152.4 million during the Reporting Period (six months ended 30 June 2025: RMB152.9 million) (including pension scheme contributions, staff welfare expenses and equity-settled share award expense). The salaries of the employees are determined with reference to individual performance, work experience, qualification and current industry practices.

The contributions by the Group for the Defined Contribution Schemes are charged to the statement of profit or loss as they become payable in accordance with the relevant rules of the respective schemes.

Management Discussion and Analysis

The Group's contributions to the Defined Contribution Schemes vest fully and immediately with the employees. Accordingly, (i) for each of the two six months ended 30 June 2026 and 30 June 2025, there was no forfeiture of contributions under the Defined Contribution Schemes; and (ii) there were no forfeited contributions available for the Group to reduce its existing level of contributions to the Defined Contribution Schemes as at 30 June 2026 and 30 June 2025. For each of the two six months ended 30 June 2026 and 30 June 2025, the Group did not have any defined benefit plan.

SIGNIFICANT INVESTMENTS

During the Reporting Period, there were no matters required to be disclosed.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group had no material acquisitions or disposals of subsidiaries, associates or joint ventures during the Reporting Period.

EVENT AFTER THE REPORTING PERIOD

There were no significant events after the Reporting Period up to the date of this announcement.

CAPITAL COMMITMENT

As at 30 June 2026, the Group's capital commitment amounted to RMB7.4 million (31 December 2025: RMB7.6 million). The capital commitment is mainly related to the construction and equipment.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Apart from strengthening the Group's current business and the future plans as disclosed in the Prospectus, the Group will devote its best effort and resources to cope with the increasing market demand in the Group's own-branded products, in order to enhance shareholder's value. The Group will also consider any potential investment opportunities which may benefit its shareholders as and when these opportunities arise.

CONTINGENT LIABILITIES

The Group did not have any contingent liabilities as at 30 June 2026 (31 December 2025: nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Reporting Period and up to the date of this announcement.

Management Discussion and Analysis

AUDIT COMMITTEE

The Audit Committee was established with written terms of reference which has been adopted for the purpose of reviewing and providing supervision on the financial reporting process and overseeing the risk management and internal control systems of the Group. The Audit Committee comprises three members, all being independent non-executive Directors, namely, Mr. Ng Kwun Wan (Chairman), Mr. Zhu Shang Heng and Mr. Zhou Dai Han.

The Audit Committee has reviewed, with the management, the accounting principles and policies adopted by the Group, and discussed the unaudited interim condensed consolidated financial information matters of the Group for the six months ended 30 June 2026 and recommended its adoption by the Board.

CORPORATE GOVERNANCE PRACTICES

The Board of the Company recognises the importance of and is committed to maintaining high standards of corporate governance so as to enhance corporate transparency and safeguard the interests of the Company and its shareholders, customers, staff and other stakeholders. It strives to maintain effective accountability systems through well-developed corporate policies and procedures, and internal systems and controls. The Company has complied with the Code on Corporate Governance Practices ("CG Code") as set out in the Appendix C1 to the Listing Rules during the six months ended 30 June 2026.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (THE "MODEL CODE")

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules as its code of conduct regarding Directors' securities transactions. All Directors of the Company have confirmed that, following specific enquiry by the Company, they have complied with the required standards set out in the Model Code throughout the Reporting Period.

Report on Review of Interim Condensed Consolidated Financial Information

To the board of directors of Zhongzhi Pharmaceutical Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 15 to 43, which comprises the condensed consolidated statement of financial position of Zhongzhi Pharmaceutical Holdings Limited (the "Company") and its subsidiaries (the "Group") as at 30 June 2026 and the related condensed consolidated statement of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* as issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Certified Public Accountants
Hong Kong

26 August 2026

Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2026

	Notes	Six months ended 30 June 2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
REVENUE	4	**789,963**	880,480
Cost of sales		**(371,775)**	(397,962)
Gross profit		**418,188**	482,518
Other income and gains	4	**9,523**	12,908
Selling and distribution expenses		**(339,736)**	(405,735)
Administrative expenses		**(41,486)**	(49,475)
Other expenses		**(30,989)**	(33,884)
Reversal of impairment/(impairment losses) on financial assets, net		**4**	(2,772)
Finance costs		**(1,970)**	(2,960)
PROFIT BEFORE TAX	5	**13,534**	600
Income tax (expense)/credit	6	**(4,469)**	8,217
PROFIT FOR THE PERIOD		**9,065**	8,817
Attributable to:			
Owners of the parent		**9,116**	8,783
Non-controlling interests		**(51)**	34
		9,065	8,817
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic			
— For profit for the period		**RMB0.011**	RMB0.010
Diluted			
— For profit for the period		**RMB0.011**	RMB0.010

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2026

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	**9,065**	8,817
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**1,437**	89
Change in fair value of equity investments, net of tax	**(673)**	—
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(2,241)**	(1,047)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	**(1,477)**	(958)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**7,588**	7,859
Attributable to:		
Owners of the parent	**7,639**	7,825
Non-controlling interests	**(51)**	34
	7,588	7,859

Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2026

	Notes	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	**531,707**	548,655
Investment properties	9	**55,104**	53,710
Prepayment for property, plant and equipment		**627**	1,301
Right-of-use assets		**118,789**	122,480
Pledged deposits	16	**500**	500
Goodwill		**1,628**	1,628
Other intangible assets	10	**7,008**	8,378
Equity investments at fair value through profit or loss	11	**55,788**	41,788
Equity investments at fair value through other comprehensive income	12	**20,978**	21,650
Deferred tax assets		**29,042**	29,748
Other non-current assets		**6,133**	6,284
Total non-current assets		**827,304**	836,122
CURRENT ASSETS			
Inventories	13	**241,510**	280,588
Trade and notes receivables	14	**417,811**	441,763
Prepayments, deposits and other receivables	15	**64,960**	72,202
Amounts due from related parties	23	**217**	—
Cash and bank balances	16	**161,563**	174,420
Pledged deposits	16	**—**	—
Restricted cash	16	**49,452**	26,389
Total current assets		**935,513**	995,362
CURRENT LIABILITIES			
Trade and bills payables	17	**254,319**	261,599
Interest-bearing bank borrowings		**10,000**	12,068
Other payables and accruals	18	**247,511**	269,349
Lease liabilities		**30,989**	31,280
Amounts due to related parties	23	**8,786**	8,786
Deferred income	19	**2,388**	2,300
Tax payable		**32,169**	36,155
Total current liabilities		**586,162**	621,537
NET CURRENT ASSETS		**349,351**	373,825
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,176,655**	1,209,947

Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2026

	Notes	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Deferred income	19	**4,511**	5,431
Lease liabilities		**46,645**	50,662
Deferred tax liabilities		**18,135**	18,075
Interest-bearing bank borrowings		**—**	36,003
Total non-current liabilities		**69,291**	110,171
Net assets		**1,107,364**	1,099,776
EQUITY			
Equity attributable to owners of the parent			
Issued capital	20	**6,847**	6,847
Reserves		**1,095,514**	1,087,875
		1,102,361	1,094,722
Non-controlling interests		**5,003**	5,054
Total equity		**1,107,364**	1,099,776

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2026

	Attributable to owners of the parent												
	Issued capital RMB'000	Shares held for the share award plan RMB'000	Share premium RMB'000	Merger reserve RMB'000	Statutory surplus reserve RMB'000	Share-based payment RMB'000	Share award reserve RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 31 December 2025 (audited)	6,847	(29,173)*	25,039*	31,200*	135,268*	5,680*	(2,079)*	515	16,910*	904,515*	1,094,722	5,054	1,099,776
Profit for the period	–	–	–	–	–	–	–	–	–	9,116	9,116	(51)	9,065
Other comprehensive loss for the period, net of tax	–	–	–	–	–	–	–	(673)	–	–	(673)	–	(673)
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	–	(804)	–	(804)	–	(804)
Total comprehensive (loss)/income for the period	–	–	–	–	–	–	–	(673)	(804)	9,116	7,639	(51)	7,588
Issue of shares	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfer from retained profits	–	–	–	–	–	–	–	–	–	–	–	–	–
Dividend declared	–	–	–	–	–	–	–	–	–	–	–	–	–
At 30 June 2026 (unaudited)	6,847	(29,173)*	25,039*	31,200*	135,268*	5,680*	(2,079)*	(158)	16,106*	913,631*	1,102,361	5,003	1,107,364

* These reserve accounts comprise the consolidated reserve of RMB1,095,514,000 (31 December 2025: RMB1,087,875,000) in the consolidated statement of financial position.

	Attributable to owners of the parent											
	Issued capital RMB'000	Shares held for the share award plan RMB'000	Share premium RMB'000	Merger reserve RMB'000	Statutory surplus reserve RMB'000	Share-based payment RMB'000	Share award reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 31 December 2024 (audited)	6,847	(29,173)*	63,589*	31,200*	125,901*	5,680*	(2,079)*	17,965*	896,592*	1,116,522	5,020	1,121,542
Profit for the period	–	–	–	–	–	–	–	–	8,783	8,783	34	8,817
Other comprehensive loss for the period												
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	(958)	–	(958)	–	(958)
Total comprehensive (loss)/income for the period	–	–	–	–	–	–	–	(958)	8,783	7,825	34	7,859
Transfer from retained profits	–	–	–	–	9,292	–	–	–	(9,292)	–	–	–
Dividend declared	–	–	(38,550)	–	–	–	–	–	–	(38,550)	–	(38,550)
At 30 June 2025 (unaudited)	6,847	(29,173)*	25,039*	31,200*	135,193*	5,680*	(2,079)*	17,007*	896,083*	1,085,797	5,054	1,090,851

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2026

	Notes	Six months ended 30 June 2026 RMB'000 (Unaudited)	 2025 RMB'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**13,534**	600
Adjustments for:			
Finance costs	5	**1,970**	2,960
Bank interest income	4	**(826)**	(2,200)
Loss on disposal of items of property, plant and equipment		**38**	292
Depreciation of property, plant and equipment and investment properties	5	**27,890**	25,929
Depreciation of right-of-use assets	5	**16,985**	19,445
Amortisation of other intangible assets	5,10	**1,559**	2,032
Government grants released	19	**(2,179)**	(2,757)
Fair value losses/(gains), net:			
Gain on disposal of equity investment at fair value through profit or loss		**–**	(433)
Loss on derecognition of financial assets measured at amortised cost		**294**	1,033
Gain on lease modifications		**(88)**	(39)
(Reversal of impairment)/impairment losses on trade receivables	5	**(4)**	2,772
Write-down of inventories to net realisable value	5	**4,860**	7,885
		64,033	57,519
Decrease in inventories		**34,218**	35,345
Decrease in trade and notes receivables		**23,513**	25,306
Decrease in prepayments, deposits and other receivables		**7,025**	2,898
Decrease in non-current assets		**151**	238
Decrease in trade payables		**(7,281)**	(9,597)
Decrease in other payables and accruals		**(19,277)**	(26,472)
Decrease in pledged deposits		**40,000**	74,400
Increase in restricted cash		**(23,063)**	(26,864)
Increase in deferred income		**1,347**	968
Cash generated from operations		**120,666**	133,741
Interest paid		**(459)**	(1,134)
Income tax paid		**(7,689)**	(9,281)
Net cash flows from operating activities		**112,518**	123,326

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2026

	Notes	Six months ended 30 June **2026** **RMB'000** **(Unaudited)**	2025 RMB'000 (Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of items of property, plant and equipment		**(15,310)**	(17,830)
Decrease/(increase) in prepayments for purchases of property, plant and equipment		**674**	(1,886)
Proceeds from disposal of items of property, plant and equipment		**524**	164
Purchase of other intangible assets		**(189)**	(9,952)
Proceeds from disposal of equity investments at fair value through profit or loss		**–**	7,476
Purchase of equity investments at fair value through profit or loss		**(14,000)**	(7,042)
Purchases of equity investments at fair value through other comprehensive income		**–**	(21,340)
Bank interest received	4	**826**	2,200
Net cash flows used in investing activities		**(27,475)**	(48,210)
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal portion of lease payments		**(19,024)**	(20,771)
Proceeds from borrowings		**10,000**	29,500
Repayments of bank borrowings		**(48,071)**	(66,116)
Dividends paid		**–**	(38,550)
Net cash flows used in financing activities		**(57,095)**	(95,937)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**27,948**	(20,821)
Cash and cash equivalents at beginning of the period		**134,420**	127,103
Exchange of foreign exchange rate changes, net		**(805)**	(773)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		**161,563**	105,509
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	16	**153,563**	105,509
Non-pledged time deposits	16	**8,000**	40,000
Restricted Cash	16	**49,452**	28,977
Cash and bank balances as stated in the statement of financial position	16	**211,015**	174,486
Non-pledged time deposits with original maturity of more than three months when acquired		**–**	(40,000)
Restricted Cash		**(49,452)**	(28,977)
Cash and cash equivalents at end of the period		**161,563**	105,509

Notes to the Interim Condensed Consolidated Financial Information

1. CORPORATE INFORMATION

Zhongzhi Pharmaceutical Holdings Limited (the "Company") was incorporated in the Cayman Islands on 12 September 2014 as an exempted company with limited liability under the Companies Law (2013 Revision) of the Cayman Islands. The address of the registered office of the Company is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 13 July 2015 (the "Listing Date").

The principal activity of the Company is investment holding. The principal activities of the subsidiaries comprise the manufacture and sale of pharmaceutical products and operation of chain pharmacies in the People's Republic of China (the "PRC"). There has been no significant change in the Group's principal activities during the year.

In the opinion of the Directors, as at the date of this report, the immediate and ultimate holding company of the Company is Crystal Talent Investment Group Limited, a company incorporated in the British Virgin Islands ("BVI").

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial information for the six months ended 30 June 2026 has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), including compliance with International Accounting Standard ("IAS") 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 financial statements for the year ended 31 December 2025.

The interim condensed consolidated financial information has been prepared under a historical cost convention, except for equity investments and financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 Changes in accounting policies and disclosures

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

Notes to the Interim Condensed Consolidated Financial Information

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policies and disclosures (Continued)

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

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

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

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

Annual Improvements to IFRS Accounting Standards – Volume 11 set out narrow scope amendments to IFRS 1, IFRS 7 (and the accompanying Guidance on implementing IFRS 7), IFRS 9, IFRS 10 and IAS 7. The amendments include clarifications, simplifications, corrections or changes to improve consistency in the corresponding IFRS Accounting Standards. The amendments did not have any impact on the interim condensed consolidated financial information.

Notes to the Interim Condensed Consolidated Financial Information

3. OPERATING SEGMENT INFORMATION

The board of directors is the Group's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by the board of directors for the purposes of allocating resources and assessing performance.

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

(a) Pharmaceutical manufacturing

(b) Operation of chain pharmacies

Separate individual financial information for different types of channels is presented to the board of directors who reviews the internal reports in order to assess performance and allocate resources.

Segment results are evaluated based on gross profit. No analysis of the Group's assets and liabilities by operating segments is disclosed as it is not regularly provided to the board of directors.

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

Geographical information

Since over 90% of the Group's revenue and operating profit were generated in the PRC and over 90% of the Group's non-current assets were located in the PRC, no geographical segment information in accordance with IFRS 8 Operating Segments is presented.

Information about major customers

During each of the six months ended 30 June 2025 and 2026, the Group had no revenue from transaction with a single customer which amounted to 10% or more of the Group's sales.

Notes to the Interim Condensed Consolidated Financial Information

3. OPERATING SEGMENT INFORMATION (Continued)

The revenue and results by operating segments of the Group during each of the six months ended 30 June 2025 and 2026 are as follows:

	Six months ended 30 June 2026		
	Pharmaceutical manufacturing RMB'000 (unaudited)	Operation of chain pharmacies RMB'000 (unaudited)	Total RMB'000 (unaudited)
Segment revenue:			
Revenue from external customers (note 4)	530,727	259,236	789,963
Intersegment sales	243,903	—	243,903
	774,630	259,236	1,033,866
Reconciliation:			
Elimination of intersegment sales			(243,903)
Revenue			789,963
Segment results	330,668	87,520	418,188
Reconciliation:			
Other income and gains			9,523
Selling and distribution expenses			(339,736)
Administrative expenses			(41,486)
Other expenses			(30,989)
Reversal of impairment on financial assets, net			4
Finance costs			(1,970)
Profit before tax			13,534

Notes to the Interim Condensed Consolidated Financial Information

3. OPERATING SEGMENT INFORMATION (Continued)

	Six months ended 30 June 2025		
	Pharmaceutical manufacturing RMB'000 (unaudited)	Operation of chain pharmacies RMB'000 (unaudited)	Total RMB'000 (unaudited)
Segment revenue:			
Revenue from external customers (note 4)	604,552	275,928	880,480
Intersegment sales	306,001	—	306,001
	910,553	275,928	1,186,481
Reconciliation:			
Elimination of intersegment sales			(306,001)
Revenue			880,480
Segment results	374,261	108,257	482,518
Reconciliation:			
Other income and gains			12,908
Selling and distribution expenses			(405,735)
Administrative expenses			(49,475)
Other expenses			(33,884)
Impairment losses on financial assets, net			(2,772)
Finance costs			(2,960)
Profit before tax			600

Notes to the Interim Condensed Consolidated Financial Information

4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold after allowances for returns and trade discounts, for the six months ended 30 June 2026.

For the six months ended 30 June 2026, the revenue from contracts with customers is recognised at a point in time.

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

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue		
Sale of pharmaceutical products	**789,963**	880,480
Other income		
Bank interest income	**826**	2,200
Gains		
Government grants:		
— Related to assets	**1,227**	1,630
— Related to income	**952**	1,127
Gain on disposal of items of property, plant and equipment	**113**	—
Others	**6,405**	7,951
	8,697	10,708
	9,523	12,908

Notes to the Interim Condensed Consolidated Financial Information

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	Notes	Six months ended 30 June 2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Cost of inventories sold		**371,775**	397,962
Depreciation of property, plant and equipment and investment properties		**27,890**	25,929
Depreciation of right-of-use assets*		**16,985**	19,445
Amortisation of other intangible assets*	10	**1,559**	2,032
Research and development costs		**20,976**	22,276
Advertising, marketing and promotion expenses		**224,233**	262,749
Write-down of inventories to net realisable value		**4,860**	7,885
Impairment (gain)/losses on trade receivables		**(4)**	2,772
Loss on derecognition of financial assets measured at amortised cost		**294**	1,033
Finance costs		**1,970**	2,960
Auditor's remuneration		**1,289**	1,046
Employee benefit expenses (including directors' remuneration):			
Wages and salaries		**112,248**	131,243
Pension scheme contributions (defined contribution scheme)		**10,575**	11,606
Staff welfare expenses		**29,617**	10,086
		152,440	152,935

* The depreciation of right-of-use assets and the amortisation of other intangible assets for the reporting period is included in "Administrative expenses", and "Selling and distribution expenses" in the consolidated statement of profit or loss.

Notes to the Interim Condensed Consolidated Financial Information

6. INCOME TAX EXPENSE

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

Pursuant to the rules and regulations of the BVI, the Group is not subject to any income tax in the BVI.

Hong Kong profits tax rate is 16.5% (2025: 16.5%) of the estimated assessable profit derived from Hong Kong. Since the Group had no such profit during the reporting period, no provision for Hong Kong profits tax has been made.

Taxes on profits assessable in Mainland China have been calculated at the prevailing tax rates, based on existing legislation, interpretations and practices in respect thereof.

Pursuant to the PRC Corporate Income Tax Law effective on 1 January 2008, the PRC corporate income tax rate of the Group's subsidiaries operating in Mainland China during the reporting period was 25% of their taxable profits.

Zhongshan Hengsheng Pharmaceutical Group Co.,Ltd. and Zhongshan Zhongzhi Pharmaceutical Group Co., Ltd. are qualified as high and new technology enterprises and are subject to a preferential income tax rate of 15% for the six months ended 30 June 2026 and 2025, respectively.

The income tax expense of the Group for the reporting period are analysed as follows:

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Mainland China		
Current income tax expense/(credit)	**3,703**	(3,699)
Deferred income tax expense/(credit)	**766**	(4,518)
Total income tax expense/(credit)	**4,469**	(8,217)

In accordance with the Enterprise Income Tax Law of the PRC effective on 1 January 2008, a 10% (or a lower rate if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors) withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The Group is therefore liable to withholding taxes on dividends distributed by the PRC subsidiaries of the Company, in respect of earnings generated from 1 January 2008. For the Group, the applicable rate changed from 10% to 5% since the Group's Hong Kong subsidiary obtained its Certificate of Hong Kong Resident in January 2025 and are therefore eligible for the tax treaty between Mainland China and the jurisdiction of the foreign investors. As at 30 June 2026, the Group recognised a deferred tax liability of RMB2,229,000 (31 December 2025: RMB203,000) in respect of the withholding tax on future dividend distribution by the PRC entities.

Notes to the Interim Condensed Consolidated Financial Information

7. DIVIDEND

During the six months ended 30 June 2025, the Company declared and paid a final dividend (HK5 cents per ordinary share) in respect of the previous financial year amounting to HK$42,187,000 (equivalent to approximately RMB38,550,000), after the adjustment of excluding the dividend for shares held under the share award plan of the Company amounting to HK$993,000 (equivalent to approximately RMB907,000).

During the six months ended 30 June 2026, the Company did not declare or pay any final dividend in respect of the previous financial year.

Subsequent to 30 June 2026, the board of directors resolved not to pay any interim dividend to the shareholders (six months ended 30 June 2025: nil).

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

The calculation of basic earnings per share for the period is based on the profit for the period attributable to ordinary equity holders of the parent, and the adjusted weighted average number of ordinary shares of 843,744,500 in issue during the period.

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

Notes to the Interim Condensed Consolidated Financial Information

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

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

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**9,116**	8,783

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue	**863,600,000**	863,600,000
Weighted average number of shares held for the share award plan (note 21)	**(19,855,500)**	(19,855,500)
Adjusted weighted average number of ordinary shares in issue used in the basic earnings per share calculation	**843,744,500**	843,744,500
Effect of dilution — weighted average number of ordinary shares held for the share award plan	**—**	—
Adjusted weighted average number of ordinary shares in issue used in the diluted earnings per share calculation	**843,744,500**	843,744,500

Notes to the Interim Condensed Consolidated Financial Information

9. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Carrying amount at 1 January	**548,655**	585,510
Additions	**12,898**	20,622
Depreciation provided during the period/year	**(27,028)**	(55,182)
Transfer to investment properties	**(2,256)**	(1,355)
Disposals	**(562)**	(940)
Carrying amount at 30 June/31 December	**531,707**	548,655

The Group's buildings are located in Mainland China.

	Investment properties RMB'000
As at 31 December 2025 and 1 January 2026	**53,710**
Transfer from property, plant and equipment	**2,256**
Depreciation provided during the period	**(862)**
As at 30 June 2026	**55,104**

Certain self-owned building of the Group was reclassified to investment properties with original cost of RMB98,286,000 and accumulated depreciation of RMB43,182,000. The investment property was stated at cost with fair value not lesser than the carrying amount. The fair value of the investment properties were valued at RMB98,038,000 as at 30 June 2026 by internal appraiser and were determined by income approach.

Notes to the Interim Condensed Consolidated Financial Information

10. OTHER INTANGIBLE ASSETS

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Carrying amount at 1 January	**8,378**	11,845
Additions	**189**	50
Amortisation provided during the period/year	**(1,559)**	(3,517)
Carrying amount at 30 June/31 December	**7,008**	8,378

11. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Equity investments at fair value through profit or loss		
Unlisted equity investment, at fair value	**55,788**	41,788
	55,788	41,788

The above equity investments amounting to RMB55,788,000 (31 December 2025: RMB41,788,000) were held for strategic investment purpose while the Group has not elected to designate the investments as financial asset at fair value through other comprehensive income.

12. EQUITY INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Equity investments at fair value through other comprehensive income		
Unlisted equity investment, at fair value	**20,978**	21,650
	20,978	21,650

The above equity investments amounting to RMB20,978,000 (31 December 2025: RMB21,650,000) were held for strategic investment purpose, the Group has elected to designate the investment as financial asset at fair value through other comprehensive income.

Notes to the Interim Condensed Consolidated Financial Information

13. INVENTORIES

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Raw materials	**58,068**	62,874
Work in progress	**17,598**	24,381
Finished goods	**165,844**	193,333
	241,510	280,588

Inventories with a value of RMB24,731,650 (31 December 2025: RMB24,370,000) are carried at net realisable value, which is lower than cost.

14. TRADE AND NOTES RECEIVABLES

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Trade receivables	**325,330**	335,671
Less: Impairment of trade receivables	**8,717**	8,721
Trade receivables, net	**316,613**	326,950
Notes receivables	**101,198**	114,813
	417,811	441,763

The Group's trading terms with its wholesale customers are mainly on credit. The credit period is generally not more than three months for major customers. As to new customers and one-off purchase order customers, payment in advance is normally required. Each customer has a maximum credit limit. The Group seeks to enforce strict control over its outstanding receivables. 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 with a good track record, there is no significant concentration of credit risk. Trade receivables are non-interest bearing. The fair value of trade and notes receivables approximates to their carrying amount.

Notes receivables had no historical default and were categorised in stage 1 at 30 June 2026 and 31 December 2025. In calculating the expected credit loss rate, the Group considers the historical loss rate and adjusts for forward-looking macroeconomic data. During the period ended 30 June 2026 and year ended 31 December 2025, the Group estimated that the expected credit loss rate for notes receivables was minimal.

Notes to the Interim Condensed Consolidated Financial Information

14. TRADE AND NOTES RECEIVABLES (Continued)

An aged analysis of the trade receivables as at the end of the reporting periods, based on the invoice date, and the balances of notes receivable is as follows:

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Trade receivables:		
Within 1 month	**124,242**	140,036
1 to 3 months	**114,275**	85,648
3 to 6 months	**46,919**	57,447
6 to 12 months	**26,258**	37,838
Over 12 months	**4,919**	5,981
	316,613	326,950

The notes receivables are settled within 180 days. As at 30 June 2026, the Group continued to recognise endorsed notes receivable and associated liabilities amounting to RMB15,382,000 (31 December 2025: RMB15,531,000) respectively. The directors considered that the Group has retained the substantial risks and rewards, which include default risks relating to such remaining endorsed notes.

15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Prepayments	**36,666**	42,084
Tax recoverable	**4,473**	5,619
Deposits and other receivables	**23,821**	24,499
	64,960	72,202

Notes to the Interim Condensed Consolidated Financial Information

16. CASH AND BANK BALANCES, PLEDGED DEPOSITS AND RESTRICTED CASH

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Cash and bank balances	**203,015**	160,809
Time deposits	**8,500**	40,500
Less:		
Restricted cash*	**(49,452)**	(26,389)
Pledged time deposits**	**(500)**	(500)
	161,563	174,420
Denominated in:		
— RMB	**157,480**	158,285
— HK$	**4,083**	16,135
	161,563	174,420

* At 30 June 2026, bank balance of RMB49,452,000 (31 December 2025: RMB26,389,000) was frozen for bank acceptance bills.

** At 30 June 2026, bank deposits of RMB500,000 (31 December 2025: RMB500,000) was pledged for designated purposes.

At the end of the reporting period, the cash and bank balances of the Group were denominated in RMB and HK$. The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Notes to the Interim Condensed Consolidated Financial Information

17. TRADE AND BILLS PAYABLES

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Trade payables	**152,979**	164,686
Bills payables	**101,340**	96,913
	254,319	261,599

An aged analysis of the trade payables as at 31 December 2025 and 30 June 2026, based on the invoice date, is as follows:

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Within 3 months	**139,074**	121,676
3 to 6 months	**8,299**	17,378
6 to 12 months	**3,875**	17,308
over 12 months	**1,731**	8,324
	152,979	164,686

The trade payables and bills payables are non-interest-bearing and are normally settled on terms not exceeding 120 days and 180 days, respectively.

Notes to the Interim Condensed Consolidated Financial Information

18. OTHER PAYABLES AND ACCRUALS

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Contract liabilities	**15,930**	11,591
Other payables	**95,061**	113,851
Accruals	**—**	—
Accrued salaries and welfare	**19,857**	25,723
Endorsed notes	**15,382**	15,531
Deposits received	**70,291**	71,175
Payables for purchases of property, equipment and other intangible assets	**10,816**	13,228
Other tax payables	**20,174**	18,250
	247,511	269,349

Other payables are non-interest bearing and have an average term of six months.

19. DEFERRED INCOME

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
At 1 January	**7,731**	11,426
Received amounts	**1,347**	2,120
Released amounts	**(2,179)**	(5,815)
At 30 June/31 December	**6,899**	7,731
Current	**2,388**	2,300
Non-current	**4,511**	5,431
	6,899	7,731

Notes to the Interim Condensed Consolidated Financial Information

20. ISSUED CAPITAL

Issued Capital

The Company's issued share capital during the period is as follows:

	30 June 2026 (Unaudited)	31 December 2025 (Audited)
Issued and fully paid: 863,600,000 (2025: 863,600,000) ordinary shares of HK$0.01 each (HK$'000)	**8,636**	8,636
Equivalent to RMB'000	**6,847**	6,847

21. SHARE AWARD PLAN

A share award plan was adopted on 8 January 2016 (the "Share Award Plan"). The Share Award Plan is a share incentive scheme and is established to recognise the contributions made by certain selected persons and to attract suitable individuals with experience and ability to further develop and expand the business of the Group.

The awarded shares will be either (i) allotted and issued by the Company, by using the general or specific mandates granted or to be granted to the board of directors by the shareholders of the Company at general meetings of the Company from time to time, or (ii) acquired by an independent trustee (the "Trustee") from the open market by utilizing the Company's resources provided to the Trustee. The maximum number of shares in respect of which options may be granted under the Share Award Plan cannot result in the aggregate number of shares awarded by the board of directors throughout the duration of the plan to be in exceeding of 1% of the issued share capital of the Company.

In order to recognise and reward the contribution of and solidify the relationship with the service providers and distributors, the board of directors has resolved to increase the limit of the Share Award Plan from 1% of the issued share capital of the Company to 2.5% of the issued share capital of the Company on 25 March 2019.

Subject to any early termination as may be determined by the board of directors pursuant to the terms of the Share Award Plan, the plan will be valid and effective for a term of 10 years commencing on the date of adoption.

The Company granted 149,000 shares to certain employees on 20 June 2016 and the vesting date of the shares is 20 June 2016. The fair value of the granted shares is calculated based on the closing market price of the shares (HK$2.37) on the day of the grant, amounting to HK$353,000 (equivalent to approximately RMB303,000).

The Company granted 1,072,500 shares to certain employees on 7 April 2017 and the vesting date of the shares was 7 April 2017. The fair value of the granted shares is calculated based on the closing market price of the shares (HK$1.70) on the day of the grant, amounting to HK$1,823,000 (equivalent to approximately RMB1,618,000).

Notes to the Interim Condensed Consolidated Financial Information

21. SHARE AWARD PLAN (Continued)

The Company granted 127,000 shares to certain employees on 2 January 2019 and the vesting date of the shares was 2 January 2019. The fair value of the granted shares is calculated based on the closing market price of the shares (HK$1.45) on the day of the grant, amounting to HK$184,000 (equivalent to approximately RMB161,000).

The board of directors also approved to grant certain shares with a maximum number of 5,940,000 shares to certain employees, service providers and distributors (the "Eligible Persons") on 25 March 2019, which was subject to satisfaction of certain performance target for year 2019. As at 31 December 2019, according to the achievement status of performance of the Eligible Persons, 1,200,000 shares were vested while the remaining was forfeited due to failure to meet the performance target. The fair value of the granted shares is calculated based on the closing market price of the shares (HK$1.439) on the day of the grant, amounting to HK$1,727,000 (equivalent to approximately RMB1,477,000).

The Company granted 850,000 shares to certain employees on 2 November 2020 and the vesting date of the shares was 2 November 2020. The fair value of the granted shares is calculated based on the closing market price of the shares (HK$1.52) on the day of the grant, amounting to HK$1,292,000 (equivalent to approximately RMB1,117,000).

On 20 October 2020, the board of directors approved to purchase shares as reserve for future granting. From 21 December 2020 to 30 December 2020, the Group purchased 8,677,000 shares in an aggregate amount of HK$14,268,000 (equivalent to approximately RMB12,322,000).

On 17 June 2021, the board of directors approved to purchase shares as reserve for future grant. On 18 June 2021, the Group purchased 3,323,000 shares in an aggregate amount of HK$5,288,000 (equivalent to approximately RMB4,383,000).

In June 2024, the board of directors approved to purchase shares as reservation for future granting. From 17 June 2024 to 28 June 2024, the Group purchased 1,699,000 shares in an aggregate amount of HK$2,056,000 (equivalent to approximately RMB1,875,000).

In July 2024, the board of directors approved to purchase shares as reservation for future granting. From 2 July 2024 to 31 July 2024, the Group purchased 1,415,000 shares in an aggregate amount of HK$1,727,000 (equivalent to approximately RMB1,577,000).

In September 2024, the board of directors approved to purchase shares as reservation for future granting. From 19 September 2024 to 24 September 2024, the Group purchased 140,000 shares in an aggregate amount of HK$133,000 (equivalent to approximately RMB121,000).

The Group recognised a share award expense of nil for the six months ended 30 June 2026 (2025: Nil).

At the date of approval of this interim condensed consolidated financial information, 19,855,500 shares of the Company are held by the Trustee and have yet to be awarded.

Notes to the Interim Condensed Consolidated Financial Information

22. COMMITMENTS

Capital commitments

The Group had the following capital commitments at the end of the reporting period:

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Contracted, but not provided for:		
Leasehold improvements	**1,677**	842
Plant and machinery	**5,721**	6,732
	7,398	7,574

At the end of 31 December 2025 and 30 June 2026, the Group had significant authorised but not contracted capital commitment of RMB60,000 and RMB125,000, respectively.

23. RELATED PARTY TRANSACTIONS

(a) Outstanding balances with related parties

Amounts due to related parties as at 31 December 2025 and 30 June 2026 represent consideration received from the registered shareholders as part of the historical reorganisation. Pursuant to the Contractual Arrangements, the consideration is repayable to the Registered Shareholders upon exercise of the option to repurchase the equity interest of Zhongzhi Herbal Pieces by the Group. The amounts are unsecured, interest-free and have no fixed term of repayment.

The Group had an outstanding balance due from a shareholder of RMB217,000 (31 December 2025: Nil) as at 30 June 2026. This balance is unsecured, interest-free and has no fixed terms of repayment. The balance was subsequently settled in August 2026.

(b) Compensation of key management personnel of the Group:

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Salaries, allowances and benefits in kind	**6,669**	6,793
Pension scheme contributions	**129**	98
	6,798	6,891

Notes to the Interim Condensed Consolidated Financial Information

24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)	**30 June 2026 RMB'000 (Unaudited)**	31 December 2025 RMB'000 (Audited)
Financial assets				
Pledged deposits, non-current portion	**500**	500	**500**	500
Equity investments at fair value through other comprehensive income	**20,978**	21,650	**20,978**	21,650
Equity investments at fair value through profit or loss	**55,788**	41,788	**55,788**	41,788
	77,266	63,938	**77,266**	63,938

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of listed equity investments are based on quoted market prices. The fair values of unlisted equity investments designated at fair value through profit or loss have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as enterprise value to earnings before interest and taxes ("EV/EBIT"), for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in profit or loss, are reasonable, and that they were the most appropriate values at the end of the reporting period.

The Group invests in unlisted investments, which represent wealth management products issued by banks in Mainland China. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

Notes to the Interim Condensed Consolidated Financial Information

24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 30 June 2026

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Equity investment at fair value through profit or loss	—	—	55,788	55,788
Equity investments at fair value through other comprehensive income	—	—	20,978	20,978
Notes receivables	—	101,198	—	101,198
Total	—	101,198	76,766	177,964

As at 31 December 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000 (Audited)	Significant observable inputs (Level 2) RMB'000 (Audited)	Significant unobservable inputs (Level 3) RMB'000 (Audited)	Total RMB'000 (Audited)
Equity investments at fair value through profit or loss	—	—	41,788	41,788
Equity investments at fair value through other comprehensive income	—	—	21,650	21,650
Notes receivables	—	114,813	—	114,813
Total	—	114,813	63,438	178,251

Other Information

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

As at 30 June 2026, save as disclosed herein, the interests and short positions of the Directors and chief executive in the share capital and underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transaction By Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules, and Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) are as follows:

(i) Long position in the ordinary shares of the Company

Name of Director	Beneficial interest Number of ordinary shares	Approximate percentage of the issued share capital of the Company
Mr. Lai Zhi Tian ("Mr. Lai")	14,086,800	1.63%
Mr. Lai Ying Feng	5,990,000	0.69%
Mr. Cao Xiao Jun	3,238,600	0.38%

Save as disclosed above, none of the Directors or chief executive of the Company and/or any of their respective associates had registered any interests or short positions in any shares and underlying shares in, and debentures of, the Company or any associated corporations as at 30 June 2026, as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2026, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" above, the following shareholders had notified the Company of its relevant interests in the issued share capital of the Company.

Other Information

LONG POSITIONS IN THE ORDINARY SHARES OF THE COMPANY

Name	Beneficial interest Number of ordinary shares	Total interest Number of ordinary shares	Approximate percentage of issued share capital of the Company
Crystal Talent (Note 1)	508,121,000	508,121,000	58.84%
Cheer Lik (Note 2)	42,240,000	42,240,000	4.89%
Novich Positioning Investment Limited Partnership (Note 3)	56,958,000	56,958,000	6.60%
Novich Positioning Investment (Cayman) Limited (Note 4)	82,377,000	82,377,000	9.54%

Notes:

1. These 508,121,000 shares are held by Crystal Talent, a company incorporated in the British Virgin Islands with limited liability and is 100% beneficially owned by Mr. Lai.

2. These 42,240,000 shares are held by Cheer Lik, a company incorporated in the British Virgin Islands with limited liability and is 100% beneficially owned by Ms. Jiang Li Xia.

3. These 56,958,000 shares are held by Novich Positioning Investment Limited Partnership, a company incorporated in the Cayman Islands and is 1.09% owned by Novich Positioning Investment (Cayman) Limited.

4. These 82,377,000 shares are held by Novich Positioning Investment (Cayman) Limited, a company incorporated in the Cayman Islands.

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

Other Information

SHARE OPTION SCHEME

A share option scheme was conditionally adopted on 8 June 2015 (the "Share Option Scheme"), which became effective on the Listing Date.

The Share Option Scheme is a share incentive scheme and is established to recognize and motivate the contributions that eligible participants (as defined in the Prospectus) have made or may make to the Group.

The participants of Share Option Scheme includes employees (full time or part-time), executives, Directors (including but not limited to any executive, non-executive and independent non-executive Directors), suppliers, customers, persons providing research, development or other technological support to the Group, shareholder of any entity in which the Group hold at least 20% of its issued share capital, advisor or consultant to any area of business or business development of the Group, any other participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement of development and growth of the Group are eligible persons under the Share Option Scheme.

Subject to the terms and conditions of the Share Option Scheme, the maximum numbers of shares in respect of which options may be granted under the Share Option Scheme and any other schemes shall not, in aggregate, exceed 10% of the share of the Company in issue at the Listing Date (i.e. 80,000,000 shares) (the "Option Scheme Mandate Limit") unless approved by the shareholders of the Company.

The maximum entitlement for any one participant is that the total number of the Shares issued and to be issued upon exercise of the options granted under the Share Option Scheme to each participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of Shares in issue unless otherwise approved by the Shareholders at a general meeting of the Company.

Any offer to grant of options under the Share Option Scheme to a Director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by the independent non-executive Directors.

The exercise price for any Share under the Share Option Scheme shall be a price determined by the Board and notified to each grantee and shall not be less than the highest of:

(i) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the date of grant of the relevant option;

(ii) an amount equivalent to the average closing price of a Share as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the relevant option; and

(iii) the nominal value of a Share on the offer date.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed 10 years from the offer date subject to the provisions of early termination thereof, and provided that the Board may determine the minimum period for which an option has to be held or other restrictions before its exercise.

Save as determined by the Board and provided in the offer of grant of the options, there is no performance target that must be achieved before the options can be exercised. Unless otherwise specified, there is no amount payable on application or acceptance of the options and no specific period within which payments or calls must be made or loans must be repaid.

The vesting period for options shall not be less than 12 months.

Other Information

SHARE OPTION SCHEME (Continued)

An offer for the grant of options shall be deemed to have been accepted when our Company receives the letter containing the offer duly signed by the grantee together with a remittance of HK$1.00 (or such other nominal sum in any currency as the Board may determine) in favour of our Company as consideration for the grant thereof within such time as may be specified in the offer (which shall not be later than 21 days from the offer date).

Subject to earlier termination by the Company in general meeting or by the Directors, the Share Option Scheme shall be valid and effective for a period of ten years from date of adoption. The Share Option Scheme was terminated on 7 June 2025. The remaining life of Share Option Scheme is nil. There is no share option outstanding, granted, exercised, cancelled and lapsed during the period ended 30 June 2026 and since the date of the Shares of the Group listed on the Stock Exchange.

As at the date of this report, the total number of securities available for issue under the Share Option Scheme is 0, representing approximately 0% of the issued shares of the Company.

There were 0 options available for grant under the Option Scheme Mandate Limit both at the beginning and the end of the period ended 30 June 2026.

The number of shares that may be issued in respect of options granted under the Share Option Scheme during the period ended 30 June 2026 is 0, representing 0% of the weighted average number of shares of the relevant class in issue of the Company for the period ended 30 June 2026.

SHARE AWARD PLAN

A share award plan was adopted on 8 January 2016 (the "Share Award Plan"). The Share Award Plan is a share incentive scheme and is established to recognise the contributions by certain selected persons and to attract suitable individuals with experience and ability to further development and expansion of the Group.

The Board may, in their absolute discretion, determine that any employees (full time or part-time), executives, Directors (including but not limited to any executive, non-executive and independent non-executive Directors), dealers or persons providing services to the Group who have made or can make contributions to the growth and development of the Group will become qualified persons.

The awarded shares will be either (i) allotted and issued by the Company, by using the general or specific mandates granted or to be granted to the board of directors by the shareholders of the Company at general meetings of the Company from time to time, or (ii) acquired by an independent trustee (the "Trustee") from the open market by utilising the Company's resources provided to the Trustee. The maximum number of shares in respect of which options may be granted under the Share Award Plan cannot result in the aggregate number of shares awarded by the board of directors throughout the duration of the plan to be in excess of 1% of the issued share capital of the Company. During the years ended 31 December 2020, 31 December 2021 and 31 December 2022, the Group has acquired 12,000,000 existing shares in total as reserve for future grant. During the six months ended 30 June 2026, the Group did not acquired any shares for future grant.

Any grant of awards (together with options) to a participant in the 12-month period up to and including the date of such grant must not be in aggregate over 1% of the issued shares of the Company.

Other Information

SHARE AWARD PLAN (Continued)

Any grant of awards to a Director (other than an independent non-executive Director) or chief executive of the Company, or any of their associates would result in the shares issued and to be issued in respect of all awards granted (excluding any awards lapsed in accordance with the terms of the Share Award Plan) to such person in the 12-month period up to and including the date of such grant, representing in aggregate over 0.1% of the relevant class of shares in issue, such further grant of awards must be approved by shareholders of the Company in general meeting.

Save as the grant of awarded shares before 31 December 2022, the vesting period for awards shall not be less than 12 months.

Unless otherwise specified, there is no amount payable on application or acceptance of the award and no specific period within which payments or calls must be made or loans must be repaid.

Subject to earlier termination by the Board, the Share Award Plan shall be valid and effective for a period of ten years from the date of adoption. The remaining life of the Share Award Plan is nil.

In order to recognise and reward the contribution of and solidify the relationship with the service providers and distributors, the Board has resolved to increase the limit of the Share Award Plan from 1% of the issued share capital of the Company to 2.5% of the issued share capital of the Company on 25 March 2019, i.e. 21,000,000 award shares (the "Award Plan Limit"), representing 2.43% of the current issued share capital of the Company as at the date of this report.

In 2017, the Company granted 1,072,500 shares to certain employees on 7 April 2017 and the vesting date of the shares was 7 April 2017. The fair value of the granted shares is calculated based on the closing market price of the shares (HK$1.70) on the day of the grant, amounting to HK$1,823,000 (equivalent to approximately RMB1,618,000).

The Company granted 127,000 shares to certain employees on 2 January 2019 and the vesting date of the shares was 2 January 2019. The fair value of the granted shares is calculated based on the closing market price of the shares (HK$1.45) on the day of the grant, amounting to HK$184,000 (equivalent to approximately RMB161,000).

The board of directors also approved to grant certain shares with a maximum number of 5,940,000 shares to certain employees, service providers and distributors (the "Eligible Persons") on 25 March 2019, which was subject to the satisfaction of certain performance target for year 2019. As at 31 December 2019, according to the achievement status of the performance of the Eligible Persons, 1,200,000 shares shall be vested while the remaining was forfeited due to the failure to meet the performance target. The fair value of the granted shares is calculated based on the closing market price of the shares (HK$1.439) on the day of the grant, amounting to HK$1,727,000 (equivalent to approximately RMB1,477,000).

The Company granted 850,000 shares to certain employees on 2 November 2020 and the vesting date of the shares was 2 November 2020. The fair value of the granted shares is calculated based on the closing market price of the shares (HK$1.52) on the day of the grant, amounting to HK$1,292,000 (equivalent to approximately RMB1,117,000).

Other Information

SHARE AWARD PLAN (Continued)

On 20 October 2020, the board of directors approved to purchase shares as reserve for future grant. From 21 December 2020 to 30 December 2020, the Group purchased 8,677,000 shares in an aggregate amount of HK$14,268,000 (equivalent to approximately RMB12,322,000).

On 17 June 2021, the board of directors approved to purchase shares as reserve for future grant. On 18 June 2021, the Group purchased 3,323,000 shares in an aggregate amount of HK$5,288,000 (equivalent to approximately RMB4,383,000).

In June 2024, the board of directors approved to purchase shares as reserve for future grant. From 17 June 2024 to 28 June 2024, the Group purchased 1,699,000 shares in an aggregate amount of HK$2,056,000 (equivalent to approximately RMB1,875,000).

In July 2024, the board of directors approved to purchase shares as reserve for future grant. From 2 July 2024 to 31 July 2024, the Group purchased 1,415,000 shares in an aggregate amount of HK$1,727,000 (equivalent to approximately RMB1,577,000).

In September 2024, the board of directors approved to purchase shares as reserve for future grant. From 19 September 2024 to 24 September 2024, the Group purchased 140,000 shares in an aggregate amount of HK$133,000 (equivalent to approximately RMB121,000).

As the date of this report, (i) the Company has not issued and allotted any new shares to the Trustee for the purpose of the Share Award Plan; and (ii) the Company has no intention to issue and allot new shares to the Trustee in the future.

The Group recognised a share award expense of nil for the six months ended 30 June 2025 and 2026 respectively.

As at the date of approval of this interim condensed consolidated financial information, 19,855,500 shares of the Company were held by the Trustee and have yet to be awarded.

There were 18,823,000 awards available for grant under the Award Plan Limit both at the beginning and at the end of the six months ended 30 June 2026.

The number of Shares that may be issued in respect of options and awards granted under all schemes of the Company is 3,249,500, representing 0.38% of the weighted average number of Shares of the relevant class in issue of the Company for the six months ended 30 June 2026.

Other Information

The particulars of the Share Award Plan during the years ended 31 December 2021 (the "FY2021"), 31 December 2022 (the "FY2022"), 31 December 2023 (the "FY2023"), 31 December 2024 (the "FY2024"), 31 December 2025 (the "FY2025") and for the period ended 30 June 2026 are set out below:

	Number of Shares held for Share Award Plan
At 1 January 2021	13,278,500
Purchased	3,323,000
At 31 December 2021, 31 December 2022, 31 December 2023	16,601,500
Purchased	3,254,000
At 31 December 2024, 31 December 2025, 30 June 2026	19,855,500

There is no awarded share outstanding, granted, vested, cancelled and lapsed during FY2021, FY2022, FY2023, FY2024, FY2025 and during the period ended 30 June 2026.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Saved as disclosed in the sections "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" and "Share Option Scheme" above, at no time during the Reporting Period and up to the date of this report was the Group a party to any arrangements to enable the Directors to acquire by means of acquisition of shares in, or debt securities, and including debentures, of the Group or any other body corporate.

DIRECTORS' INTEREST IN CONTRACTS

Save as disclosed in this report, there was no contract of significance to which the Company or any of its subsidiaries was a party and in which Director(s) had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the Reporting Period.

DIRECTORS' INTEREST IN A COMPETING BUSINESS

During the Reporting Period and up to the date of this report, none of the Directors or any of their respective associates has engaged in or has any interest in any business that competes or may compete with the business of the Group, or has any other conflict of interest with the Group.

SUFFICIENCY OF PUBLIC FLOAT

Based on the publicly available information and to the best of the Directors' knowledge, information and belief, the Company had maintained sufficient public float of not less than 25% of its total issued shares as required under the Listing Rules during the Reporting Period and up to the date of this report.

By order of the Board
Mr. Lai Zhi Tian
Chairman & Executive Director

Hong Kong
26 August 2026