



China Shineway Pharmaceutical Group Limited
中國神威藥業集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2877

LEADING MODERN CHINESE MEDICINE PROMOTING HEALTH INDUSTRY



2026

INTERIM REPORT

CONTENTS

2	Corporate Information
4	Interim Results Highlights
5	Company Overview
6	Management Discussion and Analysis
20	Other Information
24	Report on Review of Condensed Consolidated Financial Statements
25	Condensed Consolidated Financial Statements



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Li Zhenjiang (*Chairman*)

Ms. Xin Yunxia

Mr. Li Huimin

Independent Non-executive Directors

Mr. Liu Shun Fai

Mr. Yew Yat On

Ms. Wang Guihua

Non-executive Director

Mr. Zhou Wencheng

BOARD COMMITTEES

Audit Committee

Mr. Liu Shun Fai (*Committee Chairman*)

Mr. Yew Yat On

Ms. Wang Guihua

Remuneration Committee

Ms. Wang Guihua (*Committee Chairman*)

Ms. Xin Yunxia

Mr. Liu Shun Fai

Nomination Committee

Mr. Li Zhenjiang (*Committee Chairman*)

Mr. Liu Shun Fai

Mr. Yew Yat On

Ms. Wang Guihua

Corporate Social Responsibility and Sustainability Committee

Mr. Liu Shun Fai (*Committee Chairman*)

Ms. Xin Yunxia

Mr. Yew Yat On

Ms. Wang Guihua

AUTHORIZED REPRESENTATIVES

Mr. Li Huimin

Mr. Lee Bun Ching, Terence

COMPANY SECRETARY

Mr. Lee Bun Ching, Terence

AUDITOR

Deloitte Touche Tohmatsu

Registered Public Interest Entity Auditors

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PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
The Bank of East Asia, Limited
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China Construction Bank, Luan Cheng Branch,
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LEGAL ADVISERS

As to Hong Kong Law
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STOCK CODE

2877 (Main Board of
The Stock Exchange of Hong Kong Limited)

WEBSITES

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INTERIM RESULTS HIGHLIGHTS

For the six months ended 30 June 2026 (the “Period”), the operating results of the Group were as follows:

- Turnover amounted to RMB1,181,083,000, a decrease of 28.5% as compared to the corresponding period of last year;
- Gross profit margin was 69.9% as compared to 72.2% of the corresponding period of last year;
- Profit for the Period amounted to RMB469,158,000, a decrease of 23.7% as compared to the corresponding period of last year;
- Earnings per share amounted to RMB62 cents, a decrease of 23.5% as compared to the corresponding period of last year; and
- Declared 2026 second interim dividend of RMB80 cents per share.

COMPANY OVERVIEW

China Shineway Pharmaceutical Group Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) are principally engaged in the research and development, production and sales of modern Chinese medicines mainly in the form of injections, soft capsules, granules formats and traditional Chinese medicine (“TCM”) formula granules. The Group’s products are primarily being sold in the People’s Republic of China (“PRC”) market.

During the first six months of 2026, the Group’s prescription and over-the-counter medications (“OTC medications”) accounted for approximately 88.5% and 11.5% of the Group’s turnover respectively. These medications are mainly categorized by curative effects into eight categories including cardiovascular and cerebrovascular medications, medications for the respiratory system, medications for the digestive system, pediatric medications, orthopedic medications, medications for strengthening the body, medications for the nervous system and gynecological medications.

The Group’s key products are as follows:

- Qing Kai Ling Injection: a widely used anti-viral medicine for treatment of viral diseases, including respiratory tract infection, viral hepatitis, cerebral haemorrhage and cerebral thrombosis, etc.
- Shu Xue Ning Injection: for treatment of cardio-cerebrovascular diseases
- Shen Mai Injection: for treatment of coronary heart disease, viral myocarditis and pulmonary heart disease
- Wu Fu Xin Nao Qing Soft Capsule: for prevention and treatment of coronary heart disease and cerebral arteriosclerosis
- TCM formula granules
- Huo Xiang Zheng Qi Soft Capsule: for prevention and treatment of heat stroke, stomachache, nausea and diarrhoea, acclimatization sickness
- Pediatric Qing Fei Hua Tan Granule: for treatment of respiratory diseases in children
- Huamoyan Granule: for treatment of both acute and chronic synovitis and treatment after joint surgery
- Qing Kai Ling Soft Capsule: for treatment of high fever, viral influenza and respiratory tract infection

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OVERVIEW

In the first half of 2026, the TCM industry continued to face pressure on overall revenue and profits due to the combined impact of multiple factors, including medical insurance cost control, centralized procurement, weak terminal demand, and destocking across distribution channels. The policies and macroeconomic environment continued to constrain healthcare consumption level and procurement budgets at medical institutions, prompting medical institutions and retail pharmacies to adopt cautious strategies on inventory management and take a more conservative approach on procurement schedules. In addition to a notable decline in product prices, implementation of complementary cost control measures such as total procurement volume control, medical insurance payment restrictions, and refined hospital budget management were seen in certain regions. These multiple factors collectively led to a significant year-on-year decline in the Group's sales for the reporting period. The Group's overall sales for the six months ended 30 June 2026 decreased by 28.5% to RMB1,181,083,000 as compared to the same period last year.

Affected by the decline in sales volume and price reductions resulting from the centralized procurement, as well as persistently high production costs, the Group's overall gross profit margin decreased from 72.2% for the same period last year to 69.9%.

The Group proactively implemented cost control and efficiency enhancement measures during the Period, resulting in a significant decrease of 51.8% and 15.5% in selling and distribution costs and administrative expenses, respectively, as compared to the same period last year. However, due to the decline in sales and gross profit margin, a decrease in investment income, and an increase in R&D expenditures, the Group's net profit for the Period decreased by 23.7% to RMB469,158,000 as compared to the same period last year. Earnings per share also decreased from RMB81 cents for the same period last year to RMB62 cents.

After considering the dividend policy and the direction on future development, the Board resolved to declare the second interim dividend of 2026 amounting to RMB80 cents per share. Together with the first interim dividend of 2026 (in lieu of the final dividend) amounting to RMB43 cents per share paid in May 2026, the total dividends paid and declared to shareholders during 2026 amounted to RMB123 cents per share.

MANAGEMENT DISCUSSION AND ANALYSIS

SALES OVERVIEW (BY DOSAGE FORM)

The overall sales of the Group decreased significantly for the first six months of 2026, with sales of most of the dosage forms encountering a decline during the Period. The table below illustrates the sales of each dosage form for the Period as compared to the same period last year:

<i>RMB'000</i>	Sales First six months of 2025	Sales First six months of 2026	Period- on-period change	Percentage of sales First six months of 2026
Injection products	565,628	319,921	-43.4%	27.1%
Soft capsule products	217,383	202,694	-6.8%	17.2%
Granule products	272,695	246,580	-9.6%	20.9%
TCM formula granules	487,717	336,100	-31.1%	28.5%
Others (including pills and tablets etc.)	109,275	75,788	-30.6%	6.3%
Oral products	1,087,070	861,162	-20.8%	72.9%
Total sales	1,652,698	1,181,083	-28.5%	100.0%

The Group continued to focus on oral products as its key development strategy. In the first six months of 2026, oral products accounted for 72.9% of total sales, while injection products accounted for 27.1% of total sales.

The country continued to advance its centralized drug procurement policy, with multiple provinces including TCM injections in the scope of centralized procurement or secondary price negotiations, resulting in significant price declines. At the same time, hospital procurement volumes were subject to strict restrictions. Operating under total budget management for medical insurance, hospitals have been exercising caution in the use of TCM injections, leading to significant declines in sales for several core products, including Qing Kai Ling Injection, Shen Mai Injection, and Shu Xue Ning Injection. Affected by factors such as tighter medical insurance payment standards and terminal destocking, the sales of the Group's injection products fell from RMB565,628,000 for the same period last year to RMB319,921,000, a decline of 43.4%. Sales of Qing Kai Ling Injection and Shen Mai Injection decreased by 49.0% and 51.3% respectively as compared to the same period last year. Meanwhile, sales of other injection products such as Shu Xue Ning Injection, Guan Xin Ning Injection and Dan Shen Injection also decreased by 39.1%, 23.7% and 34.5%, respectively.

Sales of soft capsule products decreased from RMB217,383,000 for the same period last year to RMB202,694,000, a decline of 6.8%. Among these, sales of Huo Xiang Zheng Qi Soft Capsule and Qing Kai Ling Soft Capsule decreased by 16.3% and 57.6% respectively as compared to the same period last year; in contrast, sales of Wu Fu Xin Nao Qing Soft Capsule recorded a 61.9% increase. Demand for Huo Xiang Zheng Qi Soft Capsule and Qing Kai Ling Soft Capsule continued to decline due to the high base caused by the pandemic. Faced with downward pressure on demand, retail pharmacies proactively reduced inventory and cut back on restocking frequency, placing further pressure on the Group's sales of soft capsule products at the retail terminal.

MANAGEMENT DISCUSSION AND ANALYSIS

Sales of granule products decreased from RMB272,695,000 for the same period last year to RMB246,580,000, a decline of 9.6%. This was primarily due to a decline in sales of the Group's exclusive products, Huamoyan Granule and Shu Jin Tong Luo Granule, by 14.3% and 18.1%, respectively, as compared to the same period last year. At the same time, pediatric and cold/respiratory granule products continued to be affected by post-pandemic demand decline, with both hospitals and pharmacies reducing their purchases. Regulations on respiratory and pediatric medications were also stricter in certain regions, placing further pressure on demand for related products; however, sales of the respiratory system medication, Paracetamol Granule, increased by 19.4% as compared to the same period last year, partially offsetting the aforementioned decline.

In the first half of 2026, sales of TCM formula granules decreased from RMB487,717,000 for the same period last year to RMB336,100,000, a decline of 31.1%. This was primarily due to the official implementation of centralized procurement in Hebei Province during the Period, the intensified competition in the formula granules industry during a period of policy restructuring and the Group's prudent management of ageing risks associated with accounts receivable.

ESSENTIAL DRUGS

Essential drugs refer to medications that meet basic healthcare needs, are suitable in dosage form, safe and effective, reasonable in price, can ensure supply, and are equitably accessible, forming a vital foundation of the national drug supply security system.

In February 2026, 11 departments including the National Health Commission issued the Administrative Measures for the National Essential Drugs List. The measures further reinforce the functional positioning of essential drugs to "emphasize fundamentals, meet prevention and treatment needs, ensure supply, prioritize use, guarantee quality, and reduce financial burden". The measures implement the principles of maintaining a balanced approach between traditional Chinese medicine and Western medicine and prioritizing drugs with clear clinical value to meet basic healthcare needs. It was also clarified that the Essential Drugs List will be aligned with policies such as tiered diagnosis and treatment, centralized drug procurement, payment and reimbursement, with clinical value, supply security, and medication monitoring and evaluation serving as key bases for dynamic adjustments. The country also continues to encourage public medical institutions at all levels to prioritize the stocking and use of essential drugs, gradually ensuring that the proportion of essential drugs by number of types in grassroots medical institutions, tier two public hospitals, and tier three public hospitals, should be no less than 90%, 80% and 60% respectively in principle.

In July 2026, the National Health Commission, the National Administration of Traditional Chinese Medicine, and the National Disease Control and Prevention Administration issued the National Essential Drugs List 2026, which will take effect on 1 September 2026, expanding the number of included drugs from 685 in the 2018 edition to 794, with the number of proprietary TCM increasing from 268 to 318. The new essential drugs list adds several proprietary TCM and medicines indicated for use in children, and emphasizes improving access to medications for common and chronic diseases, as well as conditions where TCM has a comparative advantage, at the community care level.

MANAGEMENT DISCUSSION AND ANALYSIS

In the first six months of 2026, the Group regularly manufactured a total of 18 medications which are listed on the National Essential Drugs List, including Qing Kai Ling Injection, Shen Mai Injection, Qing Kai Ling Soft Capsule, Huamoyan Granule, Huo Xiang Zheng Qi Soft Capsule, Compound Licorice Tablet and so on. The Group's sales of essential drug products decreased by 37.7% from RMB582,080,000 for the same period last year to RMB362,838,000, with their proportion of the Group's overall sales declining from 35.2% to 30.7%. Although the essential drugs system has long been beneficial for improving clinical accessibility and community-care coverage, during the Period, the relevant products of the Group were still affected by factors such as medical insurance cost control, centralized procurement, hospital budget management, terminal destocking, and stricter regulations on the clinical use of certain TCM injections. As a result, the Group's major essential drug products experienced varied degrees of decline in sales.

PRESCRIPTION AND OVER-THE-COUNTER MEDICATIONS

For the six months ended 30 June 2026, the overall sales of the Group's prescription medications and over-the-counter medications ("OTC medications") accounted for approximately 88.5% and 11.5% of the Group's total sales respectively.

During the Period, the overall sales of prescription medications decreased by 29.1% as compared to the same period last year. In particular, the sales of respiratory system prescription medications were most significantly affected by the post-pandemic decline in demand. Other prescription medications were impacted by tighter hospital budgets, medical insurance cost control, and stricter guidelines on clinical application, resulting in an overall decline in demand. Meanwhile, OTC medications also recorded a decrease of 23.4%.

The table below summarizes the sales analysis of the Group by medicine category and efficacy:

	Sales First six months of 2025	Sales First six months of 2026	Percentage of sales	Change in sales First six months of 2026
<i>RMB'000</i>				
TCM formula granules	487,717	336,100	28.5%	-31.1%
Respiratory system prescription medications	264,410	171,701	14.5%	-35.1%
Cardio-cerebrovascular injection prescription medications	294,462	186,318	15.8%	-36.7%
Exclusive oral prescription medications	266,627	234,072	19.8%	-12.2%
Other prescription medications	162,726	117,525	9.9%	-27.8%
Prescription medications	1,475,942	1,045,716	88.5%	-29.1%
OTC medications	176,756	135,367	11.5%	-23.4%
Total sales	1,652,698	1,181,083	100%	-28.5%

MANAGEMENT DISCUSSION AND ANALYSIS

TCM FORMULA GRANULES

The sales of TCM formula granules decreased from RMB487,717,000 for the same period last year to RMB336,100,000, representing a year-on-year decrease of 31.1%. This was primarily due to the implementation of centralized procurement policy for TCM formula granules in Hebei Province, which resulted in a significant reduction in the winning bid prices for these products — with an average decline of over 30% — leading to a marked drop in the ex-factory prices of related products. Although product sales volumes at major hospitals and grassroots medical institutions in Hebei Province did not show a noticeable decline, sales revenue contracted markedly due to the significant reduction in the average ex-factory unit price. In addition, the aging of accounts receivable from certain hospitals and grassroots medical institutions in Hebei Province extended significantly. To manage overall credit risk, the Group implemented risk control measures by temporarily suspending shipments to medical terminals with long overdue receivables or approaching their credit limits. The sales to hospitals in Hebei Province decreased by 36.4% from RMB402,331,500 to RMB255,733,877, while the sales to grassroots medical institutions in Hebei Province decreased by 29.0% from RMB9,539,604 to RMB6,770,696. On the other hand, the segment of hospitals in Yunnan Province achieved a growth against market trend and its sales rose by 20.7% from RMB31,193,073 to RMB37,655,460, fully reflecting the Group's deep cultivation of local channels and strong brand competitiveness.

The market for TCM formula granules experienced a cycle of policy restructuring, with intensifying market competition. As the nationwide industry standards advanced and multiple provinces launched pilot programs for local centralized procurement, new suppliers rapidly seized the grassroots market through low-price strategies, resulting in a decrease in sales to grassroots medical institutions in other provinces of 20.4% from RMB38,199,243 to RMB30,404,626.

Currently, the TCM formula granules industry is in a phase of in-depth restructuring. In the short term, the industry will continue to be influenced by multiple factors such as the transition to national standards, the ongoing expansion of centralized procurement coverage, linkage of online-listed prices, medical insurance cost control and the commencement of implementation of the zero-markup and dispensing fee policies. The number of registered manufacturers has increased after the opening of the market. New industry participants compete for market share in grassroots and non-core sectors with low-price strategies, further intensifying price competition and market share differentiation. It is expected that the sales revenue and gross profit margin for TCM formula granules will remain under pressure in the short term.

In the long run, the ongoing coverage expansion of national standards, stricter production control, full-process traceability and heightened requirements for quality control at the source of herbs will drive the industry toward comprehensive competition centered on national standard compliance, supply chains for authentic herbs, intelligent manufacturing, stable quality, cost control, pharmaceutical services, and evidence of clinical value. As the capacity of grassroots TCM services improves, the development of county-level medical alliances and TCM clinics advances, and patient acceptance of ready-to-use and standardized TCM increases, the companies with capabilities in large-scale production, stable supply, intensive regional distribution channels, and credit risk management capability are expected to gain a larger market share following industry consolidation. Based on its efforts to control accounts receivable and optimize the quality of customer portfolio, the Group will continue to focus on core regions, leading hospitals, and high-quality grassroots terminal channels to enhance market coverage, supply chain stability, and clinical service capabilities. This approach aims to navigate short-term industry adjustments and capitalize on opportunities arising from the long-term standardized development and increasing concentration of the TCM formula granules market.

Besides Hebei and Yunnan, the Group is actively advancing the development of the national tiered medical market, and this segment is expected to achieve a sustained growth.

MANAGEMENT DISCUSSION AND ANALYSIS

RESPIRATORY SYSTEM PRESCRIPTION MEDICATIONS

The sales of the Group's respiratory system prescription medications decreased from RMB264,410,000 for the same period last year to RMB171,701,000, representing a year-on-year decrease of 35.1% and accounting for approximately 14.5% of the Group's total sales. Among them, the sales of Qing Kai Ling Injection decreased by 49.0% from RMB182,746,000 to RMB93,123,000; the sales of Paracetamol Granule increased by 19.4% from RMB61,515,000 to RMB73,475,000, partially offsetting the decline in respect of products such as Qing Kai Ling Injection and Compound Licorice Tablet. The decrease in sales was primarily due to pressure on both prices and consumption of TCM injections resulting from centralized procurement, medical insurance cost control, and budget management of hospitals. At the same time, the demand for respiratory-related medications declined following the pandemic, and medical institutions and retail terminals continued to reduce inventory, which also slowed the procurement pace for heat-clearing and detoxifying products and influenza and respiratory medications compared to the same period last year.

In the short term, respiratory system prescription medications will continue to face pressures brought by medical insurance cost control, the continuation of centralized procurement, hospital budget management, and destocking at terminal channels. However, as demand for diagnosis and treatment of common respiratory diseases at grassroots medical institutions remains stable, the Group will continue to optimize its product portfolio, enhance compliant academic promotion and point-of-sale coverage, and strengthen client management in key regions and at high-quality hospitals. As industry demand gradually recovers, inventory adjustments complete, and clinical prescribing practices stabilize, sales of respiratory prescription products with a strong brand foundation, consistent quality, and robust distribution channels will resume growth.

CARDIO-CEREBROVASCULAR INJECTION PRESCRIPTION MEDICATIONS

The Group's sales of cardio-cerebrovascular injection prescription medications decreased by 36.7% year-on-year from RMB294,462,000 for the same period last year to RMB186,318,000, accounting for approximately 15.8% of the Group's total sales. Among these, sales of Shen Mai Injection decreased by 51.3% from RMB89,780,000 to RMB43,695,000; sales of Shu Xue Ning Injection decreased by 39.1% from RMB85,988,000 to RMB52,373,000; sales of Guan Xin Ning Injection decreased by 23.7% from RMB67,713,000 to RMB51,637,000; sales of Dan Shen Injection decreased by 34.5% from RMB29,227,000 to RMB19,148,000; and sales of Xiang Dan Injection decreased by 46.1% from RMB10,001,000 to RMB5,393,000. Such a decline in sales was primarily due to the continued impacts of centralized procurement and secondary price negotiations by local governments on Chinese medicine injections, which put pressure on both product prices and procurement volumes. At the same time, medical insurance cost control and the total budget management of hospitals resulted in medical institutions taking a more cautious approach towards the use of Chinese medicine injections for cardio-cerebrovascular conditions. Furthermore, destocking at terminal channels, a slowdown in hospital procurement, and stricter regulation on the reasonable clinical use of Chinese medicine injections in certain regions also led to a significant year-on-year decline in sales of the relevant products.

In the short term, the sales volume and pricing pressures of the Group's cardio-cerebrovascular injection prescription medications will persist. The Group will focus on maintaining its core products with solid clinical foundations and relatively stable demand, while enhancing compliant academic promotion, client management and cost control of key hospitals to mitigate the impact of industry policy adjustments. In the long term, as clinical usage standards gradually stabilize, cardio-cerebrovascular injection prescription medications with reliable product quality, brand recognition, and supply assurance are expected to rebound in sales.

MANAGEMENT DISCUSSION AND ANALYSIS

EXCLUSIVE ORAL PRESCRIPTION MEDICATIONS

Sales of the Group's exclusive oral prescription medications decreased from RMB266,627,000 for the same period last year to RMB234,072,000, representing a decrease of 12.2% as compared to the same period last year, which accounted for approximately 19.8% of the overall sales of the Group. Among them, sales of Huamoyan Granule decreased by 14.3% from RMB140,707,000 to RMB120,629,000, sales of Jiang Zhi Tong Luo Soft Capsule decreased by 24.1% from RMB30,445,000 to RMB23,097,000, sales of Qi Huang Tong Mi Soft Capsule decreased by 6.9% from RMB36,622,000 to RMB34,108,000, and sales of Shu Jin Tong Luo Granule decreased by 18.1% from RMB21,282,000 to RMB17,438,000; whereas sales of Dan Deng Tong Nao Soft Capsule increased by 1.0% from RMB24,841,000 to RMB25,098,000. The decrease in sales was mainly attributable to the more prudent procurement approach of the prescription end as a result of hospital budget management and medical insurance cost control, coupled with the slowdown in restocking demand of certain medications for chronic diseases and osteoarthritis as affected by the decrease in frequency of patient visits and terminal destocking. Meanwhile, the weak macroeconomic consumption environment also reduced the demand for non-emergency medications.

The short-term sales growth momentum of exclusive oral prescription medications has not improved. The Group will continue to strengthen compliant academic promotion, broaden the coverage of key hospitals and grassroots terminals, and optimize its product mix, with a view to unleashing the long-term growth potential of its exclusive oral prescription medications.

OTC MEDICATIONS

The Group has a number of well-received OTC medications, which are made available for people to purchase at more than 300,000 retail pharmacies nationwide and multiple major online pharmacy platforms.

In the first six months of 2026, the sales of OTC medications decreased by 23.4% from RMB176,756,000 for the same period last year to RMB135,367,000. The post-pandemic high base effect continued to persist due to the advance drawdown of demand as residents stockpiled large quantities of OTC medications for influenza and heat clearing during the pandemic. Furthermore, retail pharmacies proactively lowered their inventory levels and cut back restocking due to the macroeconomic slowdown, which exerted further pressure on the sales of the Group's OTC medications at the retail terminal.

CLINICAL TRIALS OF NEW MEDICATIONS

Currently, the Group has a number of research projects which are progressively undergoing pharmaceutical and clinical trials. Among them, two exclusive innovative drugs, namely "Sailuotong Capsule" and "JC Capsule", have completed their Phase III clinical trials. Currently, the Group's research and development team has submitted applications for manufacturing permit, which have been accepted and are now targeting to obtain approval for market launch in 2027. On the other hand, the exclusive innovative drug "Q-B-Q-F Condensed Pill" is still in the Phase III clinical trial stage. The Group will provide updates on the clinical trials from time to time. Please refer to the interim reports and annual reports published in previous years for the detailed descriptions and market potential of the above three medications.

The Group's research and development expenses accounted for 5.7% of the total sales revenue during the first six months of 2026. In the future, the Group will continue to focus on modernizing TCMs and developing innovative TCMs with clinical advantages and characteristics in the advantageous fields of TCM such as cardio-cerebrovascular diseases, paediatrics, orthopaedic diseases, gynaecological diseases and geriatric diseases.

MANAGEMENT DISCUSSION AND ANALYSIS

ANCIENT CLASSIC PRESCRIPTIONS

The Group has been persistently committed to promoting the inheritance and innovative development of TCMs, and is currently developing more than 100 new medications developed from ancient classic prescriptions of Chinese medicine. Guided by the national policies, the Group is now accelerating the registration of several new medications developed from classic TCM prescriptions under Class 3.1 of TCM regulations.

The Group has 7 classic prescriptions that are approved for market launch, ranking first nationwide in terms of the number of approvals and maintaining its leading position in the development of new medications based on ancient classic prescriptions.

In the first six months of 2026, the Group's independently developed classic prescriptions, namely "Ling Gui Zhu Gan Decoction Granules" (Guoyaozhunzi C20260005), "Erdong Decoction Granules" (Guoyaozhunzi C20260007) and "Taohong Siwu Decoction Granules" (Guoyaozhunzi C20260009), were approved for market launch by the National Medical Products Administration, respectively.

Ling Gui Zhu Gan Decoction Granules, being national medical insurance covered products, are primarily indicated for the syndrome of phlegm-fluid retention due to middle yang deficiency, which has clinical manifestations such as distention and fullness in the chest and rib-side, dizziness, palpitations, shortness of breath with cough, white and slippery tongue coating, and wiry and slippery pulse. Following advancement in evidence-based medical research, its therapeutic value in treatment of diseases affecting multiple organ systems has been further confirmed, with indications covering cardiovascular, respiratory, digestive, nervous, urinary, and endocrine systems, among others.

The core efficacy of Erdong Decoction Granules is to moisten the lungs and drain the stomach fire. They are indicated for symptoms such as vexation and thirst and frequent urination seen in the upper Xiao syndrome, and can be applied for treatment of Xiaoke syndrome based on syndrome differentiation. They have been recommended by authoritative multidisciplinary guidelines and consensus statements for conditions including diabetes, pulmonary diseases and thyroid diseases.

The major efficacy of Taohong Siwu Decoction Granules is to nourish and invigorate blood, and remove blood stasis. They can be used for symptoms caused by blood deficiency and blood stasis, such as menstrual irregularities, heavy menstrual flow with clots, dark purple and thick menstrual blood, and abdominal pain and distention. Clinically, they can also be used based on syndrome differentiation to treat various conditions, including blood stasis syndromes in cardiovascular and cerebrovascular diseases as well as traumatic injuries. They possess anti-inflammatory and anticoagulant effects and can also be used as adjunctive treatment for conditions such as chronic pelvic inflammatory disease, coronary heart disease, and sequelae of cerebral infarction.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group continued to increase its R&D investment in adapting ancient classic prescriptions. Recently, three of the Group's Class 3.1 new drugs based on classic prescriptions were simultaneously accepted for review by the Center for Drug Evaluation of the National Medical Products Administration. These include: 1) "Hua Gan Jian Granules", whose core functions are to soothe the liver and drain the fire, as well as harmonize the stomach and relieve pain, which are indicated for heat depression syndrome of the liver and stomach, such as rib-side pain, stomach pain, acid reflux, and vexation and agitation caused by liver depression transforming into fire; 2) "Houpu Wenzhong Decoction Granules", which are indicated for qi stagnation caused by cold-dampness of spleen and stomach with the effect of warming the core to disperse coldness and promoting qi to dry dampness, and can therefore be used for treatment of gastroenterological patients with cold-dampness symptoms, such as chronic gastritis, abdominal distension and loose stools, aversion to cold and heavy dampness; and 3) "Danggui Liu Huang Decoction Granules", which has the effect of nourishing yin, purging fire, strengthening superficial body resistance and arresting sweating, mainly indicated for night sweats, tidal fever and vexation caused by yin deficiency and excessive fire, and can therefore be used for treatment of patients experiencing menopause or night sweats due to chronic fatigue.

NATIONAL POLICIES SUPPORTING TCM

Since the first half of 2026, the State continued to advance the development of modernization, standardization and digitization of TCM, and introduced multiple policies to support the high-quality development of the TCM industry, which included enhancing the quality standards for TCM materials, advancing the unified standards for TCM formula granules, and enhancing the application of TCM in grassroots healthcare institutions.

In January 2026, eight departments including the Ministry of Industry and Information Technology, the National Health Commission, the State-owned Assets Supervision and Administration Commission of the State Council, the National Administration of Traditional Chinese Medicine and the National Medical Products Administration of the PRC jointly issued the "Implementation Plan for High-quality Development of the Traditional Chinese Medicine Industry (2026-2030)" (《中藥工業高品質發展實施方案(2026-2030年)》). The plan proposes to construct high-standard TCM material bases, promote the R&D of new Chinese medicines, cultivate major proprietary TCM varieties, and promote the development of intelligent and green production of TCM and quality traceability system. This policy is conducive to promoting the TCM industry towards a standardized, modernized and large-scale development level, encouraging enterprises to strengthen the control over source of herbs, quality traceability, innovative R&D and smart production capabilities, promoting the development of brand and quality advantages for high-quality TCM products, and expediting the transition of the industry from traditional extensive production to high-quality, traceable, sustainable and innovation-driven development model.

In March 2026, the "Special Provisions for Supervision and Administration of Traditional Chinese Medicine Production" (《中藥生產監督管理專門規定》) issued by the National Medical Products Administration was officially implemented. Through stricter regulation of the entire process of the production of TCM decoction pieces, TCM formula granules, proprietary TCM and TCM extracts, the provisions encourage enterprises to establish a more refined quality traceability, pharmacovigilance and production management system, and enhance the compliance requirement for the resuming production and sustainable production of Chinese medicine injections. This policy is conducive to improving the quality consistency, safety and traceability of TCM products, and promoting the upgrade of the industry from experience-driven and decentralized production to standardized, regulated and high-quality production; it raises the barriers to entry of the industry and benefits leading TCM enterprises with quality systems, large-scale production and brand advantages to expand market share in the long term.

MANAGEMENT DISCUSSION AND ANALYSIS

In April 2026, the National Administration of Traditional Chinese Medicine and the National Health Commission issued the “Management Standards for Chinese Medicine Decoction Pieces in Hospitals (2026 Edition) (《醫院中藥飲片管理規範（2026版）》)”. It aims to strengthen the management requirements in hospitals for the procurement, acceptance, storage, dispensation, decoction and prescription evaluation of TCM decoction pieces. This policy is conducive to improving TCM service quality and drug use safety in hospitals, and promoting medical institutions to focus more on the quality standards, traceability, delivery services and smart pharmacy of suppliers, thereby creating more regulated and higher-quality market needs for premium TCM decoction pieces enterprises, TCM formula granules enterprises and smart pharmacy service providers.

In July 2026, the National Administration of Traditional Chinese Medicine and the National Development and Reform Commission jointly issued the “15th Five-Year Plan for the Revitalization and Development of Traditional Chinese Medicine (《中醫藥振興發展「十五五」規劃》)”. The plan proposes the establishment of a comprehensive TCM service system covering the entire population and full-life cycle, in order to enhance grassroots TCM service capabilities and drive innovation in the Chinese medicine industry as well as the modernization and international development of TCM. The plan also provides a clearer long-term development direction for the TCM industry, supporting the expansion of grassroots TCM service scenarios, and increasing the application of TCM products in chronic disease management, rehabilitation, preventive treatment as well as grassroots medical service. The plan also facilitates the coordinated upgrading across the TCM industry chain in research and development, manufacturing, quality, distribution and internationalization, which will ultimately improve the overall industry sentiment and enhance the certainty of growth for high-quality companies.

FINANCIAL ANALYSIS

Turnover

For the first six months of 2026, the Group’s turnover decreased by 28.5% as compared to the corresponding period of last year. Sales of the Group’s injection products decreased by 43.4% to RMB319,921,000, accounting for 27.1% of the Group’s total turnover. Sales of soft capsule products decreased by 6.8% to RMB202,694,000, accounting for 17.2% of the Group’s total turnover. Sales of granule products decreased by 9.6% to RMB246,580,000, accounting for 20.9% of the Group’s total turnover. Sales of TCM formula granules decreased by 31.1% to RMB336,100,000, accounting for 28.5% of the Group’s total turnover. The Group also sold RMB75,788,000 of medicines in other dosage forms (including pills and tablets etc.) which accounted for 6.3% of the Group’s turnover.

Sales of prescription and OTC medications of the Group for the first six months of 2026 were RMB1,045,716,000 and RMB135,367,000 respectively, which accounted for 88.5% and 11.5% of the Group’s turnover respectively.

Cost of Sales

Cost of sales of the Group for the first six months of 2026 was RMB355,468,000, representing 30.1% of the Group’s turnover. In particular, direct materials, direct labour and other production costs accounted for 60.6%, 17.0% and 22.4% of the total production costs respectively (for the corresponding period of 2025: 66.8%, 14.3% and 18.9%).

MANAGEMENT DISCUSSION AND ANALYSIS

Gross Profit Margin

For the first six months of 2026, average gross profit margins of the Group's injection products, soft capsule products, granule products and TCM formula granule products were 67.4% (for the corresponding period of 2025: 71.6%), 79.4% (for the corresponding period of 2025: 76.0%), 79.6% (for the corresponding period of 2025: 77.5%) and 62.4% (for the corresponding period of 2025: 69.7%) respectively. Overall gross profit margin was 69.9% as compared to 72.2% of the corresponding period of last year.

Other Income

Other income mainly included enterprise development funds of RMB126,278,000 (for the corresponding period of 2025: RMB156,300,000). The enterprise development funds mainly represented enterprise development funds received from the government for research activities and investments in the relevant regions in the PRC by the Group.

Investment Income

Investment income mainly included interest income from bank deposits and structured deposits.

Other Gains and Losses

Other gains and losses mainly represented the net amount of gain on disposal of property, plant and equipment and exchange loss.

Impairment on Financial Assets

In the first six months of 2026, respective impairment of RMB121,000 (for the corresponding period of 2025: reversal of impairment of RMB2,706,000) and reversal of impairment of RMB101,000 (for the corresponding period of 2025: impairment of RMB871,000) for trade receivables and trade receivables backed by bank bills were accounted for after the expected credit risk of financial assets assessment by the Group's management.

Selling and Distribution Costs

Selling and distribution costs for the first six months of 2026 decreased by 51.8% as compared to the corresponding period of last year and were equal to 26.4% (for the corresponding period of 2025: 39.2%) of the Group's turnover. The decrease was mainly due to the fact that the Group strengthened its cost control policy, which resulted in a decrease in advertising expenses, market development expenses, sales management expenses and market promotion expenses as compared to the same period of last year.

Administrative Expenses

In the first six months of 2026, the Group's administrative expenses decreased by approximately 15.5% as compared to the corresponding period of last year, representing approximately 9.0% (for the corresponding period of 2025: 7.7%) of the Group's turnover. Administrative expenses mainly comprised salaries and social security outlay of administration staff, depreciation expenses of property, plant and equipment and amortisation expenses of intangible assets which accounted for 2.3% and 2.0% (for the corresponding period of 2025: 2.6% and 1.4%) of the Group's turnover respectively.

Research and Development Costs

During the first six months of 2026, research and development costs accounted for approximately 5.7% (for the corresponding period of 2025: 3.0%) of the Group's turnover.

MANAGEMENT DISCUSSION AND ANALYSIS

Taxation

The Group's taxation for the first six months of 2026 amounted to RMB99,151,000 (for the corresponding period of 2025: RMB160,015,000). The effective tax rate decreased from 20.7% in the corresponding period of last year to 17.4%. This was mainly due to the decrease in withholding tax related to dividend distributions of subsidiaries in the PRC as compared to the corresponding period of last year.

Profit for the Period

The Group's net profit for the first six months of 2026 was RMB469,158,000, representing a decrease of 23.7% as compared to the corresponding period of last year. The decrease in profit was mainly attributable to the increase in procurement cost of raw materials during the Period, coupled with the impact of centralized procurement on drug prices, resulting in a decrease in turnover and gross profit compared with the corresponding period of last year.

Interim Dividend

The Board resolved to declare the second interim dividend of RMB80 cents per share in respect of the fiscal year 2026 amounting to RMB604,320,000 (calculated on the basis of 827,000,000 shares issued less 71,600,000 shares held under the share award scheme as at 30 June 2026), which will be paid on 25 September 2026 to the shareholders whose names appear on the Company's register of members on 14 September 2026.

The above interim dividend will be payable in cash in Hong Kong dollars and will be converted from Renminbi at the telegraphic transfer exchange rate quoted by the bank at 10:00 a.m. on 27 August 2026 (RMB1=HK\$1.166). Accordingly, the amount payable on 25 September 2026 will be HK\$0.933 per share.

Capital Structure

For the six months ended 30 June 2026, there was no change in the capital structure and issued share capital of the Group as compared to those on 31 December 2025.

Liquidity and Financial Resources

As at 30 June 2026, the current ratio was 4.3 (31 December 2025: 3.7) and the debt-to-equity ratio was 3.7% (31 December 2025: 4.0%).

The directors of the Company (the "Directors") believe that the financial position of the Group is healthy, with sufficient financial resources to meet the requirements of its future development.

Trade Receivables and Trade Receivables backed by Bank Bills

Trade receivables and trade receivables backed by bank bills as at 30 June 2026 decreased by 18.7% and 4.8% respectively from 31 December 2025. Turnover days of trade receivables and trade receivables backed by bank bills were 112.0 days and 29.0 days respectively (for the corresponding period of 2025: 99.9 days and 31.2 days respectively).

MANAGEMENT DISCUSSION AND ANALYSIS

Inventories

Inventories balance as at 30 June 2026 decreased by 18.6% from 31 December 2025. By inventory categories, raw materials, work in progress and finished goods respectively accounted for 15.0%, 41.9% and 43.1% of inventories as at 30 June 2026 (31 December 2025: 15.1%, 44.4% and 40.5% respectively). Turnover days of finished goods in the first six months of 2026 were 133.0 days (for the corresponding period of 2025: 110.0 days).

Property, Plant and Equipment

In the first six months of 2026, the Group acquired property, plant and equipment of RMB27,797,000 and the additional construction projects in progress amounted to approximately RMB39,161,000 in total. Besides, following the adoption of IFRS 16, property, plant and equipment included leasehold land, leasehold properties, leasehold motor vehicles and leasehold machinery which had respective net book values of RMB146,458,000, RMB1,819,000, RMB606,000 and RMB1,404,000 as at 30 June 2026.

For the six months ended 30 June 2026, depreciation for property, plant and equipment amounted to RMB67,342,000 as compared to RMB69,511,000 for the corresponding period of last year.

Intangible Assets

Intangible assets represent patents and production licenses with finite useful lives. During the Period under review, the amortisation of intangible assets was approximately RMB3,356,000.

Goodwill

Goodwill represents the excess of the acquisition cost over the fair value of the identifiable net assets of subsidiaries acquired in previous years. As at 30 June 2026, the Group's management had assessed the goodwill impairment and considered that the recoverable amount was above the carrying amount of the cash-generating unit, and therefore no goodwill impairment was required.

Trade Payables

During the Period under review, turnover days of trade payables were 149.5 days (for the corresponding period of 2025: 146.0 days).

Employees

As at 30 June 2026, the Group had 2,656 employees (31 December 2025: 2,822 employees). Remuneration of the employees was determined and reviewed by the Group based on fair principles with reference to market conditions and individual performance. The Group also provided other benefits to its employees, including medical insurance and retirement benefits. The Group's employees in Hong Kong were also enrolled in the Mandatory Provident Fund Scheme.

MANAGEMENT DISCUSSION AND ANALYSIS

Exposure to Fluctuations in Exchange Rates

A majority of the Group's business transactions and liabilities are denominated in Renminbi and Hong Kong dollars. The Group adopts a conservative financial policy and most of its bank deposits are in Renminbi, Hong Kong dollars and Australian dollars. The Group's exchange loss in the first half of 2026 represented the net exchange loss arising from the changes in exchange rates among the Renminbi, Hong Kong dollars and Australian dollars. As at 30 June 2026, the Group did not have any foreign exchange contracts, interest rates or currency swaps or other financial derivatives for hedging purposes.

Contingent Liabilities

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

Significant Investments Held, Material Acquisitions and Disposals, and Future Plans for Material Investments or Capital Assets

Save as disclosed in this Management Discussion and Analysis and in the condensed consolidated financial statements, (i) there were no significant investments held, nor were there any material acquisitions or disposals during the Period; and (ii) no plans have been authorised by the Board for any material investments or additions of capital assets as at 30 June 2026.

Charge on the Group's Assets

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

Events after the Reporting Date of 30 June 2026

The Board is not aware of any other important event requiring disclosure that has taken place subsequent to 30 June 2026 and up to the date of this report.

Other Information

Save as disclosed in this report, during the Period, there has been no material change in the Group's financial position or business since the publication of the latest annual report of the Company for the year ended 31 December 2025.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS

Interest in the Company

As at 30 June 2026, interests of every person (not being a Director or chief executive of the Company) in the shares and underlying shares in the Company as recorded in the register required to be kept by the Company under Section 336 of the Securities and Futures Ordinance (the “SFO”) were as follows:

Name of shareholder	Capacity	Number of shares	Approximate percentage of shareholding in the Company
Forway (Note 1)	Beneficial owner	546,802,990	66.12%
BH Corporate Services Ltd (Note 1)	Trustee of discretionary trust	546,802,990	66.12%

Notes:

Note 1: These shares are 100% held by Forway Investment Limited (“Forway”), which is 100% owned by BH Corporate Services Ltd, a Hong Kong company. Interests of Forway and BH Corporate Services Ltd in the shares were duplicated.

Save as disclosed above, as at 30 June 2026, the Company had not been notified by any persons who (other than the Directors or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

DIRECTORS’ AND CHIEF EXECUTIVES’ INTERESTS IN SHARES

As at 30 June 2026, the interests and short positions of the Directors and chief executive of the Company and their respective associates in the shares, underlying shares and debentures of the Company and its associated corporations within the meaning of Part XV of the SFO, which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange (“the Listing Rules”) to be notified to the Company and the Stock Exchange, were as follows:

Name of Director	Name of relevant company	Capacity	Number of shares	Approximate percentage of shareholding in the Company
Li Zhenjiang	Company	Note 2	546,802,990	66.12%
Li Huimin	Company	Beneficial owner	1,020,000	0.12%
Xin Yunxia	Company	Beneficial owner	540,000	0.07%

Note 2: Although Mr. Li Zhenjiang, the executive Director, is deemed to be interested in these shares under the SFO because he is the founder of the discretionary trust, Mr. Li Zhenjiang himself does not have decision-making power, distribution rights, or profit rights in Forway and the discretionary trust.

Save as disclosed above, as at 30 June 2026, none of the Directors or chief executive of the Company or their respective associates had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations.

OTHER INFORMATION

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the Period was the Company, its holding company, or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

EMPLOYEES' SHARE AWARD SCHEME

On 26 March 2018, the Company adopted the share award scheme (the "Scheme") with objectives to recognise the contributions by certain employees and give incentives thereto in order to motivate them for the continual operation and development of the Group; and to attract suitable personnel for further development of the Group.

Eligible participants include any employee (including without limitation any Director) of the Company and its subsidiaries (but excluding any employee who is resident in a place where (i) the award of shares and/or vesting or transfer of shares pursuant to the terms of the Scheme is not permitted under the laws and regulations of such place or (ii) where in the view of the Board compliance with applicable laws or regulations in such place makes it necessary or expedient to exclude such employee, in each case as determined by the Board in its absolute discretion).

The Scheme shall be valid and effective for a period of 10 years commencing on its adoption date, with approximately 1.5 years remaining.

Unless otherwise determined or revoked by the Board at its discretion, the awarded shares shall vest in the selected employees at such time and upon such conditions as the Board may determine at its discretion, provided that the selected employee remains at all time on or before the relevant vesting date an employee of the Company or its subsidiary.

The Board shall not make any further share award under the Scheme which will result in the number of Shares awarded by the Board under the Scheme in excess of 10 per cent of the issued share capital of the Company as at its adoption date (being 827,000,000 shares) (which is also equal to the issued share capital of the Company as at the date of this report).

The maximum aggregate number of shares which may be awarded to a selected employee under the Scheme shall not exceed 1 per cent of the issued share capital of the Company as at the adoption date (which is also equal to the issued share capital of the Company as at the date of this report).

Subject to the Scheme, the Board may impose any conditions, restrictions or limitations or waive or amend any such conditions, restrictions or limitations from time to time in relation to the share award as it may at its absolute discretion think fit.

No share awards have been granted under the Scheme since its adoption.

During the six months ended 30 June 2026 and 30 June 2025, there were no disposals or purchases of shares by the trustee.

At the beginning and the end of the reporting period, there were 71,600,000 shares held by the trustee. No shares have been granted to eligible employees pursuant to the Scheme since its adoption.

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the six months ended 30 June 2026, neither the Company nor any of its subsidiaries purchased, sold or redeemed any securities of the Company.

The Company did not hold or sell any treasury shares during the six months ended 30 June 2026.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions and principles set out in the Corporate Governance Code (the “Code”) contained in Part 2 of Appendix C1 to the Listing Rules during the six months ended 30 June 2026, except for code provision C.2.1 as described below.

The code provision C.2.1 stipulates that the roles of chairman of the board (the “Chairman”) and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and chief executive should be clearly established and set out in writing. The Company does not use the title “Chief Executive”. The duties of the chief executive have been assumed by the president of the Company (the “President”).

The role of the President has been assumed by the Chairman. His responsibilities are clearly set out in writing and approved by the Board. Given the Group’s current stage of development, the Board considers that vesting the roles of Chairman and President in the same person facilitates the execution of the Group’s business strategies and maximizes the effectiveness of its operations. The Board shall nevertheless review the relevant structure from time to time and shall consider any appropriate adjustments should new circumstances arise.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions by directors of the Company on terms no less exacting than the required standard set out in the Model Code. The prohibitions on securities dealing and disclosure requirements in the Model Code apply to specified individuals including the Group’s senior management and also persons who are privy to price sensitive information of the Group. Having made specific enquiry, all directors of the Company confirmed that they had complied with the required standard set out in the Model Code regarding securities transactions of the directors for the six months ended 30 June 2026.

CHANGES IN DIRECTORS’ INFORMATION

During the six months ended 30 June 2026, there were no issues related to the directors of the Company that are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

AUDIT COMMITTEE

The audit committee of the Company has reviewed with management and external auditors the accounting principles and policies adopted by the Group and the unaudited consolidated results of the Group for the six months ended 30 June 2026.

OTHER INFORMATION

CLOSURE OF SHARE TRANSFER REGISTRATION

The register of members of the Company will be closed from 11 September 2026 to 14 September 2026 (both days inclusive). In order to qualify for the second interim dividend for the fiscal year 2026, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 10 September 2026.

By order of the Board
China Shineway Pharmaceutical Group Limited

Li Huimin
Director

Hong Kong, 27 August 2026

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF CHINA SHINEWAY PHARMACEUTICAL GROUP LIMITED

中國神威藥業集團有限公司

(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of China Shineway Pharmaceutical Group Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 25 to 40, which comprise the condensed consolidated statement of financial position as of 30 June 2026 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statements. 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 these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion 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 Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements 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 condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

27 August 2026

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2026

Six months ended 30 June			
	NOTES	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Revenue	3	1,181,083	1,652,698
Cost of sales		(355,468)	(459,092)
Gross profit		825,615	1,193,606
Other income		128,837	162,059
Investment income	4	112,986	218,290
Other gains and losses		(10,841)	29,418
Impairment losses (including reversals of impairment losses) on financial assets	12	(20)	1,835
Selling and distribution costs		(312,239)	(647,836)
Administrative expenses		(106,849)	(126,452)
Research and development costs		(66,969)	(50,378)
Finance costs		(2,211)	(5,864)
Profit before taxation		568,309	774,678
Taxation	5	(99,151)	(160,015)
Profit and total comprehensive income for the period	6	469,158	614,663
Earnings per share	8		
Basic (RMB)		62 cents	81 cents
Diluted (RMB)		62 cents	81 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2026

	NOTES	30.6.2026 RMB'000 (Unaudited)	31.12.2025 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	9	1,235,614	1,248,527
Intangible assets		12,368	15,722
Goodwill	10	165,956	165,956
Deferred tax assets		35,647	42,697
		1,449,585	1,472,902
Current assets			
Inventories		562,514	691,298
Trade receivables	11	655,294	805,933
Trade receivables backed by bank bills	11	184,874	194,154
Prepayments, deposits and other receivables		58,530	47,161
Tax recoverable		5,969	–
Financial assets at fair value through profit or loss		–	376,640
Bank balances and cash		7,538,360	7,189,047
		9,005,541	9,304,233
Current liabilities			
Trade payables	13	246,978	340,026
Other payables and accrued expenses		1,360,720	1,540,266
Contract liabilities		96,364	148,006
Bank borrowing	14	306,953	325,051
Lease liabilities		4,808	9,064
Amounts due to related companies		13,784	13,784
Deferred income		41,969	73,857
Tax payable		15,159	60,217
		2,086,735	2,510,271
Net current assets		6,918,806	6,793,962
Total assets less current liabilities		8,368,391	8,266,864

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2026

	NOTES	30.6.2026 RMB'000 (Unaudited)	31.12.2025 RMB'000 (Audited)
Non-current liabilities			
Lease liabilities		526	787
Deferred tax liabilities		48,038	98,021
Deferred income		113,677	106,242
		162,241	205,050
Net assets		8,206,150	8,061,814
Capital and reserves			
Share capital	15	87,662	87,662
Reserves		8,118,488	7,974,152
Total equity		8,206,150	8,061,814

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2026

	Share capital RMB'000	Share premium RMB'000	Merger reserve RMB'000 (Note a)	Statutory surplus reserve fund RMB'000 (Note b)	Discretionary surplus reserve fund RMB'000 (Note b)	Shares held for share award scheme RMB'000	Accumulated profits RMB'000	Total equity RMB'000
At 1 January 2026 (audited)	87,662	422,140	83,758	572,603	154,760	(578,649)	7,319,540	8,061,814
Profit and total comprehensive income for the period	-	-	-	-	-	-	469,158	469,158
Transfers	-	-	-	2,030	-	-	(2,030)	-
Dividends paid (note 7)	-	-	-	-	-	-	(324,822)	(324,822)
At 30 June 2026 (unaudited)	87,662	422,140	83,758	574,633	154,760	(578,649)	7,461,846	8,206,150
At 1 January 2025 (audited)	87,662	422,140	83,758	570,797	154,760	(578,649)	6,726,436	7,466,904
Profit and total comprehensive income for the period	-	-	-	-	-	-	614,663	614,663
Transfers	-	-	-	1,009	-	-	(1,009)	-
Dividends paid (note 7)	-	-	-	-	-	-	(271,944)	(271,944)
At 30 June 2025 (unaudited)	87,662	422,140	83,758	571,806	154,760	(578,649)	7,068,146	7,809,623

Notes:

- (a) Merger reserve of China Shineway Pharmaceutical Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") represents the difference between the net asset value of the subsidiaries and the nominal amount of the Company's shares which were issued as consideration for the subsidiaries at the time of the group reorganisation in preparation for the listing of the Company's shares.
- (b) Statutory surplus reserve fund and discretionary surplus reserve fund are appropriated each year by certain subsidiaries in the People's Republic of China (the "PRC") on the basis of 10% of the profit after taxation as determined by the board of directors of the relevant subsidiaries and at the rate decided by the shareholders annually in accordance with the Articles of Association ("Articles") of the relevant subsidiaries. According to the provisions of the Articles, in normal circumstances, this reserve should only be used for making up losses, capitalisation into capital and expansion of production and operation.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Net cash from operating activities	273,419	566,319
Investing activities		
Placement of financial products	(250,000)	(349,500)
Proceeds from redemption of financial products	637,556	697,570
Placement of structured deposits	(1,038,000)	(1,003,770)
Proceeds from redemption of structured deposits	1,038,000	1,003,770
Interest received	102,070	130,812
Purchase of property, plant and equipment	(77,364)	(100,614)
Proceeds from disposal of property, plant and equipment	30,134	11,124
Government grants received	1,853	25,565
Net cash from investing activities	444,249	414,957
Financing activities		
New borrowings raised	302,140	328,477
Repayment of borrowing	(320,238)	(330,000)
Dividends paid	(324,822)	(271,944)
Interest paid	(2,211)	(5,864)
Repayment of lease liabilities	(4,517)	(4,242)
Net cash used in financing activities	(349,648)	(283,573)
Net increase in cash and cash equivalents	368,020	697,703
Cash and cash equivalents at beginning of the period	7,189,047	6,140,153
Effect of exchange rate changes of cash and cash equivalents	(18,707)	22,963
Cash and cash equivalents at end of the period, representing bank balances and cash	7,538,360	6,860,819

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

1. GENERAL

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 (“IAS 34”) *Interim Financial Reporting* issued by the International Accounting Standards Board as well as the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Group’s condensed consolidated financial statements are presented in Renminbi (“RMB”) which is also the functional currency of the Company.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2026 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2025.

Application of amendments to IFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to IFRS Accounting Standards issued by the International Accounting Standards Board, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2026 for the preparation of the Group’s condensed consolidated financial statements:

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
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

3. REVENUE AND SEGMENT INFORMATION

Operating segment

The Group is engaged in a single segment in research and development, manufacturing and trading of Chinese pharmaceutical products. This operating segment has been identified on the basis of internal management reports that are regularly reviewed by the Chairman of the board of directors of the Group, being the chief operating decision maker (the "CODM"), for the purpose of resources allocation and performance assessment. The information reported to the CODM is further categorised into different locations within the PRC, each of which is considered as a separate operating segment by the CODM. For segment reporting, these individual operating segments have been aggregated into a single reportable segment as they share similar economic characteristics.

Revenue from major products

The following is an analysis of the Group's revenue from its major products:

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Injections	319,921	565,628
Soft capsules	202,694	217,383
Granules	246,580	272,695
Traditional Chinese medicine formula granules	336,100	487,717
Others (including pills and tablets etc.)	75,788	109,275
	1,181,083	1,652,698

Sales of the Group to external customers were substantially made in the PRC including Hong Kong.

4. INVESTMENT INCOME

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Interest on bank deposits	99,284	117,876
Interest on structured deposits (Note)	2,786	1,945
Investment income from financial products (Note)	10,916	98,469
	112,986	218,290

Note: The structured deposits and financial products are measured at fair value through profit or loss. The redemption amounts (including the return) of such products are linked to the performance of underlying financial products. The investment income represents the differences between initial investment amounts and redemption amounts, inclusive of both realised and unrealised changes.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

5. TAXATION

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
PRC Enterprise Income Tax ("EIT"):		
Current tax	75,916	97,329
Underprovision in prior years	6,168	5,763
Withholding tax on distributed profits	60,000	70,287
	142,084	173,379
Deferred tax	(42,933)	(13,364)
	99,151	160,015

Under the Law of the PRC on EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both periods.

Certain subsidiaries which are operating in Western China have been granted tax concession by the local tax bureau and are entitled to PRC EIT at a concessionary rate of 15% for both periods. Certain subsidiaries which are recognised as High and New-tech Enterprise have been granted tax concessions by the local tax bureau and are entitled to PRC EIT at a concessionary rate of 15% for both periods. In addition, a subsidiary which is operating in agricultural products business has been granted tax exemption by the local tax bureau.

According to a joint circular of the State Taxation Administration, Cai Shui 2011 No. 1, PRC withholding income tax of 10% shall be levied on the dividend declared by the companies established in the PRC to their foreign investors out of their profits earned after 1 January 2008. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are incorporated or operate in Hong Kong and fulfil the requirements of the tax treaty arrangements between the PRC and Hong Kong. Those immediate holding companies of the Group's PRC subsidiaries were entitled to a 5% withholding tax rate during both periods.

Under the EIT Law, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the condensed consolidated financial statements in respect of temporary differences attributable to accumulated undistributed profits of the PRC subsidiaries amounting to RMB2,497,293,000 (31 December 2025: RMB2,533,337,000) as the Group is able to control the timing of the reversal of the temporary differences and it is possible that the temporary differences will not be reversed in the foreseeable future.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

6. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Profit for the period has been arrived at after charging (crediting):		
Amortisation of intangible assets	3,356	4,424
Depreciation of property, plant and equipment	67,342	69,511
Enterprise development funds (included in other income) (Note)	(126,278)	(156,300)
Net exchange loss (gain) (included in other gains and losses)	25,135	(32,843)
Gain on disposal of property, plant and equipment (included in other gains and losses)	(17,605)	(7,619)

Note: The enterprise development funds represent the amounts received from the local government by the subsidiaries of the Company.

During the six months ended 30 June 2026, the enterprise development funds of (a) RMB97,185,000 (six months ended 30 June 2025: RMB147,797,000) represent incentives received in relation to the engagement of the subsidiaries of the Company in business development, the grants of which were unconditional, approved and received during the period; and (b) RMB29,093,000 (six months ended 30 June 2025: RMB8,503,000) represent recognition of deferred income upon completion of related research activities and development projects.

7. DIVIDENDS

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Dividends recognised as distribution during the periods:		
– 2026 first interim dividend of RMB43 cents per share	324,822	–
– 2025 first interim dividend of RMB36 cents per share	–	271,944
	324,822	271,944
Dividends declared subsequent to the reporting periods:		
– 2026 second interim dividend of RMB80 cents per share	604,320	–
– 2025 second interim dividend of RMB11 cents per share	–	83,094
	604,320	83,094

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

7. DIVIDENDS (Cont'd)

The 2026 second interim dividend of RMB80 cents per share, in the amount of an aggregate of RMB604,320,000, has been declared by the directors of the Company on 27 August 2026 and will be paid on 25 September 2026, to the shareholders of the Company whose names appear on the register of members of the Company on 14 September 2026. The aggregate amount of RMB604,320,000 (six months ended 30 June 2025: RMB83,094,000) has been calculated on the basis of 827,000,000 (2025: 827,000,000) shares in issue less 71,600,000 (2025: 71,600,000) shares held for the share award scheme as at 30 June 2026.

8. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit for the period attributable to the owners of the Company for the purpose of basic and diluted earnings per share	469,158	614,663

	Six months ended 30 June	
	2026	2025
Weighted average number of ordinary shares in issue less shares held for share award scheme for the purpose of calculation of basic and diluted earnings per share	755,400,000	755,400,000

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2026, the Group made additions to construction in progress of RMB39,161,000 (six months ended 30 June 2025: RMB59,126,000), and acquired other property, plant and equipment of RMB27,797,000 (six months ended 30 June 2025: RMB19,063,000). During the six months ended 30 June 2026, the Group also disposed of certain property, plant and equipment with carrying amount of RMB12,529,000 (six months ended 30 June 2025: RMB3,505,000) at net consideration of RMB30,134,000 (six months ended 30 June 2025: RMB11,124,000), resulting in a gain on disposal of RMB17,605,000 (six months ended 30 June 2025: RMB7,619,000).

10. GOODWILL

At 30 June 2026, the Group has goodwill with a carrying amount of RMB165,956,000 (31 December 2025: RMB165,956,000) being allocated to one cash-generating unit comprising subsidiaries whose principal activities are research and development, manufacturing and trading of pharmaceutical products.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

11. TRADE RECEIVABLES/TRADE RECEIVABLES BACKED BY BANK BILLS

	30.6.2026 RMB'000 (Unaudited)	31.12.2025 RMB'000 (Audited)
Trade receivables	728,554	879,072
Less: Allowance for expected credit loss ("ECL")	(73,260)	(73,139)
	655,294	805,933
Trade receivables backed by bank bills	186,214	195,595
Less: Allowance for ECL	(1,340)	(1,441)
	184,874	194,154
	840,168	1,000,087

The Group allows a credit period normally ranging from six months to one year to its trade customers. The following is an aged analysis of the trade receivables and trade receivables backed by bank bills, net of allowance for ECL, presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates.

	30.6.2026 RMB'000 (Unaudited)	31.12.2025 RMB'000 (Audited)
Within 6 months	515,342	595,702
Over 6 months but less than 1 year	128,870	202,798
Over 1 year but less than 2 years	117,836	135,707
More than 2 years	78,120	65,880
	840,168	1,000,087

As at 30 June 2026, total bills received with carrying amount of RMB184,874,000 (31 December 2025: RMB194,154,000) are held by the Group for future settlement of trade receivables. All bills received by the Group are with a maturity period of less than one year.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

12. IMPAIRMENT LOSSES (INCLUDING REVERSALS OF IMPAIRMENT LOSSES) ON FINANCIAL ASSETS

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Impairment losses recognised (reversed) on trade receivables	121	(2,706)
Impairment losses (reversed) recognised on trade receivables backed by bank bills	(101)	871
	20	(1,835)

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 June 2026 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2025.

13. TRADE PAYABLES

An aged analysis of the Group's trade payables presented based on the invoice date at the end of the reporting period is as follows:

	30.6.2026 RMB'000 (Unaudited)	31.12.2025 RMB'000 (Audited)
Within 6 months	190,638	288,149
Over 6 months but less than 1 year	40,423	31,477
Over 1 year but less than 2 years	12,106	16,893
Over 2 years but less than 3 years	837	1,515
Over 3 years	2,974	1,992
	246,978	340,026

The average credit period taken for trade purchases ranges from two months to six months.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

14. BANK BORROWING

During the six months ended 30 June 2026, the Group obtained new bank loans of RMB300,000,000 and RMB2,140,000 for financing the Group's general working capital and capital expenditure respectively and repaid bank loans of RMB320,238,000. The effective interest rate (which is also equal to the contractual interest rate) on the new loans of RMB300,000,000 and RMB2,140,000 is 1% to 2.24% and the borrowings are repayable within 1 year.

During the six months ended 30 June 2025, the Group obtained new bank loans of RMB300,000,000 and RMB28,477,000 for financing the Group's general working capital and capital expenditure respectively and repaid bank loans of RMB330,000,000. The effective interest rate (which is also equal to the contractual interest rate) on the new loans of RMB300,000,000 and RMB28,477,000 is 1% to 2.49% and the borrowings are repayable within 1 year.

15. SHARE CAPITAL

	Number of shares '000	Amount '000
Ordinary shares of HK\$0.10 each		
Authorised:		
At 1 January 2025, 31 December 2025 and 30 June 2026	5,000,000	HK\$500,000
Issued and fully paid:		
At 1 January 2025, 31 December 2025 and 30 June 2026	827,000	HK\$82,700
		RMB'000
Shown in the financial statements as		87,662

There were no changes in the Company's authorised, issued and fully paid share capital during both periods.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

16. SHARE-BASED PAYMENT TRANSACTIONS

Share award scheme

On 26 March 2018, the Company adopted the share award scheme (“the Scheme”) with objectives to recognise the contributions by certain employees and give incentives thereto in order to motivate them for the continual operation and development of the Group; and to attract suitable personnel for further development of the Group. Unless terminated earlier by the board of directors pursuant to the Scheme, the Scheme shall be valid and effective for a period of ten years commencing on the adoption date.

Pursuant to the Scheme, the board of directors may, from time to time, at its absolute discretion cause to be paid to the trustee sums of money from the Company’s resources for the purchase of shares to be held on trust in accordance with the Scheme and the trust deed. Such sums of money shall be applied towards the purchase of the specific number of shares from the open market according to the written instructions of the board of directors. The board of directors shall not make any further award which will result in the number of shares awarded by the board of directors under the Scheme exceeding 10% of the issued share capital of the Company as at the adoption date. The maximum aggregate number of award shares which may be granted to a selected employee under the Scheme shall not exceed 1% of the issued share capital of the Company as at the adoption date.

There were no disposals or purchases of shares by the trustee during the six months ended 30 June 2026 and 2025.

At the end of the reporting period, there were 71,600,000 (31 December 2025: 71,600,000) shares held by the trustee.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

17. RELATED PARTY DISCLOSURES

Other than as disclosed elsewhere in the condensed consolidated financial statements, the Group has the following transactions and balances with related parties:

Name of related parties	Nature of balances/transactions	Six months ended 30 June	
		2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Shineway Medical Science & Technology Co., Ltd. ("Shineway Medical")	Interest expense on lease liabilities	137	287
	Service fee	5,916	5,916
	Purchase of software	6,810	–
	Sale of pharmaceutical products	21	–
Shineway (Sanhe) Property Development Limited ("Shineway Sanhe")	Interest expenses on lease liabilities	23	47
	Service fee	1,353	1,353
Shijiazhuang Municipal Luancheng County Shineway Training School ("Shineway Training School")	Service fee	204	621
Name of related parties	Nature of balances	30.6.2026 RMB'000 (Unaudited)	
		31.12.2025 RMB'000 (Audited)	
Shineway Medical	Lease liabilities	3,583	7,088
Shineway Sanhe	Lease liabilities	590	1,168

Shineway Medical and Shineway Training School are companies controlled by a close family member of an executive director of the Company. Shineway Sanhe is a company in which a close family member of an executive director of the Company has significant influence.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

17. RELATED PARTY DISCLOSURES (Cont'd)

Compensation of key management personnel

Key management personnel are deemed to be the members of the board of directors of the Company who are responsible for planning, directing and controlling the activities of the Group. Details of the remuneration paid to them during the period were as follows:

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Short-term benefits	7,115	8,182
Post-employment benefits	16	18
	7,131	8,200

18. CAPITAL COMMITMENTS

	30.6.2026 RMB'000 (Unaudited)	31.12.2025 RMB'000 (Audited)
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	192,498	332,362