



現代中藥集團有限公司

Modern Chinese Medicine Group Co., Ltd.

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1643

2026

INTERIM REPORT

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Ms. Sun Xinlei (*Chairlady*)
Ms. Zhang Hongli (*Chief Executive Officer*)
Ms. Jia Yanru

Independent non-executive Directors

Ms. Liu Ling
Mr. Leung Tsz Wing
Mr. Wong Chi Kin

Audit Committee

Mr. Leung Tsz Wing (*Chairman*)
Ms. Liu Ling
Mr. Wong Chi Kin

Remuneration Committee

Ms. Liu Ling (*Chairlady*)
Ms. Zhang Hongli
Mr. Wong Chi Kin

Nomination Committee

Mr. Wong Chi Kin (*Chairman*)
Ms. Jia Yanru
Ms. Liu Ling

JOINT COMPANY SECRETARIES

Ms. Jia Yanru
Ms. Tse Yuen Ting

AUTHORISED REPRESENTATIVES

Ms. Zhang Hongli
Ms. Tse Yuen Ting

INDEPENDENT AUDITOR

Forvis Mazars CPA Limited
*Certified Public Accountants and Registered Public Interest
Entity Auditor*
42nd Floor, Central Plaza
18 Harbour Road
Wanchai
Hong Kong

LEGAL ADVISER

Mason Ching & Associates
2403, 24th Floor
World-Wide House
19 Des Voeux Road Central
Hong Kong

PRINCIPAL BANKER

Bank of China Limited
Longhua Branch
No. 7 Anzhou North Street, Longhua Town
Longhua County, Chengde City
Hebei Province
PRC

REGISTERED OFFICE

89 Nexus Way, Camana Bay
Grand Cayman
KY1-9009
Cayman Islands

CORPORATE HEADQUARTERS IN THE PEOPLE'S REPUBLIC OF CHINA

No. 88 Jinwei Road
Chengde City
Hebei Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

2404, 24th Floor
World-Wide House
19 Des Voeux Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Ogier Global (Cayman) Limited
89 Nexus Way, Camana Bay
Grand Cayman
KY1-9009
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

WEBSITE

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STOCK CODE

1643

Financial Highlights

The board (the “**Board**”) of director(s) (the “**Director(s)**”) of Modern Chinese Medicine Group Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) hereby set forth below a summary of the unaudited condensed consolidated results of the Company for the six months ended 30 June 2026 (the “**Period**”) together with comparative figures for the six months ended 30 June 2025 (the “**Last Corresponding Period**”).

- Revenue increased from approximately RMB64.8 million for the Last Corresponding Period to approximately RMB118.5 million for the Period, representing an increase of approximately 82.9%.
- Gross profit increased from approximately RMB16.2 million for the Last Corresponding Period to approximately RMB22.1 million for the Period, representing an increase of approximately 36.4%.
- Loss attributable to the owners of the Company for the Period was RMB25.9 million, while earnings of RMB2.5 million was recorded for the Last Corresponding Period.
- Basic and diluted earnings/(loss) per share turned from earnings of RMB0.41 cents for the Last Corresponding Period to loss of RMB3.60 cents for the Period.

Management Discussion and Analysis

GENERAL OVERVIEW

The Group is principally engaged in the production of Proprietary Chinese Medicine (PCM), in particular, over-the-counter and prescribed medicines intended for use by the middle-aged and the elderly in the PRC. The Group currently has about 71 types of PCM products, the major products of which include Vigour and Vitality Supplement Pill (補腎填精丸), Circulation Enhancement Pill (氣血雙補丸), Cardiotonic Enhancement Capsule (山玫膠囊), Kidney Invigoration Pill (金匱腎氣丸), Heart Wellness Capsule (心安膠囊), Menstrual Discomfort Relief Pill (加味逍遙丸), Liver Detox Tablet (護肝片), Additional Ingredient Huoxiang ZhengQi Pill (加味藿香正氣丸), Liver-dispersing and Stomach Regulating Pill (舒肝和胃丸) and Fever- removing and Detoxification Pill (清瘟解毒丸). The intended therapeutic effects of the Group's major products are for the treatment and/or alleviation of (i) Qi (氣) – deficiency and blood-stasis condition; (ii) cardio-cerebrovascular condition; (iii) digestive and gastrointestinal condition; and (iv) gynaecological condition.

As at 30 June 2026, the Group had a distribution network of 95 distributors covering about 50 cities in the PRC, and had expanded its business in the eastern region of the PRC and Hong Kong during the first half of 2026. Sales revenue generated from northeast region of the PRC was still the highest compared to other regions of the PRC. The Group believes that its distribution network and distributorship model will continue to support further development of the Group's business operations in the future. In addition, the distribution network would not only help to develop the business operations geographically from the northeast and southern regions of the PRC to other areas in the PRC, but also allow the Group to penetrate in reasonably extensive width and breadth both in the northeast and southern regions of the PRC, which the Group is strategically targeting at in view of the Group's established footprint and the large population there.

During the Period, the Group completed the acquisition of 30% interest (the “**Acquisition**”) in AI Health Global Holdings Limited (“**AI Health**”). The operating subsidiaries of AI Health, namely Allways Health-Care Corporation Limited (“**Allways**”) and Hong Kong Wing Ming Medical Limited (“**Wing Ming**”) are principally engaged in manufacturing of registered traditional Chinese medicines, which include a series of exceptional products, such as “Shen Dun Strong Seal Pills” (神盾海狗丸) and “Wing Ming Pai Feng Pill” (永明烏雞白鳳丸), and online sales of proprietary Chinese medicines. As at the date of this report, Allways has registered 184 proprietary Chinese medicine in Hong Kong, while Wing Ming has established different official flagship stores across major e-commerce platforms.

OUTLOOK AND PROSPECTS

Looking back on the first half of 2026, the Chinese pharmaceutical market remained in a critical period of deep integration and structural adjustment. Although short-term competition remained intense in the industry, the medium-to-long-term development logic of the traditional Chinese medicine (“TCM”) industry remained solid and full of potential. The Central Committee of the Communist Party of China and the State Council continued to deepen strategic support for the TCM industry, steadfastly advancing the Implementation Plan for the Major Project for the Revitalization and Development of TCM (《中醫藥振興發展重大工程實施方案》), and deeply integrating the inheritance and innovation of TCM into the “Healthy China 2030” Planning Outline. National policies explicitly encouraged the application of the TCM in primary healthcare systems and were committed to promoting the modernization, standardization and internationalization of PCM.

During the Period, driven by the intensifying trend of ageing population in China and the public's growing emphasis on chronic disease management and the health philosophy of “preventive healthcare”, terminal market demand for high-quality PCM continued to rise steadily. Meanwhile, with the progressive improvement of the industry's regulatory system and the establishment of traceability system across the entire industrial chain, market resources were accelerating their concentration towards high-quality enterprises with standardized management capabilities and solid production foundations. The industry landscape was moving towards a healthier and more orderly direction of development.

Management Discussion and Analysis (Continued)

In the face of both opportunities and challenges in the industry, the Group adhered to steady operation in the first half of 2026. While optimising internal management and product structure, it actively sought external growth to broaden future profitability.

We are well aware that promoting the globalisation of the TCM is an important part of the national strategy and an essential path for the Group to achieve leapfrog development. To this end, during the Period, the Group took a key step in its international expansion, through the Acquisition.

This strategic acquisition is of great significance to the Group. We are and will actively leverage the well-established network of AI Health and its business presence in Hong Kong and Macau. This not only opens up a channel for the Group's high-quality products to enter the Hong Kong and Macau markets, but also serves as a springboard to gradually expand the Group's sales network into overseas regions, thereby effectively diversifying the risk of a single market and creating new revenue growth points for the Group.

Looking ahead to the second half of 2026 and forward, the Group will continue to focus on enhancing quality control standards and strengthen cost control to address market volatility, thereby laying a solid foundation for restoring and improving profitability. In overseas markets, we will accelerate the integration of AI Health's resources, leverage synergies, and steadily advance the implementation of our business in Hong Kong, Macau and international markets.

Challenges certainly exist, but the path forward is already clear. The Group will closely follow the national policy to revitalize and develop TCM. We firmly believe that the Group will capitalized on the opportunity in the reshaping of the PCM industry, and remain committed to maximizing profits and long-term value of the shareholders of the Company by continuously optimizing our industrial chain layout and actively expanding into international markets.

FINANCIAL REVIEW

The Group posted consolidated revenue of approximately RMB118.5 million for the Period, representing an increase of approximately RMB53.7 million or 82.9% as compared to the revenue of approximately RMB64.8 million for the Last Corresponding Period. The increase in revenue was mainly due to increase in orders from both Hong Kong and Chinese Mainland distributors.

Vigour and Vitality Supplement Pill (補腎填精丸) and Additional Ingredient Huoxiang ZhengQi Pill (加味藿香正氣丸) were the top two selling products for the Period, accounting for approximately 27.3% of the Group's total revenue. For the Last Corresponding Period, the top two selling products were Vigour and Vitality Supplement Pill (補腎填精丸) and Circulation Enhancement Pill (氣血雙補丸), which accounted for approximately 36.2% of the Group's total revenue.

The northeast region of the PRC remained the largest contributor to the Group's total revenue for the Period. It contributed over 43.5% of the total revenue of the Group for the Period as compared to over 50% for the Last Corresponding Period.

The Group manages the overall gross profit margin to ensure the profitability of the Group while allowing flexible price adjustments for individual products. The overall gross profit margin for the Period decreased to approximately 18.7% from approximately 25.0% for the Last Corresponding Period. The decline was mainly due to the fact that the products sold in Hong Kong are primarily health supplements and are sold in wholesale form, resulting in lower gross profit margins.

OPERATING COSTS AND EXPENSES

For the Period, selling and distribution expenses of the Group increased by approximately 221.3% from approximately RMB10.4 million for the Last Corresponding Period to approximately RMB33.4 million for the Period. It was mainly attributable to the increase in promotion and marketing expenses incurred to enhance brand awareness and deepen the market penetration of the Group's products and brand in key regions of the PRC.

Management Discussion and Analysis (Continued)

Administrative and other operating expenses primarily consist of staff costs, other taxes and legal and professional fees. There was an increase of approximately 126.1% in respect of the administrative and other operating expenses for the Period in comparison with those of the Last Corresponding Period. This was mainly due to 1) increased administrative and professional expenses incurred from investments in associates during the Period; and 2) increased in depreciation of right-of-use assets.

Additional research and development ("R&D") costs of approximately RMB15.3 million (Last Corresponding Period: Nil) incurred during the Period in order to improve product quality and enhance clinical value research.

Finance costs increased to approximately RMB54,000 for this Period from RMB3,000 for the Last Corresponding Period. It was mainly due to the increase in interest paid on lease liabilities resulted from new leases capitalised.

OPERATING RESULTS

The Group turned from profit after tax of approximately RMB2.5 million for the Last Corresponding Period to loss of approximately RMB25.9 million for the Period. This was primarily due to increased in promotion and marketing expenses and R&D costs, which incurred to support the Group's expansion in the PRC and to improve product quality and enhance clinical-value, respectively, both are for the purpose of the Group's its long-term development.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2026, the Group held total assets of approximately RMB499.2 million (31 December 2025: approximately RMB543.4 million), including property, plant and equipment of approximately RMB197.9 million (31 December 2025: approximately RMB195.3 million), trade and other receivables of approximately RMB69.1 million (31 December 2025: approximately RMB71.2 million) and bank balances and cash of approximately RMB119.7 million (31 December 2025: approximately RMB229.7 million).

As at 30 June 2026, the Group had total liabilities of approximately RMB30.8 million (31 December 2025: approximately RMB45.4 million), which comprises mainly of trade and other payables amounting to approximately RMB23.8 million (31 December 2025: approximately RMB38.7 million).

As at 30 June 2026, the gearing ratio, expressed as a percentage of total loans (including lease liabilities) over total equity, was about 0.26% (31 December 2025: approximately 0.01%).

CASH FLOW

During the Period, the Group's net cash used in operating activities was approximately RMB48.5 million (Last Corresponding Period: net cash proceeds were approximately RMB63.5 million). The substantial decrease in net cash generated from operating activities mainly resulted from increased in inventories.

Net cash used in investing activities was approximately RMB58.7 million for the Period (Last Corresponding Period: approximately RMB9.9 million). The increase in net cash used in investing activities resulted from purchase of intangible assets, property, plant and equipment and investments in associates during the Period.

Net cash used in financing activities was approximately RMB2.7 million for the Period (Last Corresponding Period: no financing activities). The increase in net cash used in financing activities mainly resulted from increased payments on lease liabilities and interest resulted from new lease capitalised.

CONTINGENT LIABILITIES

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

Management Discussion and Analysis (Continued)

CAPITAL COMMITMENTS

As at 30 June 2026, the Group had no capital commitments (31 December 2025: approximately RMB0.8 million).

EXPOSURE TO FLUCTUATION IN EXCHANGE RATE

The majority of the Group's business and borrowings are denominated and accounted for in Renminbi. The Group, therefore, does not have any significant exposure to foreign exchange fluctuation.

The Board does not expect the fluctuation of Renminbi exchange rate and other foreign exchange fluctuation will have any material impact on the business operations or financial results of the Group. However, the Group will closely monitor the foreign exchange market and take appropriate and effective measures from time to time to reduce any negative impact from exchange-rate risk to the furthest extent including establishment of a hedging policy.

CHARGE ON GROUP ASSETS

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

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2026, the Group had 189 employees (31 December 2025: 189). The total staff costs including directors' remuneration for the Period were approximately RMB7.0 million (Last Corresponding Period: approximately RMB5.8 million). Remuneration is determined based on each employee's qualifications, position and seniority. In addition to a basic salary, year-end discretionary bonuses are offered with reference to our Group's performance as well as individual's performance to attract and retain appropriate and suitable personnel to serve the Group. Furthermore, the Group offers other staff benefits like provision of retirement benefits, various types of trainings and sponsorship of training courses. The Group also adopts an annual review system to assess the performance of staff members, which forms the basis of decisions with respect to salary rises and promotions.

SIGNIFICANT INVESTMENT, ACQUISITION AND DISPOSAL

Save for the Acquisition, there were no significant investments held, acquisitions or disposals of subsidiaries, associated companies and joint ventures by the Group during the Period.

The Group did not have other plans for significant investments, acquisitions and disposal of subsidiaries, associated companies and joint ventures as at 30 June 2026.

CAPITAL EXPENDITURE

For the Period, the Group spent approximately RMB59.0 million (including prepayment for long-term assets) (for the year ended 31 December 2025: approximately RMB36.3 million) on capital expenditure, which was primarily related to the acquisition of property, plant and equipment, intangible assets and investments in associates.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the Period (Last Corresponding Period: Nil).

Other Information

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

For the Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Board recognises the importance of good corporate governance to the Company's healthy growth and has devoted considerable efforts to formulating and implementing corporate governance practices appropriate to the Company's needs. The Company has adopted the principles and code provisions of the Corporate Governance Code ("**CG Code**") as set out in Appendix C1 of the Listing Rules as the basis of the Company's corporate governance practices.

In the opinion of the Directors, during the Period, the Company complied with all applicable code provisions as set out in the CG Code.

The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiries to all the Directors of the Company, each of the Directors has confirmed that he/she has complied with the required standards set out in the Model Code during the Period.

CONSTITUTIONAL DOCUMENT

On 28 April 2026, the Board resolved to make certain amendments to its Articles of Association (the "**Articles**") in order to, among other things, (i) facilitate electronic communication; (ii) facilitate electronic and hybrid general meetings; (iii) facilitate electronic payment; (iv) make necessary and consequential updates to align with applicable laws of the Cayman Islands and the Listing Rules. A special resolution for the adoption of the new Articles ("**New Articles**") was passed by the Shareholders at the annual general meeting of the Company held on 29 May 2026. The New Articles is available on the respective websites of the Stock Exchange and the Company.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 June 2026, the interests and short positions of the Directors and chief executive of the Company in the Company's Shares ("Shares"), underlying Shares and debentures of the Company or any of the associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO") which have been notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interest or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or under the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(a) Interests in Shares

Name	Capacity/Nature of interest	Number of Shares interested in	Percentage of interest in the Company (Note 1)
Ms. Sun Xinlei ("Ms. Sun")	Interest in a controlled corporation	402,000,000 (long position) (Note 2)	55.83%

Notes:

(1) The percentage is calculated based on 720,000,000 shares in issue as at 30 June 2026.

(2) These Shares are held by Modern Biotechnology Group Holdings Co., Ltd (現代生物科技集團控股有限公司) ("Modern Biotechnology"), which is a company incorporated in the British Virgin Islands ("BVI"). The entire issued share capital of Modern Biotechnology is owned by Ms. Sun, the Chairlady and an executive Director, it is therefore deemed to be interested in the Shares held by Modern Biotechnology under the SFO.

(b) Interests in the shares of associated corporations

Name	Name of associated corporation	Capacity/ Nature of interest	Number of shares	Percentage of interest in associated corporations
Ms. Sun	Modern Biotechnology	Beneficial owner	One share of US\$1.00 (long position)	100%
	Chengde Yushi Jindan Pharmaceutical Co., Ltd ("Chengde Yushi") (承德御室金丹藥業有限公司) (Note 2)	Beneficial owner	N/A (Note 3)	100%

Notes:

(1) Chengde Yushi is a limited liability company established in the PRC. It is regarded as an indirect wholly-owned subsidiary of the Group by virtue of the contractual arrangements entered into with the Group.

(2) The percentage of shareholding is determined with reference to the percentage of subscribed registered capital of the shareholder.

Other Information (Continued)

DIRECTORS' RIGHTS TO PURCHASE SHARES OR DEBENTURES

Save as otherwise disclosed in this interim report, at no time during the Period was the Company or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors and chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any body corporate, and none of the Directors and chief executives or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company or had exercised any such right during the Period.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 June 2026, so far as is known to the Directors, the following person (not being a Director or chief executive of the Company) had interests or short positions in Shares or underlying Shares of the Company, which would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein:

Name	Capacity/Nature of interest	Number of Shares held	Percentage of interest in the Company (Note 1)
Modern Biotechnology	Beneficial owner	402,000,000 (long position)	55.83%
Universal Health (Global) Investment Fund Management Limited (Note 2)	Beneficial owner	120,000,000 (long position)	16.67%

Notes:

(1) The percentage is calculated based on 720,000,000 shares in issue as at 30 June 2026.

(2) The entire issued share capital of Universal Health (Global) Investment Fund Management Limited is owned by Ms. Chen Xiaoyan, she is therefore deemed to be interested in the Shares held by Universal Health (Global) Investment Fund Management Limited under the SFO.

Save as disclosed under the section headed "DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION" in this interim report, none of the controlling shareholders, the Directors nor their respective close associates (as defined in the Listing Rules) is interested in any business apart from the business operated by the Group which competes or is likely to compete, directly or indirectly, with the Group's business during the Period and up to the date of this interim report.

SHARE OPTION SCHEME

Pursuant to the written resolutions of all the shareholders of the Company passed on 18 December 2020, the Company adopted a share option scheme (the "Share Option Scheme"). No share option has been granted since the listing date of the Company's shares on the Stock Exchange (i.e. 15 January 2021) and therefore, there were no outstanding share options as at 30 June 2026 and no share option was exercised, vested, expired or cancelled or lapsed under the Share Option Scheme for the period from the Listing Date to 30 June 2026, and up to the date of this interim report.

As no share options have been granted under the Share Option Scheme during the Period, the number of Shares that may be issued in respect of options granted under the Share Option Scheme during the Period divided by the weighted average number of Shares of the relevant class in issue (excluding treasury Shares) for the Period was nil.

Save for the Share Option Scheme, the Company has not adopted any other share scheme. The number of options available for grant under the scheme mandate for the Share Option Scheme at the beginning and the end of (i) the Period; and (ii) the year ended 31 December 2025 (“FY2025”), was 60,000,000 Shares respectively.

As at 30 March 2026 (i.e. the date of the Company’s annual report for FY2025 (the “**2025 Annual Report**”)), the total number of Shares available for issue under the Share Option Scheme was 60,000,000, representing approximately 8.3% of the total number of issued Shares (excluding treasury Shares) as at the date of the 2025 Annual Report.

CONTINUING CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS

Saved for the continuing connected transactions arise by virtue of the contractual arrangements entered into with the Group, during the Period, the Group did not enter into any transactions which need to be disclosed as connected transactions or continuing connected transactions pursuant to Chapter 14A of the Listing Rules. Details of the material related party transactions are set out in note 18 of the Interim Financial Statements. These related party transactions did not constitute connected transactions or continuing connected transactions pursuant to Chapter 14A of the Listing Rules.

EVENT AFTER THE REPORTING PERIOD

No important event has occurred after the Period and up to the date of this interim report.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

The Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board is aware, the Group has complied in material aspects with the relevant laws and regulations that have a significant impact on the business and operations of the Group.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, as at the date of this interim report, the Company maintained a sufficient public float of the issued Shares (i.e. at least 25% of the issued Shares in the public hands) as required under the Listing Rules.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) comprises three independent non-executive Directors, namely Ms. Liu Ling, Mr. Leung Tsz Wing and Mr. Wong Chi Kin. The chairman of the Audit Committee is Mr. Leung Tsz Wing. The unaudited interim results of the Group for the Period have been reviewed by the Audit Committee.

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	4	118,538	64,758
Cost of sales		(96,423)	(48,568)
Gross profit		22,115	16,190
Other income and gains, net	5	3,600	1,406
Selling and distribution expenses		(33,384)	(10,389)
Administrative and other operating expenses		(8,534)	(3,774)
Research and development costs		(15,275)	–
Finance costs	6	(54)	(3)
Share of profit of associates	11	40	–
(Loss) profit before tax	6	(31,492)	3,430
Income tax credit (expense)	7	5,591	(977)
(Loss) profit for the period		(25,901)	2,453
Other comprehensive (loss) income			
<i>Items that will not be reclassified to profit or loss</i>			
Exchange differences on translation of the Company's financial statements to presentation currency		(3,820)	(1,169)
<i>Items that may be reclassified subsequently to profit or loss</i>			
Share of other comprehensive loss of associates	11	(1)	–
Exchange differences on consolidation		131	8
Other comprehensive loss for the period, net of tax		(3,690)	(1,161)
Total comprehensive (loss) income for the period		(29,591)	1,292
(Losses) earnings per share attributable to owners of the Company		RMB cent	RMB cent
Basic and diluted	8	(3.60)	0.41

Condensed Consolidated Statement of Financial Position

At 30 June 2026

		At 30 June 2026 RMB'000 (Unaudited)	At 31 December 2025 RMB'000 (Audited)
	Notes		
Non-current assets			
Property, plant and equipment		197,894	195,330
Intangible assets	10	11,698	—
Investments in associates	11	37,279	—
Right-of-use assets		3,588	1,757
Prepayment for long-term assets		15,095	14,340
Deferred tax assets	16	5,644	881
		271,198	212,308
Current assets			
Inventories	12	39,234	28,952
Income tax recoverable		—	1,225
Trade and other receivables	13	69,079	71,202
Bank balances and cash		119,683	229,712
		227,996	331,091
Current liabilities			
Trade and other payables	14	23,793	38,709
Lease liabilities	15	1,201	69
		24,994	38,778
Net current assets		203,002	292,313
Total assets less current liabilities		474,200	504,621
Non-current liabilities			
Deferred tax liabilities	16	5,804	6,634
NET ASSETS		468,396	497,987
Capital and reserves			
Share capital	17	6,104	6,104
Reserves		462,292	491,883
TOTAL EQUITY		468,396	497,987

Condensed Consolidated Statement of Changes In Equity

For the six months ended 30 June 2026

	Reserves						Total RMB'000
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Translation reserve RMB'000	Statutory reserve RMB'000	Accumulated profits RMB'000	
At 1 January 2026 (Audited)	6,104	137,089	29,540	7,712	15,113	302,429	497,987
Loss for the period	-	-	-	-	-	(25,901)	(25,901)
Other comprehensive (loss) income							
<i>Items that will not be reclassified to profit or loss</i>							
Exchange differences on translation of the Company's financial statements to presentation currency	-	-	-	(3,820)	-	-	(3,820)
<i>Items that may be reclassified subsequently to profit or loss</i>							
Share of other comprehensive loss of associates	-	-	-	(1)	-	-	(1)
Exchange differences on consolidation	-	-	-	131	-	-	131
Total comprehensive loss for the period	-	-	-	(3,690)	-	(25,901)	(29,591)
At 30 June 2026 (Unaudited)	6,104	137,089	29,540	4,022	15,113	276,528	468,396

Condensed Consolidated Statement of Changes In Equity (Continued)

For the six months ended 30 June 2026

	Reserves						Total RMB'000
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Translation reserve RMB'000	Statutory reserve RMB'000	Accumulated profits RMB'000	
At 1 January 2025 (Audited)	5,010	108,674	29,540	9,902	15,113	315,986	484,225
Profit for the period	–	–	–	–	–	2,453	2,453
Other comprehensive (loss) income <i>Items that will not be reclassified to profit or loss</i>							
Exchange differences on translation of the Company's financial statements to presentation currency	–	–	–	(1,169)	–	–	(1,169)
<i>Items that may be reclassified subsequently to profit or loss</i>							
Exchange differences on consolidation	–	–	–	8	–	–	8
Total comprehensive (loss) income for the period	–	–	–	(1,161)	–	2,453	1,292
At 30 June 2025 (Unaudited)	5,010	108,674	29,540	8,741	15,113	318,439	485,517

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 (used in) from operating activities	(48,549)	63,470
INVESTING ACTIVITIES		
Interest received	270	372
Payment for purchase of property, plant and equipment	(9,280)	(839)
Payment for purchase of intangible assets	(11,698)	–
Proceeds from disposal of property, plant and equipment	–	30
Deposits paid for acquisition of property, plant and equipment	–	(9,430)
Investments in associates	(37,240)	–
Prepayment for long-term assets	(755)	–
Net cash used in investing activities	(58,703)	(9,867)
FINANCING ACTIVITIES		
Payment of lease liabilities	(2,671)	–
Interest paid for lease liabilities	(54)	–
Net cash used in financing activities	(2,725)	–
Net (decrease) increase in cash and cash equivalents	(109,977)	53,603
Cash and cash equivalents at the beginning of the reporting period	229,712	229,668
Effect on exchange rate changes, net	(52)	(21)
Cash and cash equivalents at the end of the reporting period, represented by bank balances and cash	119,683	283,250

Notes To The Condensed Consolidated Financial Statements

For the six months ended 30 June 2026

1. CORPORATE INFORMATION AND BASIS OF PREPARATION

Modern Chinese Medicine Group Co., Ltd. (the “**Company**”, together with its subsidiaries are collectively referred to as the “**Group**”) was incorporated in the Cayman Islands as an exempted company with limited liability on 12 August 2019. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 15 January 2021. The address of the Company’s registered office is 89 Nexus Way, Camana Bay, Grand Cayman, KY1-9009, Cayman Islands. The principal place of business of the Company in Hong Kong is Room 2404, 24th Floor, World-Wide House, 19 Des Voeux Road Central, Hong Kong. The Group’s headquarter is situated at No. 88 Jinwei Road, Chengde City, Hebei Province, the People’s Republic of China (the “**PRC**”).

The Company is an investment holding company and its subsidiaries are principally engaged in the production of proprietary Chinese medicine (“**PCM**”) in Chinese Mainland of the PRC.

The immediate and ultimate holding company of the Company is Modern Biotechnology Group Holdings Co., Ltd., which is incorporated in the British Virgin Islands (the “**BVI**”). In the opinion of the directors of the Company, the ultimate controlling party is Ms. Sun Xinlei.

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2026 (the “**Interim Financial Statements**”) have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “*Interim Financial Reporting*” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

The preparation of the Interim Financial Statements in conformity with HKAS 34 requires the Group’s management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a period to date basis. Actual results may differ from these estimates.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2026

1. CORPORATE INFORMATION AND BASIS OF PREPARATION (CONTINUED)

The Interim Financial Statements are unaudited but have been reviewed by the audit committee of the Company.

The Interim Financial Statements include an explanation of events and transactions that are significant to an understanding of the changes in financial position and financial performance of the Group since 31 December 2025, and therefore, do not include all of the information required for full set of financial statements prepared in accordance with the HKFRS Accounting Standards which collective term includes all applicable individual Hong Kong Financial Reporting Standards (“**HKFRSs**”), Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the HKICPA and accounting principles generally accepted in Hong Kong. They shall be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2025 (the “**2025 Annual Report**”).

The Interim Financial Statements have been prepared on the historical costs basis and presented in Renminbi (“**RMB**”) and rounded to the nearest thousands (“**RMB’000**”), unless otherwise indicated.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

The accounting policies, methods of computation, significant judgements made by the Group’s management in applying the Group’s accounting policies and the key sources of estimation uncertainty applied in the preparation of the Interim Financial Statements is consistent with those applied in preparing the 2025 Annual Report except for the adoption of the new/revised HKFRS Accounting Standards further described in the “Adoption of new/revised HKFRS Accounting Standards” section which are relevant to the Group and effective for the Group’s financial period beginning on 1 January 2026.

Adoption of new/revised HKFRS Accounting Standards

In the current interim period, the Group has applied, for the first time, certain new/revised HKFRS Accounting Standards issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2026 for the preparation of the Interim Financial Statements:

The adoption of the new/revised HKFRS Accounting Standards in the current period has 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 the Interim Financial Statements.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2026

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Future changes in HKFRS Accounting Standards

At the date of authorisation of the Interim Financial Statements, the HKICPA has issued the following new/revised HKFRS Accounting Standards that are not yet effective for the current period, which the Group has not early adopted.

HKFRS 18	Presentation and Disclosure in Financial Statements ^[1]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ^[1]
Amendments to HKAS 21	Translation to Hyperinflationary Presentation Currency ^[1]
HKFRS 20	Regulatory Assets and Regulatory Liabilities ^[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ^[3]

1 Effective for annual periods beginning on or after 1 January 2027

2 Effective for annual periods beginning on or after 1 January 2029

3 The effective date to be determined

The directors of the Company are in the process of assessing the possible impact on the future adoption of the new/revised HKFRS Accounting Standards, but are not yet in a position to reasonably estimate their impact on the Company's consolidated financial statements.

3. SEGMENT INFORMATION

The management of the Group has determined that the Group has only one operating and reportable segment throughout the reporting periods, as the Group manages its business as a whole as the production of PCM in Chinese Mainland and Hong Kong of the PRC. The executive directors of the Company, being the chief operating decision-makers of the Group, regularly review the internal financial reports on the same basis for the purposes of allocating resources and assessing performance of the Group.

In determining the Group's geographical segments, revenue is attributable to the countries based on the location of customers; and specified non-current assets information is based on the locations of assets and included the Group's property, plant and equipment, intangible assets and right-of-use assets.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2026

3. SEGMENT INFORMATION (CONTINUED)

Geographic Information

(a) Revenue from external customers

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Chinese Mainland of the PRC	93,527	64,758
Other locations	25,011	—
	118,538	64,758

(b) Specified non-current assets

	At 30 June 2026 RMB'000 (Unaudited)	At 31 December 2025 RMB'000 (Audited)
Chinese Mainland of the PRC	208,180	197,087
Hong Kong	5,000	—
	213,180	197,087

The Group's revenue did not have any single external customer contributing 10% or more of the total revenue of the Group during the six months ended 30 June 2026 and 2025.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2026

4. REVENUE

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Revenue from contracts with customers within HKFRS 15 <i>At a point in time</i> – Production of PCM	118,538	64,758

5. OTHER INCOME AND GAINS, NET

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Interest income	270	372
Exchange gains, net	3,330	1,180
Loss on disposal of property, plant and equipment, net	–	(202)
Reversal of loss allowance on trade receivables, net	–	316
Others	–	(260)
	3,600	1,406

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2026

6. (LOSS) PROFIT BEFORE TAX

This is stated after charging:

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Finance costs		
Interest on lease liabilities	54	3
Staff costs (including directors' emoluments)		
Salaries, allowances, discretionary bonus, and other benefits in kind	5,684	4,272
Contributions to defined contribution plans	1,325	1,549
	7,009	5,821
Other items		
Auditors' remuneration	1,045	1,037
Cost of inventories sold (<i>Note</i>)	96,423	48,568
Depreciation of right-of-use assets (charged to "administrative and other operating expenses")	1,972	64
Depreciation of property, plant and equipment (charged to "cost of sales" and "administrative and other operating expenses", as appropriate)	6,716	5,593
Amortisation of intangible assets (charged to "administrative and other operating expenses")	—	48
Advertising and promotion expenses (charged to "selling and distribution expenses")	28,475	7,954
Expenses under short-term leases	90	90
Provision for loss allowances on trade receivables, net	7	—

Note: Cost of inventories included approximately RMB4,474,000 and RMB5,830,000 (six months ended 30 June 2025: approximately RMB3,445,000 and RMB5,540,000) relating to staff costs and depreciation, respectively, which were included in the respective amounts as disclosed above for the six months ended 30 June 2026.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2026

7. INCOME TAX (CREDIT) EXPENSE

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Current tax		
PRC enterprise income tax ("PRC EIT")	2	895
Deferred tax		
Origination and changes in temporary differences (Note 16)	(5,593)	82
Total income tax (credit) expense for the period	(5,591)	977

The Group's entities established in the Cayman Islands and the BVI are exempted from income tax of those jurisdictions.

The Group's entities established in Chinese Mainland of the PRC are subject to PRC EIT at a statutory rate of 25% for the six months ended 30 June 2026 and 2025.

Hong Kong profits tax has not been provided as the Group had no assessable profit arising from Hong Kong for the six months ended 30 June 2026 and 2025.

8. (LOSSES) EARNINGS PER SHARE

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

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
(Losses) Profit for the period attributable to owners of the Company, used in basic and diluted (losses) earnings per share calculation	(25,901)	2,453

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2026

8. (LOSSES) EARNINGS PER SHARE (CONTINUED)

	'000	'000
<i>Number of shares:</i>		
Weighted average number of ordinary shares for basic and diluted (losses) earnings per share calculation	720,000	600,000

The calculation of basic (losses) earnings per share is based on the (losses) profit attributable to owners of the Company and the weighted average number of ordinary shares in issue during the period.

Diluted (losses) earnings per share are same as the basic (losses) earnings per share as there are no dilutive potential ordinary shares outstanding during the six months ended 30 June 2026 and 2025.

9. DIVIDEND

The directors did not recommend a payment of an interim dividend for the six months ended 30 June 2026 (*six months ended 30 June 2025: Nil*).

10. INTANGIBLE ASSETS

During the six months ended 30 June 2026 (*six months ended 30 June 2025: Nil*), the Group has acquired 4 trademarks for the business of sales of PCM at a total consideration of RMB11,698,000. The management of the Group is of the opinion that the trademarks have indefinite useful lives as they are transferable and able to renew with minimal cost, which is therefore carried at cost less accumulated impairment, if any.

11. INVESTMENTS IN ASSOCIATES

	At 30 June 2026 RMB'000 (Unaudited)
Unlisted shares, at cost	37,240
Share of comprehensive income	39
	37,279

On 19 January 2026, the Company has entered into a sale and purchase agreement with an independent third party – Huang Yu Holdings Limited (“皇御控股有限公司”) to acquire 30% of the issued share capital of AI Health Global Holdings Limited (“AI Health”, together with its subsidiaries are referred to as “AI Health Group”) at a consideration of HK\$41,820,000 (equivalent to approximately RMB37,240,000).

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2026

11. INVESTMENTS IN ASSOCIATES (CONTINUED)

AI Health is an investment holding company and its subsidiaries are principally engaged in manufacturing and selling the registered traditional Chinese medicines online.

Such transaction was completed in June 2026. The associates are accounted for using the equity method in the Group's financial statements.

Particulars of AI Health Group are as follows:

Name of associate	Principal place of business and place of incorporation	Proportion of value of issued/registered capital held by the Company	Principal activities
AI Health	BVI	30%	Investment holding
Allways Health-Care Corporation Limited	Hong Kong	30%	Manufacturing of registered traditional Chinese medicines
Rebound Global Limited	BVI	30%	Investment holding
Hong Kong Wing Ming Medical Limited	Hong Kong	30%	Provision of online sales of proprietary Chinese medicines

Financial information of the Group's associates:

	At/For the six months ended 30 June 2026 RMB'000 (Unaudited)
Share of profit of associates	40
Share of other comprehensive loss of associates	(1)
Share of total comprehensive income of associates	39
Carrying amount of the Group's investments in associates	37,279

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2026

12. INVENTORIES

	At 30 June 2026 RMB'000 (Unaudited)	At 31 December 2025 RMB'000 (Audited)
Raw materials	8,806	16,355
Work-in-progress	3,825	3,147
Finished goods	26,603	9,450
	39,234	28,952

13. TRADE AND OTHER RECEIVABLES

	Note	At 30 June 2026 RMB'000 (Unaudited)	At 31 December 2025 RMB'000 (Audited)
Trade receivables			
From third parties		61,826	60,237
Less: Loss allowances		(309)	(302)
	13(a)	61,517	59,935
Other receivables			
Prepayments (Note)		7,236	10,517
Other deposits and receivables		326	750
		7,562	11,267
		69,079	71,202

Note: The amounts at 30 June 2026 included prepaid advertising and promotion expenses of approximately RMB5,419,000 (31 December 2025: approximately RMB10,260,000).

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2026

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

- (a) The ageing of trade receivables, net of loss allowances, based on invoice date at the end of each reporting period was as follows:

	At 30 June 2026 RMB'000 (Unaudited)	At 31 December 2025 RMB'000 (Audited)
Within 30 days	23,443	19,616
31 to 60 days	19,576	21,783
61 to 90 days	18,498	18,536
	61,517	59,935

The Group normally grants credit terms up to 90 days from the date of issuance of invoices.

14. TRADE AND OTHER PAYABLES

	Note	At 30 June 2026 RMB'000 (Unaudited)	At 31 December 2025 RMB'000 (Audited)
Trade payables			
To third parties	14(a)	19,037	30,330
Other payables			
Monetary marketing incentives payables (Note)		—	4,129
Value-added tax and other tax payables		261	8
Salary payables		806	841
Accruals and other payables		3,689	3,401
		4,756	8,379
		23,793	38,709

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2026

14. TRADE AND OTHER PAYABLES (CONTINUED)

Note:

The credit terms for the monetary marketing incentive payables were not more than 90 days from the date of issuance of invoices.

- (a) At the end of each reporting period, the ageing analysis of trade payables based on invoice date was as follows:

	At 30 June 2026 RMB'000 (Unaudited)	At 31 December 2025 RMB'000 (Audited)
Within 30 days	9,758	30,330
31 to 60 days	4,867	—
61 to 90 days	4,412	—
	19,037	30,330

The trade payables are interest-free and with normal credit terms up to 90 days.

15. LEASE LIABILITIES

	At 30 June 2026 RMB'000 (Unaudited)	At 31 December 2025 RMB'000 (Audited)
Lease liabilities		
Current portion	1,201	69

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2026

15. LEASE LIABILITIES (CONTINUED)

Commitments and present value of lease liabilities:

	At 30 June 2026	
	Lease payments	Present value of
	<i>RMB'000</i>	lease payments
	(Unaudited)	<i>RMB'000</i>
		(Unaudited)
Amount payable:	1,222	1,201
Less: future finance charges	(21)	–
Total lease liabilities	1,201	1,201

	At 31 December 2025	
	Lease payments	Present value of
	<i>RMB'000</i>	lease payments
	(Audited)	<i>RMB'000</i>
		(Audited)
Amount payable:		
Within one year	72	69
Less: future finance charges	(3)	–
Total lease liabilities	69	69

The total cash outflows for leases (including short-term leases) for the period were approximately RMB2,815,000 (six months ended 30 June 2025: RMB90,000).

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2026

16. DEFERRED TAXATION

The movements in the Group's deferred tax assets (liabilities) for the respective reporting period were as follows:

	Assets		Liabilities	
	At 30 June 2026 <i>RMB'000</i> (Unaudited)	At 31 December 2025 <i>RMB'000</i> (Audited)	At 30 June 2026 <i>RMB'000</i> (Unaudited)	At 31 December 2025 <i>RMB'000</i> (Audited)
Deferred tax assets (liabilities)	5,644	881	(5,804)	(6,634)

	Research and development expenses <i>RMB'000</i>	Accrued revenue and costs <i>RMB'000</i>	Withholding tax on undistributed profits of a PRC subsidiary <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2025 (Audited)	—	837	(7,054)	(6,217)
Credit to profit or loss	—	44	420	464
At 31 December 2025 and 1 January 2026 (Audited)	—	881	(6,634)	(5,753)
Credit to profit or loss	3,819	944	830	5,593
At 30 June 2026 (Unaudited)	3,819	1,825	(5,804)	(160)

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2026

17. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000	Equivalent to RMB Approximately RMB'000
Ordinary share of HK\$0.01 each			
Authorised:			
At 1 January 2025 (audited), 30 June 2025 (unaudited), 1 January 2026 (audited) and 30 June 2026 (unaudited)	10,000,000	100,000	84,349
Issued and fully paid:			
At 1 January 2025 (audited) and 30 June 2025 (unaudited)	600,000	6,000	5,010
Issue of shares pursuant to the Share Subscription (<i>Note i</i>)	120,000	1,200	1,094
At 31 December 2025 (audited), 1 January 2026 (audited) and 30 June 2026 (unaudited)	720,000	7,200	6,104

Note:

- (i) On 8 April 2025, the Company and a subscriber (the "Subscriber") entered into a subscription agreement, pursuant to which the Company had conditionally agreed to allot and issue, and the Subscriber had conditionally agreed to subscribe for 120,000,000 new ordinary shares of the Company at the subscription price of HK\$0.27 per subscription share (the "Share Subscription"). The Share Subscription had been completed on 2 July 2025 and the net proceeds from the Share Subscription amounted to HK\$32,375,000 (equivalent to RMB29,509,000) were used to provide the additional working capital to finance the investment and business development of the Group. These shares rank *pari passu* with the existing shares in all respects.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2026

18. RELATED PARTY TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in the Interim Financial Statements, during the six months ended 30 June 2026 and 2025, further information of the related party transaction is set out below.

Remuneration for key management personnel (including directors of the Company) of the Group:

	Six months ended 30 June	
	2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Salaries, allowances, discretionary bonus, and other benefits in kind	737	856
Contributions to defined contribution plans	20	49
	757	905

19. COMMITMENTS

Capital expenditure commitments

	At 30 June 2026 RMB'000 (Unaudited)	At 31 December 2025 RMB'000 (Audited)
Contracted but not provided net of deposit paid for acquisition of intangible asset	–	755

20. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

The Interim Financial Statements were approved by the board of directors on 28 August 2026.