



愛康醫療控股有限公司

AK Medical Holdings Limited

(incorporated in the Cayman Islands with limited liability)

Stock Code : 1789

2026

INTERIM REPORT



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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Li Zhijiang (*Chairman of the Board of Directors and Chief Executive Officer*)

Ms. Zhang Bin

Mr. Zhang Chaoyang

Ms. Zhao Xiaohong

Non-executive Director

Dr. Wang David Guowei

Independent Non-executive Directors

Mr. Kong Chi Mo

Dr. Li Shu Wing David

Dr. Gao Wei

JOINT COMPANY SECRETARIES

Ms. Liang Kun (*appointed on 7 August 2026*)

Ms. Lee Lai Wah (*appointed on 7 August 2026*)

Ms. Ma Rongkun (*resigned on 7 August 2026*)

AUTHORIZED REPRESENTATIVES

Ms. Zhang Bin

Ms. Liang Kun (*appointed on 7 August 2026*)

Ms. Ma Rongkun (*resigned on 7 August 2026*)

AUDIT COMMITTEE (THE “AUDIT COMMITTEE”)

Mr. Kong Chi Mo (*Chairman*)

Dr. Li Shu Wing David

Dr. Wang David Guowei

REMUNERATION COMMITTEE (THE “REMUNERATION COMMITTEE”)

Dr. Li Shu Wing David (*Chairman*)

Mr. Kong Chi Mo

Mr. Li Zhijiang

NOMINATION COMMITTEE (THE “NOMINATION COMMITTEE”)

Dr. Li Shu Wing David (*Chairman*)

Mr. Kong Chi Mo

Ms. Zhang Bin

REGISTERED OFFICE

Conyers Trust Company (Cayman) Limited

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AUDITOR

KPMG

Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance

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CORPORATE INFORMATION

HONG KONG LEGAL ADVISER

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SHARE REGISTRAR IN HONG KONG

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PRINCIPAL BANKS

Agricultural Bank of China
Bank of China
Bank of Communications
Hang Seng Bank Limited
The Hong Kong and Shanghai Banking Corporation Limited
China Merchants Bank
Shanghai Pudong Development Bank
Bank of Jiangsu

LISTING INFORMATION AND STOCK CODE

The Company's ordinary shares ("**Share(s)**") are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") (Stock Code: 1789.HK)

FINANCIAL HIGHLIGHTS

The board (the “**Board**”) of directors (the “**Directors**”) of AK Medical Holdings Limited (“**AK Medical**” or the “**Company**”) hereby announced the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2026 (the “**Reporting Period**”), which have been reviewed by the Audit Committee. The Group’s financial highlights for the Reporting Period together with comparative data for the corresponding period of the previous year are set out below:

	Six months ended 30 June		
	2026 RMB’000	2025 RMB’000	Variance %
Revenue	764,725	694,227	10.2%
Gross profit	487,441	410,335	18.8%
Profit for the period	196,717	160,611	22.5%
Profit attributable to equity shareholders of the Company	196,717	160,611	22.5%
Earnings per share			
Basic	RMB0.1768	RMB0.1439	
Diluted	RMB0.1766	RMB0.1435	

For the six months ended 30 June 2026, the Group achieved revenue of approximately RMB764.7 million, representing an increase of approximately 10.2% as compared to the same period of 2025. The revenue growth was primarily driven by the significant growth in overseas markets and the sales of intelligent devices. The Group achieved an increase of 22.5% in profit for the six months ended 30 June 2026 as compared with the six months ended 30 June 2025. The significant increase in profit was primarily attributable to revenue growth and increased gross margin due to increased revenue from higher-margin overseas and digital orthopedics products and intelligent equipment.

CHAIRMAN'S STATEMENT

Dear investors and shareholders,

As 2026 marks the opening year of the “15th Five-Year Plan”, the state has continued to ramp up its support for the innovative medical device industry. Favorable policies now fully encompass the entire spectrum of innovative review and approval, clinical translation and application, and medical insurance payments. This has successfully paved the way for the industrialization and commercialization of high-end innovative medical devices that possess genuine clinical value and proprietary core technology barriers. Consequently, the domestic high-end orthopedic innovation sector is expected to usher in a period of accelerated growth.

In terms of volume-based procurement (“VBP”), the successive procurement of the 2024 national artificial joint VBP was smoothly implemented in the first half of 2026. As the industry’s pricing system trends toward relative stability, the sector has entered a new developmental stage characterized by “stabilized prices with rising volumes, survival of the fittest, and breakthroughs through innovation”.

Favorable policies have also been introduced to the medical insurance sector, effectively resolving the commercialization bottlenecks of digital orthopedics. In January 2026, the National Healthcare Security Administration (NHSA) issued the Guidelines for the Establishment of Pricing Items for Surgical and Therapeutic Auxiliary Operation Medical Services (Trial) (hereinafter referred to as the “**Guidelines**”). For the first time, this established a unified pricing system for digital orthopedic technologies, including orthopedic surgical robots, 3D reconstruction, and 3D-printed prostheses. By filling the gaps in pricing policies, the Guidelines provide a solid institutional guarantee for the large-scale clinical application of smart orthopedic equipment.

In the first half of 2026, the Group maintained stable operations, achieving growth in both revenue and profit. During the period, total revenue amounted to approximately RMB764.7 million, representing an increase of 10.2% year-on-year. In particular, overseas revenue reached approximately RMB181.6 million, representing a significant year-on-year increase of 41.7%, while revenue from the digital orthopedics business (including orthopedic surgical robots, consumables, 3D surgical planning, 3D models, and 3D custom prostheses) amounted to RMB44.7 million, representing a significant year-on-year increase of 142.6%. During the Reporting Period, the Group’s net profit reached approximately RMB197.0 million, representing an increase of 22.5% over the previous year. The dual growth in revenue and profit was primarily attributable to the following three key factors:

Firstly, relying on a comprehensive product line and outstanding product quality, the Company continued to achieve breakthroughs and high growth in premium markets traditionally dominated by imports (such as Shanghai, Jiangsu, and Zhejiang) as well as in top-tier hospitals across various provinces. The proportion of the Group’s presence in high-tier hospitals, which have high entry barriers, continued to rise, laying a solid foundation for sustained high-quality growth. Although the Company faced certain pressures in the mass market where price competition is fierce, the overall domestic prosthesis business continued its steady growth, serving as the fundamental pillar of the Group’s operations.

Secondly, overseas markets have entered a high-speed growth channel. Leveraging premium products, synergies with overseas resources of JRI Orthopaedics Ltd. (“**JRI**”, a wholly-owned subsidiary of the Company), and the continuous drive of overseas academic activities, the Company’s prosthesis business, positioned as a comprehensive solution alongside the Group’s intelligent equipment, has continuously expanded the business scale of existing customers while rapidly acquiring a series of high-quality new customers. This drove a substantial year-on-year increase of approximately 41.7% in overseas revenue, becoming a core source of incremental growth for the Group and an engine for sustained future growth. At the same time, due to the higher profit margins of overseas business, its increased revenue proportion effectively elevated the Group’s overall gross profit margin.

CHAIRMAN'S STATEMENT

Thirdly, digital orthopedics policies have reached a critical inflection point. In January 2026, the national specialized pricing policy for digital orthopedics was officially implemented, thoroughly dismantling the commercialization barriers for innovative segments such as surgical navigation, surgical robots, 3D smart diagnosis and treatment, and customized prostheses. The Company's orthopedic robots continued to win bids and secure installations in domestic hospitals, while rapidly securing multiple signed contracts and deployments overseas. In the first half of the year, revenue from the digital orthopedics business reached RMB44.70 million, representing a significant year-on-year increase of 142.6%. The rapid volume ramp-up of high-margin intelligent equipment and digital orthopedics businesses has significantly optimized the Group's overall revenue structure and profitability. The Group is firmly committed to building a digital orthopedics ecosystem. Through years of effort, it has gradually established a full-process digital orthopedics ecosystem encompassing preoperative prediction, intraoperative precision, and postoperative monitoring, while continuously optimizing and iterating it through AI technology. Relying on the full-process smart diagnosis and treatment closed loop and the technological barriers built by industry-academia-research collaboration, the Group has achieved a positive cycle of product iteration, clinical application, and commercial operation. Bolstered by rich scientific research achievements and patented technologies that solidify product competitiveness, the Group has achieved a business transition from scale-driven growth to high-quality, highly profitable growth. Ultimately, this has realized a sound operational momentum characterized by steady revenue growth and a profit growth rate that significantly outpaces revenue growth.

In the future, the Group will continue to uphold the great vision of being a world-class and leading brand, adhere to innovation and enterprising spirit, and constantly improve operation results, bringing greater value to shareholders and society.

Li Zhijiang

Chairman

Hong Kong, 26 August 2026

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW AND OUTLOOK

Overview

In the first half of 2026, driven by the digital orthopedics segment, the Group's conventional prosthesis business achieved sustained and steady growth by focusing on key markets and top-tier hospitals. At the same time, the overseas business maintained a rapid growth trajectory, and the digital orthopedics segment rapidly expanded its strategic footprint. By establishing overseas markets and digital orthopedics as two new growth engines, the Group successfully underpinned its sustainable and robust growth in both overall performance and profitability.

In terms of conventional prosthesis business, the domestic orthopedic consumables industry is currently operating under the normalized execution of VBP. The artificial joint sector smoothly continued to implement the results of national replacement procurement in 2024, bringing relative stability to the industry's pricing system. During the Reporting Period, the Company maintained the steady and orderly development of its core artificial joint consumables business, including hip and knee joints, through its dual-brand system of "AK Medical + ITI". In particular, AK Medical is strategically positioned in the mid-to-high-end market. Leveraging its premium and comprehensive product portfolio, excellent clinical reputation, and continuous academic exchanges, the brand has consistently achieved breakthroughs and high-speed growth in premium markets traditionally dominated by imports (such as Shanghai, Jiangsu, and Zhejiang) as well as in top-tier hospitals across various provinces. Its proportion of utilization in high-tier hospitals, which have high entry barriers, continued to rise, further consolidating its market share amid the stabilized VBP market environment. To address the pressures of price competition in the mass market, the Company actively advanced the domestic rollout of its second brand, ITI, in 2026. By employing a more flexible pricing policy to meet mass market demands, the implant volume of ITI achieved a remarkable growth of over 100% in 2026. It is anticipated that the implant volume will further expand in the second half of 2026.

In terms of overseas business, in the first half of 2026, the Group significantly accelerated its expansion in international markets. The prosthesis business successfully acquired high-quality new clients from multiple countries, while the business scale with existing clients continued to expand. In the meantime, contracts for orthopedic robots were successfully signed and deployed across multiple countries, accelerating the global rollout of intelligent equipment and establishing a new growth driver for overseas operations. The growth across three pillars, namely existing overseas clients, incremental clients, and new product lines, empowered the Group's overseas revenue to achieve a growth of 41.7%, marking the fifth consecutive year that its overseas business has delivered a remarkable growth of over 20%.

In terms of digital orthopedics, the Company's digital and smart orthopedics business has entered a phase of rapid implementation and volume ramp-up, emerging as a new growth engine. The market expansion for its core product, the orthopedic surgical robot, yielded significant results, with a cumulative total of 11 units successfully sold and deployed in the first half of the year, achieving simultaneous breakthroughs and multiple successes both domestically and internationally. In the domestic market, the Company continued to deeply cultivate end-user medical institutions, successfully securing bids and completing installations for multiple devices. Notably, the vast majority of these installations were in top-tier domestic hospitals. This achievement lays an exceptional foundation for sustained business momentum moving forward and will further enhance customer stickiness and competitive edge of the prosthesis business. Coupled with the release of the Guidelines, the commercialization bottlenecks for innovative operations, such as surgical robots, 3D smart auxiliary diagnosis and treatment, and customized prostheses, have been comprehensively dismantled. As the market for these innovative ventures continues to broaden, the Company's overall profitability is expected to steadily improve.

MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2026, AK Medical achieved remarkable success in the translation and commercialization of its R&D initiatives: multiple Class III orthopedic implants were officially approved, realizing a full-spectrum layout that covers both mainstream orthopedic fields and customized sub-segments; the K3+ Total Joint Surgical Robot received official approval for market launch; the AI system for the iCOS Digital Orthopedics Platform was fully established, realizing a two-way smart empowerment model for both clinical diagnosis/treatment and product R&D. Looking ahead, the Company will continue to solidify its technological barriers in 3D ACT metal additive manufacturing, digital orthopedics platform, and surgical robotics. By balancing the optimization of conventional prostheses with the strategic layout of high-end innovative pipelines, the Company aims to build long-term, differentiated competitive advantages rooted in digital and personalized orthopedic innovations.

Overall, in the first half of 2026, AK Medical successfully realized a robust and healthy development situation by stabilizing the foundation of its traditional main business, driving incremental growth through innovative operations, and expanding market presence overseas. Against the backdrop of continuously optimized VBP rules and the accelerated high-quality upgrading of the industry, the Company leveraged its leading technological footprint in intelligent orthopedics and its rapidly expanding global market network. As a result, the Company continues to lead the industry track in the domestic, intelligent and high-end upgrading of orthopedic consumables, laying a solid foundation for sustained performance growth throughout the year.

In the first half of 2026, benefiting from the rapid growth in overseas sales and the sales of intelligent equipment, the Group achieved a sales revenue of approximately RMB764.7 million, representing an increase of approximately 10.2% compared to the same period of 2025. In particular, overseas revenue grew by approximately 41.7%, and revenue from digital orthopedics grew by approximately 142.6%. The Group achieved a net profit of approximately RMB196.7 million, representing an increase of approximately 22.5% compared to the same period of 2025. The robotics and overseas businesses are gradually being established as the Group's new growth engines, distinguishing it from traditional orthopedic enterprises, and the strategic results of the dual-driven approach of digitalization and internationalization continue to materialize. With the continuous increase in the proportion of higher-margin overseas revenue and digital orthopedics business, the Group's profitability level will be further enhanced.

Business of Hip and Knee Implants

The hip and knee implant business encompasses standardized hip and knee products manufactured by both conventional technology and 3D printing technology. The Group offers customers and patients a full line of joint implants manufactured by different technologies, including hip and knee implants and instruments suitable for primary, complicated, revision and reconstructive operations.

In the first half of 2026, the Company continued to expand its market share in the hip and knee replacement segment of the surgical implant market. The Group continued to deepen its strategic cooperation with national medical centers and provincial major medical institutions, and significantly enhanced its brand influence and market share through the innovative model of digital orthopedic ecosystem and the installation of intelligent equipment. In core provinces such as Shanghai, Zhejiang, and Jiangsu, which have long been dominated by imported products, the proportion of surgeries using the Group's products has continued to increase. In other provinces where the Company traditionally holds a large market share, the Company has also primarily focused on local top-tier hospitals to further expand its market share and establish competitive barriers. Among the Group's surgeries, the surgical implant volume from top-tier hospitals increased by 37% compared to the same period of last year. The Group believes that the expansion of market share in top-tier hospitals will help the Company avoid vicious price competition, further enhance its competitiveness, and achieve sustainable, high-quality growth.

In the first half of 2026, the Group's revenue from hip and knee products was approximately RMB653.7 million, a year-on-year increase of 8.2%.

Spinal and Trauma Implants Business

The Group has a complete line of conventional spinal and trauma products, as well as 3D-printed spinal products. Leveraging its unique 3D printing technology, the Group has developed a differentiated product portfolio.

In the first half of 2026, the Group's 3D spinal fusion cage business continued to face short-term pressure due to macroeconomic policy controls on the use of products excluded from VBP. The Group focused on major top-tier hospitals nationwide and actively expanded its new spinal product business. Rapid growth in segments including iCOS customized spinal products, pelvic reconstruction, vertebral bodies, and atlantoaxial fusion has, to a certain extent, offset the business pressure on 3D fusion cages, while continuously establishing a differentiated brand image as an expert in solving complex spinal issues.

In the first half of 2026, the Group's revenue from spinal and trauma implants was approximately RMB39.5 million, representing a year-on-year decrease of 22.2%, which was mainly due to the decrease in sales of trauma implants by the Group in the first half of 2026.

International Business

International business is one of the new growth engines the Group is focusing on cultivating. Through the AK Medical + JRI dual-brand strategy, leveraging the academic resources of JRI and its brand recognition in Europe, and combining this with highly efficient production and operations in China, the Group has achieved sustained, rapid, and high-quality development in emerging markets. In the first half of 2026, the Group continued to actively expand its overseas markets, successfully developing 13 new overseas distributors, obtaining registrations in five additional countries, and establishing collaborative projects with national-level key opinion leaders (KOLs) in three countries, demonstrating its commitment to building the local brand influence of the AK brand. Existing clients also further expanded their product line cooperation, thereby accelerating business growth. Particularly noteworthy is that during the first half of the year, the Group's orthopedic surgical robots achieved three sales and installations along with one signed contract in key overseas hospitals. This not only provided a new growth driver for the international business but also established a premium international image for Chinese orthopedic brands.

In the first half of 2026, the Group's revenue from overseas products amounted to approximately RMB181.6 million, a significant increase of approximately 41.7% compared with the revenue for the same period of 2025. This revenue has been included in the revenue from hip and knee joints mentioned above, and the revenue from digital orthopedics products and intelligent equipment.

Digital Orthopedics Products and Intelligent Equipment

The Group has established a comprehensive orthopedics solution encompassing "preoperative planning – intraoperative digital assistance – prognosis monitoring", covering the full orthopedic process encompassing preoperative, intraoperative, and postoperative stages, which includes self-developed software, web-based applications, and smart hardware such as navigation and robotics. They are used in combination with the Company's conventional and customized prostheses, effectively improving the precision of orthopedic surgeries, reducing surgical trauma to patients, and significantly shortening the learning curve for young doctors. At the same time, the utilization of digital orthopedic solutions has helped the Company build stronger customer stickiness and brand image, which in turn has driven the growth of prosthesis business. As of 30 June 2026, the Company's smart surgical planning software and services have covered more than 1,500 hospitals, and the 3D customization business has covered more than 500 hospitals. The Company has cumulatively deployed nearly one hundred units of intelligent equipment to more than 110 hospitals, driving over 6,000 prosthesis implantations.

In the first half of 2026, the Group's revenue from digital orthopedics customized products, orthopedic surgical robots and consumables, and digital orthopedics services amounted to approximately RMB44.7 million, representing a significant increase of approximately 142.6% as compared with the same period of last year.

MANAGEMENT DISCUSSION AND ANALYSIS

Research and Development

Orthopedic Implants

During the Reporting Period, the Group achieved significant results in the research and development translation of high-end medical devices. Several orthopedic implants featuring self-developed core technologies and clinical barriers obtained Class III medical device registration certification from the National Medical Products Administration. These primarily include the unicompartmental knee prosthesis, the second-generation bioactive 3D-printed vertebral body prosthesis, patient-matched anatomical locking bone plates, the additive manufacturing self-stabilizing artificial vertebral system, and the metal additive manufacturing bone fixation and fusion system. This batch of approved products covers the three core orthopedic sub-segments of joints, spine, and trauma, while also encompassing the personalized patient-matched customization sector. This comprehensively completes the Group's high-end implant product matrix, realizing a full-spectrum layout across both mainstream orthopedic fields and customized sub-segments.

The concentrated deployment of multiple categories of innovative products in this round holds significant strategic importance for the Company's development. The Group has so far completed a full-dimensional layout of patient-matched devices across the three major segments of spine, joints, and trauma, breaking down the product boundaries between standardized implants and personalized customized consumables, and marking the formal establishment of a digital orthopedic consumables ecosystem. Relying on independent and controllable core technologies in metal additive manufacturing and the advantages of a full-category product portfolio, the Company has constructed a fully closed-loop technological system comprising "preoperative personalized scheme design – customized product manufacturing – precise intraoperative implantation – postoperative osseointegration and repair". This builds comprehensive technological barriers and competitive advantages within the domestic precision orthopedic diagnosis and treatment sector, continuously driving the upgrading of domestic high-end orthopedic consumables towards localization, precision, and digitalization.

Orthopedic Surgical Robots

The Group has continued to deeply cultivate the digital orthopedics intelligent equipment sector, achieving significant phased breakthroughs in the R&D and implementation of core intelligent surgical equipment. The K3+ orthopedic surgical navigation and positioning system and the NHK orthopedic surgical navigation system have successively obtained Class III medical device registration certification. These two intelligent navigation devices serve as the core supporting hardware for the Group's self-developed robots. Relying on high-precision spatial positioning, smart algorithms, and digital navigation technologies, they effectively empower the iterative upgrade of orthopedic surgeries towards precision, minimally invasive procedures, and smart operations.

With the successive approval and market launch of smart devices, the Group's self-developed joint surgical robot has become one of the leading full-scenario surgical robots in China capable of comprehensively covering hip joint, knee joint, and unicompartmental replacements, as well as various joint revision surgeries. This effectively resolves industry pain points such as limited surgical coverage of domestic robots and long-term reliance on imported equipment for high-end complex joint surgeries. The completion of the smart hardware segment signifies that AK Medical has closed the critical loop of its digital orthopedics ecosystem, propelling the intelligent orthopedics business from the implementation of single products to a systematic, scaled, and commercialized stage. This accelerates the process of domestic substitution for high-end orthopedic surgical robots, delivering highly efficient, precise, and accessible smart orthopedic solutions for clinical applications.

iCOS Digital Orthopedics Platform

The Group continued to deepen its intelligent strategy for digital orthopedics by promoting the deep integration of AI technology with clinical diagnosis and treatment as well as product R&D. During the Reporting Period, the Company collaborated with top-tier scientific research and clinical resources, including key domestic universities and tertiary A-level hospitals, to iteratively upgrade the iCOS Digital Orthopedics Platform, successfully establishing an intelligent case retrieval and analysis system based on AI large models. The platform integrates massive volumes of clinical cases, medical images, surgical plans, and postoperative follow-up data, breaking down clinical data silos to realize the interoperability of case images, smart analysis and judgment, precise retrieval, and plan optimization. This has established a comprehensive AI empowerment system for clinical orthopedics, which can assist clinicians in optimizing personalized diagnosis and treatment strategies, significantly enhancing the precision and efficiency of orthopedic surgeries.

On the foundation of empowering clinical practice, the Group completed the local deployment of an orthopedic-specific AI large model, building a smart R&D auxiliary system and comprehensively infusing AI capabilities throughout the entire lifecycle of device R&D. Through large model algorithmic analysis, the platform can intelligently identify technical risks, compliance risks, and clinical trial risks during the new product R&D process, realizing dynamic monitoring and hazard avoidance across the entire workflow. The implementation of AI smart R&D system not only substantially improves the iteration efficiency of new technologies and products and shortens the R&D cycle, but also strengthens the risk control capabilities across the entire R&D chain. This drives the standardized, digital, and smart upgrade of the R&D system, continuously iterating and perfecting the Group's full-industry digital orthopedics ecosystem, and consolidating the Company's core competitiveness driven by long-term innovation.

Scientific Research Achievements

During the Reporting Period, the Company continued to strengthen its technological R&D and innovation barriers, achieving fruitful results in intellectual property layout, the implementation of scientific research projects, and the attainment of scientific and technological awards. In terms of intellectual property, the Company built a multi-dimensional patent protection system around its product portfolio and research projects under development. During the Reporting Period, four new international patents and 43 new national invention patents were authorized. As of 30 June 2026, the Company cumulatively held 69 international patents, 656 national invention patents, 620 utility model patents, and five external design patents, with a patent layout covering core technological fields both domestically and overseas. In terms of scientific research and innovation, the Company deeply collaborated with top medical institutions in China to carry out industry-academia-research cooperation. During the Reporting Period, multiple national-level and provincial-ministerial-level scientific research projects were successfully approved, covering key research topics at different levels such as the National Key R&D Program, the Science and Technology Program of the Beijing Municipal Science and Technology Commission, and the Joint Project of the Beijing Municipal Natural Science Foundation, continuously consolidating the foundation of core technology R&D. In terms of scientific and technological achievements, the Company focused on the pain points of clinical orthopedic diagnosis and treatment, working with medical institutions to tackle key problems. It won several heavyweight scientific and technological awards, including the First Prize for Outstanding Achievements in Scientific Research from the Ministry of Education, the First Prize of the Beijing Science and Technology Progress Award, and the Second Prize of the Beijing Medical Science and Technology Award. It also won the Second Prize of the National Science and Technology Progress Award, achieving a major breakthrough in national-level scientific and technological awards. This fully demonstrates the Company's leading strength and clinical value in the fields of innovative orthopedic technology and high-end medical device R&D.

Sales and Marketing

Promotion of the Conventional Implant Prosthesis Business

In terms of joints, during the Reporting Period, the Group focused on differentiated implant solutions, centering on key clinical and complex scenarios such as knee preservation, developmental dysplasia of the hip, and complex revisions and reconstructions. It carried out a series of targeted academic promotions and market popularization initiatives to continuously strengthen market penetration in these sub-segments. The launch of new-generation joint products such as digital knee and Vita stem aligns the Company's prosthesis designs with mainstream international cutting-edge trends, enabling it to better respond to the demands of top-tier hospitals for the latest technologies. In the meantime, the designs of these two products can better match the application scenarios of navigation and robotics, making surgeries more precise and effective, and they will become the Group's flagship products in the future.

In terms of spine, during the Reporting Period, the Company focused on the core clinical scenarios of vertebral reconstruction, specifically addressing the challenges of spinal stability reconstruction for patients with spinal tumors, and continuously promoted the innovative upgrade of diagnosis and treatment technologies for spinal tumors. Backed by the technical support of the iCOS Digital Orthopedics Platform, the Company continuously promoted the clinical application and popularization of complex spinal surgeries and characteristic spinal products, effectively driving the steady growth of the atlantoaxial lateral mass joint fusion product business. To further standardize the application of surgical techniques and accelerate clinical popularization, the Company hosted the second phase of the Mis-PALF Seminar on New Technologies for Atlantoaxial Diagnosis and Treatment, specifically promoting standardized diagnosis and treatment technologies for atlantoaxial lateral mass joint fusion, thereby continuously expanding the clinical coverage of the products. At the same time, the Company regularly conducted the "Bone Warrior" series of academic empowerment activities, cumulatively hosting seven thematic seminars with an online reach of over 30,000 participant visits. Through continuous technical training and academic promotion, it consistently enhanced the clinical penetration rate of complex spinal surgeries, effectively driving the steady volume growth of the overall spine product implantation.

Promotion of Digital Orthopedics and Orthopedic Intelligent Equipment

The Group continued to advance the commercial layout of digital orthopedics and orthopedic intelligent equipment. Relying on an integrated full-process digital orthopedics product system, the Group seized the opportunity presented by the implementation of the national digital orthopedics medical service pricing policies, laying a solid policy foundation for the large-scale market promotion of intelligent equipment. In the first half of 2026, the Company consistently utilized clinical applications in benchmark hospitals, standardized technical training, and normalized academic promotion as its core strategies to steadily advance the clinical deployment and market popularization of intelligent equipment. The Company leveraged top-tier tertiary A-level hospitals, such as Peking University Third Hospital, Chinese PLA General Hospital, Shanghai Sixth People's Hospital, and the First Affiliated Hospital of Zhejiang University, to establish clinical benchmarks. It conducted over ten standardized robotics training sessions, covering more than ten countries and nearly a hundred orthopedic physicians. By using benchmark demonstrations and technical empowerment to drive regional market expansion, the Company continuously enhanced the brand influence of its orthopedic robotics business. As of 30 June 2026, the Group has successfully implemented digital orthopedics charging items in more than ten key hospitals and established digital intelligent orthopedics demonstration centers at Beijing Jishuitan Hospital, Shanghai Sixth People's Hospital, and Peking University Third Hospital, forming a replicable and scalable commercial deployment model for digital orthopedics. As of 30 June 2026, the Company's smart surgical planning software and services have covered over 1,500 hospitals, and its 3D customization business has covered over 500 hospitals. The Company has cumulatively deployed nearly a hundred units of intelligent equipment to over 110 hospitals, driving the implantation of over 6,000 prostheses.

Promotion of International Business

During the Reporting Period, the Group continued to optimize its global layout. Relying on AK Academy as an international medical education platform and the premium European academic resources of JRI, the Group continuously deepened its collaborative relationships with global orthopedic experts and medical institutions, steadily elevating its international academic influence. In emerging markets, the Group focused on deep localization, systematically exporting advanced Chinese orthopedic technologies and products. It regularly conducted specialized training for overseas distributors and local clinicians, assisting partner regions in elevating their clinical surgical standards, facilitating overseas clients' understanding of products of AK Medical, and gradually building recognition of AK Medical as an international orthopedic brand. During the Reporting Period, the Company secured five new overseas product registrations, with 12 products currently undergoing registration process. For the VTS robot, the completeness review of CE MDR technical documentation has been completed, and it is expected to complete all conformity assessments and obtain CE MDR certification by December 2026. The K3 surgical robot initiated CE MDR product testing in December 2025, and is expected to submit a certification application to the notified body by the end of 2026. On the other hand, the Group integrated JRI's premium European academic resources with the expert resources of top-tier hospitals in China, utilizing the "Health Silk Road International Exchange Program" as a platform to routinely conduct cross-border academic collaborations. During the Reporting Period, the Group hosted a total of 15 international exchange events spanning 15 countries across the four continents of Asia, Europe, the Americas, and Africa, attracting over 100 international orthopedic physicians to participate in the symposiums. These activities garnered an accumulated online reach and readership of over 100,000 views domestically and internationally, effectively broadening the global influence of the Company's innovative orthopedic technologies and brand.

With the overseas deployment of intelligent equipment such as navigation systems and robotics, the Company has now upgraded its model from export of single products to comprehensive export of complete diagnosis and treatment solutions alongside high-end equipment. Consequently, the momentum for overseas market expansion continues to strengthen.

Production and Manufacturing

Relying on a professional, digitalized, and systematized high-end orthopedic smart manufacturing base, AK Medical has constructed an industry-leading production and manufacturing system. It has formed a core manufacturing advantage characterized by the dual-track synergy of standardized mass production and personalized customization. Its overall production capacity, technical processes, and quality control rank in the top tier of the domestic orthopedic device industry.

The Company has continuously optimized its 3D printing additive manufacturing production system. Through upgrading of automated post-processing, closed-loop recovery and reuse of powder, and iterative updates of digital process parameters, it has achieved quality improvement, cost reduction, and efficiency enhancement in the production of personalized orthopedic implants. On the production end, human intervention steps have been further minimized, and consumable wastage and defect rates have been reduced. This effectively shortens the delivery cycle of customized products, boosts production capacity, and ensures quality consistency. Under the premise of guaranteeing clinical quality and mechanical performance of high-end customized products, the Company has continuously optimized the per-unit manufacturing cost and steadily enhanced scaled delivery capability and profitability resilience of its 3D printing customization business.

On the standardized product manufacturing end, the ITI Medical Phase II project serves as the core upgrading vehicle for AK Medical's scaled and smart mass production of orthopedic devices. During the Reporting Period, the project has been completed and put into operation. The individual production capacities for hip and knee joints both reached a delivery capability of 200,000 sets, and the overall annual production scale for artificial joints increased to 500,000 to 600,000 sets. The effects of scaled production have been fully unleashed, effectively diluting the fixed production costs per unit. At the same time, the degree of automation and standardization of production lines has been significantly improved, reducing deviations caused by human intervention. Product consistency, yield rates, and production stability have been continuously optimized, which can efficiently accommodate the large-volume, complete-set, and highly compliant supply demands of the national joint VBP environment.

MANAGEMENT DISCUSSION AND ANALYSIS

Overall, AK Medical's differentiated smart manufacturing capabilities, full-category mass production strength, and stringent quality control system have built a core manufacturing competitiveness that distinguishes it from industry peers, continuously supporting the implementation of high-end innovative products and the high-quality development of its business.

Strategic Prospect

Moving forward, the Company will continue to leverage its core advantages in digital orthopedics and orthopedic robotics to deepen the commercial model of “implants + intelligent equipment + consumables + clinical services”, consistently unleashing growth momentum of its innovative businesses. At the same time, relying on its dual-market layout both domestically and overseas, as well as its dual-brand advantages, the Company will steadily advance the export of high-end products and the output of technologies, continuing to broaden its space for globalized growth. As the policy dividends for digital orthopedics are continuously released and the clinical penetration rate of intelligent orthopedics rises, the Company's overall business is poised to achieve high-quality and steady growth.

Orthopedic Robotics

In the second half of 2026, AK Medical's orthopedic surgical robotics business is expected to reach a critical inflection point for commercial volume ramp-up, with the core driving forces being the realization of policy dividends and the acceleration of overseas business. During the Reporting Period, AK Medical has completed the sale of 11 robotics units. As the charging catalogs for surgical robots are successively implemented across various provinces, the pace of installations in the second half of the year is expected to accelerate further. The increase in robotics installations is expected to directly stimulate the sales of associated equipment consumables and joint implants. In the future, the Company will continue to rely on the iterative development of robotics technology, the expansion of clinical scenarios, and the synergistic advantages of software and hardware to continually unlock the growth space of intelligent orthopedics business, establishing it as the core driving force behind the Group's digital and high-end transformational upgrade.

Dual-brand Strategy Continues to Expand Overseas Markets

The Company possesses strong momentum in exploiting the international market through the “AK Medical + JRI” dual-brand strategy. Having delivered an outstanding performance in the first half of 2026 with an approximately 41.7% year-on-year increase in overseas revenue, the Company is expected to further open up growth space in the second half of the year as the global rollout of surgical robots accelerates, new strategic partnerships are finalized, and brands and channels are further deepened.

AI Empowering the Construction of Digital Orthopedics Ecosystem

Capitalizing on the industry trend of digital and smart transformation and the dividends of new pricing policies for digital orthopedics in 2026, the Company will continue to advance the construction of digital orthopedics ecosystem characterized by full-chain AI empowerment, software-hardware synergy, and closed-loop data iteration, continually unlocking space for commercial growth. Unlike the traditional industry model of relying on single equipment or single-product consumables, AK Medical relies on the K3 orthopedic surgical robot, intelligent navigation systems, the iCOS Digital Orthopedics Platform, and multi-modal AI algorithms to build a full-lifecycle digital orthopedics closed-loop system covering preoperative smart planning, intraoperative precision assistance, postoperative rehabilitation tracking, and iterative product R&D. Looking ahead, AK Medical will continue to deepen the medical-engineering integration applications of generative AI, digital twins, and clinical big data. Leveraging massive clinical data to iterate algorithms, it will continuously enhance the intelligent and standardized levels of orthopedic surgeries and lower the operational threshold for high-end surgeries. With the nationwide implementation of digital orthopedics pricing system, the industry has officially transitioned from isolated equipment trials to the systematic and widespread adoption of an ecosystem. Backed by the integrated core advantage of “implants + intelligent equipment + consumables + clinical services”, the Company will persistently promote the large-scale clinical deployment of intelligent orthopedics technologies. In the meantime, it will use the clinical data ecosystem to feed back into iterative product innovation, forming a positive cycle of synergistic empowerment across technology, products, clinical practice, and commercialization, thereby continuously consolidating its leading edge in the domestic intelligent orthopedics sector and building long-term core competitive barriers.

FINANCIAL REVIEW

Overview

	Six months ended 30 June		Variance %
	2026 RMB'000	2025 RMB'000	
Revenue	764,725	694,227	10.2%
Gross profit	487,441	410,335	18.8%
Profit for the period	196,717	160,611	22.5%
Profit attributable to equity shareholders of the Company	196,717	160,611	22.5%
Earnings per share			
Basic	RMB0.1768	RMB0.1439	
Diluted	RMB0.1766	RMB0.1435	

For the six months ended 30 June 2026, the Group achieved revenue of approximately RMB764.7 million, representing an increase of approximately 10.2% as compared to the same period of 2025. The revenue growth was primarily driven by the significant growth in overseas markets and the sales of intelligent devices. The Group achieved an increase of 22.5% in profit for the six months ended 30 June 2026 as compared with the six months ended 30 June 2025. The significant increase in profit was primarily attributable to revenue growth and increased gross margin due to increased revenue from higher-margin overseas and digital orthopedics products and intelligent equipment.

The following discussions are based on the financial information and notes set out in this interim report and should be read in conjunction with them.

Revenue

	Six months ended 30 June		Variance %
	2026 RMB'000	2025 RMB'000	
Hip replacement implants ⁽¹⁾	423,934	409,675	3.5%
Knee replacement implants ⁽²⁾	229,792	194,489	18.2%
Spinal and trauma implants ⁽³⁾	39,488	50,732	-22.2%
Digital orthopedics products and intelligent equipment ⁽⁴⁾	44,700	18,424	142.6%
Others ⁽⁵⁾	26,811	20,907	28.2%
Total	764,725	694,227	10.2%

Notes:

- (1) Including 3D-printed hip replacement implants;
- (2) Including 3D-printed knee replacement implants;
- (3) Including 3D-printed spinal and trauma implants;
- (4) Including customized joint, pelvic, spinal and trauma implant products, customized value-added surgical services and orthopedic surgical robots;
- (5) Others primarily include surgical instruments, medical irrigators and third party orthopedic products.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue for the six months ended 30 June 2026 amounted to approximately RMB764.7 million, representing an increase of approximately 10.2% from approximately RMB694.2 million for the six months ended 30 June 2025. The increase in revenue was largely attributable to the significant growth in overseas markets and the sales of intelligent equipment.

Hip and Knee Replacement Implant Products

The hip and knee replacement implant products include knee replacement implants and hip replacement implants, as well as 3D-printed hip and knee replacement implants.

Revenue from hip replacement implants for the six months ended 30 June 2026 amounted to approximately RMB423.9 million, representing an increase of 3.5% from approximately RMB409.7 million for the six months ended 30 June 2025. Revenue from knee replacement implants for the six months ended 30 June 2026 amounted to approximately RMB229.8 million, representing an increase of 18.2% from approximately RMB194.5 million for the six months ended 30 June 2025.

In the first half of 2026, the Company continued to experience stable growth in demand for its surgical products in China while the unicondylar implant products recorded a significant growth in implant volume, further driving the revenue growth from knee replacement implant products. In the meantime, the Company achieved significant growth in overseas revenue from its hip and knee replacement implant products through active market expansion.

Spinal and Trauma Implant Products

The Group's spinal and trauma implant products comprise traditional spinal implants and trauma implants, as well as 3D-printed spinal implants. Revenue from spinal and trauma implant products for the six months ended 30 June 2026 amounted to approximately RMB39.5 million, representing a decrease of 22.2% from approximately RMB50.7 million for the six months ended 30 June 2025. In the first half of 2026, impacted by policy factors, short-term revenue from spinal business remained relatively stable. Despite this, the Group leveraged its unique 3D printing technology to formulate a differentiated product mix, which was highly recognized by the market. As a result, the spinal products recorded a steady growth in implant volume. In the first half of 2026, the sales of trauma implant products by the Group declined.

Digital Orthopedics Products and Intelligent Equipment

Revenue from digital orthopedics products and intelligent equipment includes revenue from customized joint, pelvic, spinal and trauma implant products, customized value-added surgical services and orthopedic surgical robots. Revenue from digital orthopedics products and intelligent equipment for the six months ended 30 June 2026 amounted to approximately RMB44.7 million, representing an increase of approximately 142.6% from approximately RMB18.4 million for the six months ended 30 June 2025. In the first half of 2026, the Group leveraged its product and technical advantages to successfully extend its customized surgeries to a number of hospitals, which contributed to an increase in revenue from digital orthopedics products and intelligent equipment. At the same time, through active market expansion, the Group achieved the sales of 11 orthopedic surgical robots in China and overseas regions in the first half of 2026.

MANAGEMENT DISCUSSION AND ANALYSIS

Domestic and Overseas Sales

The vast majority of the Group's revenue is generated in China, with a smaller percentage derived from overseas sales. A breakdown of the Group's domestic and overseas sales revenue is set forth below:

	Six months ended 30 June		Variance %
	2026 RMB'000	2025 RMB'000	
China	583,116	566,019	3.0%
Other countries	181,609	128,208	41.7%
Total	764,725	694,227	10.2%

For the six months ended 30 June 2026, the Group's overseas sales revenue amounted to approximately RMB181.6 million, representing a significant year-on-year increase of 41.7%. The increase was primarily due to the rise in the volume of surgeries in the first half of 2026 as a result of the Company's active expansion of overseas markets. At the same time, the growth in overseas sales of orthopedic surgical robots further boosted overseas sales. Revenue from China for the six months ended 30 June 2026 amounted to approximately RMB583.1 million, representing a year-on-year increase of 3.0%, mainly due to the sales growth of orthopedic surgical robots.

Cost of Sales

For the six months ended 30 June 2026, the cost of sales was approximately RMB277.3 million, representing a decrease of approximately 2.3% from approximately RMB283.9 million for the six months ended 30 June 2025. The decrease in cost of sales was primarily due to the combined effect of an increase in sales volume and a decrease in production costs of certain products.

Gross Profit and Gross Margin

Gross profit represents revenue less cost of sales. The gross profit for the six months ended 30 June 2026 amounted to approximately RMB487.4 million, representing a significant increase of 18.8% as compared to approximately RMB410.3 million for the six months ended 30 June 2025. The increase in gross profit was primarily due to the increase in revenue and the improved gross margin as a result of the higher proportion of revenue from higher-margin overseas sales and orthopedic surgical robots.

Gross margin is calculated as gross profit divided by revenue. The Group's gross margin was 63.7% for the six months ended 30 June 2026, representing a significant increase of 4.6 percentage points from 59.1% for the six months ended 30 June 2025. The significant increase in gross margin was due to the higher proportion of revenue from higher-margin overseas sales and orthopedic robots, and the decrease in production costs of certain major products.

Other Income, Net

Other income for the six months ended 30 June 2026 was approximately RMB6.1 million, representing a decrease of approximately RMB12.2 million from approximately RMB18.3 million for the six months ended 30 June 2025. Other income for the six months ended 30 June 2026 mainly represents government subsidy income and grants for research and development projects received.

MANAGEMENT DISCUSSION AND ANALYSIS

Selling and Distribution Expenses

The selling and distribution expenses were approximately RMB121.2 million for the six months ended 30 June 2026, representing an increase of approximately 3.3% from approximately RMB117.3 million for the six months ended 30 June 2025. The slight increase in selling and distribution expenses was mainly due to the increase in the Group's domestic and international marketing activities this year.

General and Administrative Expenses

The general and administrative expenses amounted to approximately RMB79.3 million for the six months ended 30 June 2026, representing an increase of approximately 2.5% from approximately RMB77.4 million for the six months ended 30 June 2025. The increase was primarily due to an increase in relevant taxes arising from the increase in revenue.

Research and Development Expenses

The research and development expenses for the six months ended 30 June 2026 were approximately RMB72.9 million, representing an increase of approximately 9.3% from approximately RMB66.7 million for the six months ended 30 June 2025. The increase was primarily related to the progress arrangements of the Company's R&D projects. The Company will continue to actively invest in R&D, strengthen its R&D team, actively implement R&D projects, as well as develop new products.

Net Finance Income

The net finance income was approximately RMB9.5 million for the six months ended 30 June 2026, representing a decrease of approximately RMB10.0 million from approximately RMB19.5 million for the six months ended 30 June 2025. The decrease in finance income was primarily due to the combined effect of the decrease in interest income and the decrease in foreign exchange gain as a result of exchange rate movements.

Income Tax Expenses

The income tax expense was approximately RMB33.0 million for the six months ended 30 June 2026, representing an increase of approximately 26.4% from approximately RMB26.1 million for the six months ended 30 June 2025. The increase was primarily due to an increase in profit.

Liquidity and Financial Resources

The Group adopts a prudent fund management policy to maintain a solid and healthy financial position. The Group funds its operations principally from cash generated from its operations, equity financing from investors and bank loans. Its cash requirements relate primarily to production and operating activities, capital expenditures, interest and dividend payments, and repayment of liabilities as they become due.

As at 30 June 2026, the Group had cash and cash equivalents of approximately RMB1,078.5 million, structured deposits of approximately RMB110.4 million, time deposits over three months of approximately RMB53.4 million, pledged deposits of approximately RMB3.1 million, amounting to approximately RMB1,245.4 million in aggregate, as compared with approximately RMB1,461.3 million as at 31 December 2025. The Group's cash and cash equivalents were mainly denominated in RMB, US dollars and Hong Kong dollars. Bank loans were denominated in RMB. The Board's approach to manage the liquidity of the Group is to ensure sufficient liquidity at any time to meet its matured liabilities so as to avoid any unacceptable losses or damage to the Group's reputation.

MANAGEMENT DISCUSSION AND ANALYSIS

Net Current Assets

The Group had net current assets of approximately RMB1,872.8 million as at 30 June 2026, representing a decrease of approximately RMB169.2 million from approximately RMB2,042.0 million as at 31 December 2025. Such decrease primarily represents the decrease in cash due to share repurchase expenditure of the Group in the first half of the year.

Foreign Exchange Exposure

The principal business of the Group is conducted in China. Foreign currency risks primarily include accounts receivables, accounts payables and cash balances that are denominated in foreign currencies, i.e. a currency other than the functional currency of the operations to which the transaction relates generating by overseas sales and purchases. The foreign currencies giving rise to this risk are primarily US dollars, Hong Kong dollars and Euro. For the six months ended 30 June 2026, the Group recorded a net exchange gain of approximately RMB0.3 million, as compared to a net exchange gain of approximately RMB5.3 million for the six months ended 30 June 2025. So far, the Group has not had any hedging arrangements to manage foreign exchange risks and has not employed any financial instruments for hedging purposes, but actively monitors and oversees such risks.

Capital Expenditure

For the six months ended 30 June 2026, the Group's total capital expenditure amounted to approximately RMB49.2 million, which was primarily used for (i) plant construction; (ii) purchase of patents; (iii) purchase of equipment, instruments and software for manufacturing and R&D.

Charge of Assets/Pledge of Assets

As at 30 June 2026, the Group's bank loans and bills payable were no longer secured by the Group's property, plant and equipment, bills receivable of approximately RMB6.3 million, time deposits over three months of approximately RMB9.0 million and pledged deposits for bills of approximately RMB3.1 million (as of 31 December 2025: property, plant and equipment of approximately RMB81.2 million, pledged deposits for bank loans of approximately RMB200.0 million, bills receivable of approximately RMB29.4 million and pledge deposits for bills of approximately RMB4.1 million), amounting to approximately RMB18.4 million in aggregate (as of 31 December 2025: approximately RMB314.7 million). Other than the above, the Group did not have any charge or pledge of assets.

Borrowings and Gearing Ratio

As at 30 June 2026, the balance of the Group's short-term bank loans of approximately RMB0.9 million (as of 31 December 2025: approximately RMB72.0 million), which were repayable on demand within one year, and the balance of long-term borrowings of approximately RMB4.7 million (as of 31 December 2025: approximately RMB5.2 million), which were repayable on demand within four years, were mainly invested in the construction of the new plant and supplementing daily working capital demand. All borrowings were denominated in RMB. The Group's loan term was not more than four years, and the borrowing rate was 2.5%-3.0%. Gearing ratio represents the percentage of bank borrowings to total equity. As of 30 June 2026, the gearing ratio of the Group was approximately 0.2% (as of 31 December 2025: approximately 2.6%).

Contingent Liabilities

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

MANAGEMENT DISCUSSION AND ANALYSIS

Significant Investments

As at 31 December 2025:

As at 31 December 2025, the balance of the Group's other financial assets was approximately RMB851.9 million, comprising (i) wealth management products at fair value through profit or loss ("**FVPL**") with an aggregate carrying amount of approximately RMB847.2 million, and (ii) an unlisted equity instrument at FVPL of approximately RMB4.7 million. The wealth management products comprised principal-guaranteed, floating return structured time deposit products with maturities of six months or less, issued by licensed banks in the PRC, with counterparties comprising large PRC commercial banks. All such structured time deposit products were funded entirely from the Group's own funds, and did not involve any proceeds from the initial public offering. Among these, the investments exceeding 5% of the Group's total assets was in the wealth management products issued by Bank of Communications ("**BOCOM**"), a licensed bank in the PRC principally engaged in the provision of corporate and personal banking and other financial services in the PRC. Further details are as follows:

Name of the issuer of the wealth management products	Name of the wealth management Products		Fair value/ carrying value of the wealth management	Percentage to the Group's total assets as at	Realised interests income recognized during the year ended	Unrealised gains on fair value change for the year ended	Interest Income received during the year ended	
		Initial	Products as of	31 December	31 December	31 December	31 December	31 December
		investment	31 December	2025	2025	2025	2025	2025
		cost	2025					
		(RMB'000)	(RMB'000)		(RMB'000)	(RMB'000)	(RMB'000)	
BOCOM	Bank of Communications Yuntong Wealth Structured Time Deposit 136 Days (linked to a bullish gold price)	50,000	50,353	1.37%	–	353	–	
BOCOM	Bank of Communications Yuntong Wealth Structured Time Deposit 133 Days (linked to a bullish gold price)	50,000	50,318	1.37%	–	318	–	
BOCOM	Bank of Communications Yuntong Wealth Structured Time Deposit 136 Days (linked to a bullish gold price)	50,000	50,254	1.37%	–	254	–	
BOCOM	Bank of Communications Yuntong Wealth Structured Time Deposit 136 Days (linked to a bullish gold price)	50,000	50,254	1.37%	–	254	–	

MANAGEMENT DISCUSSION AND ANALYSIS

Name of the issuer of the wealth management products	Name of the wealth management Products	Fair value/ carrying value of the wealth management Products as of		Percentage to the Group's total assets as at	Realised interests income recognized during the year ended	Unrealised gains on fair value change for the year ended	Interest Income received during the year ended
		Initial investment cost (RMB'000)	31 December 2025 (RMB'000)				
BOCOM	Bank of Communications Yuntong Wealth Structured Time Deposit 108 Days (linked to a bullish gold price)	50,000	50,237	1.37%	–	237	–
BOCOM	Bank of Communications Yuntong Wealth Structured Time Deposit 129 Days (linked to a bullish gold price)	50,000	50,140	1.37%	–	140	–
BOCOM	Bank of Communications Yuntong Wealth Structured Time Deposit 138 Days (linked to a bullish gold price)	50,000	50,129	1.37%	–	129	–
BOCOM	Bank of Communications Yuntong Wealth Structured Time Deposit 137 Days (linked to a bullish gold price)	50,000	50,088	1.37%	–	88	–
BOCOM	Bank of Communications Yuntong Wealth Structured Time Deposit 140 Days (linked to a bullish gold price)	50,000	50,075	1.37%	–	75	–
BOCOM	Bank of Communications Yuntong Wealth Structured Time Deposit 150 Days (linked to a bullish gold price)	50,000	50,044	1.37%	–	44	–
BOCOM	Bank of Communications Yuntong Wealth Structured Time Deposit 157 Days (linked to a bullish gold price)	50,000	50,028	1.37%	–	28	–
BOCOM	Bank of Communications Yuntong Wealth Structured Time Deposit 142 Days (linked to a bullish gold price)	50,000	50,005	1.37%	–	5	–
BOCOM	Bank of Communications Yuntong Wealth Structured Time Deposit 161 Days (linked to a bullish gold price)	50,000	50,005	1.37%	–	5	–
Total		650,000	651,930	17.80%	–	1,930	–

MANAGEMENT DISCUSSION AND ANALYSIS

Details of the subscription dates, product names, subscription amounts, estimated annualised yields, maturity dates, product types and outstanding status of each of these wealth management products (subscribed since the year ended 31 December 2018 up to the period ended 12 June 2026) are set out in the Company's announcement dated 12 June 2026.

Apart from the wealth management products issued by BOCOM mentioned above, the remaining wealth management products, amounting to approximately RMB195.2 million were issued by China Merchants Bank Co., Ltd. and Shanghai Pudong Development Bank Co., Ltd.

The Group's investment activities in wealth management products form parts of the ordinary course of its treasury management activities, undertaken with a view to maximising the utilisation of its surplus cash generated from business operations and achieving balanced yields whilst maintaining high liquidity and a low level of risk. The Group has adopted a stringent cash management policy, pursuant to which it continuously monitors the credit ratings, capital adequacy ratios and regulatory qualifications of the issuing banks, ensures that the tenor of each deposit or product does not exceed one year, and conducts quarterly reviews of the credit risk of its counterparty banks to safeguard the safety and liquidity of the Group's funds. Such investment activities are ancillary to, and do not alter the focus of, the Group's principal business of designing, developing, producing and marketing orthopedic implants and related products. Having regard to, among other matters, the low risk profile of the relevant structured time deposit products and their expected rates of return, the Directors consider that these investments provide the Group with more favourable returns than those generally available on deposits with commercial banks, thereby contributing to an increase in the Group's overall earnings.

The Group has carefully assessed each of the subscriptions and classified them as relatively low risk. Having considered comparable products available in the market and their prevailing rates of return, the Group is of the view that the terms of the subscriptions are fair and reasonable and in the overall best interests of the Company and its shareholders (the **"Shareholders"**). The Group has closely and effectively monitored and managed the subscriptions and will continue to do so. The Group has put in place adequate and appropriate internal control procedures to ensure that the subscriptions do not adversely affect its working capital or operations, and that all such investments are conducted on the principle of protecting the overall interests of the Company and the Shareholders.

In addition, the Company has implemented a treasury and investment policy which governs the Group's investments. The key features of this policy include the following:

- (i) investments should only be undertaken where the Group has surplus cash which is not required for short-term working capital purposes in the next one to three months;
- (ii) the types of investment are limited to low-risk wealth management products, including but not limited to:
 - (a) term deposits with registered banks and bank negotiable instruments (such as certificates of deposit and mutual funds readily convertible to cash);
 - (b) structured time deposit products that are placed with licensed banks with interest rates linked to the market price of underlying financial instruments; and
 - (c) money market funds which must be authorised by the relevant regulatory authorities;
- (iii) criteria for selecting investments to be considered by members of the Company's senior management shall include, but not be limited to, liquidity, risk and expected yield. The investment shall be low risk and provide a reasonable return on surplus funds while maintaining liquidity; and

MANAGEMENT DISCUSSION AND ANALYSIS

- (iv) investments are limited to a short-term horizon of not more than one year, in order to maintain liquidity and financial flexibility, and are non-speculative in nature.

The Company may, in order to further reduce risks, also seek (a) investments that provide guaranteed principal; and (b) short-term investments in money market funds and other low-risk wealth management products that provide higher investment returns than fixed-rate returns from cash deposits at commercial banks. The Company may update its treasury and investment policy from time to time in accordance with the development of the Group.

The unlisted equity instrument at FVPL, with a carrying amount of approximately RMB4.7 million, represented a strategic investment made by the Group during the financial year ended 31 December 2021 in a European incubator company engaged in the development of orthopedic products. The investment enables the Group to extend its product pipeline from end-stage joint replacement products to early-to-mid-stage cartilage repair, thereby achieving full lifecycle coverage of products addressing joint diseases, and to leverage the investee's clinical and regulatory channels in Europe to accelerate the Group's expansion into overseas markets.

Save for the wealth management products and the unlisted equity instrument described above, no other single investment designated as a financial asset at FVPL in the Group's investment portfolio is a significant investment, as none of such investments has a carrying amount that accounts for 5% or more of the Group's total assets as at 31 December 2025.

As at 30 June 2026:

As at 30 June 2026, the Group did not hold any significant investments, including any investment in an investee company with a value of 5% or more of the Group's total assets.

Future Plans for Material Investments and Capital Assets

As at 30 June 2026, the Group has no plans for material investments and capital assets.

Employee and Remuneration Policy

As at 30 June 2026, the Group had 1,004 employees (as at 30 June 2025: 1,003 employees). Total staff remuneration expenses including Directors' remuneration for the six months ended 30 June 2026 amounted to approximately RMB135.2 million (for the six months ended 30 June 2025: approximately RMB131.8 million). The modest increase in staff remuneration expenses was mainly due to remuneration adjustments and adjustments to social security and provident fund bases.

Remuneration is determined with reference to performance, skills, qualifications and experience of the employees concerned and in accordance with the prevailing industry practice. In addition to salary payments, other staff benefits include social insurance and housing provident fund provided by the Group, performance-based compensation as well as bonus and share option schemes.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

During the Reporting Period, there was no material acquisition or disposal of subsidiaries, associates and joint ventures by the Group.

Subsequent Events

On 23 July 2026, the Company offered to grant 355,000 share options to five selected eligible persons (the "**Share Option Grantees**") under the share option scheme adopted by the Company on 17 November 2017 to subscribe for an aggregate of 355,000 Shares. The exercise price of share options is HK\$5.85 per Share, and 50% of the share options are scheduled to vest on 23 July 2027 and the remaining 50% are scheduled to vest on 23 July 2028, subject to the achievement or attainment of certain performance targets by the Company and the respective Share Option Grantees. In addition, the Company also offered to grant 1,260,000 awarded shares to 60 selected participants (the "**Awarded Share Grantees**") under the share award scheme adopted by the Company on 8 December 2020, representing a total estimated value of HK\$7,068,600, and 50% of the awarded shares are scheduled to vest on 23 July 2027 and the remaining 50% are scheduled to vest on 23 July 2028, subject to the achievement or attainment of certain performance targets by the Company and the respective Awarded Share Grantees. For details of the grant of the share options and the awarded shares, please refer to the announcements of the Company dated 23 July 2026 and 28 July 2026, respectively.

REVIEW REPORT



Review report to the board of directors of AK Medical Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 25 to 41 which comprises the consolidated statement of financial position of AK Medical Holdings Limited (the “**Company**”) as of 30 June 2026 and the related consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim financial reporting* as issued by International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to express a conclusion, based on our review, on the interim financial report 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 interim financial report consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2026 is not prepared, in all material respects, in accordance with International Accounting Standard 34 *Interim financial reporting*.

KPMG

Certified Public Accountants

8th Floor, Prince’s Building

10 Chater Road

Central, Hong Kong

26 August 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2026 – unaudited
(Expressed in Renminbi ("RMB"))

		Six months ended 30 June	
	Note	2026 RMB'000	2025 RMB'000
Revenue	3	764,725	694,227
Cost of sales		(277,284)	(283,892)
Gross profit		487,441	410,335
Other income, net		6,140	18,263
Selling and distribution expenses		(121,196)	(117,297)
General and administrative expenses		(79,288)	(77,386)
Research and development expenses		(72,904)	(66,701)
Operating profit		220,193	167,214
Net finance income	5	9,525	19,457
Profit before taxation	4	229,718	186,671
Income tax	6	(33,001)	(26,060)
Profit for the period		196,717	160,611
Profit attributable to equity shareholders of the Company		196,717	160,611
Other comprehensive income items that are or may be reclassified subsequently to profit or loss			
Exchange differences on translation of financial statements of entities outside the Chinese Mainland		(16,714)	2,648
Other comprehensive income, net of tax		(16,714)	2,648
Total comprehensive income		180,003	163,259
Total comprehensive income attributable to equity shareholders of the Company		180,003	163,259
Earnings per share			
Basic	7(a)	RMB0.1768	RMB0.1439
Diluted	7(b)	RMB0.1766	RMB0.1435

The notes on pages 30 to 41 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 14(b).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2026 – unaudited
(Expressed in RMB)

	Note	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Non-current assets			
Property, plant and equipment	8	690,880	699,739
Intangible assets		82,507	81,131
Goodwill		113,411	113,411
Deferred tax assets		66,752	68,500
		953,550	962,781
Current assets			
Inventories	9	470,374	459,218
Trade receivables	10	739,720	627,655
Bills receivables	10	41,783	66,508
Deposits, prepayments and other receivables		86,943	80,504
Other financial assets	15	114,919	851,915
Time deposits and restricted cash		56,478	256,934
Cash and cash equivalents	11	1,078,539	357,231
		2,588,756	2,699,965
Current liabilities			
Trade payables	12	153,619	138,812
Bills payable		65,335	58,294
Contract liabilities		68,646	85,723
Accruals and other payables		405,695	278,728
Bank loans	13	949	71,958
Lease liabilities		3,483	4,985
Current taxation		18,202	19,442
		715,929	657,942
Net current assets		1,872,827	2,042,023
Total assets less current liabilities		2,826,377	3,004,804

The notes on pages 30 to 41 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2026 – unaudited
(Expressed in RMB)

	Note	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Non-current liabilities			
Deferred income		17,607	18,885
Other payables		7,500	7,372
Lease liabilities		3,754	4,273
Bank loans	13	4,743	5,218
Deferred tax liabilities		38,478	56,142
		72,082	91,890
NET ASSETS		2,754,295	2,912,914
Capital and reserves			
Share capital	14(a)	9,534	9,528
Reserves		2,744,761	2,903,386
Total equity attributable to equity shareholders of the Company		2,754,295	2,912,914
TOTAL EQUITY		2,754,295	2,912,914

The notes on pages 30 to 41 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2026 – unaudited

(Expressed in RMB)

	Note	Share capital RMB'000	Share premium RMB'000	Shares held for share award scheme RMB'000	Treasury shares RMB'000	Capital reserve RMB'000	Share- based payment reserve RMB'000	Exchange reserve RMB'000	Retained profits RMB'000	Total equity RMB'000
Balance at 1 January 2025		9,515	966,520	(48,692)	–	55,174	15,181	17,332	1,623,156	2,638,186
Total comprehensive income for the period		–	–	–	–	–	–	2,648	160,611	163,259
Equity settled share-based transactions		–	–	–	–	–	3,816	–	–	3,816
Shares issued under share option scheme		–	838	–	–	–	(734)	–	–	104
Unlock of restricted shares		–	(598)	1,335	–	–	(737)	–	–	–
Dividends declared	14(b)	–	–	–	–	–	–	–	(73,898)	(73,898)
Balance at 30 June 2025		9,515	966,760	(47,357)	–	55,174	17,526	19,980	1,709,869	2,731,467
Balance at 1 January 2026		9,528	968,648	(41,033)	–	55,174	15,750	16,493	1,888,354	2,912,914
Total comprehensive income for the period		–	–	–	–	–	–	(16,714)	196,717	180,003
Equity settled share-based transactions	14(d)(e)	–	–	–	–	–	1,934	–	–	1,934
Shares issued under share option scheme	14(d)	6	3,786	–	–	–	(1,910)	–	–	1,882
Unlock of restricted shares	14(e)	–	(2,452)	6,106	–	–	(3,654)	–	–	–
Shares repurchased for cancellation	14(c)	–	–	–	(82,219)	–	–	–	–	(82,219)
Shares repurchased as treasury shares	14(c)	–	–	–	(147,952)	–	–	–	–	(147,952)
Dividends declared	14(b)	–	–	–	–	–	–	–	(112,267)	(112,267)
Balance at 30 June 2026		9,534	969,982	(34,927)	(230,171)	55,174	12,120	(221)	1,972,804	2,754,295

The notes on pages 30 to 41 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30 June 2026 – unaudited
(Expressed in RMB)

	Six months ended 30 June	
	2026 RMB'000	2025 RMB'000
Operating activities		
Cash generated from operations	209,266	232,294
Income tax paid	(27,964)	(28,911)
Net cash generated from operating activities	181,302	203,383
Investing activities		
Acquisition of property, plant and equipment and intangible assets	(49,180)	(76,629)
Uplift of wealth management products	1,268,473	1,038,044
Placement of wealth management products	(527,000)	(1,173,000)
Uplift of time deposits	227,281	26,750
Placement time deposits	(42,980)	(53,000)
Other cash flows arising from investing activities	4,011	2,676
Net cash generated from/(used in) investing activities	880,605	(235,159)
Financing activities		
Capital element of lease rentals paid	(2,604)	(7,160)
Interest element of lease rentals paid	(101)	(333)
Proceeds from bank loans	–	78,885
Repayments of bank loans	(71,113)	(15,152)
Interest on bank loans paid	(1,028)	(1,321)
Proceeds from equity settled share-based payment	1,882	104
Purchase of own shares	(208,146)	–
Other cash flows arising from financing activities	(43,875)	–
Net cash (used in)/generated from financing activities	(324,985)	55,023
Net increase in cash and cash equivalents	736,922	23,247
Cash and cash equivalents at 1 January	357,231	352,173
Effect of movements in exchange rates on cash held	(15,614)	(356)
Cash and cash equivalents at 30 June	1,078,539	375,064

The notes on pages 30 to 41 form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB'000 unless otherwise indicated)

1 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“IAS”) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (“IASB”). It was authorised for issue on 26 August 2026.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2025 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2026 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with IAS 34 requires 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 year-to-date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2025 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with IFRS Accounting Standards.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. KPMG’s independent review report to the Board of Directors is included on page 24.

2 CHANGES IN ACCOUNTING POLICIES

The Group has applied the amendments to IFRS 9, *Financial instruments* and IFRS 7, *Financial instruments: Disclosures – Amendments to the classification and measurement of financial instruments*. The amendments do not have a material impact on these financial statements.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 REVENUE AND SEGMENT INFORMATION

(a) Revenue

The principal activities of the Group are manufacturing and sale of orthopedic joint implants, spinal implants, trauma implants and their complete set of surgical instruments.

Disaggregation of revenue from contracts with customers by major products is as follows:

	Six months ended 30 June	
	2026 RMB'000	2025 RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products of service lines		
– Hip replacement implants	423,934	409,675
– Knee replacement implants	229,792	194,489
– Spinal and trauma implants	39,488	50,732
– Digital orthopedics products and intelligent equipment	44,700	18,424
– Others (i)	26,811	20,907
	764,725	694,227
Disaggregated by geographical location of customers		
– China	583,116	566,019
– United Kingdom	33,944	33,095
– Other countries	147,665	95,113
	764,725	694,227

(i) Others primarily include surgical instruments, medical irrigators and third party orthopedic products.

The Group's customers with whom transactions have exceeded 10% of the Group's revenue are set out below:

	Six months ended 30 June	
	2026 RMB'000	2025 RMB'000
Customer A	85,485	131,266

3 REVENUE AND SEGMENT INFORMATION (Continued)

(b) Information about profit or loss, assets and liabilities

The Group manages its businesses by geographical location in which the entities operate. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified two reportable segments. No operating segments have been aggregated to form the following reportable segments:

	Orthopedic implants – China		Orthopedic implants – United Kingdom		Total	
For the six months ended 30 June	2026 RMB'000	2025 RMB'000	2026 RMB'000	2025 RMB'000	2026 RMB'000	2025 RMB'000
Revenue from external customers	694,543	630,327	70,182	63,900	764,725	694,227
Inter-segment revenue	2,079	1,029	19,816	19,340	21,895	20,369
Reportable segment revenue	696,622	631,356	89,998	83,240	786,620	714,596
Reportable segment profit	225,323	182,840	5,959	3,211	231,282	186,051
As at 30 June/31 December						
Reportable segment assets	3,215,834	2,580,643	169,969	173,996	3,385,803	2,754,639
Additions to non-current assets during the period	50,388	119,341	1,942	3,834	52,330	123,175
Reportable segment liabilities	727,482	664,983	19,093	21,573	746,575	686,556

The measure used for reportable segment profit is "reportable segment profit before taxation".

(c) Reconciliations of reportable segment profit or loss

	Six months ended 30 June	
	2026 RMB'000	2025 RMB'000
Reportable segment profit	231,282	186,051
Elimination of inter-segment (profit)/loss	(1,564)	620
Consolidated profit before taxation	229,718	186,671

4 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2026 RMB'000	2025 RMB'000
Amortisation cost of intangible assets	13,039	11,528
Depreciation of property, plant and equipment	44,584	41,834
Impairment losses on trade receivables	11,258	12,978
Cost of inventories	267,201	280,347

5 NET FINANCE INCOME

Net finance income is arrived after crediting/(charging):

	Six months ended 30 June	
	2026 RMB'000	2025 RMB'000
Interest income from bank deposits and investments in wealth management products	9,957	15,083
Foreign exchange gain	326	5,335
Interest on bank loans	(657)	(628)
Interest on lease liabilities	(101)	(333)
	9,525	19,457

6 INCOME TAX

	Six months ended 30 June	
	2026 RMB'000	2025 RMB'000
Current tax	26,724	23,173
Deferred tax	6,277	2,887
	33,001	26,060

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

The Group has no assessable profit in Hong Kong during the reporting period and is not subject to any Hong Kong profits tax. Hong Kong profits tax rate during the relevant periods is 16.5%. The payments of dividends by Hong Kong companies are not subject to any Hong Kong withholding tax.

Taxation on profits outside Hong Kong has been calculated on the estimated assessable profits for the six months ended 30 June 2026 at the rates of taxation prevailing in the countries in which the Group operates.

Applicable statutory enterprise income tax rate of PRC subsidiaries of the Company for the six months ended 30 June 2026 are 25% (six months ended 30 June 2025: 25%). According to the relevant PRC income tax law, the Company's subsidiaries, Beijing AKEC Medical Co., Ltd. ("**AK Medical Beijing**"), ITI Medical Co., Ltd. ("**ITI Medical**") and Beijing Libeier Bio-engineering Institute Co., Ltd. ("**Libeier**") were certified as New and High Technology Enterprises, and are entitled to a preferential income tax rate of 15%.

Taxation for subsidiaries operating mainly in the England and Wales were calculated at statutory enterprise income tax rate of 19% for the six months ended 30 June 2026 (six months ended 30 June 2025: 19%).

According to the Income Tax Law and its implementation rules, dividends receivable by non-PRC resident investors from PRC entities are subject to withholding tax at 10%, unless reduced by tax treaties or arrangements, for profit earned since 1 January 2008. AK Medical International Limited and Bright AK Limited, subsidiaries of the Company, are subject to PRC dividend withholding tax at 10% on dividends receivables from the PRC subsidiaries.

Given that the Group's full-year revenue is less than Euro dollars 750,000,000 (approximately RMB6,000,000,000), the Group is not subject to the Global Anti-Base Erosion Model Rules ("**Pillar Two model rules**") published by the Organisation for Economic Co-operation and Development. Consequently, the Group has not recognised any current tax relating to the Pillar Two model rules.

7 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB196,717,000 (six months ended 30 June 2025: RMB160,611,000) and the weighted average of 1,112,421,660 ordinary shares (six months ended 30 June 2025: 1,116,429,570 shares) in issue during the reporting period.

Weighted average number of ordinary shares

	Six months ended 30 June	
	2026	2025
Issued ordinary shares at 1 January	1,123,920,264	1,122,671,437
Effect of issue of shares under the Company's share option scheme (note 14(d))	341,975	132,735
Effect of shares held for share award scheme (note 14(e))	(4,950,168)	(6,374,602)
Effect of shares repurchased (note 14(c))	(6,890,411)	–
Weighted average number of ordinary shares at 30 June	1,112,421,660	1,116,429,570

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB196,717,000 (six months ended 30 June 2025: RMB160,611,000) and the weighted average of 1,113,675,709 ordinary shares (six months ended 30 June 2025: 1,119,215,739 shares).

Weighted average number of ordinary shares (diluted)

	Six months ended 30 June	
	2026	2025
Weighted average number of ordinary shares at 30 June	1,112,421,660	1,116,429,570
Effect of deemed issue of shares under the Company's equity settled share-based transactions (note 14(d)(e))	1,254,049	2,786,169
Weighted average number of ordinary shares (diluted) at 30 June	1,113,675,709	1,119,215,739

8 PROPERTY, PLANT AND EQUIPMENT

Acquisitions of owned assets

During the six months ended 30 June 2026, the Group acquired items of property, plant and machinery with a total cost of RMB36,920,000 (six months ended 30 June 2025: RMB62,864,000).

As at 30 June 2026, the Group's bank loans and bills payable were no longer secured by the Group's property, plant and equipment (31 December 2025: bank loans of RMB5,692,000 and bills payable of RMB24,912,000 were secured by the Group's property, plant and equipment with aggregate carrying amount of RMB81,245,000).

9 INVENTORIES

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Raw materials	110,005	113,417
Work in progress	84,505	83,463
Finished goods	275,864	262,338
	470,374	459,218

10 TRADE AND BILLS RECEIVABLES

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Bills receivables	41,783	66,508
Trade receivables	837,445	716,281
Less: allowance for credit loss	(97,725)	(88,626)
	739,720	627,655

As at 30 June 2026, approximately RMB6,300,000 (31 December 2025: RMB29,383,000) of bills receivable was pledged for bills payable.

Ageing analysis

Bills receivable are bank acceptance bill received from customers, with expiration dates within 6 months.

As of the end of the reporting period, the ageing analysis of trade receivables, based on the invoice date (or date of revenue recognition, if earlier) and net of loss allowance, is as follows:

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Current to 3 months	479,705	427,175
4 to 6 months	104,229	69,237
7 to 12 months	96,686	83,095
Over 12 months	59,100	48,148
Trade receivables, net of loss allowance	739,720	627,655

The credit terms agreed with commercial customers were normally ranged from 1 month to 1 year from the date of billing. No interest is charged on the trade receivables.

11 CASH AND CASH EQUIVALENTS

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Cash at banks	1,078,536	357,229
Cash on hand	3	2
Cash and cash equivalents	1,078,539	357,231

12 TRADE PAYABLES

As of the end of the reporting period, the ageing analysis of trade payables, based on the invoice date, is as follows:

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Within 3 months	126,352	107,183
4 to 6 months	20,126	23,549
7 to 12 months	4,284	2,605
Over 12 months	2,857	5,475
	153,619	138,812

All trade payables are expected to be settled within one year.

13 BANK LOANS

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Current		
Secured bank loans	–	18,239
Unsecured bank loans	949	53,719
	949	71,958
Non-current		
Secured bank loans	–	5,218
Unsecured bank loans	4,743	–
	4,743	5,218
	5,692	77,176

As at 30 June 2026, there were no bank loans secured by pledged deposits of the Group (31 December 2025: bank loans of RMB17,765,000 secured by pledged deposits of US\$28,446,000 (approximately RMB200,087,000)).

14 CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

	2026		2025	
	No. of shares	Amount RMB'000	No. of shares	Amount RMB'000
Authorised ordinary shares of HK\$0.01 each: At 1 January and 30 June	20,000,000,000	168,981	20,000,000,000	168,981
Ordinary shares, issued and fully paid: At 1 January	1,123,920,264	9,528	1,122,671,437	9,515
Shares issued under share option scheme	696,436	6	24,341	–
At 30 June	1,124,616,700	9,534	1,122,695,778	9,515

(b) Dividends

Dividends payable to equity shareholders attributable to the previous financial year, approved during the interim period

	Six months ended 30 June	
	2026 RMB'000	2025 RMB'000
Final dividend in respect of the previous financial year, approved during the following interim period, of HK\$11.8 cents per ordinary share (2025: HK\$7.2 cents per ordinary share)	112,171	73,717

(c) Treasury shares

During the six months ended 30 June 2026, the Company repurchased 32,260,000 ordinary shares from open market at the total consideration of HKD170,180,600 (approximately RMB147,952,000) as treasury shares, and repurchased 15,562,000 ordinary shares from open market at the total consideration of HKD93,886,460 (approximately RMB82,219,000) for cancellation.

(d) Share option schemes

On 30 June 2026, the Group had the following share-based transactions arrangements.

(i) *Pre-IPO share option scheme adopted on 17 November 2017 ("Pre-IPO Share Option Scheme")*

On 17 November 2017, 36,000,000 share options were granted at a consideration of HK\$1.00 for each grantee to employees of the Group under the Company's Pre-IPO Share Option Scheme. Each option gives the holder the right to subscribe for one ordinary share of the Company. These share options will vest in four equal batches and the grantees shall be entitled to exercise, on the first business day immediately following 1 May 2018 until 16 November 2027, if certain performance conditions are met. The exercise price is HK\$1.34.

14 CAPITAL, RESERVES AND DIVIDENDS (*Continued*)

(d) Share option schemes (*Continued*)

(i) *Pre-IPO share option scheme adopted on 17 November 2017 ("Pre-IPO Share Option Scheme") (Continued)*

During the six months ended 30 June 2026, a total of 350,000 share options (six months ended 30 June 2025: nil) were exercised at an exercise price of HKD1.34 per share, resulting in an increase in share capital of RMB3,000 and an increase in share premium of RMB409,000, with RMB198,000 being transferred from share-based payment reserve to share premium.

No share options (six months ended 30 June 2025: nil) were forfeited during the six months ended 30 June 2026.

(ii) *Share option scheme adopted on 17 November 2017 ("Share Option Scheme")*

In March 2022, 8,582,362 share options at a fair value of RMB19,930,000 were granted at a consideration of HK\$1.00 for each grantee to employees of the Group under the Company's Share Option Scheme. Each option gives the holder the right to subscribe for one ordinary share of the Company. These share options will vest in four batches and the grantees shall be entitled to exercise, on 31 March 2023 until 30 March 2032, if certain performance conditions are met. The exercise price is HK\$4.66.

In April 2023, 1,699,036 share options at a fair value of RMB8,800,000 were granted at a consideration of HK\$1.00 for each grantee to employees of the Group under the Company's Share Option Scheme. Each option gives the holder the right to subscribe for one ordinary share of the Company. These share options will vest in four batches and the grantees shall be entitled to exercise, on 11 April 2024 until 11 April 2033, if certain performance conditions are met. The exercise price is HK\$10.18.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

During the six months ended 30 June 2026, a total of 346,436 share options (six months ended 30 June 2025: 24,341) were exercised at an exercise price of HKD4.66 per share, resulting in an increase in share capital of RMB3,000 and an increase in share premium of RMB1,467,000, with RMB1,712,000 being transferred from share-based payment reserve to share premium. And 469,823 share options (six months ended 30 June 2025: 247,623) were forfeited during the six months ended 30 June 2026.

Share option reserve will be transferred to reserve as and when such option are exercised or when they expire or be forfeited.

14 CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(e) Shares held for share award scheme

On 8 December 2020, the Company adopted a share award scheme (the “**Share Award Scheme**”), to recognise and reward the contribution of certain eligible participants to the growth and development of the Group through an award of the Company’s shares. The Share Award Scheme will be valid and effective for a period of 10 years commencing from 8 December 2020.

The Company’s shares to be granted under the Share Award Scheme were purchased and held by a trustee. The maximum number of shares to be subscribed for and/or purchased by trustee for the purpose of the scheme shall not exceed 10% of the total number of issued shares as at the adoption date.

In March 2022, the Company granted 838,784 shares to the Group’s executives and employees with a fair value of RMB3,106,000. The fair value of the employee services received in exchange for the grant of shares is recognised as staff costs in profit or loss with a corresponding increase in share-based payment reserve, which is measured based on the grant date share price of the Company, taking into account the discount due to the present value of dividends expected to be paid by 0.61% to 2.36%, where applicable. These shares unlock in four batches and the grantees shall be vested with such shares on each of 31 March 2023, 2024, 2025 and 2026 for nil consideration if certain performance conditions are met.

In July 2024, the Company granted 1,706,959 shares to the Group’s executives and employees with a fair value of RMB6,893,000. The fair value of the employee services received in exchange for the grant of shares is recognised as staff costs in profit or loss with a corresponding increase in share-based payment reserve, which is measured based on the grant date share price of the Company, taking into account the discount due to the present value of dividends expected to be paid by 4.33% to 4.80%, where applicable. These shares will unlock in two batches and the grantees shall be vested with such shares on each of 15 July 2025 and 11 April 2026 for nil consideration if certain performance conditions are met.

During the six months ended 30 June 2026, a total of 799,316 restricted shares were unlocked, resulting in a transfer of RMB6,106,000 from shares held for share award scheme to share premium, and a transfer of RMB3,654,000 from the share-based payment reserve to share premium, the net effect was a reduction in share premium by RMB2,452,000. And 131,640 shares (six months ended 30 June 2025: 60,715) were forfeited during the six months ended 30 June 2026.

15 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

	Fair value at 30 June 2026 RMB'000	Fair value measurements as at 30 June 2026 categorised into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurement				
Financial assets:				
Other financial assets – investments in wealth management products at fair value through profit or loss ("FVPL")	110,412	–	110,412	–
Other financial assets – investments in unlisted equity instrument at FVPL	4,507	–	–	4,507
	114,919	–	110,412	4,507

	Fair value at 31 December 2025 RMB'000	Fair value measurements as at 31 December 2025 categorised into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurement				
Financial assets:				
Other financial assets – investments in wealth management products at FVPL	847,198	–	847,198	–
Other financial assets – investments in unlisted equity instrument at FVPL	4,717	–	–	4,717
	851,915	–	847,198	4,717

During the six months ended 30 June 2025 and 2026, there were no changes in valuation techniques.

16 COMMITMENTS

Capital commitments outstanding as at 31 December 2025 and 30 June 2026 not provided for were as follows:

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Contracted for acquisition of property, plant and equipment	4,392	2,453
Authorised but not contracted for acquisition of property, plant and equipment	3,737	6,250
	8,129	8,703

17 MATERIAL RELATED PARTY TRANSACTIONS

There is no material related party transaction during the six months ended 30 June 2026 and 2025. No material amounts due from or to related parties were outstanding as at 30 June 2026 and 31 December 2025.

18 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

On 23 July 2026, the Company offered to grant 355,000 share options to five selected eligible persons (the **"Share Option Grantees"**) under the share option scheme adopted by the Company on 17 November 2017 to subscribe for an aggregate of 355,000 ordinary shares of the Company (the **"Shares"**). The exercise price of share options is HK\$5.85 per share, and 50% of the share options are scheduled to vest on 23 July 2027 and the remaining 50% are scheduled to vest on 23 July 2028, subject to the achievement or attainment of certain performance targets by the Company and the respective Share Option Grantees. In addition, the Company also offered to grant 1,260,000 awarded shares to 60 selected participants (the **"Awarded Share Grantees"**) under the share award scheme adopted by the Company on 8 December 2020, representing a total estimated value of HK\$7,068,600, and 50% of the awarded shares are scheduled to vest on 23 July 2027 and the remaining 50% are scheduled to vest on 23 July 2028, subject to the achievement or attainment of certain performance targets by the Company and the respective Awarded Share Grantees.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2026, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) which were required (a) to be notified to the Company and the Hong Kong 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 (b) to be and were entered in the register required to be kept by the Company pursuant to section 352 of the SFO, or (c) as otherwise notified to the Company and the Hong Kong Stock Exchange 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 of Hong Kong Limited (the “Listing Rules”), were as follows:

Interest in the Shares or underlying Shares of the Company

Name of Directors	Capacity/Nature of Interest	Number of Shares ^(Note 1)	Approximate Percentage of Shareholding in the Company ^(Note 2)
Mr. Li Zhijiang ^(Note 3)	Founder of a discretionary trust	505,157,500 (L)	44.92%
	Interest of spouse	10,125,000 (L)	0.90%
Ms. Zhang Bin ^(Note 4)	Interest of controlled corporation	10,125,000 (L)	0.90%
	Interest of spouse	505,157,500 (L)	44.92%
Mr. Zhang Chaoyang ^(Note 5)	Founder of a discretionary trust	58,818,500 (L)	5.23%
Ms. Zhao Xiaohong ^(Note 6)	Beneficial interest	2,920,654 (L)	0.26%

Notes:

- (1) The letter “L” denotes our Directors’ long position in the Shares.
- (2) The percentage is calculated based on the total number of 1,124,616,700 Shares (including 32,260,000 Treasury Shares) in issue as at 30 June 2026.
- (3) Mr. Li Zhijiang, being the founder of LZ Y Trust who can influence how the trustee exercises his discretion, is deemed to be interested in 505,157,500 Shares. In addition, Mr. Li Zhijiang is the husband of Ms. Zhang Bin. Therefore, Mr. Li Zhijiang is deemed to be interested in the Shares held by Ms. Zhang Bin pursuant to the SFO.
- (4) Ms. Zhang Bin, being the sole director of Summer Limited, is the sole shareholder of Summer Limited which holds 10,125,000 Shares. Therefore, Ms. Zhang Bin is deemed to be interested in Summer Limited’s interest in the Shares pursuant to the SFO. In addition, Ms. Zhang Bin is the wife of Mr. Li Zhijiang. Therefore, Ms. Zhang Bin is deemed to be interested in Mr. Li Zhijiang’s interest in the Shares pursuant to the SFO.
- (5) Mr. Zhang Chaoyang, being the founder of Bamboo Trust who can influence how the trustee exercises his discretion, is deemed to be interested in 58,818,500 Shares.
- (6) Ms. Zhao Xiaohong directly holds (i) options to subscribe for 456,598 Shares pursuant to the Share Option Scheme; and (ii) 2,464,056 Shares.

OTHER INFORMATION

Save as disclosed above, as at 30 June 2026, none of the Directors or the chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required: (a) to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO), (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (c) pursuant to the Model Code to be notified to the Company and the Hong Kong Stock Exchange.

Save as disclosed above, as at 30 June 2026, none of the Director is a director or employee of a company which had an interest in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

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

As at 30 June 2026, so far as was known to the Directors, the following persons (other than the Directors or chief executive of the Company) and entities had interests or short positions in the Shares and underlying Shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholders	Capacity/Nature of Interest	Number of Shares/Underlying Shares ^(Note 1)	Approximate Percentage of Shareholding in the Company ^(Note 2)
Mr. Li Zhijiang ^(Notes 3 and 4)	Founder of a discretionary trust	505,157,500 (L)	44.92%
	Interest of spouse	10,125,000 (L)	0.90%
Ms. Zhang Bin ^(Notes 3 and 4)	Interest of a controlled corporation	10,125,000 (L)	0.90%
	Interest of spouse	505,157,500 (L)	44.92%
Ximalaya Limited ^(Note 3)	Beneficial owner	505,157,500 (L)	44.92%
Rainbow Holdings Limited ^(Note 3)	Interest in a controlled corporation	505,157,500 (L)	44.92%
Mr. Zhang Chaoyang ^(Note 5)	Founder of a discretionary trust	58,818,500 (L)	5.23%
Suntop Limited ^(Note 5)	Beneficial owner	58,818,500 (L)	5.23%
Bamboo Group Management Limited ^(Note 5)	Interest of a controlled corporation	58,818,500 (L)	5.23%
Trident Trust Company (HK) Limited ^(Notes 3 and 5)	Trustee of a discretionary trust	563,976,000 (L)	50.15%

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Notes:

- (1) The letter "L" denotes a person's long position in the Shares.
- (2) The percentage is calculated based on the total number of 1,124,616,700 Shares (including 32,260,000 Treasury Shares) in issue as at 30 June 2026.
- (3) LZY Trust is a discretionary trust established by Mr. Li Zhijiang as settlor, with Trident Trust Company (HK) Limited acting as trustee. The beneficiaries of LZY Trust are Mr. Li Zhijiang and certain of his family members. Trident Trust Company (HK) Limited holds 100% issued share capital of Rainbow Holdings Limited, which holds 100% issued share capital of Ximalaya Limited. Therefore, each of Mr. Li Zhijiang, Trident Trust Company (HK) Limited and Rainbow Holdings Limited is deemed to be interested in Ximalaya Limited's interest in 505,157,500 long positions in the Shares pursuant to the SFO.
- (4) Ms. Zhang Bin, being the sole director of Summer Limited, is the sole shareholder of Summer Limited which holds 10,125,000 Shares. Therefore, Ms. Zhang Bin is deemed to be interested in Summer Limited's interest in these Shares pursuant to the SFO. In addition, Ms. Zhang Bin is the wife of Mr. Li Zhijiang. Therefore, Ms. Zhang Bin is deemed to be interested in the Shares held by Mr. Li Zhijiang pursuant to the SFO.
- (5) Bamboo Trust is a discretionary trust established by Mr. Zhang Chaoyang as settlor, with Trident Trust Company (HK) Limited acting as trustee. Trident Trust Company (HK) Limited holds 100% issued share capital of Bamboo Group Management Limited, which holds 100% issued share capital of Suntop Limited. Therefore, each of Mr. Zhang Chaoyang, Trident Trust Company (HK) Limited and Bamboo Group Management Limited is deemed to be interested in Suntop Limited's interest in the Shares pursuant to the SFO.

Save as disclosed above, as at 30 June 2026, so far as the Directors were aware, no other persons (other than the Directors or chief executive of the Company) or entities had any interests or short positions in the Shares or underlying Shares of the Company, which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept by the Company under section 336 of the SFO.

ISSUE OF EQUITY SECURITIES OR SALE OF TREASURY SHARES FOR CASH

The Company did not allot and issue any equity securities (including securities convertible into equity securities) or sale of treasury shares (the "Treasury Shares") as defined under the Listing Rules for cash (other than under a share scheme that complies with Chapter 17 of the Listing Rules) during the Reporting Period.

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

During the Reporting Period, the Company repurchased an aggregate of 47,822,000 Shares on the Hong Kong Stock Exchange (2025: Nil) at an aggregate consideration of approximately HK\$264.07 million (before expenses) (2025: Nil).

Particulars of the repurchases during the Reporting Period were as follows:

Month of repurchase	Number of Shares Repurchased	Highest price paid per Share HK\$	Lowest price paid per Share HK\$	Aggregate consideration paid (before expenses) HK\$
February 2026	2,868,000	6.24	5.88	17,594,780.00
March 2026	1,194,000	6.02	6.02	7,187,880.00
April 2026	1,512,000	7.00	6.34	9,948,240.00
May 2026	4,526,000	6.35	5.84	27,582,320.00
June 2026	37,722,000	5.98	4.76	201,753,840.00
Total	47,822,000			264,067,060.00

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As of 30 June 2026, all the repurchased Shares have not been cancelled by the Company. Among these 47,822,000 repurchased Shares, 32,260,000 Shares were held as Treasury Shares. The Company intends to resell the Treasury Shares or use the Treasury Shares for other purposes in compliance with the Listing Rules.

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

The Directors considered that the repurchases were made with a view to enhancing the net asset value per Share and earnings per Share and benefiting the Company and the Shareholders.

DIRECTOR'S RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save for the Pre-IPO Share Option Scheme, the Share Option Scheme and the Share Award Scheme as disclosed herein, at no time during or at the end of the Reporting Period was the Company or any of its subsidiaries a party to any arrangements whose objects were or one of whose objects was to enable the Directors to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate; and none of the Directors, 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 Reporting Period.

SHARE OPTION SCHEMES

(a) Pre-IPO Share Option Scheme

The Pre-IPO share option scheme was adopted pursuant to a written resolution passed by the Shareholders on 17 November 2017 (the **"Pre-IPO Share Option Scheme"**) for the purpose of recognising the contribution of certain employees, executives and officers made or may have made to the growth of the Group and/or the listing of the shares of the Company on the Main Board of the Hong Kong Stock Exchange.

The eligible participant under the Pre-IPO Share Option Scheme are the full-time employees, executives or officers (including executive, non-executive and independent non-executive Directors) of the Company or the full-time employees of any of the subsidiaries of the level of manager or above and other full-time employees of the Company or any of the subsidiaries who, in the sole opinion of the Board, have contributed or will contribute to the Company and/or any of the subsidiaries.

Except for the options which have been granted under the Pre-IPO Share Option Scheme, no further options will be offered or granted under the Pre-IPO Share Option Scheme, as the right to do so has been terminated upon the listing of the Company. As at 30 June 2026, the number of Shares in respect of which options had been granted and remained outstanding under the Pre-IPO Share Option Scheme was 825,000, representing approximately 0.07% of the Shares in issue. There is no service provider sublimit.

There is no maximum entitlement of each participant under this scheme. All options under the Pre-IPO Share Option Scheme were granted on 17 November 2017. The exercise price of the option granted under the Pre-IPO Share Option Scheme is HK\$1.34 per Share. The exercise price was determined after taking into account (i) the exercise price per Share shall not be less than the par value of such Share; and (ii) subject to paragraph (i), the Board shall determine the exercise price at its sole discretion.

The options granted under the Pre-IPO Share Option Scheme shall be valid for a period of ten years commencing on the date upon which such options are granted and accepted in accordance with the rules of the Pre-IPO Share Option Scheme (the **"Option Period"**).

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HK\$1.00 was payable upon acceptance by each grantee as consideration for grant of the options. The relevant acceptance date shall not be less than 30 days after the date of offer of the relevant options.

The Pre-IPO Share Option Scheme commences on the listing date of the Company (i.e. 20 December 2017) (the “**Listing Date**”) and ends on the tenth anniversary of the listing date (both dates inclusive). As at the date of this interim report, the remaining life of the Pre-IPO Share Option Scheme is approximately 1 year and 3 months.

The grantees to whom options have been granted under the Pre-IPO Share Option Scheme will be entitled to exercise his/her options in the following manner:

(aa) For the purpose of this paragraph:

“**Vesting Conditions**” means (i) the revenue of the Group as shown in the audited consolidated financial statements of the Group for the relevant financial year represents an increase of 30% or more of the revenue of the Group as shown in the audited consolidated financial statements of the Group for the immediately preceding financial year (adjusted to exclude the effect of any acquisition by the Group); (ii) the profit attributed to Shareholders as shown in the audited consolidated financial statements of the Group for the relevant financial year (adjusted to exclude the effect of the listing expenses, the options granted, any withholding tax arising from profit generated by the Group companies in the PRC and any acquisition by the Group) represents an increase of 25% or more of the profit attributes to Shareholders as shown in the audited consolidated financial statements of the Group for the preceding financial year (adjusted to exclude the effect of the listing expenses, the options granted, any withholding tax arising from profit generated by the Group companies in the PRC and any acquisition by the Group); and (iii) the relevant grantee has passed the annual performance appraisal scheme established by the Group for the relevant financial year.

(bb) Options granted to the grantees will vest in four portions and the grantees shall be entitled to exercise, on the first business day immediately following 1 May of the relevant year until the end of the Option Period (both days inclusive):

- (I) 25% of the total number of options granted when the Vesting Conditions are met for the first time during the Option Period;
- (II) 25% of the total number of options granted when the Vesting Conditions are met for the second time during the Option Period;
- (III) 25% of the total number of options granted when the Vesting Conditions are met for the third time during the Option Period; and
- (IV) 25% of the total number of options granted when the Vesting Conditions are met for the fourth time during the Option Period.

(cc) Any options granted will lapse if the conditions for exercise under paragraph (bb) above have not been met within the Option Period.

(dd) The grantees shall enter into service contracts with the Group for a term of no less than four years from the date of grant of the options (as the case may be).

(ee) The Board has the sole and absolute discretion to amend the relevant vesting conditions of the pre-IPO share options from time to time and the consent from each grantee has to be obtained prior to any amendment in the event that such amendment is prejudicial to such grantee.

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- (ff) During the Option Period, if the grantee terminates its service contract with the Group under paragraph (dd) above or commits a material breach of any restrictive covenant in respect of the Group that the grantee is subject to (e.g. a non-competition undertaking), (i) to the extent not already exercised, the options granted to such grantee shall lapse automatically and not be exercisable; and (ii) to the extent already exercised, the Company may demand the grantee to return any entitlement or interest obtained from the exercise of the options granted. In 2019, the Directors have resolved not to demand any grantee of the pre-IPO share options to return any entitlement or interest obtained from the exercise of the options granted even though the grantee terminated its service contract with the Group during the Option Period, to the extent already exercised.

The details of movements in the options granted under the Pre-IPO Share Option Scheme during the Reporting Period by category of grantees are set out below:

Category and Name of grantee	Date of grant of share option	Outstanding as at 1 January 2026	Granted during the Reporting Period	Exercised during the Reporting Period	Weighted average closing price of the shares immediately before the date the options were exercised	Vesting period and performance targets	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Outstanding as at 30 June 2026	Exercise period of the share options	Exercise price of the share options	Closing price of the shares immediately before the date on which the options were granted
Senior Management and Other Employees of the Group												
Senior Management and Other Employees	17/11/2017	1,175,000	-	350,000	HK\$6.34	See paragraph (bb) above	-	-	825,000	10 years	HK\$1.34	N/A (Note)
Total		1,175,000	-	350,000			-	-	825,000			

Note: As the above options were granted before listing, no closing market price is available.

The terms of the Pre-IPO Share Option Scheme are disclosed in the Company's prospectus dated 7 December 2017.

Details of the Pre-IPO Share Option Scheme are set out in note 14 to the unaudited interim financial report contained in this interim report.

(b) Share Option Scheme (Note)

The Company adopted a share option scheme approved by the written resolution passed by the Shareholders on 17 November 2017 (the “**Share Option Scheme**”). Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for 10 years from the Listing Date.

A summary of the Share Option Scheme of the Company is as follows:

1. Purpose

To recognize and acknowledge the contributions the SOS Eligible Participants (as defined below) have had or may have made to the Group. The Share Option Scheme will provide the SOS Eligible Participants (as defined below) an opportunity to have a personal stake in the Company with the view to achieving the following objectives:

 - (i) motivating the SOS Eligible Participants (as defined below) to optimize their performance efficiency for the benefit of the Group; and
 - (ii) attracting and retaining or otherwise maintaining on-going business relationships with the SOS Eligible Participants (as defined below) whose contributions are or will be beneficial to the long-term growth of the Group.
2. Participants

The Board may, at its discretion, offer to grant an option to subscribe for such number of new shares as the Board may determine at an exercise price determined in accordance with the terms set out in the Share Option Scheme to the following persons (the “**SOS Eligible Participants**”):

 - (i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries;
 - (ii) any Directors (including non-executive Directors and independent non-executive Directors) of the Company or any of its subsidiaries;
 - (iii) any advisors, consultants, suppliers, customers and agents to the Company or any of its subsidiaries; and
 - (iv) such other persons who, in the sole opinion of the Board, will contribute or have contributed to the Group, the assessment criteria of which are:
 - (aa) contribution to the development and performance of the Group;
 - (bb) quality of work performed for the Group;
 - (cc) initiative and commitment in performing his/her duties; and
 - (dd) length of service or contribution to the Group.

OTHER INFORMATION

3. Total number of securities available for issue under the Share Option Scheme together with the percentage of the issued Shares that it represents as at the date of the interim report 93,541,882 ordinary Shares and 8.32% of the existing issued share capital.

4. Maximum entitlement of each participant

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of the Company (including both exercised, outstanding options and Shares which were the subject of options which have been granted and accepted under the Share Option Scheme and any other share option schemes of the Company but subsequently canceled) to each SOS Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as of the date of grant. Any further grant of options in excess of this 1% limit shall be subject to:

 - (i) the issue of a circular by the Company to the Shareholders containing the identity of the SOS Eligible Participant, the numbers of and terms of the options to be granted (and options previously granted to such participant), the information as required under Rules 17.03(D) of the Listing Rules; and
 - (ii) the approval of the Shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time with such SOS Eligible Participant and his close associates (or his associates if such SOS Eligible Participant is a connected person) abstaining from voting. The numbers and terms (including the exercise price) of options to be granted to such participant must be fixed before the Shareholders' approval and the date of the Board meeting at which the Board proposes to grant the options to such SOS Eligible Participant shall be taken as the date of grant for the purpose of calculating the exercise price of the Shares. The Board shall forward to such SOS Eligible Participant an offer document in such form as the Board may from time to time determine or, alternatively, documents accompanying the offer document which state, among other things:
 - (aa) the SOS Eligible Participant's name, address and occupation/position;
 - (bb) the date on which an option is offered to a SOS Eligible Participant which must be a date on which the Hong Kong Stock Exchange is open for the business of dealing in securities;
 - (cc) the date upon which an offer for an option must be accepted;
 - (dd) the date upon which an option is deemed to be granted and accepted in accordance with paragraph (cc);
 - (ee) the number of Shares in respect of which the option is offered;
 - (ff) the exercise price and the manner of payment of such price for the Shares on and in consequence of the exercise of the option;
 - (gg) the date of the expiry of the option;
 - (hh) the method of acceptance of the option which shall, unless the Board otherwise determines, be as set out in item 7 below; and

- (ii) such other terms and conditions (including, without limitation, any minimum period for which an option shall be held before it can be exercised and/or any performance targets which must be achieved before the option can be exercised) relating to the offer of the option which in the opinion of the Board are fair and reasonable but not being inconsistent with the Share Option Scheme and the Listing Rules.
- 5. Period within which the securities must be taken up under an option

An option may be taken up in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and may be exercised thereupon and prior to the expiry of the period as notified by the Board to each Grantee provided that such period of time shall not exceed a period of ten years from that date. No further share options may be granted after 10 years from the Listing Date.
- 6. Minimum/vesting period, if any, for which an option must be held before it can be exercised

There is no minimum period for which an option granted must be held before it can be vested and exercised except otherwise imposed by the Directors.
- 7. Amount, if any, payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be repaid

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the document constituting acceptance of the option duly signed by the grantee, together with a remittance in favor of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company on or before the relevant acceptance date (which shall not be later than 30 days after the date of offer of the relevant option). Such payment shall in no circumstances be refundable. Any offer to grant an option to subscribe for Shares may be accepted in respect of less than the number of Shares for which it is offered provided that it must be accepted in respect of a board lot for dealing in Shares on the Hong Kong Stock Exchange or an integral multiple thereof and such number is clearly stated in the document constituting acceptance of the option. To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably lapsed.
- 8. Basis of determining the exercise price

The exercise price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, except that such price will not be less than the highest of:

 - (i) the closing price of the Shares as stated in the Hong Kong Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Hong Kong Stock Exchange is open for the business of dealing in securities;
 - (ii) the average of the closing prices of the Shares as stated in the Hong Kong Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and
 - (iii) the nominal value of a Share.
- 9. The remaining life of the Share Option Scheme

The Share Option Scheme remains in force until 19 December 2027. As at the date of this interim report, the remaining life of the Share Option Scheme is approximately 1 year and 3 months.

Note: As the existing Share Option Scheme was adopted before the current Chapter 17 of the Listing Rules became effective on 1 January 2023, certain terms of the existing Share Option Scheme may not be in full compliance with the current Chapter 17 of the Listing Rules. Share options to be granted under the Share Option Scheme in the future will be in compliance with the current Chapter 17 of the Listing Rules.

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On 31 March 2022, the Company granted 8,582,362 share options (representing approximately 0.76% of the issued share capital of the Company as at the date of this interim report) (the **"2022 Share Options"**) at an exercise price of HK\$4.66 per share to 112 employees of the Group (the **"2022 Grantees"**) pursuant to the Share Option Scheme. The validity period of the 2022 Share Options granted were from 31 March 2022 to 30 March 2032 (both dates inclusive). The closing price of the Shares on the date of grant was HK\$4.66 per share.

The vesting period and conditions of the 2022 Share Options granted were as follows:

- (i) 1,716,472 share options, representing 20% of the total 2022 Share Options granted, would be vested on 31 March 2023 conditional upon the achievement or attainment of certain performance targets by the Company and the respective 2022 Grantee, among which, all such 1,716,472 share options were vested;
- (ii) 1,716,472 share options, representing 20% of the total 2022 Share Options granted, would be vested on 31 March 2024 conditional upon the achievement or attainment of certain performance targets by the Company and the respective 2022 Grantee, among which, all such 1,716,472 share options had lapsed on the relevant vesting date;
- (iii) 2,574,709 share options, representing 30% of the total 2022 Share Options granted, would be vested on 31 March 2025 conditional upon the achievement or attainment of certain performance targets by the Company and the respective 2022 Grantee, among which, all such 2,574,709 share options were vested; and
- (iv) 2,574,709 share options, representing 30% of the total 2022 Share Options granted, would be vested on 31 March 2026 conditional upon the achievement or attainment of certain performance targets by the Company and the respective 2022 Grantee, among which, all such 2,574,709 share options were vested.

Among the 2022 Share Options granted, 660,304 share options were granted to Ms. Zhao Xiaohong (**"Ms. Zhao"**), an executive Director. The grant of the 660,304 share options to Ms. Zhao was approved by all the independent non-executive Directors pursuant to Rule 17.04(1) of the Listing Rules and the terms of the Share Option Scheme. Save as disclosed above, none of the 2022 Grantees is a Director, chief executive or substantial Shareholder (as defined in the Listing Rules) of the Company or any of their respective associates (as defined in the Listing Rules) as at the date of this interim report. For details, please refer to the announcement of the Company dated 31 March 2022.

On 11 April 2023, the Company granted 1,699,036 share options (representing approximately 0.15% of the issued share capital of the Company as at the date of this interim report) (the **"2023 Share Options"**) to 86 selected eligible persons (the **"2023 Grantees"**) pursuant to the Share Option Scheme. The validity period of the 2023 Share Options granted were from 11 April 2023 to 10 April 2033 (both dates inclusive). The closing price of the Shares on the date of grant was HK\$10.18 per Share.

The vesting period and conditions of the 2023 Options granted were as follows:

- (i) 339,807 share options, representing 20% of the total 2023 Share Options granted, would be vested on 11 April 2024 conditional upon the achievement or attainment of certain performance targets by the Company and the respective 2023 Grantee, among which all such 339,807 share options had lapsed on the relevant vesting date;
- (ii) 339,807 share options, representing 20% of the total 2023 Share Options granted, would be vested on 11 April 2025 conditional upon the achievement or attainment of certain performance targets by the Company and the respective 2023 Grantee, among which, all such 339,807 share options were vested;
- (iii) 509,711 share options, representing 30% of the total 2023 Share Options granted, would be vested on 11 April 2026 conditional upon the achievement or attainment of certain performance targets by the Company and the respective 2023 Grantee, among which, all such 509,711 share options were vested; and
- (iv) 509,711 share options, representing 30% of the total 2023 Share Options granted, will be vested on 11 April 2027 conditional upon the achievement or attainment of certain performance targets by the Company and the respective 2023 Grantee.

OTHER INFORMATION

Among the 2023 Share Options granted, 139,620 share options were granted to Ms. Zhao, an executive Director. The grant of the 139,620 share options to Ms. Zhao was approved by all the independent non-executive Directors pursuant to Rule 17.04(1) of the Listing Rules and the terms of the Share Option Scheme. Save as disclosed above, none of the 2023 Grantees is a Director, chief executive or substantial shareholder (as defined in the Listing Rules) of the Company or any of their respective associates (as defined in the Listing Rules) as at the date of this interim report. For details, please refer to the announcement of the Company dated 11 April 2023.

The details of movement in the share options granted under the Share Option Scheme during the Reporting Period by category of grantees are set out below:

Category and name of grantee ^(Note 1)	Date of grant of share options	Outstanding as at 1 January 2026	Granted during the Reporting Period	Exercised during the Reporting Period	Weighted average closing price of the Shares immediately before the date on which the share options were exercised	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Outstanding as at 30 June 2026	Vesting period ^(Note 2)	Exercise period of share options	Exercise price of share options	Closing price immediately before the date of grant
Directors												
Zhao Xiaohong	31/3/2022	393,094	-	-	-	39,421	-	353,673	(i) 198,091 on 31/3/2026;	10 years from the date upon which the share options were granted and accepted by the relevant grantee	HK\$4.66	HK\$4.66
	11/4/2023	111,260	-	-	-	8,335	-	102,925	(i) 41,886 on 11/4/2026; (ii) 41,886 on 11/4/2027.	10 years from the date upon which the share options were granted and accepted by the relevant grantee	HK\$10.18	HK\$10.18
Senior management and other employees of the Group												
Senior management and other employees of the Group	31/3/2022	4,486,325	-	346,436	HK\$6.74	336,950	-	3,802,939	(i) 1,845,644 on 31/3/2026	10 years from the date upon which the share options were granted and accepted by the relevant grantee	HK\$4.66	HK\$4.66
	11/4/2023	1,016,998	-	-	-	85,117	-	931,881	(i) 364,315 on 11/4/2026; (ii) 364,315 on 11/4/2027	10 years from the date upon which the share options were granted and accepted by the relevant grantee	HK\$10.18	HK\$10.18
Total		6,007,677	-	346,436		469,823	-	5,191,418				

Notes:

- (1) Save as disclosed above, there is no other category of persons that is granted with share options and is required to be disclosed pursuant to Rule 17.07 of the Listing Rules.
- (2) The vesting is conditional upon the achievement or attainment of certain performance targets by the Company and the respective grantee.
- (3) Please refer to Note 14 to the unaudited interim financial of this interim report for details of the fair value of the share options granted on 31 March 2022 and 11 April 2023 and the accounting standard and policy adopted.
- (4) The total number of share options available for grant under the Share Option Scheme as at 1 January 2026 and 30 June 2026 were 93,072,059 Shares and 93,541,882 Shares, respectively, representing approximately 8.28% and 8.32% of the Company's issued share capital as at the respective dates. There is no service provider sublimit.
- (5) The number of the Shares that may be issued in respect of the options and awards granted under Pre-IPO Share Option Scheme, Share Option Scheme and the Share Award Scheme during the Reporting Period were 6,016,418 Shares. The dilutive effect of such is 0.53%, being the number of Shares may be issued divided by the weighted average number of Shares (excluding Treasury Shares) for the same period.

Save as disclosed above, no share option was granted, exercised, lapsed or cancelled during the Reporting Period.

SHARE AWARD SCHEME (Note)

The share award scheme of the Company (the “**Share Award Scheme**”) was adopted by the Board on 8 December 2020 (the “**Adoption Date**”). Summary of principal terms of the Share Award Scheme are set forth below:

1. Purpose & administration

The purposes of the Share Award Scheme are to recognise and reward the contribution of certain SAS Eligible Participants (as defined below) to the growth and development of the Group, to give incentives to SAS Eligible Participants (as defined below) in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

The Share Award Scheme shall be subject to the administration of the Board whose decisions on all matters arising in relation to the Share Award Scheme or its interpretation or effect shall be final, conclusive and binding on all persons who may be affected thereby, provided that such administration shall not prejudice (i) the powers of the trustee (the “**Trustee**”) as provided under the trust deed entered into between the Company and the Trustee (the “**Trust Deed**”); and (ii) the powers of the remuneration committee of the Board on recommending and/or deciding (on and subject to the terms and conditions provided under the Share Award Scheme) the selection of the selected participants (the “**Selected Participants**”), the number of awarded Shares (the “**Awarded Shares**”) to be awarded to the respective Selected Participants and other related matters as expressly provided under the Share Award Scheme.

2. Participants

Under the rules constituting the Share Award Scheme, the following classes of participants (excluding the excluded participants) (the “**SAS Eligible Participants**”) are eligible for participation in the Share Award Scheme:

- (a) any employee (whether full time or part time, including any executive director but excluding any non-executive director) of the Company, any of its subsidiary (the “**Subsidiary**”) or any of its invested entity (the “**Invested Entity**”) (an “**Employee**”);
- (b) any non-executive director (including independent non-executive directors) of the Company, any Subsidiary or any Invested Entity;
- (c) any adviser (professional or otherwise), consultant to or expert in any area of business or business development of any member of the Group or any invested entity; and
- (d) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group,

and, for the purposes of the Share Award Scheme, the award may be made to any company wholly owned by one or more of the above participant.

Note: As the existing Share Award Scheme was adopted before the current Chapter 17 of the Listing Rules, certain terms of the existing Share Award Scheme may not be in full compliance with the current Chapter 17 of the Listing Rules. Awarded Shares to be granted under the Share Award Scheme in the future will be in compliance with the current Chapter 17 of the Listing Rules.

The eligibility of any of the SAS Eligible Participants to an award shall be determined by the Board from time to time on the basis of the Board's opinion as to his contribution and/or future contribution to the development and growth of the Group.

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| 3. Total number of Shares available for issue under the Share Award Scheme together with the percentage of the issued shares that it represents as at the date of this interim report | The total number of Shares available to be subscribed for and/or purchased by the Trustee by applying the Group contribution for the purpose of the Share Award Scheme are 6,524,000 Shares, representing 0.58% of the total number of issued Shares as at the date of this interim report. The Board shall not instruct the Trustee to subscribe for and/or purchase any Shares for the purpose of the Share Award Scheme when such subscription and/or purchase will result in such threshold being exceeded. |
| 4. Maximum entitlement of each participant | The maximum number of Shares which may be subject to an award or awards to a Selected Participant shall not in aggregate exceed 1% of the issued share capital of the Company as at the Adoption Date. |
| 5. Period within which a Selected Participant may accept offer of award | The Board shall notify the Selected Participant in writing after an award has been provisionally made to such Selected Participant and the notice shall contain substantially the same information as that set out in the award notice provided that nothing contained in such notice shall be construed as conferring any rights, interests, benefits and title to and in the awarded Shares on such Selected Participant before the vesting of the legal and beneficial ownership of such awarded Shares in the Selected Participant in accordance with these rules of the Scheme. An award shall be deemed to be irrevocably accepted by a Selected Participant unless the Selected Participant shall within five (5) Business Days after receipt of such notice from the Board notify the Company in writing that he would decline to accept such award. |
| 6. Vesting period of awards granted under the Share Award Scheme | The Board may from time to time, at its discretion, determine the earliest vesting date (the " Vesting Date ") and other subsequent date(s), if any, upon which the awarded Shares held by the Trustee upon trust and which are referable to a Selected Participant shall vest in that Selected Participant. |

During the vesting period, any dividends and other distributions (the "**Other Distributions**") declared and made in respect of any awarded Shares shall belong to the Trustee and the relevant Selected Participant shall not have any right whatsoever in such Other Distributions in respect of any awarded Shares or otherwise unless and until the relevant awarded Shares are vested in such Selected Participant. Such Other Distributions shall be applied to subscription for and/or purchase of Shares for the purpose of satisfying any further awards by the Board and, upon termination of the Share Award Scheme, shall be treated and dealt with as income of the trust fund under the Trust Deed generally.

OTHER INFORMATION

At any time prior to a Vesting Date, unless the Board otherwise determines, in respect of a Selected Participant who:

- (a) died, all the awarded Shares of the Selected Participant shall be deemed to be vested on the Selected Participant on the day immediately prior to his death; or
- (b) (in the case of a Selected Participant who is an Employee) retired at his normal retirement date, all the awarded Shares of the Selected Participant shall be deemed to be vested on the Selected Participant on the day immediately prior to his normal retirement date; or
- (c) (in the case of a Selected Participant who is an Employee) retired at an earlier retirement date (with prior written agreement given by the Company or the Subsidiary or the Invested Entity), all the awarded Shares of the Selected Participant shall be deemed to be vested on the Selected Participant on the day immediately prior to his earlier retirement date.

If there is an event of change in control, as defined in the Hong Kong Codes on Takeovers and Mergers and Share Repurchases from time to time, of the Company by way of general or partial takeover offer, share repurchase offer or scheme of arrangement or otherwise in like manner made to all the Shareholders, all the unvested award Shares shall vest at any time before the expiry of the period of ten (10) Business Days following the date on which the offer becomes or is declared unconditional.

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| 7. Amount, if any, payable on application of the award and the period within which payments or calls must or may be made or loans for such purposes must be repaid | <p>There is no specific amount on application or acceptance of the award of the Share Award Scheme.</p> <p>The Board shall, subject to and in accordance with the rules of the Share Award Scheme, be entitled to, at any time during the continuation of the Share Award Scheme, make an award out of the Shares Pool to any of the SAS Eligible Participants such number of Shares as it shall determine pursuant to the Share Award Scheme. The Board shall notify the Trustee in writing upon the making of an award under the Share Award Scheme by giving the Trustee an award notice. The making of an award to any connected person of the Company shall be subject to compliance with the applicable requirements under the Listing Rules.</p> |
| 8. Basis of determination of the purchase price of shares awarded | <p>It is intended that the shares under the Share Award Scheme will be offered to the Selected Participants for no consideration subject to the compliance with the relevant laws and regulations, acceptance by the Selected Participants and the vesting period and conditions to be decided by the Board at the time of grant of award under the Share Award Scheme.</p> |

OTHER INFORMATION

9. Remaining life of the Share Award Scheme
- The Share Award Scheme shall be valid and effective for a period of 10 years commencing from the Adoption Date but may be terminated earlier as determined by the Board. If, at the date of the termination of the Share Award Scheme, the Trustee holds any Share which has not been set aside in favour of any Selected Participant or retains any unutilised funds received as the Group contribution or otherwise, then the Trustee shall, within twenty-one (21) Business Days after receiving actual notice of such termination, sell such Shares at the prevailing market price and remit the proceeds of sale (after making appropriate deductions in respect of stamp duty and other costs, liabilities and expenses in accordance with the Trust Deed) together with such unutilised funds to the Company. Upon termination of the Share Award Scheme, subject to the decision of the Board and to the terms of the Share Award Scheme, the relevant Vesting Date of the awarded Shares shall be unaffected and the awarded Shares shall remain transferable to and to be vested in such Selected Participant in accordance with the terms set out in the award notice, save in respect of any lapse of the award.

During the period ended 30 June 2026, there were 4,572,643 Shares held in trust by the trustee under the Share Award Scheme.

On 31 March 2022, the Company offered to grant a total of 838,784 Awarded Shares at nil consideration to 112 Selected Participants who are employees of the Group as an incentive to retain and attract talents for the Group. The grant of 838,784 Awarded Shares is subject to acceptance by the Selected Participants and the vesting period and conditions. The 838,784 Awarded Shares would be satisfied with the existing issued Shares held by the trustee.

On 15 July 2024, the Company granted a total of 1,706,959 Awarded Shares at nil consideration to 81 Selected Participants who are employees of the Group as an incentive to retain and attract talents for the Group. The grant of 1,706,959 Awarded Shares is subject to acceptance by the Selected Participants and the vesting period and conditions. Such 1,706,959 Awarded Shares would be satisfied with the existing issued Shares held by the trustee.

For details of the grant, please refer to the announcements of the Company dated 31 March 2022 and 15 July 2024.

OTHER INFORMATION

Details of the movement of the Awarded Shares during the Reporting Period are set out in the table below:

Category and name of grantee ^(Note 1)	Date of grant of the Awarded Shares	Closing price		Fair value of the Awarded Shares at the date of grant ^(Note 2)	Vesting period of the Awarded Shares	Number of unvested Awarded Shares as at 1 January 2026	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Number of unvested Awarded Shares as at 30 June 2026	Weighted average closing price of the Shares immediately before the date on which the Awarded Shares were vested
		Purchase	of Shares									
		price of the	immediately									
		Awarded	before the									
		Shares	date of grant	Shares at the date of grant ^(Note 2)								
Director												
Zhao Xiaohong	15/7/2024	-	HK\$4.53	HK\$4.40-HK\$4.45	14/7/2025-11/4/2026 ^(Note 4)	69,471	-	62,524	-	6,947	-	HK\$7.12
Senior management and other employees of the Group												
Senior management and other	31/3/2022	-	HK\$4.66	HK\$4.52-HK\$4.64	31/3/2023-31/3/2026 ^(Note 3)	173,410	-	132,801	-	40,609	-	HK\$6.18
employees of the Group	15/7/2024	-	HK\$4.53	HK\$4.40-HK\$4.45	14/7/2025-11/4/2026 ^(Note 4)	688,075	-	603,991	-	84,084	-	HK\$7.12
Total						930,956	-	799,316	-	131,640	-	

Notes:

- (1) Save as disclosed above, there is no other category of persons that is granted with share awards and is required to be disclosed pursuant to Rule 17.07 of the Listing Rules.
- (2) Please refer to Note 14 to the unaudited interim financial contained in this interim report for details of the fair value of the awards and the accounting standard and policy adopted.
- (3) The Trustee shall hold the Awarded Shares in trust for the Selected Participants, and shall transfer such Awarded Shares to the Selected Participants at nil consideration until and upon satisfaction of the following vesting period and conditions:
 - (i) 167,757 Awarded Shares, representing 20% of the total Awarded Shares granted, would be vested on 31 March 2023 conditional upon the achievement or attainment of certain performance targets by the Company and the respective Selected Participant, among which 149,398 Awarded Shares were vested and 18,359 Awarded Shares had lapsed;
 - (ii) 167,757 Awarded Shares, representing 20% of the total Awarded Shares granted, would be vested on 31 March 2024 conditional upon the achievement or attainment of certain performance targets by the Company and the respective Selected Participant, among which 167,757 Awarded Shares had lapsed;
 - (iii) 251,635 Awarded Shares, representing 30% of the total Awarded Shares granted, would be vested on 31 March 2025 conditional upon the achievement or attainment of certain performance targets by the Company and the respective Selected Participant, among which 174,761 Awarded Shares were vested and 76,874 Awarded Shares had lapsed; and
 - (iv) 251,635 Awarded Shares, representing 30% of the total Awarded Shares granted, would be vested on 31 March 2026 conditional upon the achievement or attainment of certain performance targets by the Company and the respective Selected Participant, among which 132,801 Awarded Shares were vested and 118,834 Awarded Shares had lapsed.

OTHER INFORMATION

(4) Vesting period of the relevant Awarded Shares are set out below:

- (i) 50% of the Awarded Shares would be vested on 14 July 2025 conditional upon the achievement or attainment of certain performance targets by the Company and the respective Grantee as summarized below, among which 827,882 Awarded Shares were vested and 25,598 Awarded Shares had lapsed; and
- (ii) 50% of the Awarded Shares would be vested on 11 April 2026 conditional upon the achievement or attainment of certain performance targets by the Company and the respective Grantee as summarized below, among which 666,515 Awarded Shares were vested and 186,965 Awarded Shares had lapsed.

The performance targets mentioned in paragraph (4) above are set out below:

The pre-determined ratios of certain key financial performance indicators shall be taken into account to calculate the overall performance of the Company in that relevant year, including the revenue, net profit, cash flow and the rate of increase of the revenue to determine whether or not the Awarded Shares shall vest in full or vest in proportion in accordance with the performance target actually achieved, or lapse in each of the vesting period set out above.

The Group has set up a performance appraisal system for the employees, which comprehensively evaluates the performance of the Grantees in an accurate and all-rounded manner. The Company will determine whether the Grantees meet the individual performance targets based on their performance appraisal results for the relevant year. In case such individual performance targets could not be met, the relevant Awarded Shares shall lapse accordingly.

Save as disclosed above, no Awarded Share was granted, vested, lapsed or cancelled during the Reporting Period.

As of 1 January 2026 and 30 June 2026, the number of awards available for grant under the Share Award Scheme were 109,467,003 and 109,598,643, respectively.

The number of the Shares that may be issued in respect of the options and awards granted under Pre-IPO Share Option Scheme, Share Option Scheme and the Share Award Scheme during the Reporting Period were 6,016,418 Shares. The dilutive effect of such is 0.53%, being the number of Shares may be issued divided by the weighted average number of Shares (excluding Treasury Shares) for the same period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code as the code of conduct regarding securities transactions by Directors. Having made specific enquiries by the Company, all the Directors confirmed that they have fully complied with the required standard set out in the Model Code throughout the Reporting Period.

The Company has also established written guidelines on no less exacting terms than the Model Code (the “**Employees Written Guidelines**”) for securities transactions by employees who are likely to be in possession of unpublished inside information of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company throughout the Reporting Period.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Board and management are committed to achieving high corporate governance standards. The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has been in compliance with the applicable code provisions set out in Part 2 of the Corporate Governance Code contained in Appendix C1 to the Listing Rules throughout the Reporting Period and up to the date of this interim report, with the exception of code provision C.2.1 (the **"Code Provision C.2.1"**).

According to Code Provision C.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Group deviates from this Code Provision C.2.1 because the position of the chairman and the chief executive officer of the Group are both held by Mr. Li Zhijiang who is the founder of the Group and has extensive experience in the industry. The Board believes that Mr. Li Zhijiang can provide the Group with strong and consistent leadership that allows for effective and efficient planning and implementation of business decisions and strategies. The Board also considers that the current structure of vesting the roles of chairman and chief executive officer in the same person will not impair the balance of power and authority between the Board and the management of the Group. The Board shall review this structure from time to time to ensure appropriate and timely action to meet changing circumstances.

REVIEW BY THE AUDIT COMMITTEE

The Company has the Audit Committee with terms of reference aligned with the Code Provisions for the purpose of reviewing and providing supervision on the financial reporting process and internal controls of the Group. The Audit Committee consists of two independent non-executive Directors, Mr. Kong Chi Mo (chairman), Dr. Li Shu Wing David and one non-executive Director, Dr. Wang David Guowei.

The Group's interim report for the six months ended 30 June 2026 have been reviewed by all members of the Audit Committee. Based on such review, the Audit Committee was of the opinion that the Group's unaudited interim report were prepared in accordance with the applicable accounting standards as well as the Listing Rules and that adequate disclosures have been duly made. The Audit Committee does not have any disagreement with the accounting treatment adopted by the Company.

CONTRACTS OF SIGNIFICANCE

Save as disclosed in note 17 to the unaudited interim financial report contained in this interim report, (i) the Group did not enter into any transaction, arrangement or contract of significance in which the Company, or any of its subsidiaries and a controlling shareholder of the Company or any of its subsidiaries was a party, and in which a Director or an entity connected with the Director had a material interest, either directly or indirectly, subsisted as at 30 June 2026 or at any time during the Reporting Period and (ii) there was no transaction, arrangement or contracts of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries subsisted as at 30 June 2026 or at any time during the Reporting Period.

INTERIM DIVIDEND

The Board did not recommend to declare any interim dividend to the Shareholders for the six months ended 30 June 2026.

INDEPENDENT REVIEW OF AUDITORS

The interim financial report for the six months ended 30 June 2026 is unaudited, but has been reviewed by KPMG, in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants, whose unmodified review report is included in this interim report to be sent to the Shareholders.

CHANGES IN INFORMATION IN RESPECT OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in information of Directors during the Reporting Period and up to the date of this interim report are set out below:

Name of Director	Details of Change
Mr. Li Shu Wing David	Mr. Li was appointed as a Board Director of Hong Kong Resource Center for Heritage on 15 May 2026

PUBLICATION OF INTERIM REPORT

The interim report of the Group for the six months ended 30 June 2026 containing all the relevant information required by the Listing Rules has been published on the websites of HKEXnews operated by Hong Kong Exchanges and Clearing Limited (<https://www.hkexnews.hk>) and the Company (<http://ak-medical.net>).

By Order of the Board
AK Medical Holdings Limited
Li Zhijiang
Chairman

Hong Kong
26 August 2026