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Sanai Health Industry Group Company Limited

三愛健康產業集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1889)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025**

The board (the “**Board**”) of directors (the “**Directors**”) of Sanai Health Industry Group Company Limited (“**Sanai Health Industry**” or the “**Company**”) hereby presents the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively referred to the “**Group**”) for the six-month period ended 30 June 2025 (the “**Current Period**”), together with the comparative figures for the corresponding period in 2024.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2025

	<i>Notes</i>	Six months ended 30 June	
		2025	2024
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	5	47,222	36,729
Cost of sales and services rendered		<u>(40,410)</u>	<u>(29,908)</u>
Gross profit		6,812	6,821
Other (loss) income and other (loss) gain, net		(220)	2,863
Distribution costs		(4,256)	(2,060)
Administrative and other expenses		(14,517)	(12,131)
Reversal of impairment loss on finance lease receivables		–	221
Impairment loss on trade and other receivables		–	(404)
Share of profit (loss) of associates		132	(133)
Net gain on disposals of subsidiaries	14	606	17,043
Finance costs	6	<u>(1,265)</u>	<u>(1,078)</u>
(Loss) Profit before income tax		(12,708)	11,142
Income tax expenses	7	<u>(671)</u>	<u>(1,487)</u>
(Loss) Profit for the period	6	<u>(13,379)</u>	<u>9,655</u>
 (Loss) Profit for the period attributable to:			
Owners of the Company		(10,861)	9,971
Non-controlling interests		<u>(2,518)</u>	<u>(316)</u>
		<u>(13,379)</u>	<u>9,655</u>
			(Adjusted)
 (Loss) Earnings per share			
Basic (RMB cents)	9	<u>(7.10)</u>	<u>7.24</u>
Diluted (RMB cents)	9	<u>(7.10)</u>	<u>7.24</u>

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

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
(Loss) Profit for the period	(13,379)	9,655
Other comprehensive loss:		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of foreign operations	<u>(5,106)</u>	<u>(4,425)</u>
Total comprehensive (loss) income for the period	<u>(18,485)</u>	<u>5,230</u>
Total comprehensive (loss) income for the period attributable to:		
— Owners of the Company	<u>(15,967)</u>	5,546
— Non-controlling interests	<u>(2,518)</u>	<u>(316)</u>
	<u>(18,485)</u>	<u>5,230</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2025

		At 30 June 2025	At 31 December 2024
	Notes	RMB'000 (Unaudited)	RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	62,653	63,479
Right-of-use assets	10	36,031	36,258
Goodwill		1,732	1,732
Investments in associates		2,084	1,952
		<u>102,500</u>	<u>103,421</u>
CURRENT ASSETS			
Inventories		7,915	9,865
Trade and other receivables	11	17,588	14,993
Tax recoverable		141	119
Financial assets at FVPL		136	140
Cash and cash equivalents		351,235	340,426
		<u>377,015</u>	<u>365,543</u>
CURRENT LIABILITIES			
Trade and other payables	12	86,674	74,003
Interest-bearing borrowings	13	55,264	38,919
Lease liabilities		738	738
Tax payables		223	573
		<u>142,899</u>	<u>114,233</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(continued)

At 30 June 2025

		At 30 June 2025	At 31 December 2024
	<i>Notes</i>	RMB'000 (Unaudited)	RMB'000 (Audited)
NET CURRENT ASSETS		<u>234,116</u>	<u>251,310</u>
TOTAL ASSETS LESS			
CURRENT LIABILITIES		<u>336,616</u>	<u>354,731</u>
NON-CURRENT LIABILITIES			
Lease liabilities		763	763
Interest-bearing borrowings	13	1,465	1,507
Deferred tax liabilities		<u>1,140</u>	<u>855</u>
		<u>3,368</u>	<u>3,125</u>
NET ASSETS		<u>333,248</u>	<u>351,606</u>
CAPITAL AND RESERVES			
Share capital	15	1,421	35,534
Reserves		<u>304,601</u>	<u>286,453</u>
Equity attributable to owners of the Company		<u>306,022</u>	321,987
Non-controlling interests		<u>27,226</u>	<u>29,619</u>
TOTAL EQUITY		<u>333,248</u>	<u>351,606</u>

NOTES

1. GENERAL INFORMATION

Sanai Health Industry Group Company Limited (the “**Company**”) was incorporated in the Cayman Islands on 21 March 2006 and registered as an exempted company with limited liability under the Companies Act, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the “**Cayman Companies Law**”) and acts as an investment holding company. Its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 1 February 2007. The addresses of the registered office of the Company is Grand Pavilion, Hibiscus Way, 802 West Bay Road, P.O. Box 31119, KY1-1205, Cayman Islands. The principal place of business of the Company is Unit 5, 7/F., Nanyang Plaza, 57 Hung To Road, Kwun Tong, Kowloon, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries are collectively referred to as the “**Group**”. The principal activities of the Group are the development, manufacturing, marketing and sales of pharmaceutical products and the provision of finance leasing services.

The unaudited condensed consolidated financial statements are presented in Renminbi (“**RMB**”), which is the same as the functional currency of the Company and all amounts have been rounded to nearest thousand, unless otherwise stated.

2. BASIS OF PREPARATION

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

The preparation of the unaudited condensed consolidated financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses on a period to date basis. Actual results may differ from these estimates.

The unaudited condensed consolidated financial statements have been prepared on historical basis except for financial assets at fair value through profit or loss which is stated at fair value.

These unaudited condensed consolidated financial statements should be read in conjunction with the 2024 annual audited financial statements. The accounting policies and methods of computation used in the preparation of these unaudited condensed consolidated financial statements are consistent with those used in the annual audited financial statements for the year ended 31 December 2024.

3. ADOPTION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS

In the current period, the Group has adopted all the new and revised HKFRS Accounting Standards issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2025. HKFRS Accounting Standards comprise all applicable individual Hong Kong Financial Reporting Standards, HKAS and Interpretations issued by the HKICPA. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current and prior reporting periods.

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

4. SEGMENT INFORMATION

The Group manages its businesses by divisions, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the board of the Company (the **"Board"**) (the chief operating decision maker) for the purposes of resources allocation and performance assessment, the Group has presented the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

- (i) Pharmaceutical products: development, manufacturing, marketing and sales of pharmaceutical products, sales of pharmaceutical related software and provision of consultancy services; and
- (ii) Finance leasing: provision of finance leasing services.

Information regarding the Group's reportable segments as provided to the Board for the purposes of resources allocation and assessment of segment performance for the six months ended 30 June 2025 and 2024 is set out below:

For the six months ended 30 June 2025 (Unaudited)

	Pharmaceutical products <i>RMB'000</i>	Finance leasing <i>RMB'000</i>	Genetic testing and molecular diagnostic services <i>(Note)</i> <i>RMB'000</i>	Total <i>RMB'000</i>
Reportable segment revenue from external customers	<u>47,222</u>	<u>–</u>	<u>–</u>	<u>47,222</u>
Reportable segment loss	<u>(5,721)</u>	<u>–</u>	<u>–</u>	<u>(5,721)</u>

For the six months ended 30 June 2024 (Unaudited)

	Pharmaceutical products <i>RMB'000</i>	Finance leasing <i>RMB'000</i>	Genetic testing and molecular diagnostic services <i>(Note)</i> <i>RMB'000</i>	Total <i>RMB'000</i>
Reportable segment revenue from external customers	<u>31,010</u>	<u>–</u>	<u>5,719</u>	<u>36,729</u>
Reportable segment (loss) profit	<u>(779)</u>	<u>(303)</u>	<u>173</u>	<u>(909)</u>

Note: The Group's genetic testing and molecular diagnostic services segment was discontinued since second half of the year ended 31 December 2024.

There are no inter-segment sales for the six-month periods ended 30 June 2025 and 2024.

The measure used for reporting segment profit/(loss) is earnings and losses of each segment without allocation of other income and other gain, net, central administration costs and other operating expenses and certain finance costs.

(i) **Revenue from external customers**

The following sets out information about the geographical location of the Group's revenue from external customers, based on the location at which the services were provided or the goods delivered.

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Hong Kong	–	5,719
The People's Republic of China (the "PRC")	47,222	31,010
	<hr/>	<hr/>
Total	47,222	36,729
	<hr/> <hr/>	<hr/> <hr/>

(ii) **Reconciliation of reportable segment profit or loss:**

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Total reportable segment loss derived from		
the Group's external customers	(5,721)	(909)
Other income and other gain, net	302	2,375
Share of results of associates	132	(133)
Net gain on disposals of subsidiaries	606	17,043
Unallocated head office and corporate expenses		
— staff costs (including director's emoluments)	(2,456)	(2,582)
— exchange loss, net	–	(82)
— others	(4,306)	(3,779)
— finance costs	(1,265)	(791)
	<hr/>	<hr/>
Consolidated (loss) profit before income tax for the period	(12,708)	11,142
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The following table presents segment assets and segment liabilities of the Group's operating segments at 30 June 2025 and 31 December 2024:

At 30 June 2025 (Unaudited)

	Pharmaceutical products <i>RMB'000</i>	Finance leasing <i>RMB'000</i>	Genetic testing and molecular diagnostic services <i>(Note)</i> <i>RMB'000</i>	Total <i>RMB'000</i>
Reportable segment assets	<u>141,608</u>	<u>801</u>	<u>–</u>	<u>142,409</u>
Reportable segment liabilities	<u>72,922</u>	<u>936</u>	<u>–</u>	<u>73,858</u>

At 31 December 2024 (Audited)

	Pharmaceutical products <i>RMB'000</i>	Finance leasing <i>RMB'000</i>	Genetic testing and molecular diagnostic services <i>(Note)</i> <i>RMB'000</i>	Total <i>RMB'000</i>
Reportable segment assets	<u>132,699</u>	<u>801</u>	<u>–</u>	<u>133,500</u>
Reportable segment liabilities	<u>55,480</u>	<u>936</u>	<u>–</u>	<u>56,416</u>

Note: The Group's genetic testing and molecular diagnostic services segment was discontinued since second half of the year ended 31 December 2024.

Segment assets include all tangible, intangible assets, goodwill and current assets with the exception of financial assets at FVPL, investments in associates and other corporate assets. Segment liabilities include trade and other payables attributable to the activities of the individual segments.

No non-current assets information is presented for the Group's geographical location, as over 90% of the Group's non-current assets are located in the PRC.

5. REVENUE

The amount of each significant category of revenue recognised during the period are as follows:

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
— At a point in time		
Sales of pharmaceutical products	47,222	31,010
— Over time		
Provision of genetic testing and molecular diagnostic services	—	5,719
	<u>47,222</u>	<u>36,729</u>

The revenue from contracts with customers of the Group during the six months ended 30 June 2025 and 2024 are recognised within HKFRS 15.

6. (LOSS) PROFIT FOR THE PERIOD

(Loss) Profit for the period is arrived at after charging:

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Finance costs		
Interest expenses on:		
— convertible notes	—	415
— interest-bearing borrowings	1,265	663
	<u>1,265</u>	<u>1,078</u>
Other items		
Depreciation of property, plant and equipment	1,088	545
Amortisation of intangible assets	—	24
Cost of inventories	33,296	24,960

7. INCOME TAX EXPENSES

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current tax		
PRC Enterprise Income Tax (“EIT”)	143	1,522
Deferred taxation	528	(82)
	<hr/>	<hr/>
	671	1,440
Hong Kong Profits Tax	–	47
	<hr/>	<hr/>
	671	1,487
	<hr/> <hr/>	<hr/> <hr/>

For PRC subsidiaries of the Group, PRC EIT is calculated at 25% (30 June 2024: 25%) in accordance with the relevant laws and regulations in the PRC except for 北京航洋健康科技有限公司 (Beijing Hangyang Health Technology Co., Ltd.*) (“**Beijing Hangyang**”) which has been recognised as High and New Technology Enterprise (the “**HNTE**”) and is entitled to a preferential tax rate of 15% during the six months ended 30 June 2025. The entitlement of the HNTE is subject to renewal by the tax bureau in the PRC every three years. The latest approval of the HNTE for Beijing Hangyang was obtained in October 2023 for the three years ending 31 December 2025.

For the Hong Kong subsidiaries of the Group, the assessable profits of the Group is subject to the two tiered profits tax rates regime that the first HK\$2 million of assessable profits will be taxed at 8.25% and assessable profits above HK\$2 million will be taxed at 16.5% under Hong Kong Profits Tax for the six months ended 30 June 2024. Hong Kong Profits Tax has not been provided as the Group had no assessable profits for the six months ended 30 June 2025.

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

8. DIVIDENDS

The directors do not recommend the payment of any dividend for the six months ended 30 June 2025 and 2024.

* English name is translated for identification purpose only.

9. (LOSS) EARNINGS PER SHARE

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

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
(Loss) Profit:		
(Loss) Profit for the period attributable to the owners of the Company for the purpose of basic (loss) earnings per share	(10,861)	9,971
Exchange difference on convertible notes designated as financial liabilities at FVPL (Note 13)	–	2,297
Interest on convertible notes (Note 6)	–	415
	<hr/>	<hr/>
(Loss) Profit for the period attributable to the owners of the Company for the purpose of diluted (loss) earnings per share	(10,861)	12,683
	<hr/> <hr/>	<hr/> <hr/>
	<i>'000</i>	<i>'000</i>
		(Adjusted)
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic and diluted (loss) earnings per share	152,899	137,693
	<hr/> <hr/>	<hr/> <hr/>

The computation of diluted (loss) earnings per share does not assume the exercise of the outstanding share options since the exercise price per share option was higher than the average share price of the Company for the six months ended 30 June 2025 and 2024.

For the six months ended 30 June 2024, the weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share was on the basis as if the Share Consolidation (as defined in Note 15) had been effective on 1 January 2024.

10. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the six months ended 30 June 2025, the Group has acquired property, plant and equipment of approximately RMB41,000 from independent third parties.

During the six months ended 30 June 2024, the Group has addition of construction-in-progress of approximately RMB30,668,000 (six months ended 30 June 2023: Nil), other property, plant and equipment of approximately RMB32,931,000 (six months ended 30 June 2023: Nil), and right-of-use assets of approximately RMB35,810,000 (six months ended 30 June 2023: Nil) through acquisition of subsidiaries.

During the six months ended 30 June 2025, the Group has disposed of property, plant and equipment of approximately RMB29,000 (six months ended 30 June 2024: RMB5,206,000) and right-of-use assets of Nil (six months ended 30 June 2024: RMB4,425,000) through disposals of subsidiaries (please refer to Note 14 of this announcement).

11. TRADE AND OTHER RECEIVABLES

	At 30 June 2025 RMB'000 (Unaudited)	At 31 December 2024 RMB'000 (Audited)
Trade receivables (net of loss allowance)	8,656	9,560
Other receivables	7,603	3,190
Amount due from a related company	–	3
Prepayments and deposits	925	1,832
Other PRC tax receivables	404	408
	<u>17,588</u>	<u>14,993</u>

The Group normally grants credit terms of 30 to 180 days (31 December 2024: 30 to 180 days) to its customers. The ageing analysis of trade receivables (net of loss allowance) presented based on the invoice date is as follows:

	At 30 June 2025 RMB'000 (Unaudited)	At 31 December 2024 RMB'000 (Audited)
Within 30 days	4,483	4,739
31 to 60 days	3,703	4,821
61 to 90 days	412	–
91 to 120 days	–	–
121 to 365 days	58	–
	<u>8,656</u>	<u>9,560</u>

12. TRADE AND OTHER PAYABLES

	At 30 June 2025 <i>RMB'000</i> (Unaudited)	At 31 December 2024 <i>RMB'000</i> (Audited)
Trade payables	12,864	14,285
Payroll and welfare payables	5,475	5,755
Accrued expenses	2,912	3,924
Other payables	54,207	36,322
Other PRC tax payables	275	434
Contract liabilities	3,549	4,147
Accrued interest expenses on convertible notes	1,776	1,828
Amounts due to directors (Note (i))	590	590
Amount due to an associate (Note (ii))	2,874	5,446
Interest payables	2,152	1,272
	<u>86,674</u>	<u>74,003</u>

Notes:

- (i) The amounts due to directors are non-trade in nature, unsecured, interest-free and repayable on demand.
- (ii) The amount due to an associate is non-trade in nature, unsecured, interest-free and repayable on demand.

The ageing analysis of trade payables presented based on the invoice date at the end of the reporting period is as follows:

	At 30 June 2025 <i>RMB'000</i> (Unaudited)	At 31 December 2024 <i>RMB'000</i> (Audited)
Within 30 days	4,603	6,607
31 to 60 days	3,924	6,628
61 to 90 days	495	292
91 to 120 days	762	20
121 to 365 days	2,711	551
Over 365 days	369	187
	<u>12,864</u>	<u>14,285</u>

13. INTEREST-BEARING BORROWINGS

	At 30 June 2025 <i>RMB\$'000</i> (Unaudited)	At 31 December 2024 <i>RMB\$'000</i> (Audited)
Unsecured bank and other borrowings (Note (i))	31,229	13,426
Secured and guaranteed bank borrowings (Note (ii))	25,500	27,000
	<u>56,729</u>	<u>40,426</u>

	Bank borrowings		Other borrowings	
	At 30 June 2025 <i>RMB\$'000</i> (Unaudited)	At 31 December 2024 <i>RMB\$'000</i> (Audited)	At 30 June 2025 <i>RMB\$'000</i> (Unaudited)	At 31 December 2024 <i>RMB\$'000</i> (Audited)
Carrying amount of borrowings and the maturity analysis based on the scheduled repayment date set out in the loan agreement is:				
Within one year or on demand	40,500	8,000	14,764	6,919
More than one year, but not exceeding two years	–	24,000	–	–
More than two years, but not exceeding five years	–	–	1,465	1,507
	<u>40,500</u>	<u>32,000</u>	<u>16,229</u>	<u>8,426</u>
Less: Amount shown under current liabilities	<u>40,500</u>	<u>32,000</u>	<u>14,764</u>	<u>6,919</u>
Amount shown under non-current liabilities	<u>–</u>	<u>–</u>	<u>1,465</u>	<u>1,507</u>

Notes:

- (i) The bank and other borrowings of approximately RMB31,229,000 (31 December 2024: RMB13,426,000) are unsecured, carry fixed interest rate of 3% to 12% per annum (31 December 2024: 3% to 12% per annum) and are repayable on demand.
- (ii) The bank borrowings of approximately RMB25,500,000 (31 December 2024: RMB27,000,000) are secured and guaranteed by guarantees provided by a financial institution (an independent third party) and the Group has pledged the right-of-use assets with carrying amount of approximately RMB12,184,000 (31 December 2024: RMB12,325,000) to the financial institution.

14. DISPOSALS OF SUBSIDIARIES

Six months ended 30 June 2025

- (a) On 28 March 2025, the Group disposed of its 100% equity interest in 福建至信醫藥有限公司 Fujian Zhixin Medicine Company Limited* (“**Fujian Zhixin**”) to 福建省潤豪智能設備有限公司 Fujian Runhao Intelligent Equipment Company Limited* (“**Fujian Runhao**”), an independent third party, at a cash consideration of RMB300,000 in accordance with the share transfer agreement dated 28 March 2025 (the “**Disposal 1**”).

Details of the consideration received for the Disposal 1 and net liabilities of Fujian Zhixin at the date of disposal are summarised as follows:

	RMB’000
Consideration received, satisfied by:	
Cash received	300
	<u>300</u>
Assets and liabilities disposed of:	
Intangible assets	2
Trade and other receivables	32
Amount due to a fellow subsidiary	(118)
	<u>(84)</u>
Net liabilities at the date of disposal	(84)
Consideration	(300)
	<u>(384)</u>
Gain on disposal of Fujian Zhixin	<u>(384)</u>
Net cash inflows from disposal of Fujian Zhixin	
Consideration received	300
Less: Cash and bank balances disposed of	–
	<u>300</u>

* English name is translated for identification purpose only.

- (b) On 17 January 2025, Beijing Hangyang (whereas 51% of its equity interest was owned by the Group), through its 67% owned subsidiary 北京航洋信息技術有限公司 disposed of its indirectly owned 55% equity interest in 北京三愛百城商業管理有限公司 and 74% indirectly owned equity interest in 中視好物 (北京) 國際文旅有限公司 together to independent third parties at total cash consideration of RMB150,000 in accordance with the share transfer agreement dated 17 January 2025 (the “**Disposal 2**”).

Details of the consideration received for the Disposal 2 and net liabilities of the companies at the date of disposal are summarised as follows:

	<i>RMB'000</i>
Consideration received, satisfied by:	
Cash received	150
Assets and liabilities disposed of:	
Property, plant and equipment	29
Trade and other receivables	1,326
Cash and bank balances	200
Trade and other payables	(1,752)
Net liabilities at the date of disposal	(197)
Non-controlling interests	125
Consideration	(150)
Gain on disposal of the companies	(222)
Net cash outflows from disposal of the companies	
Consideration received	150
Less: Cash and bank balances disposed of	(200)
	(50)

* English name is translated for identification purpose only.

Six months ended 30 June 2024

- (a) On 27 February 2024, the Group disposed of its entire 51% equity interest in 福建永春製藥有限公司 Fujian Yongchun Pharmaceutical Company Limited* (“**Fujian Yongchun**”) to an independent third party at a cash consideration of RMB4,800,000, which is largely equal to the net carrying amounts, in accordance with the share transfer agreement dated 27 February 2024.

Details of the consideration received for this disposal and net assets of Fujian Yongchun at the date of disposal are summarised as follows:

	2024 RMB'000
Consideration received, satisfied by:	
Cash received	<u>4,800</u>
Net assets disposed of:	
Property, plant and equipment	4,210
Right-of-use assets	4,124
Intangible assets	2,122
Amounts due from fellow subsidiaries	4,800
Trade and other receivables	6
Cash and bank balances	80
Trade and other payables	(2,187)
Amount due to a fellow subsidiary	(62)
Tax payables	(2,425)
Deferred tax liabilities	<u>(531)</u>
Net assets at the date of disposal	10,137
Non-controlling interests	(4,967)
Consideration	<u>(4,800)</u>
Loss on disposal of Fujian Yongchun	<u>370</u>
Net cash inflows from disposal of Fujian Yongchun	
Consideration received	4,800
Less: Cash and bank balances disposed of	<u>(80)</u>
	<u>4,720</u>

* English name is translated for identification purpose only.

- (b) On 19 January 2024, the Group disposed of its entire 100% equity interest in Z J W Electronics (Hong Kong) Limited together with its wholly-owned subsidiary, 中匯鑫融資租賃(深圳)有限公司 Zhonghuixin Financial Leasing (Shenzhen) Co., Ltd.*, (collectively referred to as the “**Z J W Group**”) to 4 independent third parties at total cash consideration of HK\$3,600,000 (equivalent to approximately RMB3,300,000), which is largely equal to the net carrying amounts, in accordance with the share transfer agreement dated 17 January 2024.

Details of the consideration received for this disposal and net assets of the Z J W Group at the date of disposal are summarised as follows:

	2024 RMB'000
Consideration received, satisfied by:	
Cash received	3,300
Net assets disposed of:	
Other receivables	1
Amounts due from fellow subsidiaries	3,303
Cash and bank balances	7
Tax payables	(256)
Net assets at the date of disposal	3,055
Release of exchange reserve	(1)
Consideration	(3,300)
Gain on disposal of the Z J W Group	(246)
Net cash inflows from disposal of Z J W Group	
Consideration received	3,300
Less: Cash and bank balances disposed of	(7)
	3,293

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- (c) On 31 May 2024, the Group disposed of its 59% equity interest in Zentrogene Group to an independent third party (the “**Purchaser**”) at a cash consideration of HK\$22,000,000 (equivalent to approximately RMB20,469,000) in accordance with the share transfer agreement dated 17 April 2024 (the “**Zentrogene Disposal**”). In the opinion of the Group’s management, the consideration for the Zentrogene Disposal was determined after arms’ length negotiations between the Group and the Purchaser with reference to, among others, (i) the business development opportunity and prospects of the Zentrogene Group; (ii) the financial status of the Zentrogene Group; and (iii) the estimated market value of 59% equity interests of the Zentrogene Group with reference to the valuation carried out by CHFT Advisory and Appraisal Ltd., an independent valuer.

The Zentogene Disposal constitutes a disclosable transaction for the Company under the Listing Rules. Details of the Zentogene Disposal were set out in the Company's announcement dated 17 April 2024.

Following the completion of the Zentogene Disposal on 31 May 2024, the assets and liabilities of Zentogene Group were deconsolidated from the Group's consolidated statement of financial position and the Group's remaining equity interests of 41% in Zentogene Group have been accounted for as an associate using equity method. In the opinion of the Group's management, the fair value of the 41% equity interest of the Zentogene Group at the date on which the control was lost is approximate to the proportion of the Group's equity interest in net assets of Zentogene Group as the cost on initial recognition of the investment in Zentogene Group as an associate.

Details of the consideration received for the Zentogene Disposal and net assets of the Zentogene Group at the date of disposal are summarised as follows:

	2024 RMB'000
Consideration received, satisfied by:	
Cash received	<u>20,469</u>
Net assets disposed of:	
Property, plant and equipment	996
Right-of-use assets	301
Inventories	1,437
Amounts due from fellow subsidiaries	6,407
Trade and other receivables	2,824
Cash and bank balances	646
Trade and other payables	(5,036)
Amount due to a fellow subsidiary	(896)
Tax payables	(190)
Lease liabilities	(310)
Net assets at the date of disposal	6,179
41% equity interest retained in the Group	(3,646)
Release of exchange reserve	(344)
Consideration	<u>(20,469)</u>
Gain on disposal of the Zentogene Group	<u>(17,167)</u>
Net cash inflows from disposal of the Zentogene Group	
Consideration received	20,469
Less: Cash and bank balances disposed of	(646)
	<u>19,823</u>

Remark: In December 2024, the Group's management has decided to reclassify the Zentogene Disposal as discontinued operation.

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15. SHARE CAPITAL

	Number of ordinary shares (<i>'000</i>)	Amount <i>HK\$'000</i>
Authorised:		
Ordinary shares of HK\$0.01 each		
At 1 January 2023 (Audited), 1 January 2024 (Audited)	10,000,000	100,000
Decrease in number of authorised shares upon the Share Consolidation effective on 13 August 2024 (Note)	<u>(9,600,000)</u>	<u>–</u>
At 31 December 2024,		
Ordinary shares of HK\$0.25 each	400,000	100,000
Increase in number of authorised shares upon the Capital Reduction and Share Sub-division effective on 3 February 2025 (Note)	<u>9,600,000</u>	<u>–</u>
As at 30 June 2025		
Ordinary shares of HK\$0.01 each	<u>10,000,000</u>	<u>100,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.25 each		
At 1 January 2025 (Audited)	152,899	38,224
Decrease in amount of issued shares upon the Capital Reduction and Share Sub-division effective on 3 February 2025 (Note)	<u>–</u>	<u>(36,695)</u>
Ordinary shares of HK\$0.01 each at 30 June 2025 (Unaudited)	<u>152,899</u>	<u>1,529</u>
	At 30 June 2025 <i>RMB'000</i> (Unaudited)	At 31 December 2024 <i>RMB'000</i> (Audited)
Shown in the condensed consolidated statement of financial position	<u>1,421</u>	<u>35,534</u>

Note:

On 4 July 2024, the Company, among others, proposed to impose (i) share consolidation on the basis that every twenty-five (25) issued and unissued ordinary shares of par value of HK\$0.01 each in the share capital of the Company into one (1) share of par value of HK\$0.25 each (“**Consolidated Share(s)**”) (the “**Share Consolidation**”); (ii) capital reduction (following the Share Consolidation) that the issued share capital of the Company will be reduced by cancelling the paid up capital to the extent of HK\$0.24 on each of the then issued Consolidated Shares such that the par value of each issued Consolidated Share will be reduced from HK\$0.25 to HK\$0.01 (the “**Capital Reduction**”); and (iii) immediately after the Capital Reduction, each of the authorised but unissued Consolidated Shares of par value of HK\$0.25 each be sub-divided into twenty-five (25) new shares of par value of HK\$0.01 each (the “**Share Sub-division**”).

The Share Consolidation became effective on 13 August 2024 and the Capital Reduction and the Share Sub-division became effective on 3 February 2025.

Details of the above capital reorganisation are set out in the Company’s announcements dated 4 July 2024, 9 August 2024, 18 November 2024, 3 December 2024, 8 January 2025 and 27 January 2025 and the Company’s circular dated 24 July 2024.

16. MATERIAL RELATED PARTY TRANSACTIONS

The details of remuneration of key management personnel, representing amounts paid to the directors of the Company during the six months ended 30 June 2025 and 2024, are set out as follows:

	Six months ended 30 June	
	2025	2024
	<i>RMB’000</i>	<i>RMB’000</i>
	(Unaudited)	(Unaudited)
Short-term employee benefits	<u>1,197</u>	<u>1,245</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Current Period, the Group was principally engaged in two businesses: (i) pharmaceutical products business and (ii) finance leasing business. The two businesses are stated as below:

Pharmaceutical Products Business

Since August 2022, Fujian Rui Chuang Health Industry Company Limited* (福建瑞創健康產業有限公司) (“**Fujian Rui Chuang**”), the Company’s indirect wholly-owned subsidiary, has remained to be the core production centre as well as the exclusive sales channel of the Group’s own developed pharmaceutical products during the Current Period. As highlighted in the Company’s 2024 Annual Report, the negative impact to our pharmaceutical products business brought by a very substantial increase in the general cost as well as a shortage in the volume of supply of traditional Chinese herbal materials in the PRC since the start of the year of 2023 has continued in the first half year of 2025, which has still adversely affected the gross profit margin as well as the volume of sales of our own developed pharmaceutical products in the Current Period, the management has decided to downsize the production capacity of Fujian Rui Chuang in 2025, as such a write-off of RMB1,780,000 and RMB731,000 of Fujian Rui Chuang’s property, plant and equipment and right-of-use assets respectively have already been made during the year ended 31 December 2024.

On the other hand, following the completion of the acquisition of a controlling 51% equity interests of Beijing Hangyang Health Technology Co., Ltd.* (北京航洋健康科技有限公司) (“**Beijing Hangyang**”) on 14 May 2024, Beijing Hangyang has become a significant revenue contributor to the Company’s pharmaceutical product business, accounted for approximately 64.48% of the Company’s total revenue generated in the pharmaceutical product business in the Current Period.

Due to the significant drop in business and continuous operating losses recorded in recent years, the Company has disposed of its 100% equity interests in Fujian Zhixin Medicine Co., Limited* (福建至信醫藥有限公司) (“**Fujian Zhixin**”), an indirect wholly-owned subsidiary of the Company, to an independent third party on 28 March 2025. Fujian Zhixin has not generated any sales revenue for the Group during the Current Period. Please refer to Note 14 of this announcement for details about the disposal.

During the Current Period, the revenue derived from the pharmaceutical products business increased by 52.3% to approximately RMB47.22 million (2024 interim: approximately RMB31.01 million). The loss sustained by the pharmaceutical products business was approximately RMB5.72 million for the Current Period (2024 interim: loss of approximately RMB0.78 million).

Finance Leasing Business

The operation of the finance leasing business has been centralized in an indirect wholly-owned subsidiary of the Company, Union Development finance leasing (Shenzhen) Company Limited* (聯合發展融資租賃(深圳)有限公司) (“**Union Development**”). The revenue derived from the finance leasing business of the Group for the Current Period was nil (2024 interim: nil) as all the subsisting finance leasing contracts have expired and promptly settled before the beginning of the year 2024 and that the Group, having adopted a more prudent and cautious approach in the evaluation and granting of new finance leasing loans, had not entered into any new finance leasing contracts in the Current Period. Hence, the Group has nil customer as at 30 June 2025 (30 June 2024: nil).

Business Model and Customer Profiles

The Group’s finance leasing business mainly provides financial leasing services of medical devices and rehabilitation equipment which are complimentary to the Group’s existing pharmaceutical products business. The business of the lessees of our current finance leases were generally in the medical industry, pharmaceutical industry and public infrastructure industry. However, the Group’s finance leasing services are not intended to be limited to any particular business. Further, the products manufactured by the leased medical devices and rehabilitation equipment are not related to the business of the Group. The Group also does not preclude the possibility of providing financial leasing services for other types of devices and equipment.

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Credit Risk Assessment

The potential lessee will first approach Union Development to confirm whether the equipment or devices fall within the scope in which financing leasing can be arranged. The management of Union Development will conduct site visits and carry out due diligence on the potential lessee, the equipment or devices proposed to be leased, assess the risks of the potential lease and followed by seeking the initial approval from the Group. The Group will further review, inter alia, the credit quality of the potential lessee, the purpose and value of the assets proposed to be leased, the financial conditions of the potential lessee, the ultimate beneficial owner(s) of the potential lessee and other relevant factors to assess the repayment capability of the potential lessee.

Approval Process

If the Group approves the finance lease in principle, the management of Union Development will further negotiate with the lessee on the terms of the transaction which include, inter alia, the lease terms, the interest rate, the option to purchase the equipment or device upon expiry of the lease term, etc. The Group will further check and seek professional advice on the compliance requirements and will comply with the requirements of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), including making timely disclosures and seeking Shareholder’s approval, if necessary.

The Group have established several departments and committee (namely, business department, risk department, finance department and review committee) to implement division of work (approval, release and review of the lease). The Group has also established lease approval procedures, internal guidelines and standard forms for the finance lease business, including the due diligence report on the lessees, lease approval checklist and lease evaluation checklists. Further, the management has formulated pre-lease and post-lease administrative measures for various departments of Union Development to follow up, including the administration of guarantees and assets charges, monitoring of overdue payment, treatment of leased assets and post-lease agreement follow ups.

The Board will be responsible for the final approval of material finance lease agreements and delegate one of the executive Directors to liaise with Union Development and directly monitors the finance lease projects with the responsible staff of Union Development, including the review of the due diligence report on the lessees, drafting of the finance lease documents, examination of the leased assets and registration of the charges thereto (if necessary),

collection of the rental income, review of the risks and assets portfolio of the finance leases and regular site visits and reviews of the lessees. The Group also regularly monitors its working capital ratio, quick ratio and other relevant financial ratios in order to drive its finance leasing business forward as well as to balance the risks and return of the Group and its sustainability.

Finance Lease Portfolio

The Group has not entered into any new finance leasing agreement during the Current Period and hence the weighted average of the term of finance leases entered into by the Group is not applicable for the Current Period (2024 interim: not applicable). In the past, in the event the lessee breaches the finance lease contract, the Group has the right to use or to sell the leased assets and to call for full or partial repayment of the outstanding balance of finance lease receivables.

The Company will continue to manage and monitor its finance leasing business with a prudent approach in order to maximise the long-term interests of the shareholders.

OUTLOOK

As we approach the second half of 2025, our company remains focused on navigating the dynamic economic landscape with a commitment to sustainable growth. The macroeconomic environment in the PRC continues to be a focal point of our strategic planning. In light of current market trends and government policies, we are dedicated to proactively assessing opportunities and challenges. Our goal is to consolidate our competitive advantages while actively seeking new business investment opportunities in the PRC. By leveraging emerging technologies and innovative practices, we aim to enhance our market position.

As we move forward, we recognize that shifting consumer behaviors and increasing demand for sustainable products will play a significant role in shaping our strategies. Companies that prioritize sustainability and social responsibility are likely to gain a competitive edge. We are committed to aligning our operations with these values, which will resonate with an increasingly conscious consumer base.

To strengthen our financial performance, we will continue to implement stringent cost control measures. Our approach will remain flexible, allowing us to allocate resources effectively across various initiatives. This includes investing in digital transformation and operational efficiencies to drive productivity and reduce costs.

For pharmaceutical products business, following the completion of the Acquisition of Beijing Hangyang, the Group has achieved a growth in its sales revenue in the first half year of 2025 and expects a stable growth in the second half year of 2025. However, as a result of the significant increase in the cost as well as the volume of supply of traditional Chinese herbal materials in China since early 2023, the gross profit margin of our own developed pharmaceutical products will inevitably continue to be adversely affected.

For finance leasing business, the expected financial return from interests to be earned in granting financial leasing loans in China was not attractive and sometimes not well justified with the inherent risks of the business. Hence, the Group will closely monitor the development of the finance leasing market as well as the trend of the interest rates in China and will continue to take a prudent and cautious approach in the granting of new finance leasing loans in the near foreseeable future.

Looking ahead, while challenges persist, our commitment to sustainable growth in the PRC will guide our actions in the second half of 2025. By focusing on strategic adaptability, sustainability and effective resource allocation, we maintain an optimistic and prudent approach in our ability to navigate the complexities of the market and achieve our long-term objectives.

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2025, the Group generated a total revenue of approximately RMB47.22 million, representing an increase of approximately 28.6% as compared to approximately RMB36.73 million in the corresponding period in 2024. The increase was primarily attributed to the increase in the revenue generated in the sales of pharmaceutical products by Beijing Hangyang in the Current Period.

Distribution Costs

For the six months ended 30 June 2025, the distribution costs of the Group were approximately RMB4.26 million (2024 interim: approximately RMB2.06 million). The substantial increase was mainly attributable to the launch of new marketing campaigns and promotion events as well as the full account of Beijing Hangyang's selling and marketing expenses for the Current Period.

Administrative Expenses

Administrative expenses amounted to approximately RMB14.52 million for the six months ended 30 June 2025 (2024 interim: approximately RMB12.13 million), representing an increase of approximately 19.7%. The increase was mainly attributable to the full account of Beijing Hangyang's administrative expenses for the Current Period and is commensurate with the % growth in the revenue in the Current Period.

Gross Profit and Gross Profit Margin

Gross profit and gross profit margin for the six months ended 30 June 2025 amounted to approximately RMB6.81 million and 14.4% respectively (2024 interim: approximately RMB6.82 million and 18.6% respectively). The decrease in gross profit margin was mainly attributable to the continuous deterioration in the gross profit margin of our self-owned and self-manufactured pharmaceutical products in the Current Period.

Finance Costs

Finance costs for the six months ended 30 June 2025 amounted to approximately RMB1.27 million (2024 interim: RMB1.08 million). The finance costs represented interest expenses attributable to the interest-bearing borrowings for the Current Period.

Loss for the Current Period

Loss attributable to owners of the Company was approximately RMB10.86 million for the six months ended 30 June 2025 (2024 interim: profit of approximately RMB9.97 million). The change was mainly attributable to (i) the fact that the Company has recorded an one-time substantial net gain on disposals of subsidiaries of approximately RMB17.04 million in the corresponding period in 2024; and (ii) that the Company has accounted for an increase in distribution costs and administration expenses combined attributable to Beijing Hangyang of approximately RMB4.6 million in the Current Period.

Basic and Diluted Loss per Share

The basic and diluted loss per share for the six months ended 30 June 2025 was approximately RMB7.10 cents and approximately RMB7.10 cents respectively (2024 interim: the basic and diluted earnings per share of approximately RMB7.24 cents (adjusted) and approximately RMB7.24 (adjusted) cents respectively).

Liquidity and Financial Resources

As at 30 June 2025, the Group had cash and cash equivalents of approximately RMB351.24 million (as at 31 December 2024: approximately RMB340.43 million) and most cash and cash equivalents were denominated in Renminbi and Hong Kong dollars.

Capital Structure and Gearing Ratio

As at 30 June 2025, the total number of issued shares of the Company was 152,898,695 shares (as at 31 December 2024: 152,898,695 shares).

As at 30 June 2025, the share capital and equity attributable to owners of the Company amounted to approximately RMB1.42 million (after Capital Reduction as shown in Note 15 of this announcement) and approximately RMB306.02 million respectively (as at 31 December 2024: approximately RMB35.53 million and approximately RMB321.99 million respectively).

The Group has reviewed the capital structure by using gearing ratio. The gearing ratio represents the total debt, which includes trade and other payables and interest-bearing borrowings of the Group, divided by the total equity of the Group. The gearing ratio of the Group was approximately 42.82% as at 30 June 2025 (as at 31 December 2024: approximately 32.97%).

Exposure to Fluctuation in Exchange Rates

During the Current Period, the Group conducted most of its business transactions in Renminbi. The Group had not experienced any material difficulties or negative impacts on its operations as a result of fluctuations in currency exchange rates. Therefore, the Group was not exposed to any material interest and foreign exchange risks during the Current Period. As at 30 June 2025, the Group did not have any foreign exchange contracts, interest or currency swaps or other financial derivatives for hedging purpose. However, the management will monitor and consider hedging foreign currency exposure should the need arise.

SIGNIFICANT ACQUISITION AND DISPOSALS OF INVESTMENTS

There was no significant acquisition and disposal of investments held during the Current Period.

NUMBER AND REMUNERATION OF EMPLOYEES

For the six months ended 30 June 2025, the Group employed approximately 147 employees (2024 interim: 156 employees) with a total staff cost of approximately RMB6.22 million (2024 interim: approximately RMB4.84 million). The Group recruits and selects candidates for employment based on their qualifications and suitability for each position. The Group determined staff remuneration with reference to the prevailing market salary scales, individual qualifications and performance. Remuneration packages including salaries, contribution to pension schemes, performance bonuses and entitlements to share options, are reviewed on a regular basis.

CAPITAL EXPENDITURE

During the six months ended 30 June 2025, the Group did not have significant capital expenditure for property, plant and equipment.

CHARGES ON THE GROUP'S ASSETS

As at 30 June 2025, save as disclosed in Note 13 of this announcement, no other assets of the Group have been pledged as security for the borrowings of the Group.

CONTINGENT LIABILITIES

As at 30 June 2025, the Group did not have any material contingent liabilities (30 June 2024: Nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS, ACQUISITIONS AND CAPITAL ASSETS

Save as disclosed in this announcement, the Group did not have other plans for material investments, acquisitions and capital assets during the Current Period.

DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2025 (2024 interim: Nil).

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the “**Old Share Option Scheme**”) for, among others, the senior management and employees on 8 January 2007, which serve as incentives or rewards to attract, retain and motivate staff. The Old Share Option Scheme was expired on 7 January 2017.

Pursuant to the ordinary resolution passed on 16 June 2017, the Company has adopted another share option scheme (the “**New Share Option Scheme**”) for, among others, the senior management and employees, which serves as incentives or rewards to attract, retain and motivate staff. The New Share Option Scheme will remain valid for a period of 10 years commencing on 21 June 2017. Under the New Share Option Scheme, the Board may grant options to all full-time employees, Directors (including independent non-executive Directors) and part-time employees with weekly working hours of 10 hours and above, of the Group, substantial shareholders of each member of the Group, associates of the directors and substantial shareholders of any member of the Group, trustee of any trust pre-approved by the Board, and any advisor (professional or otherwise) or consultant, distributor, supplier, agent, customer, joint venture partner, service provider of the Group whom the Board considers, at its sole discretion, has contributed or contributes to the Group.

Pursuant to the ordinary resolution passed at the annual general meeting of the Company held on 5 January 2022, the scheme mandate limits of the New Share Option Scheme were refreshed and renewed. The said refreshed scheme mandate limits were solely used to grant options to the category (i) as set out in the definitions of the eligible participants (i.e. all full-time employees, Directors (including independent non-executive Directors) and part-time employees with weekly working hours of 10 hours and above of the Group) under the New Share Option Scheme as incentives or rewards for their continuous contributions and loyalty to the Group. On 29 April 2022, 174,000,000 share options were granted by the Company to certain eligible persons under the New Share Option Scheme including 5 Directors at the exercise price of HK\$0.084 per share. Further details of the said share options granted are set out in the announcement of the Company dated 29 April 2022.

ADJUSTMENT TO THE NEW SHARE OPTION SCHEME

Reference is made to the announcement of the Company dated 9 August 2024. As a result of the Share Consolidation, the number of the options available for grant under the New Share Option Scheme was adjusted from 132,722,250 to 5,308,890, and the exercise price and the number of shares of the Company to be issued upon exercise of the outstanding Share Options already granted were adjusted with effect from the effective date (i.e. on Tuesday, 13 August 2024) of the Share Consolidation. The exercise price was adjusted from HK\$0.084 to HK\$2.10 for the outstanding Share Options (as defined below) and the number of shares of the Company to be issued upon exercise of the outstanding Share Options were adjusted from 31,000,000 to 1,240,000, on 13 August 2024.

The number of options available for grant under the refreshed mandate of the New Share Option Scheme as at 1 January 2025 and 30 June 2025 was 5,308,890 and 5,308,890 respectively. Other than the abovementioned share option schemes, the Company does not have other share schemes. No Share Option was granted during the Current Period.

The following table sets out the movements in the share options of the Company (the “Share Options”) during the Current Period:

Category of participants	Number of Share Options					At 30 June 2025	Date of grant	Exercise period	Exercise Price (Note 3) HK\$	Closing price of the shares immediately before the date of grant HK\$
	At 1 January 2025 (Note 1)	Granted during the period	Cancelled or lapsed during the period	Forfeited during the period	Exercised during the period					
Directors										
Professor Zhang Rongqing (Note 2)	240,000	-	-	-	-	240,000	29 April 2022	29 April 2022 to 28 April 2032	2.10	1.95
	<u>240,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>240,000</u>				
Other participant										
Employees in aggregate	400,000	-	-	-	-	400,000	29 April 2022	29 April 2022 to 28 April 2032	2.10	1.95
	<u>400,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>400,000</u>				
	<u>640,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>640,000</u>				

Notes:

1. The Share Options are not subject to any vesting period.
2. Professor Zhang Rongqing is a former director of the Company who has resigned with effect from 26 June 2025.
3. The Share Consolidation on the basis of every twenty five (25) ordinary shares of HK\$0.01 each prior to the Share Consolidation (the Existing Share(s) into one (1) ordinary share of HK\$0.25 each after the Share Consolidation) became effective on 13 August 2024. The exercise price was adjusted from HK\$0.084 to HK\$2.10 for the outstanding Share Options on 13 August 2024. For further details, please refer to the announcement of the Company dated 9 August 2024.

LITIGATION

The Company has received a civil judgement (the “**Judgement**”) dated 22 December 2020 issued by 北京市第四中級人民法院 (the No. 4 Intermediate People’s Court of Beijing*) (the “**Court**”) in relation to a civil litigation (the “**Litigation**”) brought by 北京市文化科技融資租賃股份有限公司 (Beijing Cultural Technology Finance Lease Company Limited*, the “**Plaintiff**”) against, among others, (a) the Company; (b) 福建三愛藥業有限公司 Fujian Sanai Pharmaceutical Company Limited (“**Fujian Sanai Pharmaceutical**”), the disposal of which was completed in April 2019; (c) Lin Ouwen, a former executive Director; and (d) Lin Min, a former executive Director.

The Plaintiff first filed a statement of claim (the “**Statement of Claim**”) with the Court on 30 August 2018, whereby, among others, the Plaintiff alleged that (i) Fujian Sanai Pharmaceutical, a then subsidiary of the Company, had entered into a finance lease agreement (the “**Finance Lease Agreement 2016**”) with the Plaintiff on 21 March 2016, pursuant to which the Plaintiff agreed to lease certain assets to Fujian Sanai Pharmaceutical for a term of 36 months with a total leasing cost of RMB134,954,600 at an interest rate of 8.3%; (ii) each of the Company, Lin Ouwen and Lin Min, entered into a guarantee agreement with the Plaintiff respectively to provide joint guarantee (the “**Guarantee**”) for the debts owed by Fujian Sanai Pharmaceutical under the Finance Lease Agreement 2016; and (iii) Fujian Sanai Pharmaceutical had failed to pay the rent payable under the Finance Lease Agreement 2016 since 20 August 2017, and the Company, Lin Ouwen and Lin Min had failed fulfill their obligations as guarantors. The Statement of Claim was received by the Company in July 2019.

As such, the Plaintiff demanded, among others, that (i) Fujian Sanai Pharmaceutical immediately pay to the Plaintiff the unpaid due rent in the amount of RMB33,855,032.69 with the default interest accrued thereon, undue rent in the amount of RMB47,592,982.21, default payment in the amount of RMB4,759,298.22 (being 10% of the undue rent), the legal fees in the amount of RMB800,000, the retention purchase price of RMB100 and the cost incurred in relation to the Litigation; and (ii) the Company, Lin Ouwen and Lin Min be jointly liable for the debts owed by Fujian Sanai Pharmaceutical under the Finance Lease Agreement 2016.

The Plaintiff also submitted to the Court a copy of the alleged minutes of the Board meeting held on 22 March 2016 during which resolutions were passed to approve inter alia, the provision of the Guarantee by the Company. However, only two of the then Directors, Lin Ouwen and Lin Qingping, were recorded to have attended and voted on the said resolutions.

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Pursuant to the Judgement, among other things, Fujian Sanai Pharmaceutical shall, within ten days of the Judgement, pay to the Plaintiff the unpaid due rent under the Finance Lease Agreement 2016 in the amount of RMB33,855,032.69 with the default interest accrued thereon, the accelerated due rent under the Finance Lease Agreement 2016 in the amount of RMB47,592,982.21, the default payment in the amount of RMB4,759,298.22, the retention purchase price of RMB100, the legal fees in the amount of RMB800,000, the announcement fees in the amount of RMB2,650, the preservation insurance fees in the amount of RMB175,636.06 and the preservation fees in the amount of RMB5,000 (collectively the “**Judgement Amount**”); and the Company, Lin Ouwen and Lin Min shall be jointly liable for the Judgement Amount, and they are entitled to claim against Fujian Sanai Pharmaceutical after discharging such joint liabilities.

The Company has lodged an appeal (the “**Appeal**”) against the Judgement to 北京市高級人民法院 (the Higher People’s Court of Beijing*) on 22 January 2021.

In the Appeal, the Company has pleaded to 北京市高級人民法院 (the Higher People’s Court of Beijing*) to rule that the Finance Lease Agreement 2016 and the Guarantee were invalid, and to reject all of the Plaintiff’s claims.

On 18 December 2023, the Company has received a 民事裁定書 (civil judgement) (the “**Civil Judgement**”) on the Appeal from the 北京市高級人民法院 (the Higher People’s Court of Beijing*). Pursuant to the Civil Judgement, among other things, (i) the judgement of 北京市第四中級人民法院 (the No. 4 Intermediate Peoples’ Court of Beijing) (the “**Intermediate People’s Court**”) was dismissed; and (ii) the case was returned to the Intermediate People’s Court for retrial.

The case regarding the Litigation has been returned to the Intermediate People’s Court for retrial (the “**Retrial**”). On 29 April 2025, the Company has received a 民事判決書 (civil judgement) (the “**Second Civil Judgement**”) on the Retrial from 北京市第四中級人民法院 (the No. 4 Intermediate People’s Court of Beijing*). Pursuant to the Second Civil Judgement, among other things, the payment obligation including the outstanding principal under the Finance Lease Agreement in the amount of RMB67,371,546.21, the outstanding default interest in the amount of RMB57,636,357.78, the default payment in the amount of RMB 2,904,331.80, the legal fees in the amount of RMB800,000 and preservation insurance fees in the amount of RMB175,636.06 (collectively the “**Litigation Amount**”) owed by Fujian Sanai to the Plaintiff is affirmed; and the Company, Lin Ouwen and Lin Min shall be jointly liable for the Litigation Amount, and they are entitled to claim against Fujian Sanai after discharging of such joint liabilities.

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On 23 May 2025, the Company has lodged an appeal (the “**Second Appeal**”) against the Second Civil Judgement to 北京市高級人民法院 (the High People’s Court of Beijing*). Pursuant to the Second Appeal, the Company has pleaded to 北京市高級人民法院 (the High People’s Court of Beijing*) to rule that the Finance Lease Agreement and the Guarantee were invalid, and to reject all of the Plaintiff’s claims.

As at the date of this announcement, the Second Appeal at 北京市高級人民法院 (the High People’s Court of Beijing*) is in progress.

For further details, please refer to the announcements of the Company dated 18 January 2021, 4 February 2021, 1 June 2023, 19 December 2023, 12 May 2025 and 23 May 2025.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company during the Current Period.

EVENTS AFTER THE CURRENT PERIOD

Save as disclosed elsewhere in this announcement, there was no important event occurred after the end of the Current Period up to the date of this announcement.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B of the Listing Rules, the changes of information of the Directors subsequent to the date of the Company’s 2024 Annual Report are set out below:

- On 20 June 2025, Mr. Chen Chengqing (“**Mr. Chen**”) retired as an executive Director and was not re-elected at the annual general meeting with effect from 20 June 2025; and
- On 26 June 2025, Professor Zhang Rongqing (“**Prof. Zhang**”) has tendered his resignation as an executive Director with effect from 26 June 2025.

Further details were disclosed in the announcements of the Company dated 20 June 2025 and 26 June 2025.

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COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to achieving a high standard of corporate governance practice, such that the interests of the Company's shareholders, customers, employees as well as the long term development of the Company can be safeguarded.

The Company has complied with the provisions as set out in the Corporate Governance Code (“**CG Code**”) contained in Appendix C1 to the Listing Rules during the six months ended 30 June 2025, except for the deviation disclosed below:

In respect of the code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer of the Company shall be separated and shall not be performed by the same individual. During the Current Period, there is no Chairman of the Company and Mr. She Hao is the Deputy Chief Executive Officer of the Company. On the other hand, there are three independent non-executive Directors in the Board, all of them are independent from the Company and the Board believes that there is a sufficient check and balance in the Board. Therefore, the Board considers the Company has provided sufficient protection to its interests and the interests of its shareholders. The Board shall review the structure from time to time and shall consider appropriate adjustments should suitable circumstances arise.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix C3 of the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Upon specific enquiries made by the Company, all Directors have confirmed that they have fully complied with the required standards set out in the Model Code and its code of conduct regarding Directors' securities transactions throughout the Current Period.

CAPITAL REDUCTION AND SHARE SUB-DIVISION

The issued share capital of the Company had been proposed to be reduced by cancelling the paid up capital to the extent of HK\$0.24 on each of the then issued Shares such that the par value of each issued Share reduced from HK\$0.25 to HK\$0.01 and each of the authorized but unissued Share of par value of HK\$0.25 each be subdivided into twenty-five (25) new shares of par value of HK\$0.01 each (the “**Capital Reduction**”). Immediately following the Capital Reduction, each of the authorised but unissued Shares of par value of HK\$0.25 each be subdivided into twenty-five (25) new shares (the “**New Share(s)**”) of par value of HK\$0.01 each (the “**Share Sub-division**”).

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On 24 January 2025 (Cayman Islands time), a copy of the order of the Grand Court confirming the Capital Reduction and the Share Subdivision and the minutes approved by the Grand Court containing the particulars required under the Companies Act with respect to the capital reduction were filed and duly registered with the Registrar of Companies in the Cayman Islands.

All the other conditions for the implementation of the Capital Reduction and the Share Subdivision as set out in the circular of the Company dated 24 July 2024 were fulfilled and the Capital Reduction and the Share Sub-division became effective, both before 9:00 a.m. on Monday, 3 February 2025 (Hong Kong time) and the dealing in the New Shares commenced at 9:00 a.m. on Monday, 3 February 2025 (Hong Kong time).

Further details of the above are set out in the announcements of the Company dated 4 July 2024 and 9 August 2024, and the circular of the Company dated 24 July 2024, and the update announcements dated 18 November 2024, 3 December 2024, 8 January 2025 and 27 January 2025.

AUDIT COMMITTEE

An audit committee has been established by the Company to review the financial reporting process, risk management and internal control systems of the Group. As at the date of this announcement, the audit committee of the Company (the “**Audit Committee**”) comprises three independent non-executive Directors, namely Mr. Khor Khie Liem Alex, Prof. Zhu Yi Zhun and Ms. Tsui Yuen Tan. Mr. Khor serves as the chairman of the Audit Committee, who has the professional qualification and experience in financial matters in compliance with the requirements of the Listing Rules.

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the unaudited condensed consolidated interim financial statements of the Group for the Current Period. They considered that the unaudited condensed consolidated interim financial statements of the Group for the Current Period are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been made.

PUBLICATION OF INTERIM REPORT

The 2025 interim report containing all the information required by the Listing Rules will be despatched to shareholders as well as made available on the Company’s website at www.1889hk.com and the Stock Exchange’s website at www.hkexnews.hk respectively in due course.

ACKNOWLEDGEMENT

The Group would like to express its sincere gratitude to the management team and all other employees for their hard work and dedication. Their excellence and commitment are of vital importance in enhancing the Company's sustainability. Finally, the Group would like to take this opportunity to thank our shareholders and all other stakeholders for their continuous support and confidence in us.

By order of the Board
Sanai Health Industry Group Company Limited
SHE Hao
Executive Director

Hong Kong, 28 August 2025

As at the date of this announcement, the Board comprise three executive directors, namely, Mr. Yuan Chaoyang, Mr. She Hao and Mr. Xie Haijing, and three independent non-executive directors, namely, Professor Zhu Yi Zhun, Mr. Khor Khie Liem Alex and Ms. Tsui Yuen Tan.