神威藥業
SHINEWAY

China Shineway Pharmaceutical Group Limited
中 國 神 威 藥 業 集 團 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2877

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Li Zhenjiang *(Chairman)*
Ms. Xin Yunxia
Mr. Li Huimin

Independent Non-executive Directors

Mr. Liu Shun Fai
Mr. Yew Yat On
Ms. Wang Guihua

Non-executive Director

Mr. Zhou Wencheng

BOARD COMMITTEES

Audit Committee

Mr. Liu Shun Fai *(Committee Chairman)*
Mr. Yew Yat On
Ms. Wang Guihua

Remuneration Committee

Ms. Wang Guihua *(Committee Chairman)*
Ms. Xin Yunxia
Mr. Liu Shun Fai

Nomination Committee

Mr. Li Zhenjiang *(Committee Chairman)*
Mr. Liu Shun Fai
Mr. Yew Yat On
Ms. Wang Guihua (appointed on 10 June 2025)

Corporate Social Responsibility and Sustainability Committee

Mr. Liu Shun Fai *(Committee Chairman)*
Ms. Xin Yunxia
Mr. Yew Yat On
Ms. Wang Guihua

AUTHORIZED REPRESENTATIVES

Mr. Li Huimin
Mr. Lee Bun Ching, Terence

COMPANY SECRETARY

Mr. Lee Bun Ching, Terence

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

REGISTERED OFFICE

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CORPORATE INFORMATION

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PRINCIPAL BANKERS

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The Bank of East Asia, Limited
Bank of China, Jin Zhu Xi Lu Branch Lhasa, Xizang
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LEGAL ADVISERS

As to Hong Kong Law
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STOCK CODE

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

WEBSITES

www.shineway.com.hk
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INTERIM RESULTS HIGHLIGHTS

For the six months ended 30 June 2025 (the "Period"), the operating results of the Group were as follows:

- Turnover amounted to RMB1,652,698,000, a decrease of 20.8% as compared to the corresponding period of last year;
- Gross profit margin was 72.2% as compared to 75.3% of the corresponding period of last year;
- Profit for the Period amounted to RMB614,663,000, a decrease of 1.9% as compared to the corresponding period of last year;
- Earnings per share amounted to RMB81 cents, a decrease of 2.4% as compared to the corresponding period of last year;
- Net cash from operating activities was RMB566,319,000, an increase of 0.4% as compared to the corresponding period of last year; and
- Declared 2025 second interim dividend of RMB11 cents per share.

COMPANY OVERVIEW

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

During the first six months of 2025, the Group's prescription and over-the-counter medications ("OTC medications") accounted for approximately 89.3% and 10.7% of the Group's turnover respectively. These medications are mainly categorized by curative effects into eight categories including cardiovascular and cerebrovascular medications, medications for respiratory system, medications for digestive system, pediatric medications, orthopedic medications, medications for strengthening the body, medications for the nervous system and gynecological medications.

The Group's key products are as follows:

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

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OVERVIEW

For the six months ended 30 June 2025, the Group's business reported a negative growth. Our overall sales decreased by 20.8% to RMB1,652,698,000 as compared to the same period last year and our gross profit margin also declined. Amid an industry-wide downturn, the Group focused on cost control and efficiency enhancement by curbing operating expenditures and reducing selling and distribution costs and administrative expenses. Coupled with an increase in investment income, the Group's net profit for the Period recorded only a slight decline of 1.9% to RMB614,663,000. Earnings per share also registered only a decrease of 2.4% to RMB81 cents as compared to the same period last year.

In the first half of 2025, the TCM industry faced tension from shrinking demand, consumption downgrading, lowering of centralized procurement prices, rising production costs, and stricter cost controls under medical insurance policies. These challenges intensified pressure on industry revenues and profitability significantly. The macroeconomic environment exerted notable impacts on healthcare consumption. Slowing economic growth, coupled with subdued household income growth and weakened consumer confidence had led to current weak market demand and reduced sales volumes. Furthermore, end-market channels including medical institutions and retail pharmacies actively adjusted their inventory and substantially scaled back procurement activities. Combined with the progressive implementation of dual-control policies (regulating both drug prices and procurement volumes) across regions upon the inclusion of TCM products in the national centralized drug procurement program, the Group's sales saw a notable year-on-year decline for the Period.

During the Period, the Group's gross profit margin declined from 75.3% for the same period last year to 72.2%, primarily due to increased procurement costs of raw materials for the products, coupled with the impact of centralized procurement on drug prices.

Due to declines in both overall sales and gross profit margin during the Period, the Group's operating profit for the first six months of 2025 also decreased as compared to the same period last year. However, as a result of increased investment income and the Group's efforts to implement cost control and efficiency measures, selling and distribution costs and administrative expenses respectively declined by approximately 20.7% and 12.9% year-on-year. Accordingly, the Group's net profit recorded only a slight decline of 1.9% as compared to the same period last year, while the net profit margin increased from 30.0% to 37.2%.

During the Period, the Group generated net cash from operating activities of RMB566,319,000, representing a slight increase of 0.4% as compared to the first half of last year. Capital expenditures including those for construction of factories and production lines as well as purchasing of equipment totalled approximately RMB100,614,000. As such, the Group's free cash flow for the first half of 2025 amounted to approximately RMB465,705,000, which was equivalent to RMB0.56 per share (as calculated based on the total issued shares of 827,000,000).

After considering the dividend policy and the direction on future development, the Board resolved to declare the second interim dividend of 2025 amounting to RMB11 cents per share. Together with the first interim dividend of 2025 (in lieu of the final dividend) amounting to RMB36 cents per share paid in May 2025, the total dividends paid to shareholders during 2025 amounted to RMB47 cents per share.

MANAGEMENT DISCUSSION AND ANALYSIS

SALES OVERVIEW (BY DOSAGE FORM)

The sales of the Group decreased significantly for the first six months of 2025, with sales of most of the dosage forms encountering a decline during the Period. The table below illustrates the sales of each dosage form for the first six months of 2025 as compared to the same period last year:

RMB'000	Sales First six months of 2024	**Sales First six months of 2025**	Period-on-period change	Percentage of sales First six months of 2025
Injection products	779,238	**565,628**	-27.4%	34.2%
Soft capsule products	288,759	**217,383**	-24.7%	13.2%
Granule products	345,074	**272,695**	-21.0%	16.5%
TCM formula granules	554,726	**487,717**	-12.1%	29.5%
Others (including pills and tablets etc.)	118,898	**109,275**	-8.1%	6.6%
Oral products	1,307,457	**1,087,070**	-16.9%	65.8%
Total sales	2,086,695	**1,652,698**	-20.8%	100.0%

The Group continued to focus on oral products as our key development strategy. In the first six months of 2025, oral products accounted for 65.8% of total sales, while injection products accounted for 34.2% of total sales.

Total sales of injection products decreased by 27.4% as compared to the same period last year, which was mainly due to the decrease in sales of Qing Kai Ling Injection and Shen Mai Injection by 50.1% and 21.0% respectively as compared to the same period last year. Meanwhile, sales of other injection products such as Shu Xue Ning Injection, Guan Xin Ning Injection and Dan Shen Injection also decreased by 6.3%, 9.6% and 24.6%, respectively.

Total sales of soft capsule products decreased by 24.7% as compared to the same period last year, which was mainly due to the decrease in sales of Wu Fu Xin Nao Qing Soft Capsule, Huo Xiang Zheng Qi Soft Capsule and Qing Kai Ling Soft Capsule by 67.4%, 16.0% and 24.6% respectively as compared to the same period last year. However, the sales of Jiang Zhi Tong Luo Soft Capsule and Dan Deng Tong Nao Soft Capsule, the Group's exclusive products, recorded an increase of 16.5% and 15.2%, respectively, while the sales of Qi Huang Tong Mi Soft Capsule decreased by 7.4%.

Total sales of granule products decreased by 21.0% as compared to the same period last year. It was mainly due to the decrease in sales of the Group's respiratory system medication, Paracetamol Granule and Pediatric Qing Fei Hua Tan Granule, by 40.1% and 57.8% respectively as compared to the same period last year. On the other hand, the sales of the Group's exclusive products, Huamoyan Granule and Shu Jin Tong Luo Granule decreased by 1.1% and increased by 43.8% respectively.

Sales of TCM formula granules decreased by 12.1% as compared to the same period last year, which was mainly due to an increase in overdue accounts receivable and aging, and the Group's adoption of risk management measures to suspend shipment of goods to hospitals and grass-root healthcare institutions that did not meet the Group's risk management requirements.

MANAGEMENT DISCUSSION AND ANALYSIS

ESSENTIAL DRUGS

Essential drugs refer to medications that are suitable in dosage form, safe and effective, reasonable in price, can ensure supply, and also easily obtainable from public medical institutions at all levels by patients.

The PRC has placed all essential drugs on the drug reimbursement list and their reimbursement ratios are higher than that of non-essential drugs. According to national policies, essential drugs shall be prioritized for treatments in medical institutions at all levels and the proportion of usage of essential drugs shall be increased. In particular, the proportion of essential drugs by number of types in grass-root medical institutions, tier two public hospitals, and tier three public hospitals, should be no less than 90%, 80% and 60% respectively in principle.

The Group regularly manufactured a total of 18 medications which are listed on the National Essential Drugs List, including Qing Kai Ling Injection, Shen Mai Injection, Qing Kai Ling Soft Capsule, Huamoyan Granule, Huo Xiang Zheng Qi Soft Capsule, Compound Licorice Tablet and so on. As the sales of the above products decreased during the Period, the overall sales of the Group's regularly-manufactured medications listed on the National Essential Drugs List had decreased by 30.7% to RMB582,080,000 for the first six months of 2025, which accounted for 35.2% of the Group's overall sales.

In March 2025, the National Health Commission of the PRC convened the National Pharmaceutical Policy Work Conference in Beijing. The conference emphasized the need to conduct research on and improve the national drug system, implement coordinated pharmaceutical services at the grassroots level, and consolidate and refine the national essential medicines system. The conference proposed to conduct annual province-by-province evaluations of the essential medicines system, with key focus on patient's health benefits, sustainable and stable production and supply by enterprises, standardized allocation and utilization in hospitals etc., and reinforce the functional role of essential medicines. Additionally, the conference revised the Administrative Measures for the National Essential Medicines List (《國家基本藥物目錄管理辦法》), which refined technical criteria for selecting essential medicines, improved the essential medicines selection database, and guided local authorities to refine the policies for the management of the use of essential medicines in medical institutions.

The PRC's promotion on widespread use of essential drugs would lead to continuous growth of the Group's medications that are included in the National Essential Drugs List.

MANAGEMENT DISCUSSION AND ANALYSIS

PRESCRIPTION AND OTC MEDICATIONS

For the six months ended 30 June 2025, the sales of the Group's prescription and OTC medications accounted for approximately 89.3% and 10.7% of the Group's total sales respectively. During the Period, the overall sales of prescription medications decreased by 20.4% as compared to the same period last year while the OTC medications recorded a 24.0% decline. The table below analyzes the Group's sales by medicine category and curative effect:

RMB'000	Sales First six months of 2024	**Sales First six months of 2025**	Percentage of sales	Change in sales First six months of 2025
TCM formula granules	554,726	**487,717**	29.5%	-12.1%
Respiratory system prescription medications	504,343	**264,410**	16.0%	-47.6%
Cardio-cerebrovascular injection prescription medications	345,926	**294,462**	17.8%	-14.9%
Exclusive oral prescription medications	257,390	**266,627**	16.1%	3.6%
Other prescription medications	191,784	**162,726**	9.9%	-15.2%
Prescription medications	1,854,169	**1,475,942**	89.3%	-20.4%
OTC medications	232,526	**176,756**	10.7%	-24.0%
Total sales	2,086,695	**1,652,698**	100%	-20.8%

TCM FORMULA GRANULES

The sales of the Group's TCM formula granules decreased by 12.1% to RMB487,717,000 during the Period, accounting for 29.5% of the Group's total sales. The Group is now ranked among the top five listed companies in China in terms of sales of TCM formula granules.

Currently, hospitals in Hebei and Yunnan Provinces still contributed to the majority of the sales of TCM formula granules of the Group, accounting for 88.9% of the total sales of TCM formula granules, whereas hospitals in other provinces accounted for 1.3%. During the Period, the Group's sales in grass-root medical institutions in provinces including Hebei, Yunnan and other provinces across the country accounted for 9.8% of the total sales of TCM formula granules.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Period, the Group's sales of TCM formula granules declined, primarily due to an increase in overdue account receivables and aging. As part of its risk management measures, the Group temporarily suspended deliveries to hospitals and grass-root medical institutions with long-overdue unpaid accounts and those approaching or exceeding their credit limits. In addition, there was an increase in the number of suppliers upon the TCM formula granules market opening-up. Some of them attempted to occupy the grass-root medical institution market through price war, causing a decrease in the Group's sales of TCM formula granules to grass-root medical institutions in other provinces during the Period.

TCM formula granules are currently in a period of market volatility, with the market landscape undergoing restructuring. The Group's progress in entering hospitals and grass-root medical institutions in other provinces has not been as expected, but its efforts to expand into the national TCM formula granules market have not diminished.

In 2025, the Group's TCM formula granules division is reorganizing its efforts by way of significantly expanding its nationwide sales team and continuing active recruitment. They are now waiting for a more favorable business environment and timing to accelerate its nationwide expansion with broader market coverage. In addition to the Hebei and Yunnan provinces, the Group has expanded the development of the hospital market to 10 additional provinces.

The annual output value of the production capacity of the TCM formula granules of the Group at the two major production bases in Shijiazhuang (Hebei Province), and Chuxiong (Yunnan Province), has currently reached RMB5 billion. In the future, the Group will continue to plan for capacity expansion according to the market development situation.

RESPIRATORY SYSTEM PRESCRIPTION MEDICATIONS

The Group's respiratory system prescription medications recorded total sales of RMB264,410,000, significantly decreasing by 47.6% as compared to the same period last year and accounting for 16.0% of the overall sales of the Group. Among them, the sales of Qing Kai Ling Injection and Paracetamol Granule markedly decreased by 50.1% and 40.1% to RMB182,746,000 and RMB61,515,000, respectively, during the Period.

After the pandemic was brought under control, people and medical institutions procured a large number of influenza medications as a precaution, resulting in a high comparable base in social inventory. However, the current macroeconomic slowdown has dampened personal income and consumer confidence, leading to weak market demand. Additionally, end-market channels such as healthcare institutions and retail pharmacies aggressively adjusted their inventories while significantly reducing procurement volumes. As a result, sales of respiratory system medications sharply declined in the first half of 2025.

Meanwhile, the national "15th Five-Year Plan" emphasizes the further development of TCM's roles in the prevention and treatment of infectious diseases and responding to public health emergencies, which has provided a strong support for the development of the market for respiratory system proprietary Chinese medicine. The Group has completed the Phase III clinical trial for its self-developed "JC Soft Capsule" for treating upper respiratory infection during the Period, and it is expected to obtain a production license in the second half of 2025, which will add a strong new force to the respiratory system medications of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

CARDIO-CEREBROVASCULAR INJECTION PRESCRIPTION MEDICATIONS

During the Period, the Group recorded a 14.9% negative growth in sales of cardio-cerebrovascular injection prescription medications to RMB294,462,000, which accounted for 17.8% of the overall sales of the Group.

Among them, sales of Shen Mai Injection and Shu Xue Ning Injection, which had relatively high sales, decreased by 21.0% and 6.3% to RMB89,780,000 and RMB85,988,000, respectively. While sales of Guan Xin Ning Injection, Dan Shen Injection, and Xiang Dan Injection decreased by 9.6%, 24.6%, and 28.0% to RMB67,713,000, RMB29,227,000, and RMB10,001,000, respectively, during the Period.

Since hospitals are the major sales channel for the Group's Chinese medicine injections for cardio-cerebrovascular diseases, procurement demands from hospitals have a direct impact on the growth momentum and market size of the Chinese medicine injections. During the Period, the Group's sales experienced a significant year-on-year decline, which was due to the inclusion of most of its Chinese medicine injections for cardio-cerebrovascular diseases in the national centralized procurement program, followed by the gradual implementation of the "dual-control" policy of regulating both drug prices and total procurement volume across various regions.

EXCLUSIVE ORAL PRESCRIPTION MEDICATIONS

Although most of the Group's products recorded significant negative growth in the first six months of 2025, the Group's exclusive oral prescription medications maintained their growth momentum in sales, with sales increasing by 3.6% as compared to the same period last year. Except for Huamoyan Granule and Qi Huang Tong Mi Soft Capsule, which recorded a slight negative growth of 1.1% and 7.4% respectively, Jiang Zhi Tong Luo Soft Capsule, Dan Deng Tong Nao Soft Capsule and Shu Jin Tong Luo Granule increased by 16.5%, 15.2% and 43.8%, respectively as compared to the same period last year. The sales of the above five exclusive products amounted to RMB140,707,000, RMB36,622,000, RMB30,445,000, RMB24,841,000 and RMB21,282,000, respectively.

The sales of the Group's exclusive oral prescription medications accounted for 16.1% of the Group's total sales.

The Group's exclusive oral products have been highly recognized by doctors and patients due to their significant clinical efficacy. During the Period, the Group's exclusive product Qi Huang Tong Mi Soft Capsule was recommended in the Expert Consensus on Integrated Traditional Chinese and Western Medicine Diagnosis and Treatment of Functional Constipation (2025) (《功能性便秘中西醫結合診療專家共識（2025年）》), compiled by the Professional Committee of Digestive System Diseases of the Chinese Association of Integrative Medicine. The consensus points out that Qi Huang Tong Mi Soft Capsule have the effects of replenishing qi and nourishing blood, and moistening the intestines and relaxing the bowels. It is used for the treatment of functional constipation with high efficacy and few adverse reactions, and is suitable for a broad patient population. Based on evidence-based data, the consensus covers the latest domestic and international research developments, assesses the quality of evidence and strength of recommendations in accordance with the GRADE classification standards, aiming to further improve clinical efficacy, standardize clinical diagnosis and treatment processes, and meet clinical and scientific research needs. Clinical studies have shown that Qi Huang Tong Mi Soft Capsule can reduce the recurrence of constipation. At the same time, the formula contains ingredients that replenish qi and blood and activate blood circulation, which can reduce the number of episodes of coronary heart disease and angina pectoris, improve the overall benefits of patients, and is the preferred drug for elderly patients with constipation.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Period, the Group's exclusive product, Dan Deng Tong Nao Soft Capsule, was included in the Guidelines on the Rational Use of Drugs for Cerebrovascular Diseases (《腦血管病合理用藥規範手冊》), jointly compiled by experts from various medical institutions. Cerebrovascular diseases are common neurological disorders and are among the most prevalent and recurrent illnesses among middle-aged and elderly individuals in China. Many patients suffer from severe neurological impairments such as hemiplegia and aphasia, which significantly hinder their physical and mental well-being and daily life, thereby severely affecting their quality of life. The Group's Dan Deng Tong Nao Soft Capsules have demonstrated efficacy in promoting neurological recovery and improving patients' quality of life, and are regarded as a reliable choice for the full-course treatment of ischaemic stroke. According to the Guidelines, the Group's Dan Deng Tong Nao Soft Capsules can mitigate blood hypercoagulability, hyperviscosity, hyperaggregation, and hypercoagulation conditions in patients with atherosclerotic cerebral infarction, enhance microcirculation in ischaemic regions, and promote neurological recovery. The product also inhibits platelet aggregation, increases plasminogen activity, protects against ischaemia-reperfusion injury, safeguards neuronal cells, and protects vascular endothelial cells, thereby preventing atherosclerosis. Furthermore, the Guidelines note that while the mechanism underlying transient ischemic attack ("TIA") shares similarities with cerebral infarction, the pathological damage in TIA is generally milder than in infarction due to its transient, non-fixed symptoms and signs, and the absence of a definitive lesion focus. Nevertheless, for patients recovering from surgery or interventional therapy, TCM treatment based on syndrome differentiation should be integrated for holistic recovery. The Group's Dan Deng Tong Nao Soft Capsules are indicated for TIA in the internal carotid or basilar artery systems presenting with Qi Deficiency syndrome, provided there is no concomitant intimal or medial thickening of the vessel wall. The inclusion of the Group's Dan Deng Tong Nao Soft Capsules in the Guidelines on the Rational Use of Drugs for Cerebrovascular Diseases (《腦血管病合理用藥規範手冊》) reflects the growing clinical recognition and standardisation of the product's application, bringing new hope to a broad base of patients with cerebrovascular diseases and equipping clinicians with a more effective therapeutic option.

The Group will continue to actively intensify evidence-based medical research for its proprietary products and will further expand sales of its exclusive oral products through increased end-market investment and academic promotion.

OTC MEDICATIONS

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

In the first six months of 2025, the overall sales of OTC medications decreased by 24.0% period-on-period, of which sales of Huo Xiang Zheng Qi Soft Capsule and Qing Kai Ling Soft Capsule decreased by 16.0% and 24.6% to RMB74,890,000 and RMB25,732,000, respectively. Meanwhile, the Group's series of OTC granules for treating respiratory diseases in children also recorded a negative growth, with sales of Pediatric Qing Fei Hua Tan Granule down by 57.8% during the Period.

The decrease in sales of OTC medications was mainly due to the fact that the public and pharmacies stocked up large quantity of OTC medications after the pandemic had been brought under control and coupled with the current slowdown in economic growth, which affected residents' income and consumer confidence, resulting in a decrease in the sales of the Group's OTC medications in the first half of 2025 as compared with the high comparable base in the same period last year.

MANAGEMENT DISCUSSION AND ANALYSIS

CLINICAL TRIALS OF NEW DRUGS

By continuously increasing its investment in scientific research resources, the Group initiated projects precisely to develop new modern Chinese medicines with unique curative effects. Our research focuses on the development of orally administered medications targeting treatments of chronic diseases, especially in fields where no cures can be provided by Western medicines. In addition, the Group is well-positioned to take advantage of its knowhow on modernizing traditional Chinese medicines and to accelerate the progress of transforming the Group's research findings into practical applications and developing innovative TCMs with clinical advantages and characteristics to contribute to people's health and well-being.

Currently, the Group has a number of research projects, which are progressively being put on pharmaceutical and clinical trials, among which one exclusive innovative medication, namely Q-B-Q-F Condensed Pill, is still undergoing Phase III clinical trial. The other two exclusive innovative medications, namely Sailuotong Capsule and JC Soft Capsule had completed their Phase III clinical trials. Currently, the Group's research and development team are conducting work on clinical data analysis and summing-up, with the target of submitting the production permit applications by the end of this year.

The Group will provide updates on our clinical trials from time to time. Please refer to the interim reports and annual reports announced in previous years for the detailed descriptions and market potential of the above three medications.

The Group had incurred 3.0% of our overall sales revenue as research and development expenditures during the Period. In the future, the Group will continue to focus on researching modern Chinese medicines and develop innovative TCMs with clinical advantages and characteristics in the advantageous fields of TCM such as cardiovascular and cerebrovascular diseases, pediatric diseases, orthopedic diseases, gynecological diseases and geriatrics.

During the Period, the Group's "Research and Application Project on Hebei's Characteristic Chinese Medicinal Herb Hawthorn Leaf and Its Formula Granules" stood out in the selection for the Hebei Provincial Science and Technology Progress Award and was honored with the Third Prize. This project, which has undergone more than a decade of in-depth research, has achieved remarkable results in areas such as the establishment of a quality evaluation system for hawthorn leaves, fundamental research on the substances in formula granules, the formulation of quality standards, and industrial upgrading. It has resolved the challenges of unclear fundamental substance information in hawthorn leaf formula granules and the lack of quality control standards. The research and formulation of Hebei provincial local standards for hawthorn leaf formula granules have been completed, filling a gap in this field. The Hebei Provincial Science and Technology Progress Award aims to recognize projects that have made outstanding contributions in technological innovation and the transformation of scientific and technological achievements. Currently, the Group's project has yielded abundant results, with a total of 49 research papers published, including 6 SCI papers, 1 ESCI paper, and 23 papers in Chinese core journals. Eight representative papers have been widely cited. In addition, the project has formulated 1 provincial standard and 1 local standard, and obtained 2 authorized utility model patents. Quality control and standardization are key areas in TCM. The Group's project team evaluated hawthorn leaves from different varieties and origins, employed advanced technologies such as plant metabolomics to establish a precise identification system, and innovatively applied the "one test, multiple evaluations" method to content measurement, significantly reducing testing costs. Meanwhile, a quality control model guided by pharmacodynamic substances was established, providing new insights for the quality evaluation of hawthorn leaves and promoting the standardized development of the TCM industry.

MANAGEMENT DISCUSSION AND ANALYSIS

ANCIENT CLASSICAL PRESCRIPTIONS

The Group has been persistently committed to promote the inheritance, development and innovation of TCM, and is currently developing over 100 new medications based on ancient classical prescriptions. Guided by the national policies, the Group is accelerating the registration of several new medications developed from classical prescriptions of Chinese medicine under Class 1.1 and Class 3.1 of TCM regulations.

During the Period, the TCM compound formula "Shaoyao Gancao Decoction Granules" based on ancient classical prescription independently developed by the Group, was approved for market launch by the National Medical Products Administration. It is the first approved classical prescription in 2025 and also the second classical prescription of the Group to be approved following the approval of "Yiguan Jian Granule." The main ingredients of "Shaoyao Gancao Decoction Granules" are white peony root and stir-fried licorice root. Its functions include nourishing yin and blood, relieving spasms, and alleviating pain. It is used for various conditions characterized by spasmodic pain caused by yin and blood deficiency and poor nourishment of the tendons, with symptoms such as leg cramps and abdominal pain. The clinical efficacy of this product is remarkable, featuring distinct characteristics and advantages, and there is a huge market demand for it.

Meanwhile, the preparatory work for the Phase II clinical trials of "Yi Gong San Granule", a Class 1.1 innovative TCM independently developed by the Group for the treatment of chronic disease-related anemia, is progressing smoothly. Currently, there has been no specific Chinese patent medicine available in the market for the treatment of chronic disease-related anemia. Studies have demonstrated the clinical efficacy of Yi Gong San Granule in the treatment of anemia from chronic disease, especially in cases where EPO therapy with erythropoietin is ineffective.

The Group will provide updates on the status of its development of new medications based on ancient classical prescriptions from time to time.

NATIONAL POLICIES SUPPORTING TCM

In the first half of 2025, the government continued to introduce multiple important policies related to the TCM industry, further supporting the high-quality development of the sector and empowering the high-end advancement of the TCM health industry chain.

The work plan and key industry promotion policies issued at the National Conference of Directors of Traditional Chinese Medicine in January 2025 outline the priorities for 2025, including deepening the "14th Five-Year Plan" for the TCM development, advancing the construction of the standardized TCM system, improving the quality of TCM and promoting scientific and technological innovation, advancing the modernization and digitization of TCM, and strengthening compliance and industry governance.

Subsequently, in March 2025, the National Healthcare Security Administration announced the inclusion of innovative drugs and high-value TCM products in the adjustment and management of healthcare insurance policies, along with optimising the application process for relevant catalogues to support TCM innovation and healthcare insurance system reforms.

Additionally, the medical policy in the Government Work Report during the National Two Sessions in March 2025 clearly proposed the establishment of an innovative drug catalog, the acceleration of the review and approval of innovative Chinese medicine drugs, the promotion of scientific and technological innovation in TCM, and the strengthening of Chinese medicine resource protection and industrial upgrading.

MANAGEMENT DISCUSSION AND ANALYSIS

In June 2025, the National Health Commission of the PRC issued the Notice on Improving Basic Public Health Services in 2025 (《關於做好2025年基本公共衛生服務工作的通知》), which further promotes the optimisation of community and grassroots TCM service systems and enhances the capacity of TCM basic public health services. The policy also drives the full integration of TCM resources into grass-root healthcare and community health services, improving grassroots service networks and significantly increasing the accessibility of TCM services. This has expanded the overall service volume and health management growth potential in the industry, creating opportunities for TCM enterprises to expand their market presence at the grassroots level.

EIGHT KEY PRODUCTS WON THE BID FOR CENTRALIZED PROCUREMENT OF THE NATIONAL PROCUREMENT ALLIANCE OF PROPRIETARY CHINESE MEDICINE

On 10 February 2025, the National TCM Finished Drugs Joint Procurement Office announced the results of the centralized procurements of TCM products implemented by the National Procurement Alliance of Proprietary Chinese Medicine. The Group successfully won the bid for eight key products, including Qing Kai Ling Injection, Shu Xue Ning Injection, Shen Mai Injection, Shuanghuanglian Injection, Dengzhanhua Su Injection, Yinzhi Huang Injection, Qing Kai Ling Soft Capsule, and Xiesaitong Dripping Pill. These tendered products cover treatment areas such as cardiovascular and cerebrovascular diseases, respiratory system diseases, and digestive system diseases. They are among the most commonly used medicines in clinical practice and included in medical insurance and essential drug lists.

The National Procurement Alliance of Proprietary Chinese Medicine is composed of representatives delegated by the alliance regions including Hubei, Beijing, Tianjin, Hebei, Shanxi, Inner Mongolia, Liaoning, Jilin, Heilongjiang, Shanghai, Jiangsu, Zhejiang, Anhui, Fujian, Jiangxi, Shandong, Henan, Hunan, Guangdong, Guangxi Zhuang Autonomous Region, Hainan, Chongqing, Sichuan, Guizhou, Yunnan, Tibet Autonomous Region, Shaanxi, Gansu, Qinghai, Ningxia Hui Autonomous Region, Xinjiang Uygur Autonomous Region, and Xinjiang Production and Construction Corps. The Alliance conducted centralized volume-based procurements of relevant medicines within its framework on behalf of the relevant medical institutions in the above-mentioned regions.

As one of the leading enterprises in the field of Chinese Medicine in China, the Group remains committed to the quality philosophy of "Pursuing Excellence, Creating Chinese Medicine Masterpieces". Its products demonstrate proven efficacy and high safety profiles, earning deep trust from doctors and patients.

After winning the bid, these products are more in line with the disbursement requirements under the DRGs/DIP schemes, which catered to providing high-quality and reasonably-priced medication options for more patients, further boosting end-market demand and market coverage rate and bringing more sales opportunities of the Group's products.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS

Turnover

For the first six months of 2025 the Group continued to produce modern Chinese medicine products of good efficacy and high quality. The Group's turnover decreased by 20.8% as compared to the corresponding period of last year. Sales of our injection products decreased by 27.4% to RMB565,628,000, accounting for 34.2% of the Group's total turnover. Sales of soft capsule products decreased by 24.7% to RMB217,383,000, accounting for 13.2% of the Group's total turnover. Sales of granule products decreased by 21.0% to RMB272,695,000, accounting for 16.5% of the Group's total turnover. Sales of TCM formula granules decreased by 12.1% to RMB487,717,000, accounting for 29.5% of the Group's total turnover. The Group also sold RMB109,275,000 of medicines in other dosage forms (including pills and tablets etc.) which accounted for 6.6% of the Group's turnover.

Sales of prescription and OTC medications of the Group for the first six months of 2025 were RMB1,475,942,000 and RMB176,756,000 respectively, which accounted for 89.3% and 10.7% of the Group's turnover respectively.

Cost of Sales

Cost of sales of the Group for the first six months of 2025 was RMB459,092,000, representing 27.8% of the Group's turnover. In particular, direct materials, direct labour and other production costs accounted for 66.8%, 14.3% and 18.9% of the total production costs respectively (for the corresponding period of 2024: 67.0%, 16.0% and 17.0%).

Gross Profit Margin

For the first six months of 2025, average gross profit margin of the Group's injection products, soft capsule products, granule products and TCM formula granule products were 71.6% (for the corresponding period of 2024: 76.0%), 76.0% (for the corresponding period of 2024: 77.8%), 77.5% (for the corresponding period of 2024: 78.6%) and 69.7% (for the corresponding period of 2024: 72.9%) respectively. Overall gross profit margin was 72.2% as compared to 75.3% of the corresponding period of last year.

Other Income

Other income mainly included enterprise development funds of RMB156,300,000 (for the corresponding period of 2024: RMB162,297,000). The enterprise development funds mainly represented enterprise development funds received from the government for research activities and investments in the relevant regions in the PRC by the Group.

Investment Income

Investment income mainly included interest income from bank deposits and structured deposits totaling RMB119,821,000 (for the corresponding period of 2024: RMB116,556,000) and interest income from investments in financial products of RMB98,469,000 (for the corresponding period of 2024: RMB4,617,000).

MANAGEMENT DISCUSSION AND ANALYSIS

Other Gains and Losses

Other gains and losses mainly comprised of net exchange gain. The Group recorded a net exchange gain of RMB32,843,000 (for the corresponding period of 2024: net exchange gain of RMB19,118,000) for the first six months of 2025, which mainly resulted from the exchange gain arising from changes in exchange rates among Australian dollars, Hong Kong dollars and Renminbi.

Impairment on Financial Assets

In the first six months of 2025, respective reversal of impairment of RMB2,706,000 (for the corresponding period of 2024: impairment of RMB4,788,000) and impairment of RMB871,000 (for the corresponding period of 2024: reversal of impairment of RMB502,000) for trade receivables and trade receivables backed by bank bills were accounted for after the expected credit risk of financial assets assessment by the Group's management.

Selling and Distribution Costs

Selling and distribution costs for the first six months of 2025 decreased by 20.7% as compared to the corresponding period of last year and were equal to 39.2% (for the corresponding period of 2024: 39.2%) of the Group's turnover. The decrease was mainly due to the fact that the Group strengthened its cost control policy and resulting in (i) a decrease in market development expenses, sale management expenses and market promotion expenses and (ii) reduced headcount and payroll of sales persons as compared to the same period of last year.

Administrative Expenses

In the first six months of 2025, the Group's administrative expenses decreased by approximately 12.9% as compared to the corresponding period of last year, representing approximately 7.7% (for the corresponding period of 2024: 7.0%) of the Group's turnover. Administrative expenses mainly comprised salaries and social security outlay of administration staff, depreciation expenses of property, plant and equipment and amortisation expenses of intangible assets which accounted for 2.6% and 1.4% (for the corresponding period of 2024: 2.4% and 1.1%) of the Group's turnover respectively.

Research and Development Costs

During the first six months of 2025, research and development costs accounted for approximately 3.0% (for the corresponding period of 2024: 2.1%) of the Group's turnover.

Taxation

The Group's taxation for the first six months of 2025 amounted to RMB160,015,000 (for the corresponding period of 2024: RMB235,604,000). The effective tax rate decreased from 27.3% in the corresponding period of last year to 20.7%. This was mainly due to the year-on-year decrease in withholding tax related to dividend distributions of subsidiaries in the PRC during the Period.

Profit for the Period

The Group's net profit for the first six months of 2025 was RMB614,663,000, representing a decrease of 1.9% as compared to the corresponding period of last year. The decrease in profit was mainly attributable to the increase in procurement cost of raw materials during the Period, coupled with the impact of centralized procurement on drug prices, resulting in a decrease in turnover and gross profit compared with the same period last year.

MANAGEMENT DISCUSSION AND ANALYSIS

Interim Dividend

The Board resolved to declare the second interim dividend of RMB11 cents per share in respect of the fiscal year 2025 amounting to RMB83,094,000 (calculated on the basis of 827,000,000 shares issued less 71,600,000 shares held under the share award scheme as at 30 June 2025), which will be paid on 26 September 2025 to the shareholders whose names appear on the Company's register of members on 12 September 2025.

The above interim dividend will be payable in cash in Hong Kong dollars and will be converted from Renminbi at the telegraphic transfer exchange rates quoted by bank at 10:00 a.m. on 27 August 2025 (RMB1=HK$1.090). Accordingly, the amount payable on 26 September 2025 will be HK$0.120 per share.

Important Events Affecting the Group since 30 June 2025

There were no important events affecting the Group which occurred after 30 June 2025 and up to the date of this report.

Capital Structure

For the six months ended 30 June 2025, there was no change in the capital structure and issued share capital of the Group as compared to those on 31 December 2024.

Liquidity and Financial Resources

As at 30 June 2025, bank balances and cash of the Group amounted to RMB6,860,819,000 (31 December 2024: RMB6,140,153,000) of which RMB4,390,659,000 (31 December 2024: RMB4,221,869,000) were denominated in Renminbi. Others being equivalent to RMB83,064,000, RMB2,006,878,000 and RMB380,218,000 (31 December 2024: RMB366,858,000, RMB1,548,327,000 and RMB3,099,000) were denominated in Hong Kong dollars, Australian dollars and United States dollars respectively.

For financial products which are financial assets at fair value through profit or loss, there is no specific maturity for those products. At the request of the Group, the Group can redeem the financial products at buying price quoted by the banks. As at 30 June 2025, the fair value of the financial products is RMB100,419,000.

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

Trade Receivables and Trade Receivables backed by Bank Bills

Trade receivables and trade receivables backed by bank bills as at 30 June 2025 increased by 0.8% and decreased by 5.9% respectively from 31 December 2024. Turnover days of trade receivables and trade receivables backed by bank bills were 99.9 days and 31.2 days respectively (for the corresponding period of 2024: 69.7 days and 41.9 days respectively).

MANAGEMENT DISCUSSION AND ANALYSIS

Inventories

Inventories balance as at 30 June 2025 decreased by 11.2% from 31 December 2024. By inventory categories, raw materials, work in progress and finished goods respectively accounted for 17.7%, 47.3% and 35.0% of inventories as at 30 June 2025 (31 December 2024: 14.6%, 47.9% and 37.5% respectively).

Turnover days of finished goods in the first six months of 2025 were 110.0 days (for the corresponding period of 2024: 98.0 days).

Property, Plant and Equipment

In the first six months of 2025, the Group acquired leased/owned properties of RMB763,000, plant and machinery of RMB17,128,000, office equipment of RMB1,746,000 and the additional construction projects in progress amounted to approximately RMB59,126,000 in total. Besides, following the adoption of IFRS 16, property, plant and equipment had included the leasehold land, leasehold properties, leasehold motor vehicles and leasehold machineries which had respective net book values of RMB161,123,000, RMB1,844,000, RMB1,822,000 and RMB4,211,000 as at 30 June 2025.

For the six months ended 30 June 2025, depreciation for property, plant and equipment amounted to RMB69,511,000 as compared to RMB75,634,000 for the corresponding period of last year.

Intangible Assets

Intangible assets represent patents and production licenses with finite useful lives. During the period under review, the amortisation of intangible assets was approximately RMB4,424,000.

Goodwill

Goodwill is comprised of the Group's acquisition of the remaining 20% equity interests in the share capital of Shineway Pharmaceutical Sales Company Limited in 2005, the acquisitions of 100% equity interests of Shineway Pharmaceutical (Zhangjiakou) Co., Ltd and Shineway Pharmaceutical (Sichuan) Company Limited in 2010, and the acquisitions of 100% equity interest of Shineway Pharmaceutical Group (Shandong) Company Limited, Yunnan Shineway Spirin Pharmaceutical Company Limited and Shineway Pharmaceutical (Kunming) Company Limited in 2014, 2015 and 2021 respectively.

Trade Payables

During the period under review, turnover days of trade payables were 146.0 days (for the corresponding period of 2024: 167.2 days).

Bank Borrowings

As at 30 June 2025, the Group had bank borrowings of RMB328,477,000 (31 December 2024: RMB330,000,000) with interest rates ranging from Loan Prime Rate minus 61 basis point to minus 200 basis point per annum, which are repayable within 1 to 2 years. The proceeds were used to finance the Group's daily operations. As at 30 June 2025, the Group's gearing ratio based on interest bearing debt was 4.2% (31 December 2024: 4.4%).

MANAGEMENT DISCUSSION AND ANALYSIS

Employees

As at 30 June 2025, the Group has 2,867 employees (31 December 2024: 3,220 employees). Remuneration of the employees was determined and reviewed by the Group based on fair principles with reference to market conditions and individual performance. The Group also provided other benefits to its employees, including medical insurance and retirement benefits. The Group's employees in Hong Kong were also enrolled in the Mandatory Provident Fund Scheme.

Exposure to Fluctuations in Exchange Rates

A majority of the Group's business transactions and liabilities are denominated in Renminbi and Hong Kong dollars. The Group adopts a conservative financial policy and most of its bank deposits are in Renminbi, Hong Kong dollars and Australian dollars. The Group's exchange gain in the first half of 2025 represented the net exchange gain arising from the change in exchange rate among Renminbi, Hong Kong dollars and Australian dollars. 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.

Contingent Liabilities

The Group did not have any contingent liabilities as at 30 June 2025 (31 December 2024: Nil).

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

Save as disclosed in this Management Discussion and Analysis and in the condensed consolidated financial statements, (i) there were no significant investments held, nor were there any material acquisitions or disposals during the Period; and (ii) no plans have been authorised by the Board for any material investments or additions of capital assets as at 30 June 2025.

Charge on the Group's Assets

As at 30 June 2025, the Group did not have any charges on its assets (31 December 2024: Nil).

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 30 June 2025, the interests and short positions of the Directors and chief executives of the Company and their respective associates in the shares, underlying shares and debentures of the Company and its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), which are required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange ("the Listing Rules") to be notified to the Company and the Stock Exchange, were as follows:

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

Note: These 546,802,990 shares of the Company ("Shares") are held by Forway Investment Limited ("Forway"). Forway is owned as to 100% by BH Corporate Services Ltd, a trust company, in its capacity as the trustee of The Li Family 2004 Trust. The Li Family 2004 Trust is a discretionary trust, the founder (as defined in the SFO) of which is Mr. Li Zhenjiang and the discretionary objects of which are family members of Mr. Li Zhenjiang (excluding Mr. Li Zhenjiang himself). Accordingly, Mr. Li Zhenjiang is deemed to be interested in the 546,802,990 Shares under the SFO.

Save as disclosed above, as at 30 June 2025, none of the Directors or chief executives of the Company or their respective associates had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the headings "Share Option Scheme" and "Employees' Share Award Scheme" below, at no time during the Period was or were the Company, its holding companies, or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS

Interest in the Company

As at 30 June 2025, interests of every person (other than a Director or chief executive of the Company as disclosed in the section "Directors' and Chief Executives' Interests in Shares" above) in the shares and underlying shares in the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of shareholder	Capacity	Number of shares	Approximate percentage of shareholding in the Company
Forway *(Notes 1 and 2)*	Beneficial owner	546,802,990	66.12%
BH Corporate Services Ltd *(Notes 1 and 2)*	Trustee of discretionary trust	546,802,990	66.12%

Notes:

(1) Interests of Forway and BH Corporate Services Ltd in the Shares were duplicated.

(2) The entire issued share capital of Forway is owned by BH Corporate Services Ltd in its capacity as the trustee of The Li Family 2004 Trust, a discretionary trust, the founder (as defined in the SFO) of which is Mr. Li Zhenjiang and the discretionary objects of which are family members of Mr. Li Zhenjiang (excluding Mr. Li Zhenjiang himself).

Save as disclosed above, as at 30 June 2025, the Company had not been notified by any persons who (other than the Directors or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

SHARE OPTION SCHEME

The Company adopted a share option scheme on 29 May 2015 (the "2015 Scheme"). The purpose of the 2015 Scheme is to provide the Company with a flexible means of incentivizing, rewarding, remunerating, compensating and/or providing benefits to the participants, and for such other purposes as the Board may approve from time to time. There are no outstanding options under the 2015 scheme at the beginning and the end of the Period. No option was granted, exercised, cancelled or lapsed under the 2015 Scheme during the Period. The 2015 Scheme has a life of 10 years and has expired on 28 May 2025.

The maximum number of shares in respect of which options may be granted under the 2015 Scheme and any other share option schemes of the Company shall not in aggregate exceed 82,700,000 shares representing 10% of the shares in issue of the Company as at 29 May 2015 (being the date of the extraordinary general meeting approving the 2015 Scheme) and as at the date of this report. The number of options available for grant under the scheme mandate at the beginning of the Period is 82,700,000 shares and no options may be granted under the 2015 Scheme upon its expiry on 28 May 2025.

OTHER INFORMATION

EMPLOYEES' SHARE AWARD SCHEME

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

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

During the six months ended 30 June 2025 and 30 June 2024, there were no disposal or purchase of shares by the trustee. At the end of the reporting period, there are 71,600,000 shares held by the trustee. No shares were granted to eligible employees pursuant to the Scheme since its adoption.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the six months ended 30 June 2025, neither the Company nor any of its subsidiaries purchased, sold or redeemed any securities of the Company.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions set out in the Corporate Governance Code (the "Code") contained in Appendix C1 to the Listing Rules during the six months ended 30 June 2025, except for code provision C.2.1 as described below.

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

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

OTHER INFORMATION

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as the code of conduct regarding securities transactions by directors of the Company on terms no less exacting than the required standard set out in the Model Code. The prohibitions on securities dealing and disclosure requirements in the Model Code apply to specified individuals including the Group's senior management and also persons who are privy to price sensitive information of the Group. Having made specific enquiry, all directors of the Company confirmed that they had complied with the required standard set out in the Model Code regarding securities transactions of the directors for the six months ended 30 June 2025.

CHANGES IN DIRECTOR'S INFORMATION

Ms. Wang Guihua, an independent non-executive Director, has been appointed as a member of the nomination committee of the Company with effect from 10 June 2025.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

AUDIT COMMITTEE

The audit committee of the Company has reviewed with management and external auditors the accounting principles and policies adopted by the Group and the unaudited consolidated results of the Group for the six months ended 30 June 2025.

CLOSURE OF SHARE TRANSFER REGISTRATION

The register of members of the Company will be closed from 11 September 2025 to 12 September 2025 (both days inclusive). In order to qualify for the second interim dividend for the fiscal year 2025, all transfer documents accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 10 September 2025.

By order of the Board
China Shineway Pharmaceutical Group Limited

Li Huimin
Director

Hong Kong, 27 August 2025

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF
CHINA SHINEWAY PHARMACEUTICAL GROUP LIMITED
中國神威藥業集團有限公司
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of China Shineway Pharmaceutical Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 26 to 40, which comprise the condensed consolidated statement of financial position as of 30 June 2025 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statements. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
27 August 2025

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	NOTES	Six months ended 30 June **2025** **RMB'000** **(Unaudited)**	 2024 RMB'000 (Unaudited)
Revenue	*3*	**1,652,698**	2,086,695
Cost of sales		**(459,092)**	(514,511)
Gross profit		**1,193,606**	1,572,184
Other income		**162,059**	168,985
Investment income	*4*	**218,290**	121,173
Other gains and losses		**29,418**	14,206
Reversal (provision) of impairment losses on financial assets under expected credit loss model, net	*12*	**1,835**	(4,286)
Selling and distribution costs		**(647,836)**	(817,369)
Administrative expenses		**(126,452)**	(145,212)
Research and development costs		**(50,378)**	(44,746)
Finance costs		**(5,864)**	(2,852)
Profit before taxation		**774,678**	862,083
Taxation	*5*	**(160,015)**	(235,604)
Profit and total comprehensive income for the period	*6*	**614,663**	626,479
Earnings per share	*8*		
Basic		**RMB81 cents**	RMB83 cents
Diluted		**RMB81 cents**	RMB83 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2025

	NOTES	30.6.2025 RMB'000 (Unaudited)	31.12.2024 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	9	**1,225,148**	1,219,402
Intangible assets		**18,906**	23,323
Goodwill	10	**165,956**	165,956
Deferred tax assets		**24,727**	34,326
		1,434,737	1,443,007
Current assets			
Inventories		**722,369**	813,190
Trade receivables	11	**915,803**	908,115
Trade receivables backed by bank bills	11	**276,312**	293,762
Prepayments, deposits and other receivables		**77,197**	93,283
Financial assets at fair value through profit or loss		**100,419**	350,020
Bank balances and cash		**6,860,819**	6,140,153
		8,952,919	8,598,523
Current liabilities			
Trade payables	13	**373,676**	367,046
Trade payables backed by bank bills	13	**4,000**	35,918
Other payables and accrued expenses		**1,555,916**	1,508,955
Contract liabilities		**34,647**	26,437
Bank borrowing	14	**300,000**	330,000
Lease liabilities		**8,512**	8,271
Amounts due to related companies		**13,784**	13,784
Deferred income		**68,661**	75,315
Tax payable		**68,885**	84,270
		2,428,081	2,449,996
Net current assets		**6,524,838**	6,148,527
Total assets less current liabilities		**7,959,575**	7,591,534

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2025

	NOTES	30.6.2025 RMB'000 (Unaudited)	31.12.2024 RMB'000 (Audited)
Non-current liabilities			
Lease liabilities		**4,347**	8,256
Bank borrowing	*14*	**28,477**	–
Deferred tax liabilities		**11,558**	34,521
Deferred income		**105,570**	81,853
		149,952	124,630
Net assets		**7,809,623**	7,466,904
Capital and reserves			
Share capital	*15*	**87,662**	87,662
Reserves		**7,721,961**	7,379,242
Total equity		**7,809,623**	7,466,904

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Share capital RMB'000	Share premium RMB'000	Merger reserve RMB'000 *(Note a)*	Statutory surplus reserve fund RMB'000 *(Note b)*	Discretionary surplus reserve fund RMB'000 *(Note b)*	Shares held for share award scheme RMB'000	Accumulated profits RMB'000	Total equity RMB'000
At 1 January 2025 (audited)	**87,662**	**422,140**	**83,758**	**570,797**	**154,760**	**(578,649)**	**6,726,436**	**7,466,904**
Profit and total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**–**	**614,663**	**614,663**
Transfers	**–**	**–**	**–**	**1,009**	**–**	**–**	**(1,009)**	**–**
Dividends paid *(note 7)*	**–**	**–**	**–**	**–**	**–**	**–**	**(271,944)**	**(271,944)**
At 30 June 2025 (unaudited)	**87,662**	**422,140**	**83,758**	**571,806**	**154,760**	**(578,649)**	**7,068,146**	**7,809,623**
At 1 January 2024 (audited)	87,662	422,140	83,758	538,815	154,760	(578,649)	6,326,282	7,034,768
Profit and total comprehensive income for the period	–	–	–	–	–	–	626,479	626,479
Transfers	–	–	–	(1,500)	–	–	1,500	–
Dividends paid *(note 7)*	–	–	–	–	–	–	(324,822)	(324,822)
At 30 June 2024 (unaudited)	87,662	422,140	83,758	537,315	154,760	(578,649)	6,629,439	7,336,425

Notes:

(a) Merger reserve of China Shineway Pharmaceutical Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") represents the difference between the net asset value of the subsidiaries and the nominal amount of the Company's shares which were issued as consideration for the subsidiaries at the time of the group reorganisation in preparation for the listing of the Company's shares.

(b) Statutory surplus reserve fund and discretionary surplus reserve fund are appropriated each year by certain subsidiaries in the People's Republic of China (the "PRC") on the basis of 10% of the profit after taxation as determined by the board of directors of the relevant subsidiaries and at the rate decided by the shareholders annually in accordance with the Articles of Association ("Articles") of the relevant subsidiaries. According to the provision of the Articles, in normal circumstances, this reserve should only be used for making up losses, capitalisation into capital and expansion of production and operation.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net cash from operating activities	**566,319**	564,116
Investing activities		
Placement of financial products	**(349,500)**	(250,000)
Proceeds from redemption of financial products	**697,570**	254,617
Placement of structured deposits	**(1,003,770)**	(500,000)
Proceeds from redemption of structured deposits	**1,003,770**	520,000
Interest received	**130,812**	126,645
Purchase of property, plant and equipment	**(100,614)**	(74,498)
Proceeds from disposal of property, plant and equipment	**11,124**	2,595
Government grants received	**25,565**	232
Net cash from investing activities	**414,957**	79,591
Financing activities		
New borrowings raised	**328,477**	330,000
Repayment of borrowing	**(330,000)**	(300,000)
Dividends paid	**(271,944)**	(324,822)
Interest paid	**(5,864)**	(2,852)
Repayment of lease liabilities	**(4,242)**	(4,067)
Net cash used in financing activities	**(283,573)**	(301,741)
Net increase in cash and cash equivalents	**697,703**	341,966
Cash and cash equivalents at beginning of the period	**6,140,153**	5,888,776
Effect of exchange rate changes of cash and cash equivalents	**22,963**	4,232
Cash and cash equivalents at end of the period, representing bank balances and cash	**6,860,819**	6,234,974

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

1. GENERAL

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

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

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2024.

Application of amendments to IFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to an IFRS Accounting Standard issued by the International Accounting Standards Board, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2025 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IAS 21	Lack of Exchangeability

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

3. REVENUE AND SEGMENT INFORMATION

Operating segment

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

Revenue from major products

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

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Injections	**565,628**	779,238
Soft capsules	**217,383**	288,759
Granules	**272,695**	345,074
Traditional Chinese medicine formula granules	**487,717**	554,726
Others (including pills and tablets etc.)	**109,275**	118,898
	1,652,698	2,086,695

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

4. INVESTMENT INCOME

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on bank deposits	**117,876**	109,937
Interest on structured deposits *(Note)*	**1,945**	6,619
Investment income from financial products *(Note)*	**98,469**	4,617
	218,290	121,173

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

5. TAXATION

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
PRC Enterprise Income Tax ("EIT"):		
Current tax	**97,329**	144,053
Underprovision in prior years	**5,763**	7,979
Withholding tax on distributed profits of subsidiaries operating in the PRC	**70,287**	81,752
	173,379	233,784
Deferred tax	**(13,364)**	1,820
	160,015	235,604

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

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

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

Under the EIT Law, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the condensed consolidated financial statements in respect of temporary differences attributable to accumulated undistributed profits of the PRC subsidiaries amounting to RMB3,514,703,000 (31 December 2024: RMB4,065,697,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future.

6. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit for the period has been arrived at after charging (crediting):		
Amortisation of intangible assets	**4,424**	5,044
Depreciation of property, plant and equipment	**69,511**	75,634
Enterprise development funds (included in other income) *(Note)*	**(156,300)**	(162,297)
Net exchange gain (included in other gains and losses)	**(32,843)**	(19,118)
(Gain) loss on disposal of property, plant and equipment (included in other gains and losses)	**(7,619)**	255

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

During the six months ended 30 June 2025, enterprise development funds of (a) RMB147,797,000 (six months ended 30 June 2024: RMB158,603,000) represent incentives received in relation to engagement of the subsidiaries of the Company in business development. The grants of which were unconditional, approved and received during the year; and (b) RMB8,503,000 (six months ended 30 June 2024: RMB3,694,000) represent recognition of deferred income upon completion of related research activities and development projects.

7. DIVIDENDS

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Dividends recognised as distribution during the periods:		
– 2025 first interim dividend of RMB36 cents per share	**271,944**	–
– 2024 first interim dividend of RMB43 cents per share	**–**	324,822
	271,944	324,822
Dividends declared subsequent to the reporting periods:		
– 2025 second interim dividend of RMB11 cents per share	**83,094**	–
– 2024 second interim dividend of RMB11 cents per share	**–**	83,094
	83,094	83,094

7. DIVIDENDS (Cont'd)

The 2025 second interim dividend of RMB11 cents per share, in the amount of an aggregate of RMB83,094,000, has been declared by the directors of the Company on 27 August 2025 and will be paid out on 26 September 2025, to the shareholders of the Company whose names appear on the register of the members of the Company on 12 September 2025. The aggregate amount of RMB83,094,000 (six months ended 30 June 2024: RMB83,094,000) has been calculated on the basis of 827,000,000 (2024: 827,000,000) shares in issue less 71,600,000 (2024: 71,600,000) shares held for share award scheme as at 30 June 2025.

8. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit for the period attributable to the owners of the Company for the purpose of basic and diluted earnings per share	**614,663**	626,479

	Six months ended 30 June	
	2025	2024
Weighted average number of ordinary shares in issue less shares held for share award scheme for the purpose of calculation of basic and diluted earnings per share	**755,400,000**	755,400,000

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2025, the Group made additions to construction in progress of RMB59,126,000 (six months ended 30 June 2024: RMB40,518,000), and acquired other property, plant and equipment of RMB19,063,000 (six months ended 30 June 2024: RMB22,088,000). During the six months ended 30 June 2025, the Group also disposed of certain property, plant and equipment with carrying amount of RMB3,505,000 (six months ended 30 June 2024: RMB2,850,000) at net consideration of RMB11,124,000 (six months ended 30 June 2024: RMB2,595,000), resulting in a gain on disposal of RMB7,619,000 (six months ended 30 June 2024: loss on disposal of RMB255,000).

During the current interim period, the Group entered into a lease agreement with lease terms of 2 years. On date of lease commencement, the Group recognised right-of-use assets of RMB574,000 and lease liabilities of RMB574,000.

10. GOODWILL

At 30 June 2025, the Group has goodwill with carrying amount of RMB165,956,000 (31 December 2024: RMB165,956,000) being allocated to one cash-generating unit of subsidiaries with principal activities of research and development, manufacturing and trading of pharmaceutical products.

11. TRADE RECEIVABLES/TRADE RECEIVABLES BACKED BY BANK BILLS

	30.6.2025 RMB'000 (Unaudited)	31.12.2024 RMB'000 (Audited)
Trade receivables	950,242	945,260
Less: Allowance for expected credit loss ("ECL")	(34,439)	(37,145)
	915,803	908,115
Trade receivables backed by bank bills	278,883	295,462
Less: Allowance for ECL	(2,571)	(1,700)
	276,312	293,762
	1,192,115	1,201,877

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

	30.6.2025 RMB'000 (Unaudited)	31.12.2024 RMB'000 (Audited)
Within 6 months	819,560	853,487
Over 6 months but less than 1 year	207,169	202,754
Over 1 year but less than 2 years	125,534	119,971
More than 2 years	39,852	25,665
	1,192,115	1,201,877

As at 30 June 2025, total bills received with carrying amount of RMB276,312,000 (31 December 2024: RMB293,762,000) are held by the Group for future settlement of trade receivables. All bills received by the Group are with a maturity period of less than one year.

12. REVERSAL (PROVISION) OF IMPAIRMENT LOSSES ON FINANCIAL ASSETS UNDER EXPECTED CREDIT LOSS MODEL, NET

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Impairment losses (reversed) recognised on trade receivables	**(2,706)**	4,788
Impairment losses recognised (reversed) on trade receivables backed by bank bills	**871**	(502)
	(1,835)	4,286

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidation financial statements for the six months ended 30 June 2025 are the same as those followed in the preparation of the group's annual financial statements for the year ended 31 December 2024.

13. TRADE PAYABLES/TRADE PAYABLES BACKED BY BANK BILLS

	30.6.2025	31.12.2024
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Trade payables	**373,676**	367,046
Trade payables backed by bank bills *(Note)*	**4,000**	35,918
	377,676	402,964

Note: These relate to trade payables in which the Group has issued bills to the relevant suppliers for future settlement of trade payables. The suppliers can obtain the invoice amounts from the bank on the maturity date of the bills. The Group continues to recognise these trade payables as the Group is obliged to make payments to the relevant banks on due dates of the bills.

An aged analysis of the Group's trade payables (including trade payables backed by bank bills) presented based on the invoice date at the end of the reporting period is as follows:

	30.6.2025	31.12.2024
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Within 6 months	**291,304**	367,950
Over 6 months but less than 1 year	**74,878**	25,369
Over 1 year but less than 2 years	**8,925**	7,500
Over 2 years but less than 3 years	**952**	620
Over 3 years	**1,617**	1,525
	377,676	402,964

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

14. BANK BORROWING

During the six months ended 30 June 2025, the Group obtained new bank loans of RMB300,000,000 and RMB28,477,000 for financing the Group's general working capital and capital expenditure respectively and repaid bank loans of RMB330,000,000. The new loans of RMB300,000,000 and RMB28,477,000 carried interest at Loan Prime Rate minus 200 basis point and minus 61 basis point respectively, and were repayable within 1 and 2 years, respectively.

During the six months ended 30 June 2024, the Group obtained new bank loans of RMB330,000,000 for the Group's general working capital and repaid bank loans of RMB300,000,000. The new loans carried interest at Loan Prime Rate minus 200 basis point and were repayable within 1 year.

15. SHARE CAPITAL

	Number of shares '000	Amount '000
Ordinary shares of HK$0.10 each		
Authorised:		
At 1 January 2024, 31 December 2024 and 30 June 2025	5,000,000	HK$500,000
Issued and fully paid:		
At 1 January 2024, 31 December 2024 and 30 June 2025	827,000	HK$82,700

	RMB'000
Shown in the financial statements as	87,662

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

16. SHARE-BASED PAYMENT TRANSACTIONS

Share option scheme

The Company has a share option scheme which was adopted at the extraordinary general meeting of the Company held on 29 May 2015 for a period of 10 years. On 28 May 2025, the share option scheme of the Company has expired and there was no outstanding share option thereunder. During the period, no share options were granted under the share option scheme of the Company. Details are set out in the section "Other Information" in the 2025 interim report of the Company.

Share award scheme

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

16. SHARE-BASED PAYMENT TRANSACTIONS (Cont'd)

Share award scheme (Cont'd)

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

No shares were granted to eligible employees pursuant to the Scheme. There were no disposal or purchase of shares by the trustee during the six months ended 30 June 2025 and 2024. At the end of the reporting period, there are 71,600,000 (31 December 2024: 71,600,000) shares held by the trustee.

17. RELATED PARTY DISCLOSURES

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

		Six months ended 30 June	
Name of related parties	**Nature of transactions**	**2025 RMB'000 (Unaudited)**	2024 RMB'000 (Unaudited)
Shineway Medical Science & Technology Co., Ltd. ("Shineway Medical")	Interest expenses on lease liabilities	**287**	412
	Service fee	**5,916**	5,916
Shineway (Sanhe) Property Development Limited ("Shineway Sanhe")	Interest expenses on lease liabilities	**47**	68
	Service fee	**1,353**	1,353
Shijiazhuang Municipal Luancheng County Shineway Training School ("Shineway Training School")	Service fee	**621**	360

Name of related parties	**Nature of balances**	**30.6.2025 RMB'000 (Unaudited)**	31.12.2024 RMB'000 (Audited)
Shineway Medical	Lease liabilities	**10,517**	13,871
Shineway Sanhe	Lease liabilities	**1,733**	2,285

Shineway Medical, Shineway Sanhe and Shineway Training School are ultimately controlled by the controlling shareholder of the Company.

17. RELATED PARTY DISCLOSURES (Cont'd)

Compensation of key management personnel

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

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Short-term benefits	**8,182**	7,647
Post-employment benefits	**18**	17
	8,200	7,664

18. CAPITAL COMMITMENTS

	30.6.2025	31.12.2024
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	**225,175**	217,818