國藥控股股份有限公司
SINOPHARM GROUP CO. LTD.*

(A joint stock limited company incorporated in the People's Republic of China with limited liability and carrying on business in Hong Kong as 國控股份有限公司)

(Stock Code: 01099)

ANNOUNCEMENT ON 2026 INTERIM RESULTS

The board of directors (the "**Board**") of Sinopharm Group Co. Ltd. (the "**Company**" or "**Sinopharm Group**") is pleased to announce the unaudited interim results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2026 (the "**Reporting Period**") together with the comparative figures for the corresponding period of last year as follows:

* *The Company is registered as a non-Hong Kong company under the Hong Kong Companies Ordinance under its Chinese name and the English name "Sinopharm Group Co. Ltd.".*

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2026

	Notes	For the six months ended 30 June 2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Revenue	5	**282,799,605**	286,042,998
Cost of sales	8	**(263,728,126)**	(265,696,092)
Gross profit		**19,071,479**	20,346,906
Other income	6	**188,242**	241,099
Selling and distribution expenses	8	**(7,321,452)**	(7,844,858)
Administrative expenses	8	**(3,471,478)**	(3,668,488)
Expected credit losses on financial and contract assets		**(1,115,017)**	(1,386,864)
Losses on derecognition of financial assets measured at amortised cost and fair value through other comprehensive income		**(206,206)**	(242,106)
Operating profit		**7,145,568**	7,445,689
Other gains – net	7	**65,353**	71,592
Other expenses	7	**(44,421)**	136
Finance income		**163,032**	254,851
Finance costs		**(971,748)**	(1,250,228)
Finance costs – net	10	**(808,716)**	(995,377)
Share of profits and losses of:			
Associates		**585,860**	686,627
Joint ventures		**1,245**	1,226
		587,105	687,853
Profit before tax		**6,944,889**	7,209,893
Income tax expense	11	**(1,765,086)**	(1,872,648)
PROFIT FOR THE PERIOD		**5,179,803**	5,337,245
Attributable to:			
Owners of the parent		**3,403,773**	3,465,686
Non-controlling interests		**1,776,030**	1,871,559
		5,179,803	5,337,245
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (expressed in RMB per share)			
– Basic and diluted	12	**1.09**	1.11

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2026

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	**5,179,803**	5,337,245
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:		
Remeasurements of post-employment benefit obligations	**(11,681)**	3,357
Income tax effect	**2,839**	(854)
Remeasurements of post-employment benefit obligations, net of tax	**(8,842)**	2,503
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	**(14,145)**	451
Income tax effect	**3,536**	(113)
Fair value (losses)/gains on financial asset, net of tax	**(10,609)**	338
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods, net of tax	**(19,451)**	2,841
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(12,136)**	(2,529)
Share of other comprehensive loss of associates	**(1,379)**	(799)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods, net of tax	**(13,515)**	(3,328)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	**(32,966)**	(487)
TOTAL COMPREHENSIVE INCOME, NET OF TAX	**5,146,837**	5,336,758
Attributable to:		
Owners of the parent	**3,379,099**	3,464,978
Non-controlling interests	**1,767,738**	1,871,780
	5,146,837	5,336,758

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2026

	Notes	**30 June 2026** *RMB'000* **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
ASSETS			
NON-CURRENT ASSETS			
Right-of-use assets		**5,778,046**	6,144,487
Investment properties		**352,002**	364,101
Property, plant and equipment		**11,836,622**	12,084,076
Intangible assets		**7,986,247**	8,174,953
Investments in joint ventures		**24,810**	25,357
Investments in associates		**10,862,003**	10,586,951
Equity investments designated at fair value through other comprehensive income		**64,217**	80,921
Financial assets at fair value through profit or loss		**595,150**	617,162
Finance lease receivables		**95,907**	94,965
Deferred tax assets		**3,064,696**	2,849,179
Other non-current assets		**2,495,951**	2,543,199
Total non-current assets		**43,155,651**	43,565,351
CURRENT ASSETS			
Inventories		**66,639,993**	63,341,334
Trade and notes receivables	*14*	**236,431,956**	205,622,310
Contract assets		**1,092,417**	1,015,176
Prepayments, other receivables and other assets		**15,209,601**	15,242,128
Financial assets at fair value through profit or loss		**81**	129
Finance lease receivables		**12,583**	14,366
Pledged deposits, restricted cash and bank deposits with an initial term of over three months		**10,839,392**	12,764,286
Cash and cash equivalents		**31,044,905**	48,796,132
Total current assets		**361,270,928**	346,795,861
Total assets		**404,426,579**	390,361,212

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

30 June 2026

	Notes	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
EQUITY			
Equity attributable to owners of the parent			
Share capital		**3,120,656**	3,120,656
Treasury shares		**(3,838)**	(3,838)
Other reserves		**22,046,550**	22,058,553
Retained earnings		**60,030,690**	58,778,013
		85,194,058	83,953,384
Non-controlling interests		**51,145,134**	50,206,358
Total equity		**136,339,192**	134,159,742

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

30 June 2026

	Notes	**30 June 2026** *RMB'000* **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
LIABILITIES			
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**4,214,957**	3,645,484
Lease liabilities		**2,339,246**	2,495,092
Deferred tax liabilities		**561,978**	565,223
Post-employment benefit obligations		**368,452**	364,902
Contract liabilities		**77,910**	76,084
Other non-current liabilities		**2,380,307**	2,329,107
Total non-current liabilities		**9,942,850**	9,475,892
CURRENT LIABILITIES			
Trade and notes payables	*15*	**150,735,709**	150,248,418
Contract liabilities		**6,133,900**	5,984,158
Accruals and other payables		**23,014,061**	24,003,793
Dividends payable		**2,409,956**	257,070
Tax payable		**1,088,822**	1,412,292
Interest-bearing bank and other borrowings		**73,439,267**	63,321,164
Lease liabilities		**1,322,822**	1,498,683
Total current liabilities		**258,144,537**	246,725,578
Total liabilities		**268,087,387**	256,201,470
Total equity and liabilities		**404,426,579**	390,361,212

Notes:

(All amounts in Renminbi thousands unless otherwise stated)

1. GENERAL INFORMATION

Sinopharm Group Co. Ltd. (the "**Company**") was incorporated in the People's Republic of China (the "**PRC**") on 8 January 2003 as a company with limited liability under the PRC Company Law.

On 6 October 2008, the Company was converted into a joint stock limited liability company under the PRC Company Law by converting its registered share capital and reserves as at 30 September 2007 with the proportion of 1: 0.8699 into 1,637,037,451 shares of RMB1 each. In September 2009, the Company issued overseas-listed foreign-invested shares ("**H Shares**"), which were listed on the Main Board of The Stock Exchange of Hong Kong Limited ("**Hong Kong Stock Exchange**") on 23 September 2009. The Company issued 204,561,102 domestic shares to China National Pharmaceutical Group Co., Ltd. ("**CNPGC**") under general mandate at the issue price of RMB24.97 per consideration share on 13 December 2018. On 23 January 2020, the Company placed and issued 149,000,000 new H shares at the price of HKD27.30 per H share. The actual net proceeds of the placing were HKD4,026,710,000, equivalent to RMB3,567,383,000.

The address of the Company's registered office is 1st and 11th to 15th Floors, No.385 East Longhua Road, Huangpu District, Shanghai, the PRC.

The Company and its subsidiaries (together, the "**Group**") are mainly engaged in: (1) the distribution of pharmaceutical products to hospitals, other distributors, retail pharmacy stores and clinics, (2) the distribution of medical devices, (3) the operation of chain pharmacy stores, and (4) the distribution of laboratory supplies, manufacture and distribution of chemical reagents, production and sale of pharmaceutical products.

The ultimate holding company of the Company is CNPGC, which was established in the PRC.

This interim condensed consolidated financial statements is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand, unless otherwise stated. This interim condensed consolidated financial statements has not been audited.

2. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2026 has been prepared in accordance with Hong Kong Accounting Standards ("**HKASs**") 34 Interim Financial Reporting and the Rules Governing the Listing of Securities on the Stock Exchange. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's audited annual financial statements for the year ended 31 December 2025, which has been prepared in accordance with HKFRS Accounting Standards ("**HKFRSs**").

3. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2025, except for the adoption of the following revised HKFRSs for the first time for the current period's financial information. The Group has not early adopted any other standard, interpretation or amendment that has been issued but not yet effective.

Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*
Amendments to HKFRS 9 and HKFRS 7	*Contracts Referencing Nature-dependent Electricity*
Amendments to HKFRS Accounting Standards	*Annual Improvements to HKFRS Accounting Standards – Volume 11*

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

4. SEGMENT INFORMATION

Management has determined the operating segments based on the Group's business types, overall strategic planning, internal organisational structure and management requirements. The reportable operating segments derive their revenue primarily from the following four business types:

(i) Pharmaceutical distribution – distribution of medicine and pharmaceutical products to hospitals, other distributors, retail drug stores and clinics;

(ii) Medical device distribution – distribution of medical devices, and installation and maintenance services;

(iii) Retail pharmacy – operation of medicine chain stores;

(iv) Other business – distribution of laboratory supplies, manufacture and distribution of chemical reagents, and production and sale of pharmaceutical products.

Although the retail pharmacy and other business segments do not meet the quantitative thresholds required by HKFRS 8 Operating segments, management has concluded that these segments should be reported, as they are considered to be as potential growth segments and are expected to materially contribute to group revenue in the future.

Segment assets are those operating assets that are employed by a segment in its operating activities. Segment assets consist primarily of investment properties, property, plant and equipment, intangible assets, right-of-use assets, investments in associates and joint ventures, inventories, receivables and operating cash.

Segment liabilities are those operating liabilities that result from the operating activities of a segment. Segment liabilities do not include borrowings, deferred tax liabilities and other liabilities that are incurred for financing rather than operating purpose.

Unallocated assets mainly represent deferred tax assets. Unallocated liabilities mainly represent corporate borrowings and deferred tax liabilities.

Capital expenditure comprises mainly additions to right-of-use assets, investment properties, property, plant and equipment and intangible assets, including additions resulting from acquisitions through business combinations.

Inter-segment revenues are conducted at prices and terms mutually agreed upon amongst those business segments. The revenue from external parties reported to the management is measured in a manner consistent with that in the condensed consolidated statement of profit or loss.

4. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results

(1) For the six months ended 30 June 2026 and 2025

	Pharmaceutical distribution *RMB'000*	Medical device distribution *RMB'000*	Retail pharmacy *RMB'000*	Other business *RMB'000*	Eliminations *RMB'000*	Group *RMB'000*
Six months ended 30 June 2026 (unaudited)						
Segment results						
External segment revenue	204,454,403	56,683,485	18,441,423	3,220,294	–	282,799,605
Inter-segment revenue	11,041,644	170,537	193,599	1,067,882	(12,473,662)	–
Revenue	215,496,047	56,854,022	18,635,022	4,288,176	(12,473,662)	282,799,605
Operating profit	5,208,302	1,004,694	559,768	385,246	(12,442)	7,145,568
Other gains/(losses), net	30,862	40,395	(22,795)	16,891	–	65,353
Other expenses	1,349	143	–	(45,913)	–	(44,421)
Share of profits and losses of associates and joint ventures	657	20,601	(874)	566,721	–	587,105
	5,241,170	1,065,833	536,099	922,945	(12,442)	7,753,605
Finance costs, net						(808,716)
Profit before tax						6,944,889
Income tax expense						(1,765,086)
Profit for the period						5,179,803
Other segment items included in the consolidated statement of profit or loss						
Expected credit losses on financial and contract assets	848,375	255,874	6,113	4,655	–	1,115,017
Reversal of provision for prepayment	(1,349)	(143)	–	–	–	(1,492)
Provision for impairment of inventories	22,443	13,153	1,057	1,011	–	37,664
Impairment of intangible assets	–	–	–	45,913	–	45,913
Depreciation of property, plant and equipment	432,443	239,527	110,517	23,474	–	805,961
Depreciation of investment properties	4,692	5,157	174	2,436	–	12,459
Depreciation of right-of-use assets	213,871	136,052	522,898	81,258	–	954,079
Amortisation of intangible assets	154,640	42,991	21,313	4,449	–	223,393
Capital expenditures	565,413	200,414	500,317	312,715	–	1,578,859

4. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (continued)

(1) For the six months ended 30 June 2026 and 2025 (continued)

	Pharmaceutical distribution *RMB'000*	Medical device distribution *RMB'000*	Retail pharmacy *RMB'000*	Other business *RMB'000*	Eliminations *RMB'000*	Group *RMB'000*
Six months ended 30 June 2025 (unaudited)						
Segment results						
External segment revenue	209,253,090	56,869,466	16,903,658	3,016,784	–	286,042,998
Inter-segment revenue	9,274,265	183,263	258,462	1,059,243	(10,775,233)	–
Revenue	218,527,355	57,052,729	17,162,120	4,076,027	(10,775,233)	286,042,998
Operating profit	5,645,589	1,097,505	460,084	326,487	(83,976)	7,445,689
Other gains/(losses), net	19,757	62,779	(11,095)	151	–	71,592
Other (expenses)/income	(545)	681	–	–	–	136
Share of profits and losses of associates and joint ventures	1,278	15,525	(1,546)	672,596	–	687,853
	5,666,079	1,176,490	447,443	999,234	(83,976)	8,205,270
Finance costs, net						(995,377)
Profit before tax						7,209,893
Income tax expense						(1,872,648)
Profit for the period						5,337,245
Other segment items included in the consolidated statement of profit or loss						
Expected credit losses on financial and contract assets	1,017,832	360,494	6,606	1,932	–	1,386,864
Reversal of provision for prepayment	(262)	(85)	–	–	–	(347)
Provision/(reversal of provision) for impairment of inventories	18,714	4,647	3,152	(2,393)	–	24,120
Provision/(reversal of provision) for impairment of other non-current assets	807	(596)	–	–	–	211
Depreciation of property, plant and equipment	477,805	264,651	122,109	25,936	–	890,501
Depreciation of investment properties	5,024	5,523	186	2,609	–	13,342
Depreciation of right-of-use assets	249,877	158,956	610,928	94,938	–	1,114,699
Amortisation of intangible assets	148,724	41,346	20,498	4,279	–	214,847
Capital expenditures	647,147	229,385	572,640	357,919	–	1,807,091

4. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities (continued)

(2) At 30 June 2026 and 31 December 2025

	Pharmaceutical distribution *RMB'000*	Medical device distribution *RMB'000*	Retail pharmacy *RMB'000*	Other business *RMB'000*	Eliminations *RMB'000*	Group *RMB'000*
As at 30 June 2026 (unaudited)						
Segment assets and liabilities						
Segment assets	**288,432,459**	**93,019,294**	**20,348,660**	**26,247,370**	**(26,685,900)**	**401,361,883**
Segment assets include:						
Investments in associates and joint ventures	**200,377**	**90,129**	**34,704**	**10,561,603**	**–**	**10,886,813**
Unallocated assets – Deferred tax assets						**3,064,696**
Total assets						**404,426,579**
Segment liabilities	**138,125,694**	**61,268,716**	**13,047,287**	**5,274,643**	**(27,845,155)**	**189,871,185**
Unallocated liabilities – Deferred tax liabilities and borrowings						**78,216,202**
Total liabilities						**268,087,387**
As at 31 December 2025 (audited)						
Segment assets and liabilities						
Segment assets	283,059,526	90,702,748	16,322,073	24,158,992	(26,731,306)	387,512,033
Segment assets include:						
Investments in associates and joint ventures	202,225	69,702	35,658	10,304,723	–	10,612,308
Unallocated assets – Deferred tax assets						2,849,179
Total assets						390,361,212
Segment liabilities	137,517,199	60,866,684	12,857,937	4,893,662	(27,465,883)	188,669,599
Unallocated liabilities – Deferred tax liabilities and borrowings						67,531,871
Total liabilities						256,201,470

4. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities (continued)

The Group's operations are mainly located in the PRC and substantially all non-current assets are located in the PRC.

Information about major customers

No revenue from a singular customer in the Reporting Period amounted to over 10% of the total revenue of the Group.

5. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Sales of goods (at a point in time)	**281,019,042**	284,076,565
Logistics service income (over time)	**590,638**	639,014
Marketing and service income (over time)	**770,916**	904,786
Import agency income (at a point in time)	**24,073**	22,497
Others (at a point in time)	**295,062**	299,596
Revenue from other sources		
Operating lease income	**99,874**	100,540
	282,799,605	286,042,998

6. OTHER INCOME

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Government grants	**188,242**	241,099

Government grants mainly represent subsidy income received from various government authorities as incentives to certain members of the Group. There are no unfulfilled conditions or other contingencies attached to these grants.

7. OTHER GAINS, NET/OTHER EXPENSES

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other gains, net		
Write-back of certain liabilities	**28,251**	50,090
Gain on disposal of investment properties, property, plant and equipment, intangible assets and right-of-use assets	**12,863**	11,787
Gain on disposal of subsidiaries	**1,457**	–
Foreign exchange gain/(loss), net	**12,803**	(9,579)
Donation	**(4,200)**	(1,807)
Dividend income from:		
Equity investments at fair value through other comprehensive income	**263**	396
Fair value gains on equity investments at fair value through profit or loss, net	**3,197**	2,478
Others, net	**10,719**	18,227
	65,353	71,592
Other expenses		
Provision for other non-current assets	**–**	(211)
Provision for impairment of intangible assets	**(45,913)**	–
Reversal of provision for prepayment	**1,492**	347
	(44,421)	136

8. EXPENSES BY NATURE

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Raw materials and trading merchandise consumed	**262,365,101**	264,702,385
Employee benefit expenses (Note 9)	**6,379,674**	6,691,460
Provision for impairment of inventories	**37,664**	24,120
Lease payments not included in the measurement of lease liabilities	**204,849**	237,110
Depreciation of property, plant and equipment	**805,961**	890,501
Depreciation of investment properties	**12,459**	13,342
Depreciation of right-of-use assets	**954,079**	1,114,699
Amortisation of intangible assets	**223,393**	214,847
Auditor's remuneration	**12,155**	10,000
Advisory and consulting fees	**108,177**	102,290
Transportation expenses	**967,118**	1,002,185
Travel expenses	**81,400**	87,015
Market development and business promotion expenses	**1,133,729**	1,191,267
Utilities	**112,328**	127,442
Others	**1,122,969**	800,775
Total cost of sales, selling and distribution expenses, and administrative expenses	**274,521,056**	277,209,438

9. EMPLOYEE BENEFIT EXPENSES

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Salaries, wages, allowances and bonus (i)	**4,642,485**	4,969,987
Contributions to pension plans (ii)	**725,728**	734,902
Post-employment benefits	**5,805**	2,175
Housing benefits (iii)	**306,855**	306,902
Other benefits (iv)	**698,801**	677,494
	6,379,674	6,691,460

(i) Bonus was determined based on the performance of the Group as well as employees' performance and contribution to the Group.

(ii) As stipulated by the related regulations in the PRC, the Group makes contributions to state-sponsored retirement schemes for its employees in Mainland China. The Group has also made contributions to another retirement scheme managed by an insurance company from 2011 for its employees of the Company and certain subsidiaries. The Group's employees make monthly contributions to the schemes at approximately 8%(2025: 8%) of the relevant income (comprising wages, salaries, allowances and bonus, and subject to maximum caps), while the Group makes contributions of 12% to 20% (2025: 12% to 20%) of such relevant income and has no further obligations for the actual payment of post-retirement benefits beyond the contributions. These retirement schemes are responsible for the entire post-retirement benefit obligations to the retired employees. Contributions totalling RMB15,207,000(31 December 2025: RMB14,103,000) were payable to the fund pension plan at 30 June 2026.

There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

(iii) Housing benefits represent contributions to the government-supervised housing funds in Mainland China at rates ranging from 5% to 12% (2025: 5% to 12%) of the employees' relevant income.

(iv) Other benefits mainly represent expenses incurred for medical insurance, employee welfare, employee education and training, and for union activities.

10. FINANCE INCOME AND COSTS

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest expense:		
– Interest-bearing bank and other borrowings	**825,581**	1,056,055
– Net interests on net defined benefit liability	**3,561**	3,530
– Lease liabilities	**63,614**	92,404
Gross interest expense	**892,756**	1,151,989
Bank charges	**86,556**	103,363
Less: capitalised interest expense	**(7,564)**	(5,124)
Finance costs	**971,748**	1,250,228
Finance income:		
– Interest income on deposits in bank or other financial institutions	**(132,893)**	(203,823)
– Interest income on long-term deposits	**(30,139)**	(51,028)
Net finance costs	**808,716**	995,377

11. TAXATION

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current income tax	**1,977,195**	2,326,980
Deferred income tax	**(212,109)**	(454,332)
	1,765,086	1,872,648

During the six months ended 30 June 2026, enterprises incorporated in the PRC are normally subject to enterprise income tax ("**EIT**") at the rate of 25%, while certain subsidiaries enjoy preferential EIT at a rate of 15% as approved by the relevant tax authorities or due to their operation in designated areas with preferential EIT policies.

Two of the Group's subsidiaries were subject to Hong Kong profits tax at the rate of 16.5% (2025: 16.5%) on the estimated assessable profits arising in or derived from Hong Kong during the year, except for one subsidiary of the Group which was a qualifying entity under the two-tiered profits tax rates regime effective from the year of assessment 2018/2019. The first HKD2,000,000 (2025: HKD2,000,000) of assessable profits of this subsidiary was taxed at 8.25% and the remaining assessable profits were taxed at 16.5%.

12. EARNINGS PER SHARE

The calculation of basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 3,120,656,000 (31 December 2025: 3,120,656,000) in issue excluding treasury shares at the end of the Reporting Period.

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2025 and 30 June 2026.

12. EARNINGS PER SHARE (CONTINUED)

The calculations of basic and diluted earnings per share are based on:

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to equity holders of the parent used in the basic and diluted earnings per share calculation ('000)	**3,403,773**	3,465,686
Shares		
Weighted average number of ordinary shares outstanding used in the basic and diluted earnings per share calculation ('000)	**3,120,532**	3,120,532
Basic and diluted earnings per share (RMB per share)	**1.09**	1.11

13. DIVIDENDS

The final dividend for year 2025 of RMB0.69 per share (tax inclusive), amounting to approximately RMB2,153,253,000 in total, was approved by the shareholders at the annual general meeting of the Company held on 18 June 2026 ("**2025 AGM**"). Pursuant to the relevant resolution passed at 2025 AGM, the final dividend for year 2025 was paid on 18 August 2026 to the shareholders whose names appeared on the register of members of the Company on 30 June 2026.

No interim dividend was proposed for the six-month period ended 30 June 2026 (for the six months ended 30 June 2025: Nil).

14. TRADE AND NOTES RECEIVABLES

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables	**228,687,767**	194,613,010
Notes receivable held both to collect cash flows and to sell	**12,547,794**	13,152,983
Notes receivable	**2,110,058**	3,622,503
	243,345,619	211,388,496
Less: Expected credit losses	**(6,913,663)**	(5,766,186)
	236,431,956	205,622,310

The fair value of trade receivables approximates to their carrying amounts.

The term of bills receivable are less than 12 months mostly. Retail sales at the Group's medicine chain stores are generally made in cash or by debit or credit cards. For medicine and device distribution business, sales are made on credit terms ranging from 30 to 210 days mostly. The aging analysis of trade receivables, based on the invoice date and net of provisions, as at the end of the Reporting Period, is as follows:

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 1 year	**203,321,822**	175,264,021
1 to 2 years	**13,953,550**	9,623,396
Over 2 years	**4,528,739**	4,024,063
	221,804,111	188,911,480

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for trade and notes receivables. To measure the expected credit losses, these receivables have been grouped based on shared credit risk characteristics and the aging from billing.

15. TRADE AND NOTES PAYABLES

	30 June 2026 *RMB'000* **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
Trade payables	**118,258,190**	112,627,898
Notes payable	**25,371,132**	29,321,854
Notes payable under supplier finance arrangements	**7,106,387**	8,298,666
	150,735,709	150,248,418

The trade payables are non-interest-bearing and are normally settled within 90 days. The fair value of trade payables approximates to their carrying amount.

The aging analysis of the trade and bills payables as at the end of the Reporting Period, based on the invoice date, is as follows:

	30 June 2026 *RMB'000* **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
Below 3 months	**103,814,306**	98,534,981
Between 3 and 6 months	**25,226,931**	30,022,663
Between 6 months and 1 year	**11,892,305**	11,923,340
Between 1 and 2 years	**5,368,670**	5,878,396
Over 2 years	**4,433,497**	3,889,038
	150,735,709	150,248,418

16. MATERIAL SUBSEQUENT EVENTS

There are no significant subsequent events after the end of Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

Macroeconomic performance demonstrated resilience and accelerated growth of new growth drivers facilitated transformation

In the first half of 2026, against the backdrop of a complex and volatile international landscape and an overall slowdown in global economic growth, the Chinese government strove to advance high-quality development and implemented more proactive and effective macroeconomic policies. New growth drivers expanded rapidly, and measures to safeguard people's livelihoods were robust and effective. China's economy withstood the pressure and remained within a reasonable range, continuing to demonstrate its resilience.

According to the preliminary accounting data released by the National Bureau of Statistics, the GDP was RMB69.57 trillion in the first half of 2026, representing a year-on-year increase of 4.7% at constant prices. In the second quarter, the GDP grew by 0.9% quarter-on-quarter. In the first half of this year, new growth drivers represented by high-end manufacturing, digital economy and modern services contributed over 40% to economic growth, clearly demonstrating the economy's shift toward new and higher-quality development. Healthcare expenditure increased by 10.8% year-on-year. National fiscal funds further tilted toward livelihood sectors including medical and healthcare services, creating a sound external environment for stable operations, business format innovation and transformation of the pharmaceutical and healthcare industry.

According to the financial statistics published by the People's Bank of China in the first half of 2026, the People's Bank of China continued to implement a moderately loose monetary policy in the first half of 2026. The banking system maintained ample liquidity, comprehensive social financing costs stood at a low level, and the monetary policy delivered notable effects in supporting the real economy. In June 2026, the weighted average interest rate on newly issued corporate loans was approximately 3.0%, representing a decrease of approximately 20 basis points from the same period of the previous year, effectively helping enterprises continue to reduce their financing costs.

Pharmaceutical innovation policies built a full-cycle support system, and multi-level health needs reshaped the distribution industry landscape

In the first half of 2026, the State Council officially released the 15th Five-Year Plan for National Health, which emphasizes the implementation of the health-first development strategy and draws an all-round blueprint for people's livelihood protection centered on people's health. The pharmaceutical industry has entered a period of strategic transformation. The plan first explicitly puts forward full-chain support for the development of innovative drugs. In the same period, the General Office of the State Council issued the Opinions on Improving the Formation Mechanism of Drug Prices, clarifying the principle of "no centralized procurement for innovative drugs and centralized procurement for non-innovative drugs". It allows reasonable pricing space matching R&D investment for innovative drugs, guides pharmaceutical enterprises to increase investment in source innovation, improves the mechanism for returning value on innovation, and helps achieve the goal of high-quality development in the biopharmaceutical sector. The implementation of full-chain support policies for innovative drugs relies on high-standard professional distribution and cold-chain logistics conditions, professional hospital access and promotion capabilities, as well as the ability to explore diversified payment mechanisms, thereby generating corresponding commercial demands. Leading pharmaceutical distribution enterprises equipped with professional cold-chain capabilities, terminal pharmacy service capabilities, professional marketing capabilities and digital supply-chain management capabilities will become the indispensable link in the implementation of the national innovative drug development strategy. The national full-chain support policies for innovative drugs will bring profound structural changes and strategic opportunities to the pharmaceutical distribution industry.

China's population aging process continues to advance, with intensifying trends of declining birth rates and regional population growth and decline divergence. The demand for chronic disease drugs, long-term diagnosis and treatment, and health and wellness services among the elderly is steadily expanding, and the public's demand for all-round and full-cycle health services keeps growing. In recent years, the state has taken the silver economy as a key measure to foster new growth in consumption and actively address population aging. In July 2026, the State Council approved the 15th Five-Year Plan for Expanding Consumption, which explicitly calls for expanding the supply of health-related consumption for the elderly, improving the integrated pharmaceutical and healthcare service system, and promoting the continuous expansion of scenarios for elderly health services. Deepening population aging together with state support for the silver economy is building long-term and stable growth momentum for the medical and health market. Meanwhile, it drives the pharmaceutical distribution industry to build capabilities for targeted distribution and supply chain guarantee of chronic disease drugs, professional pharmacy and community health service capabilities, as well as supply chain integration capabilities for healthcare and elderly adapted products. Leveraging nationwide logistics networks, terminal pharmacy service capabilities and innovation collaboration capabilities, leading pharmaceutical distribution enterprises will gain first-mover advantages amid the silver economy wave and serve as hubs connecting the health demands of elderly groups with the supply of pharmaceutical and healthcare products.

Business Review

In the first half of 2026, under the leadership of the Board and the management, the Group gained an in-depth insight into the industry landscape, anchored the strategic goal of high-quality development, focused on the core business of pharmaceutical distribution, and concentrated on the key tasks of improving operational quality, risk management and control, and digital transformation. The business operated steadily in the first half of the year, with notable results in quality improvement and efficiency enhancement. As of the end of the Reporting Period, the Group recorded an operating income of RMB282,799.61 million, representing a slight decrease of 1.13% compared with the same period of the previous year; the net profit was RMB5,179.80 million, representing a year-on-year decrease of 2.95%; the net profit attributable to the parent company was RMB3,403.77 million, representing a year-on-year decrease of 1.79%.

During the Reporting Period, the Group further tapped into the potential of cost reduction and efficiency enhancement, continuously improving profitability and optimizing business quality. As of the end of the Reporting Period, the selling expense ratio, the administrative expense ratio and the financial expense ratio decreased to 2.59%, 1.23% and 0.29% respectively, and the overall expense ratio was 4.11%, representing a decrease of 0.27 percentage point year-on-year, facilitating the maintenance of the relative stability of the operating profit level. Relying on the implementation of the medical insurance direct settlement policy and the Group's scientific management and control of accounts receivable as well as special collection actions, in the first half of the year, the balance of accounts receivable of the Group decreased by 2.83% year-on-year, with the decrease in the balance of accounts receivable exceeding the decrease in operating income. The upward momentum of accounts receivable with a maturity of more than one year was effectively curbed, the overall collection situation was optimized year-on-year, and the results of accounts receivable management and control were evident. As of the end of the Reporting Period, the Group's debt structure was relatively stable, with the gearing ratio of 66.29%, representing a decrease of 2.96 percentage points compared with the same period of the previous year and a slight increase of 0.66 percentage point compared with the end of 2025, continuously strengthening the ability to withstand financial risks. The asset quality of the Group steadily improved, and the per capita efficiency level further increased.

In the first half of the year, the Group actively analyzed and judged the reform trends of industry policies and the regulatory environment, made forward-looking arrangements for various businesses, tapped into the growth potential of existing businesses while accelerating the layout of service business formats, and seized policy opportunities to promote innovation and transformation. During the Reporting Period, the retail pharmacy segment of the Group continued its good growth momentum, while the pharmaceutical distribution and medical device distribution segments developed relatively steadily. Among which, the revenue of the pharmaceutical distribution segment decreased by 1.39% year-on-year, with the revenue proportion decreasing by 0.64 percentage point year-on-year to 72.98%; the revenue size of the medical device distribution segment was basically the same as that of the same period of the previous year, with the revenue proportion increasing slightly by 0.03 percentage point year-on-year to 19.25%; the retail pharmacy segment continued to grow rapidly, with the revenue proportion increasing by 0.53 percentage point year-on-year to 6.31%.

Pharmaceutical Distribution: Seized innovative drug share by structure optimization and accelerated transformation and upgrading with marketing empowerment

In the first half of 2026, the volume-based procurement of drugs at the national and provincial alliance levels was implemented on a normalized basis, the national unified follow-up procurement of the first to eighth batches of drugs was advanced in an orderly manner, and the coverage of national negotiated varieties continued to expand, accompanied by long-term policy orientation of opposing "involution" and pursuing high quality. A red and yellow label risk warning mechanism for quoted prices of drugs was implemented nationwide, strengthening the monitoring of abnormal drug prices and further promoting the prices of drugs to return to a reasonable range. Under the combined effect of various policies, the pharmaceutical distribution industry accelerated its in-depth transformation toward high efficiency, digitalization, compliance and specialization, and the concentration of leading enterprises continued to increase.

During the Reporting Period, the Group's pharmaceutical distribution segment recorded an operating income of RMB215,496.05 million, representing a year-on-year decrease of 1.39%. Affected by multiple factors such as volume-based procurement, red-and-yellow label price governance, and medical insurance cost control, revenue of the pharmaceutical distribution segment decreased slightly year-on-year. During the Reporting Period, the Group firmly seized the development opportunities of national negotiated varieties and innovative drugs, and vigorously increased market share. The sales of national negotiated varieties and innovative drugs recorded a rapid year-on-year growth, and according to management caliber statistics, the growth rates reached 27% and 30% respectively, forming a structural complement to the decline in sales of volume-based procurement varieties and effectively hedging the downward pressure on overall revenue. The segment's overall performance remained relatively stable, and continued to demonstrate its operational resilience. In the first half of the year, affected by the decline in gross profit, the operating profit margin of the pharmaceutical distribution segment was 2.42%, representing a decrease of 0.16 percentage point year-on-year.

The national-level support policies for the full life cycle of innovative drugs have continuously generated increasing demand from suppliers for new product access, marketing services, and third-party logistics. In line with policy trends, the Group further accelerated the building of marketing teams and the enhancement of marketing capabilities, and actively promoted the compliance and high-quality development of marketing business formats. In the first half of the year, the revenue from the full-caliber marketing service achieved rapid double-digit growth, and the third-party logistics service revenue also achieved year-on-year growth. The contribution of professional CSO marketing services based on innovative drugs and specialty drugs to the overall gross profit gradually became prominent.

Medical Device Distribution: Deepened centralized procurement drove structural optimization and achieved remarkable results in medical device service transformation

In the first half of 2026, the volume-based procurement of medical devices such as high-value medical consumables was implemented on a normalized basis, the penetrating supervision of medical insurance funds was carried out, and the compliance rectification in the field of pharmaceutical purchase and sale was further advanced. The prices of medical devices declined in the terminal market, and the industry's gross profit space continued to narrow, accelerating the survival of the fittest in the market. The changes in industry policies and environment drove the continuous increase in demand from medical institutions for digitalized and intensive supply chain management. It promoted distribution enterprises to optimize their business structure and develop high value-added supply chain service business, exerting greater pressure on the medical device distribution industry to accelerate the transformation toward supply chain service providers.

Relying on the Group's key consensus on the transformation and development of the segment's business, during the Reporting Period, the medical device distribution segment focused on building medical terminal service capabilities, fully improved its full-process compliance management and control level and promoted the optimization and upgrading of the business structure. The proactive sales management and control measures for business with long credit period and high risk and low-value business initially showed effectiveness, and the operational quality and efficiency of the segment steadily improved. The medical device distribution segment recorded an operating income of RMB56,854.02

million, representing a slight year-on-year decrease of 0.35%. By category, the demand for clinically essential medical consumable products continued to increase, and sales revenue maintained its year-on-year growth momentum; affected by the continuous expansion and implementation of volume-based procurement for IVD reagents, as well as the implementation of the centralized procurement policy for large equipment in public medical institutions, the sales revenue of IVD products and equipments continued to decline year-on-year. The gross profit of the medical device distribution segment decreased accordingly, and the operating profit margin was 1.77%, representing a decrease of 0.15 percentage point year-on-year.

Facing the industry regulatory environment and market changes, the Group actively assessed reform trends, adhered to the compliance bottom line, deeply cooperated with upstream and downstream manufacturers and medical institutions to participate in various volume-based procurement projects, improved supply chain fulfillment efficiency, further consolidated the stickiness of upstream and downstream cooperation, and broadened business growth space. During the Reporting Period, the Group focused on improving business profitability, promoting the segment's business structure to gradually lean toward high value-added fields and industrial chain value-added services. The revenue of SPD services of medical device with high gross profit and medical device third-party services such as medical engineering services both achieved year-on-year growth, and the results of business transformation gradually emerged. Meanwhile, the Group continued to make efforts in the expansion of innovative business in the intelligent supply chain, and improved the full life cycle operation and management system for medical device. As of the end of June 2026, in terms of the intelligent supply chain of medical device, 35 new SPD projects and 28 single hospital centralised distribution projects were added, continuously releasing growth momentum for the segment.

Retail Pharmacy: Policies drove online and offline integration and specialty pharmacy led segment growth

In the first half of 2026, the pharmaceutical retail industry ushered in a new situation where multiple policy benefits and regulatory upgrades proceeded in parallel. The Opinions on Promoting the High-Quality Development of the Pharmaceutical Retail Industry issued by nine departments including the Ministry of Commerce was steadily implemented, continuously promoting the standardized construction of the electronic prescription circulation mechanism and encouraging innovative drugs to enter the retail pharmacy channel for sales. The demand for prescription outflow and out-of-hospital commercialization of innovative drugs was steadily released, bringing structural growth opportunities for retail enterprises with professional pharmacy service capabilities, mature compliance systems and extensive terminal layouts. In addition, the National Medical Products Administration issued the Compliance Guidelines for Online Retail of Prescription Drugs, gradually eliminating regulatory differences in areas such as prescription review, drug traceability, storage and distribution, and pharmacist management, thereby moving the online retail of prescription drugs away from a differentiated and lenient regulatory environment. Online channels meet consumers' need for convenience in immediate drug purchase and chronic disease prescription renewal, while physical stores carry scenarios such as pharmacy services, drug delivery, and patient health management. A single channel will be difficult to fully match the diversified terminal needs, and building the capability for coordinated development of online and offline will become a new round of competitive advantage for the sustainable development of the pharmaceutical retail industry.

During the Reporting Period, the Group's retail pharmacy segment continued its previous rapid growth momentum, achieving overall sales revenue of RMB18,635.02 million, representing a year-on-year increase of 8.58%. Among which, affected by factors such as the optimization and adjustment of store structure as well as the overall market environment including medical insurance cost control and price governance, the sales revenue of the Guoda Drugstore system decreased by 2.4% year-on-year; relying on the Group's wholesale-retail integration advantages and professional pharmacy service capabilities, the specialty pharmacy system deeply grasped the industry opportunities of expanded prescription circulation and accelerated out-of-hospital commercialization of innovative drugs, vigorously undertook prescription traffic such as innovative drugs, and maintained steady growth in sales revenue, thereby promoting the improvement of the segment's overall performance. Benefiting from the decrease in expenses of Guoda Drugstore and the increase in gross profit of specialty pharmacy, the operating profit margin of the retail pharmacy segment was 3.00%, representing a year-on-year increase of 0.32 percentage point. In terms of the number of stores, as of the end of June 2026, the number of stores of Guoda Drugstore was 7,975, representing a net decrease of 246 stores compared with the end of 2025; the number of stores of specialty pharmacy was 1,440, representing a net decrease of 21 stores compared with the end of 2025.

In the first half of the year, the Guoda Drugstore system continued to focus on operational quality optimization and service innovation and transformation. Guoda Drugstore actively responded to the national requirement of building a number of "health stations" close to communities and serving the people, promoting the transformation of its retail terminal system from traditional drug sales to comprehensive health services such as professional pharmacy services, chronic disease management, medication guidance, and health monitoring, and strengthening the integrated development of online and offline channels. At the operational level, it promoted refined management around the core objectives of improving profitability, reducing operating expenses, and improving store sales per square meter and per capita efficiency; it continuously deepened resource collaboration with industrial enterprises within the Group, enriched the product matrix, and focused on improving terminal market competitiveness. As of the end of the Reporting Period, the operating performance of existing comparable directly operated stores of Guoda Drugstore continued to improve compared with the overall market level, with remarkable results in expense reduction, which provided strong support for profit improvement.

The specialty pharmacy system continued to deepen its focus on prescription circulation and full-cycle patient management services, strengthened the wholesale-retail integration mechanism, improved the ability to obtain innovative drugs and high-value drugs, and efficiently undertook prescription resources from medical institutions. During the Reporting Period, the Group continuously improved the construction of the standardized service system for specialty pharmacy, increased the training of licensed pharmacists, consolidated professional pharmacy service capabilities, and was committed to building a patient-centered out-of-hospital medication service platform. At the organizational and operational level, it accelerated integration implementation, implemented a three-level flat operating model of headquarters, provincial retail platforms, and stores, achieved cost reduction and efficiency enhancement while striving to increase service fee income, and consolidated the Group's leading advantages in out-of-hospital retail in the fields of innovative drugs, rare diseases, and chronic diseases.

Transformation and Innovation: Integrated construction promoted cost reduction and efficiency enhancement and digital transformation empowered business innovation

Facing the in-depth reform of the industry and the brand-new market competition landscape, the Group made forward-looking arrangements to empower business development and deeply promoted integrated construction and digital transformation to help achieve quality improvement, efficiency enhancement and service innovation transformation, thereby breaking internal barriers, integrating all resources, and releasing scale effect.

The construction of business integration and management integration was steadily promoted. In terms of procurement integration, the Group focused on building and enhancing a compliant, standardized and integrated negotiation system and service implementation capabilities, and systematically advanced four key tasks: growing the share of strategic partners, introducing imported and innovative drug products, planning and designing integrated projects, and supporting procurement collaboration among subsidiaries, promoting the overall improvement of unified procurement. In the first half of the year, the proportion of drug sales from strategic partners increased to 60%, continuously improving bargaining power. In terms of logistics integration, the Group further promoted the integration and optimization of warehousing resources, continuously improved the logistics cost structure and operational efficiency, and promoted 35 subsidiaries to implement various cost reduction and efficiency enhancement measures. In terms of management integration, the Group continuously improved the middle and back office management and control standards of provincial companies, promoted the centralization of functions such as human resources, finance and operations into provincial companies or higher-level companies, and helped improve the profitability of the Group's subsidiaries in multiple aspects.

The implementation of the digital transformation strategy was accelerated. The Group deeply promoted the digital application of business scenarios, and built a penetrating risk management and control system relying on digital tools. As of the end of the Reporting Period, the Group's digital construction covered 15 core departments and 25 key projects, and the Group launched the construction of a procurement integration and centralized procurement platform. The Group continuously iterated the warehousing management system to accelerate the digital upgrading of logistics. In terms of the retail pharmacy segment, the Group gradually implemented the application of digital projects such as AI intelligent prescription review and member operation and promoted the construction of a patient-oriented service platform. In terms of data governance, the Group deepened the comprehensive collection and analysis of operational data, supported penetrating management and enhanced risk assessment capabilities. Currently, the Group's digital transformation has entered a new stage of coordinated planning and comprehensive implementation. By resolutely implementing the digital transformation strategy, the Group tapped into growth momentum for service innovation in various business segments, provided digital support for quality improvement and efficiency enhancement of the pharmaceutical industry supply chain, enhanced the collaborative efficiency of the entire chain, and ultimately helped the Group achieve the transformation from a traditional pharmaceutical distributor to a digitalized comprehensive pharmaceutical and healthcare service provider.

Future Prospects

The year 2026 is the opening year of the "15th Five-Year" Plan. Under the new situation of profound industry changes, the Group will anchor the strategic development vision of the "15th Five-Year Plan", adhere to the goal of high-quality development, continuously deepen internal reform and business innovation, optimize the profit structure, improve operational efficiency, and fully promote the implementation of various annual business targets, so as to lay a solid foundation for the start of the Group's "15th Five-Year Plan".

In terms of the pharmaceutical and medical device distribution segments, the Group will continuously consolidate the advantages of its core business, and coordinate the expansion of market share with the optimization of product structures. While deeply cultivating core regional markets, actively promoting innovation transformation, and enhancing core service capabilities, the Group will deepen long-term cooperation with strategic partners and key medical institution customers, and steadily increase the cooperation share of core customers. In terms of product structure optimization, the Group will actively seek distribution rights of innovative drugs and medical devices and high-value varieties, remain focused on high-quality and sustainable businesses, stabilize its revenue base, and rely on the advantages of the entire supply chain to strengthen its core competitiveness as an industry leader.

In terms of the retail pharmacy segment, the Group will adhere to the "dual-brand" coordinated development strategy of "Guoda Drugstore" and "specialty pharmacy". The Guoda Drugstore system will continuously promote refined operation, improve the full-process compliance management and control system, enhance pharmacy service capabilities, accelerate service transformation, and realize the value reshaping of existing businesses. The specialty pharmacy system will seize the policy opportunities of prescription outflow, innovative drug commercialization, and the expansion of medical insurance dual-channel, and actively undertake prescription circulation business from medical institutions. It will further improve the standardized service system of specialty pharmacy, enhance professional service capabilities, and build differentiated competitive advantages.

In terms of operation management and control and transformation upgrading, the Group will continuously focus on the orientation of operational quality and efficiency and cash flow safety, implement the risk management and control mechanism for accounts receivable, and scientifically and reasonably tap into the potential of cost reduction and efficiency enhancement. Relying on in-depth cooperation with strategic partners and core customers, the Group will promote the extension of full industrial chain value-added services, vigorously expand high value-added service businesses such as pharmaceutical marketing services, intelligent supply chain services for medical device, and third-party logistics, and accelerate the building of a second growth curve. In addition, the Group will systematically promote integrated operation and digital transformation, deeply tap into the potential for internal synergy, reduce costs and increase profits, break down data barriers, build a penetrating operation and risk management and control platform, actively explore the application of artificial intelligence in the fields of retail and logistics, and comprehensively empower business transformation and management upgrading through digitalization, thereby forging long-term competitiveness on the new journey of the "15th Five-Year Plan".

Financial Summary

The financial summary set out below is extracted from the unaudited financial statements of the Group for the Reporting Period which were prepared in accordance with the HKASs 34 Interim Financial Reporting.

During the Reporting Period, the Group recorded revenue of RMB282,799.61 million, representing a decrease of RMB3,243.39 million or 1.13% as compared with the corresponding period of last year.

During the Reporting Period, the Group recorded a net profit of RMB5,179.80 million, representing a decrease of RMB157.44 million or 2.95% as compared with the corresponding period of last year; profit attributable to owners of the parent amounted to RMB3,403.77 million, representing a decrease of RMB61.92 million or 1.79% as compared with the corresponding period of last year.

During the Reporting Period, basic earnings per share of the Company amounted to RMB1.09, representing a decrease of 1.80% as compared with the corresponding period of last year.

Unit: in millions of RMB unless otherwise stated

	Six months ended 30 June 2026	Six months ended 30 June 2025	Change
Operating result			
Revenue	**282,799.61**	286,043.00	(3,243.39)
Earnings before interest and tax	**7,753.61**	8,205.27	(451.66)
Profit attributable to owners of the parent	**3,403.77**	3,465.69	(61.92)
Profitability			
Gross margin	**6.74%**	7.11%	decrease by 0.37 percentage point
Operating margin	**2.53%**	2.60%	decrease by 0.07 percentage point
Net profit margin	**1.83%**	1.87%	decrease by 0.04 percentage point
Earnings per share – Basic (RMB)	**1.09**	1.11	(0.02)

Unit: in millions of RMB unless otherwise stated

	Six months ended 30 June 2026	Six months ended 30 June 2025	Change
Key operational indicators			
Trade receivables turnover ratio (days)	**145**	143	2
Inventory turnover ratio (days)	**45**	44	1
Trade payables turnover ratio (days)	**103**	103	–
Current ratio (times)	**1.40**	1.34	0.06

Unit: in millions of RMB unless otherwise stated

	30 June 2026	31 December 2025	Change
Asset position			
Total assets	**404,426.58**	390,361.21	14,065.37
Equity attributable to owners of the parent	**85,194.06**	83,953.38	1,240.68
Gearing ratio	**66.29%**	65.63%	increase by 0.66 percentage point
Cash and cash equivalents	**31,044.91**	48,796.13	(17,751.22)

Revenue

During the Reporting Period, the Group recorded revenue of RMB282,799.61 million, representing a decrease of 1.13% as compared with RMB286,043.00 million for the six months ended 30 June 2025. This decrease was due to the decrease in revenue from the Group's pharmaceutical distribution business and medical device distribution business.

- **Pharmaceutical distribution segment**: During the Reporting Period, the revenue from pharmaceutical distribution of the Group was RMB215,496.05 million, representing a decrease of 1.39% as compared with RMB218,527.36 million for the six months ended 30 June 2025 and accounting for 72.98% of the total revenue of the Group. The decline is primarily attributable to a combination of factors, including volume-based procurement (VBP), the red-and-yellow label price governance, and healthcare insurance regulatory oversight.

- **Medical device distribution segment**: During the Reporting Period, the revenue from medical device distribution of the Group was RMB56,854.02 million, representing a decrease of 0.35% as compared with RMB57,052.73 million for the six months ended 30 June 2025 and accounting for 19.25% of the total revenue of the Group. The decline in sales revenue of medical instruments and equipment is primarily attributable to the implementation of the centralized procurement policy for large-scale equipment by public medical institutions.

- **Retail pharmacy segment**: During the Reporting Period, the revenue from retail pharmacy of the Group was RMB18,635.02 million, representing an increase of 8.58% as compared with RMB17,162.12million for the six months ended 30 June 2025 and accounting for 6.31% of the total revenue of the Group. The increase was primarily attributable to the growth in sales revenue of the Group's specialty pharmacies.

- **Other business segment**: During the Reporting Period, the revenue from other business of the Group was RMB4,288.18 million, representing an increase of 5.20% as compared with RMB4,076.03 million for the six months ended 30 June 2025, primarily due to the increase in revenue from industrial products.

Cost of Sales

During the Reporting Period, the cost of sales of the Group was RMB263,728.13 million, representing a decrease of 0.74% as compared with RMB265,696.09 million for the six months ended 30 June 2025, which was comparable to the decline in the sales revenue.

Gross Profit

During the Reporting Period, the gross profit of the Group was RMB19,071.48 million, representing a decrease of 6.27% as compared with RMB20,346.91 million for the six months ended 30 June 2025, which was mainly due to the decline in the revenue scale of the Group.

The gross profit margin of the Group for the six months ended 30 June 2026 was 6.74%, and the gross profit margin for the corresponding period in 2025 was 7.11%.

Other Income

During the Reporting Period, the other income of the Group was RMB188.24million, representing a decrease of 21.92% as compared with RMB241.10 million for the six months ended 30 June 2025, primarily due to the decrease in subsidies obtained by the Group from the central and local governments.

Selling and Distribution Expenses

During the Reporting Period, the selling and distribution expenses of the Group were RMB7,321.45 million, representing a decrease of 6.67% as compared with RMB7,844.86 million for the six months ended 30 June 2025.

Administrative Expenses

During the Reporting Period, the administrative expenses of the Group were RMB3,471.48 million, representing a decrease of 5.37% from RMB3,668.49 million for the six months ended 30 June 2025.

The proportion of the administrative expenses of the Group to the total revenue of the Group decreased from 1.28% for the six months ended 30 June 2025 to 1.23% for the Reporting Period.

Operating Profit

As a result of the above-mentioned factors, during the Reporting Period, the operating profit of the Group was RMB7,145.57 million, representing a decrease of 4.03% from RMB7,445.69 million for the six months ended 30 June 2025.

Other Gains – Net

During the Reporting Period, the other net gains of the Group was RMB65.35 million, representing a decrease of RMB6.24 million as compared with other net gains of RMB71.59 million for the six months ended 30 June 2025. Such decrease is mainly due to the decrease in the reversal of unpayable amounts in the current period.

Other Expenses

During the Reporting Period, other expenses of the Group were RMB44.42 million, representing an increase of RMB44.56 million as compared with the reversal of other expenses of the Group for the six months ended 30 June 2025 of RMB0.14 million. The increase was mainly due to the impairment losses on intangible assets.

Finance Costs – Net

During the Reporting Period, the finance costs – net of the Group were RMB808.72 million, representing a decrease of RMB186.66 million as compared with RMB995.38 million for the six months ended 30 June 2025, mainly due to a lowered interest rate, resulting in a reduction in financial costs.

Share of Profits and Losses of Associates

During the Reporting Period, the Group's share of profits and losses of associates was RMB585.86 million, representing a decrease of 14.68% as compared with RMB686.63 million for the six months ended 30 June 2025.

Share of Profits and Losses of Joint Ventures

During the Reporting Period, the Group's share of profits and losses of joint ventures was RMB1.25 million, representing an increase of 1.63% as compared with RMB1.23 million for the six months ended 30 June 2025, mainly due to the increase in business results of joint ventures.

Income Tax Expense

During the Reporting Period, the income tax expense of the Group was RMB1,765.09 million, representing a decrease of 5.74% as compared with RMB1,872.65 million for the six months ended 30 June 2025, primarily due to make-up payments for income taxes from prior years in the previous period.

Profit for the Period

As a result of the above-mentioned factors, the profit for the Reporting Period of the Group was RMB5,179.80 million, representing a decrease of 2.95% from RMB5,337.25 million for the six months ended 30 June 2025. The Group's net profit margin for the Reporting Period and for the corresponding period of 2025 was 1.83% and 1.87%, respectively.

Profit Attributable to Owners of the Parent

During the Reporting Period, profit attributable to owners of the parent was RMB3,403.77 million, representing a decrease of 1.79% or RMB61.92 million from RMB3,465.69 million for the six months ended 30 June 2025.

Profit Attributable to Non-controlling Interests

During the Reporting Period, profit attributable to non-controlling interests was RMB1,776.03 million, representing a decrease of 5.10% from RMB1,871.56 million for the six months ended 30 June 2025.

Liquidity and Capital Sources

Working capital

As at the end of the Reporting Period, the Group's cash and cash equivalents amounted to RMB31,044.91 million (31 December 2025: RMB48,796.13million), primarily comprising cash, bank savings and cash generated from operating activities during the current period.

Cash flow

The cash of the Group is primarily used for financing working capital, repaying credit interest and principal due, financing acquisitions and providing funds for capital expenditures, growth and expansion of the Group's facilities and operations.

Net cash used in operating activities

The Group's cash outflow from operations primarily derives from payments for the purchase of raw material and provision of services in its pharmaceutical distribution, retail pharmacy, medical device distribution and other business segments. During the Reporting Period, the Group's net cash used in operating activities amounted to RMB23,762.76 million. The net cash used in operating activities of the Group was RMB34,111.09 million for the six months ended 30 June 2025. Such decrease was primarily attributable to the collection of trade receivables and the decreased payment in trade payables during the Reporting Period.

Net cash (used in)/generated from investment activities

During the Reporting Period, the net cash generated from investment activities of the Group was RMB8.77 million. The net cash used in investment activities for the six months ended 30 June 2025 was RMB531.24 million. Such increase was primarily due to increase in fixed-term deposits recovered in the current period.

Net cash generated from financing activities

During the Reporting Period, the net cash generated from financing activities of the Group was RMB6,000.31 million, representing a decrease of RMB9,578.69 million as compared with RMB15,579.00 million for the six months ended 30 June 2025. Such decrease was primarily due to the decrease in proceeds from borrowings obtained and the increase in payments for repayment of borrowings during the Reporting Period.

Capital Expenditure

The Group's capital expenditures were primarily utilised for the development and expansion of distribution channels, upgrading of its logistic delivery systems and decoration of new stores and equipment purchase. The Group's capital expenditures for the Reporting Period amounted to RMB1,578.86 million, representing a decrease of RMB228.23 million as compared with RMB1,807.09 million for the six months ended 30 June 2025, mainly due to the decrease in the expenditure on the purchase of property, plant and equipment.

The Group's current plans with respect to its capital expenditures may be modified according to the progress of its operation plans (including changes in market conditions, competition and other factors). As the Group continues to expand, it may incur additional capital expenditures. The Group's ability to obtain additional funding in the future is subject to a variety of uncertain factors, including the future operating results, financial condition and cash flows of the Group, economic, political and other conditions in mainland China and Hong Kong, and the PRC government's policies relating to foreign currency borrowings.

Capital Structure

Fiscal resources and fiscal policies

During the Reporting Period, the Group made certain improvement and adjustments to its capital structure, so as to relieve fiscal risks and reduce finance costs. The businesses of the Group faced a variety of fiscal risks: market risk (including foreign exchange risks, fair value and cash flow interest rate risk), credit risk and liquidity risk. The Group's risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group has not used any derivative financial instrument to hedge its risk exposures on changes in foreign currency exchange rates and interest rates.

The Group had successfully issued super short-term financing bonds in an aggregate amount of RMB1 billion during the Reporting Period for the purposes of broadening financing channels and reducing financing costs, so as to repay bank loans as well as to replenish working capital.

The Group's borrowings are mainly denominated in RMB.

As at 30 June 2026, the cash and cash equivalents of the Group were mainly denominated in RMB, with certain amount denominated in Hong Kong Dollars ("**HKD**") and small amount denominated in United States Dollars ("**USD**"), Euro ("**EUR**"), Swiss Franc, Great Britain Pound and Japanese Yen.

Indebtedness

As at 30 June 2026, the Group had aggregated banking facilities of RMB342,265.28 million (31 December 2025: RMB324,753.19 million), of which RMB222,169.63million (31 December 2025: RMB201,040.79 million) were not yet utilised and are available to be drawn down at any time. Such banking facilities are primarily short-term loans for working capital. Among the Group's total borrowings as at 30 June 2026, RMB70,750.26 million (31 December 2025: RMB63,321.16million) will be due within one year and RMB4,214.96 million (31 December 2025: RMB3,645.48 million) will be due after one year. During the Reporting Period, the Group did not experience any difficulties in renewing the bank loans with its lenders. As at 30 June 2026, all of the Group's borrowings from banks and other financial institutions were carried at floating interest rates and the weighted average effective annual interest rate for the six months ended 30 June 2026 was 2.28% (for the year ended 31 December 2025: 2.50%).

Gearing ratio

As at 30 June 2026, the Group's gearing ratio was 66.29% (31 December 2025:65.63%), which was calculated based on the total liabilities divided by the total assets as at 30 June 2026.

Credit Risk

The Group will focus on the recovery of account receivables with a maturity of more than one year, inventory risk and liquidity control, credit exposure and other potential risks, coordinate development and safety, continuously improve the level of compliance supervision, and prevent and control business operation risks. Meanwhile, the Group will continue to review the credit risk of trade receivables and fully consider changes in business structure and customer structure, changes in the macroeconomic environment and specific industry factors. At the same time, the Group will also continue to review the Group's customer credit risk characteristic portfolios to ensure that the division of credit risk characteristic portfolios can fully reflect the risk characteristics of different types of customers, and the Group will assess the accounting estimates such as historical observed default rates and forward-looking adjustments in a more prudent manner to ensure that the provision matrix of the Group's expected credit loss can fully reflect the impairment provisions for trade receivables. As at 30 June 2026, the trade and notes receivables of the Group in aggregate amounted to RMB236,432 million (31 December 2025: RMB205,622 million) and its aging analysis is set out in note 14 to the consolidated financial statements.

The Group has established a sound customer credit management system and trade receivables management measures to prevent credit risks and improve the turnover efficiency of trade receivables, and major measures included but not limited to: (i) establishing a scientific and rational credit evaluation model to strictly review and approve customers' credit limits and credit periods; (ii) reviewing the actual sales, collection of trade receivables and financial information of customers on a regular basis, and implementing a dynamic management on customers' credit limits and terms; (iii) strengthening the regular monitoring and analysis of several indicators such as the balance of trade receivables with a maturity of more than one year, balance of trade receivables overdue and turnover days of trade receivables based on different customer bases; and (iv) strengthening the reconciliation and collection of trade receivables, especially receivables with a maturity of more than one year and overdue receivables, developing practical collection measures and repayment terms, and other necessary measures.

Foreign Exchange Risks

The Group's operations are mainly located in the PRC and most of its transactions are denominated and settled in RMB. However, the Group is exposed to foreign exchange risks to a certain extent as certain cash and cash equivalents, borrowings from banks and other financial institutions and trade payables are denominated in foreign currencies, the majority of which are USD, HKD and EUR. During the Reporting Period, the Group had no corresponding hedging arrangements.

Pledge of Assets

As at 30 June 2026, part of the Group's borrowings and notes payable were secured by trade and notes receivables with book value of RMB2,418.98million (31 December 2025: RMB2,146.10 million), bank deposits of RMB8,670.49 million (31 December 2025: RMB10,138.92million), properties, plant and equipment with book value of RMB0.00 million (31 December 2025: RMB0.00 million).

Going Concern

Based on the current financial forecast and available financing facilities, the Group has sufficient financial resources for ongoing operation in the foreseeable future. As such, the financial statements were prepared on a going concern basis.

CONTINGENT LIABILITIES AND MATERIAL LITIGATIONS

As at 30 June 2026, the Group neither had any material contingent liabilities, nor had any material litigations.

SIGNIFICANT INVESTMENT

During the Reporting Period, the Group had no significant investments. As at the date of this announcement, the Board has not approved any plans for material investments or purchase of capital assets.

MAJOR ACQUISITIONS AND DISPOSALS

During the Reporting Period, the Group had no material acquisitions and disposals with respect to subsidiaries, associates and joint ventures.

HUMAN RESOURCES

As at 30 June 2026, the Group had a total of 90,447 employees (as at 30 June 2025: 100,251 employees). The Group has always adhered to the development philosophy that is "talents are the Group's core competitiveness". With the goal of supporting strategic implementation and driving high-quality development, the Group has established a professional and integrated human resource management system. Through scientific talent selection, systematic training and development and diverse incentive and restraint mechanisms, the Group has established a high-quality talent team.

For personnel employment, the Company established strict and standardized selection standards and procedures, adhered to the principle of selecting candidates with ability and integrity, and talent-post matching, and accurately selected outstanding talents who align with the Company's values and job requirements, injecting fresh vitality into the Company's sustainable development.

For talent development, the Company focused on the growth needs of employees at different functions and levels, and built a tiered and categorized training system to help employees improve their professional skills and overall quality, so as to achieve the resonance between personal development of employees and strategic goals of the Company.

For performance management, the Company implemented company-wide performance assessment with performance contributions as the core evaluation criterion. The Company closely linked performance assessment results with remuneration adjustments, promotions and career development, fully stimulating employees' enthusiasm and initiative in their work and entrepreneurship.

For remuneration strategies, based on the principle of "performance-oriented remuneration, prioritizing efficiency and considering fairness", the Company established a remuneration system with position value and ability as basis and performance contribution as the cornerstone. The employee remunerations include multiple dimensions such as basic salary, performance-based remuneration, bonus and piece rate wage. The Company further adopted a combination of short-term and medium- and long-term incentives, adhered to the performance-oriented principle while giving consideration to balance, and designed a remuneration structure comprising "basic remuneration, performance-based remuneration, and medium- and long-term incentives" for operational management, demonstrating the principles of "diversified structure, dynamic adjustments, value creation, the incremental value distribution, sharing benefits and risks, and aligning with market benchmarks", and upheld the compliance bottom line in remuneration management, which promoted the formation of a community of interests between operational management and the Company and facilitated the Company to achieve its long-term strategic goals. Details of employee benefit expenses of the Group during the Reporting Period are set out in the Note 9 to the consolidated financial statements.

Purchase, Sale or Redemption of Listed Securities of the Company

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sales of treasury shares (the "**Treasury Shares**") within the meaning under the Rules Governing the Listing of Securities on The Hong Kong Stock Exchange (the "**Listing Rules**")). As at 30 June 2026, the Company did not hold any Treasury Shares.

DIVIDENDS

Pursuant to the relevant resolution passed at the 2025 annual general meeting of the Company convened on 18 June 2026, the Company paid the final dividend for the year ended 31 December 2025 to the shareholders of the Company on 18 August 2026, totaling approximately RMB2,153,253,000.

The Board did not recommend the distribution of an interim dividend for the six months ended 30 June 2026 (for the six months ended 30 June 2025: Nil).

AUDIT COMMITTEE

As at the date of this report, the Audit Committee of the Company comprises five directors, including three independent non-executive directors, namely Mr. Wu Tak Lung, Mr. Li Peiyu and Mr. Shi Shenghao, two non-executive directors, namely Mr. Zu Jing and Mr. Wen Deyong, Mr. Wu Tak Lung currently serves as the chairman. The Audit Committee has reviewed the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2026 and agreed on the accounting treatment adopted by the Company.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE (THE "CORPORATE GOVERNANCE CODE") SET OUT IN APPENDIX C1 TO THE LISTING RULES

The Company has adopted all the code provisions contained in the Corporate Governance Code as the code of corporate governance of the Company. Save as disclosed below, during the Reporting Period, the Company had complied with the code provisions as set out in the Corporate Governance Code.

Pursuant to Code Provision B.3.5 of the Corporate Governance Code, which requires listed issuers to appoint at least one director of a different gender to the nomination committee. During the Reporting Period, all members of the Nomination Committee of the Board of the Company (the "**Nomination Committee**") were of the same gender. Following the resolution of the Board on 18 August 2026 to appoint Ms. Li Ying as a member of the Nomination Committee, the composition of the Nomination Committee has been in compliance with Code Provision B.3.5 of the Corporate Governance Code.

SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as the code of practice for directors and supervisors in respect of their trading in the listed securities of the Company. Having made specific enquiries with all the directors and supervisors, all of them confirmed that they had complied with the requirements for securities transactions of directors and supervisors as set out in the Model Code during the Reporting Period.

DISCLOSURE OF INFORMATION

This results announcement will be published on the websites of the Company (http://www. sinopharmgroup. com.cn) and the Hong Kong Stock Exchange (http://www.hkexnews.hk). The Company's interim report for 2026 which contains all the information required under the Listing Rules will be despatched to the shareholders according to the manner in which the shareholders of the Company have elected to receive corporate communications and published on the websites of the Company and the Hong Kong Stock Exchange in due course.

By order of the Board
Sinopharm Group Co. Ltd.
Jin Bin
Chairman

Shanghai, the PRC
21 August 2026

As at the date of this announcement, the executive Directors are Mr. Lian Wanyong and Mr. Yang Binghua; the non-executive Directors are Mr. Jin Bin, Mr. Chen Qiyu, Mr. Zu Jing, Mr. Xing Yonggang, Mr. Ma Yue, Mr. Chen Yuqing, Mr. Wen Deyong and Ms. Li Ying; and the independent non-executive Directors are Mr. Li Peiyu, Mr. Wu Tak Lung, Mr. Yu Weifeng, Mr. Shi Shenghao and Mr. Chen Weiru.