AK MEDICAL HOLDINGS LIMITED
愛康醫療控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 1789)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2026

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

FINANCIAL HIGHLIGHTS

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

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2026 – unaudited
(Expressed in RMB)

	Note	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Non-current assets			
Property, plant and equipment	6	**690,880**	699,739
Intangible assets		**82,507**	81,131
Goodwill		**113,411**	113,411
Deferred tax assets		**66,752**	68,500
		953,550	962,781
Current assets			
Inventories		**470,374**	459,218
Trade receivables	7	**739,720**	627,655
Bills receivables	7	**41,783**	66,508
Deposits, prepayments and other receivables		**86,943**	80,504
Other financial assets		**114,919**	851,915
Time deposits and restricted cash		**56,478**	256,934
Cash and cash equivalents		**1,078,539**	357,231
		2,588,756	2,699,965
Current liabilities			
Trade payables	8	**153,619**	138,812
Bills payable		**65,335**	58,294
Contract liabilities		**68,646**	85,723
Accruals and other payables		**405,695**	278,728
Bank loans	9	**949**	71,958
Lease liabilities		**3,483**	4,985
Current taxation		**18,202**	19,442
		715,929	657,942
Net current assets		**1,872,827**	2,042,023
Total assets less current liabilities		**2,826,377**	3,004,804

	Note	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Non-current liabilities			
Deferred income		**17,607**	18,885
Other payables		**7,500**	7,372
Lease liabilities		**3,754**	4,273
Bank loans	*9*	**4,743**	5,218
Deferred tax liabilities		**38,478**	56,142
		72,082	91,890
NET ASSETS		**2,754,295**	2,912,914
Capital and reserves			
Share capital	*10(a)*	**9,534**	9,528
Reserves		**2,744,761**	2,903,386
Total equity attributable to equity shareholders of the Company		**2,754,295**	2,912,914
TOTAL EQUITY		**2,754,295**	2,912,914

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB'000 unless otherwise indicated)

1 BASIS OF PREPARATION

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

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

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

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

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

2 CHANGES IN ACCOUNTING POLICIES

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

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

3 REVENUE AND SEGMENT INFORMATION

(a) Revenue

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

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

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

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

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

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

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

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

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

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

(c) Reconciliations of reportable segment profit or loss

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

4 INCOME TAX

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

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

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

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

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

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

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

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

5 EARNINGS PER SHARE

(a) Basic earnings per share

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

Weighted average number of ordinary shares

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

(b) Diluted earnings per share

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

Weighted average number of ordinary shares (diluted)

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

6 PROPERTY, PLANT AND EQUIPMENT

Acquisitions of owned assets

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

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

7 TRADE AND BILLS RECEIVABLES

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

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

Ageing analysis

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

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

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

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

8 TRADE PAYABLES

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

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

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

9 BANK LOANS

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

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

10 CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

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

(b) Dividends

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW AND OUTLOOK

Overview

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

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

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

In terms of digital orthopedics, the Company's digital and smart orthopedics business has entered a phase of rapid implementation and volume ramp-up, emerging as a new growth engine. The market expansion for its core product, the orthopedic surgical robot, yielded significant results, with a cumulative total of 11 units successfully sold and deployed in the first half of the year, achieving simultaneous breakthroughs and multiple successes both domestically and internationally. In the domestic market, the Company continued to deeply cultivate end-user medical institutions, successfully securing bids and completing installations for multiple devices. Notably, the vast majority of these installations were in top-tier domestic hospitals. This achievement lays an exceptional foundation for sustained business momentum moving forward and will further enhance customer stickiness and competitive edge of the prosthesis business. Coupled with the release of the Guidelines for the Establishment of Pricing Items for Surgical and Therapeutic Auxiliary Operation Medical Services (Trial) issued by the National Healthcare Security Administration (NHSA) in January 2026, the commercialization bottlenecks for innovative operations, such as surgical robots, 3D smart auxiliary diagnosis and treatment, and customized prostheses, have been comprehensively dismantled. As the market for these innovative ventures continues to broaden, the Company's overall profitability is expected to steadily improve.

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

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

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

Business of Hip and Knee Implants

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

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

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

Spinal and Trauma Implants Business

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

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

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

International Business

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

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

Digital Orthopedics Products and Intelligent Equipment

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

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

Research and Development

Orthopedic Implants

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

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

Orthopedic Surgical Robots

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

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

iCOS Digital Orthopedics Platform

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

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

Scientific Research Achievements

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

Sales and Marketing

Promotion of the Conventional Implant Prosthesis Business

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

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

Promotion of Digital Orthopedics and Orthopedic Intelligent Equipment

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

Promotion of International Business

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

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

Production and Manufacturing

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

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

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

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

Strategic Prospect

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

Orthopedic Robotics

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

Dual-brand Strategy Continues to Expand Overseas Markets

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

AI Empowering the Construction of Digital Orthopedics Ecosystem

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

FINANCIAL REVIEW

Overview

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

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

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

Revenue

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

Notes:

(1) Including 3D-printed hip replacement implants;

(2) Including 3D-printed knee replacement implants;

(3) Including 3D-printed spinal and trauma implants;

(4) Including customized joint, pelvic, spinal and trauma implant products, customized value-added surgical services and orthopedic surgical robots;

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

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

Hip and Knee Replacement Implant Products

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

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

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

Spinal and Trauma Implant Products

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

Digital Orthopedics Products and Intelligent Equipment

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

Domestic and Overseas Sales

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

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

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

Cost of Sales

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

Gross Profit and Gross Margin

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

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

Other Income, Net

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

Selling and Distribution Expenses

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

General and Administrative Expenses

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

Research and Development Expenses

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

Net Finance Income

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

Income Tax Expenses

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

Liquidity and Financial Resources

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

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

Net Current Assets

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

Foreign Exchange Exposure

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

Capital Expenditure

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

Charge of Assets/Pledge of Assets

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

Borrowings and Gearing Ratio

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

Contingent Liabilities

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

Significant Investments

The Group did not hold any significant investments in the equity interests of any other companies as at 30 June 2026.

Future Plans for Material Investments and Capital Assets

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

Employee and Remuneration Policy

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

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

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

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

Subsequent Events

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

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

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

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

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

As of 30 June 2026, all the repurchased Shares have not been cancelled by the Company. Among these 47,822,000 repurchased Shares, 32,260,000 Shares were held as treasury Shares (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**")) (the "**Treasury Shares**").

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

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

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Board and management are committed to achieving high corporate governance standards. The Board has reviewed the Company's corporate governance practices and is satisfied that the Group has been in compliance with the applicable code provisions set out in Part 2 of the Corporate Governance Code contained in Appendix C1 to the Listing Rules throughout the six months ended 30 June 2026 and up to the date of this announcement, with the exception of code provision C.2.1 (the "**Code Provision C.2.1**").

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

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 conduct regarding securities transactions by Directors. Specific enquiries were made to all the Directors and the Directors confirmed that they had fully complied with the Model Code for transactions in the Group's securities throughout the six months ended 30 June 2026.

The Company has also established written guidelines on no less exacting terms than the Model Code (the "**Employees Written Guidelines**") for securities transactions by employees who are likely to be in possession of unpublished inside information of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company throughout the six months ended 30 June 2026.

REVIEW BY THE AUDIT COMMITTEE

The Group's interim results for the six months ended 30 June 2026 have been reviewed by all members of the Audit Committee. Based on such review, the Audit Committee was satisfied that the Group's unaudited interim results were prepared in accordance with applicable accounting standards. The Audit Committee does not have any disagreement with the accounting treatment adopted by the Company.

The interim financial results are unaudited but derived from the interim financial report reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity,* issued by the Hong Kong Institute of Certified Public Accountants.

INDEPENDENT REVIEW BY AUDITOR

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

INTERIM DIVIDEND

The Board did not recommend to declare any interim dividend for the six months ended 30 June 2026 (for the six months ended 30 June 2025: Nil).

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement has been published on the websites of HKEXnews operated by Hong Kong Exchanges and Clearing Limited (https://www.hkexnews.hk) and the Company (https://www.ak-medical.net), respectively. The interim report of the Group for the six months ended 30 June 2026 containing all the information required by the Listing Rules will be despatched to shareholders of the Company (if requested) and will be published on the aforementioned websites in accordance with the Listing Rules in due course.

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

Hong Kong, 26 August 2026

As at the date of this announcement, the Board comprises Mr. Li Zhijiang, Ms. Zhang Bin, Mr. Zhang Chaoyang and Ms. Zhao Xiaohong as executive Directors, Dr. Wang David Guowei as non-executive Director, and Mr. Kong Chi Mo, Dr. Li Shu Wing David and Dr. Gao Wei as independent non-executive Directors.