創美·CH'MEI

Charmacy Pharmaceutical Co., Ltd.
創美藥業股份有限公司

(A joint stock limited liability company incorporated in the People's Republic of China)

(Stock Code: 2289)

ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2026

2026 INTERIM RESULTS HIGHLIGHTS

	For the six months ended 30 June		**Year-on-year change**
	2026	2025	
	RMB'000	*RMB'000*	
	(Unaudited)	(Unaudited)	
Operating revenue	**2,448,111**	2,155,071	**13.60%**
Total profit	**34,555**	32,629	**5.90%**
Net profit attributable to the shareholders of parent company	**22,556**	21,739	**3.76%**
Basic and diluted earnings per share (expressed in RMB per share)	**0.2088**	0.2013	**3.76%**

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Director(s)**") of Charmacy Pharmaceutical Co., Ltd. (the "**Company**" or "**we**") is pleased to announce 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**"), together with the comparative figures for the corresponding period in 2025.

In this announcement, certain amounts and percentage figures have been subject to rounding adjustments, or have been rounded to one or two decimal places. Any discrepancies in any tables, chats or elsewhere between total and sums of amounts listed therein are due to rounding.

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2026

Item	Notes	For the six months ended 30 June	
		2026	2025
		RMB	*RMB*
		(Unaudited)	(Unaudited)
I. Total operating revenue		**2,448,110,992.21**	2,155,071,479.51
Incl: Operating revenue	*4*	**2,448,110,992.21**	2,155,071,479.51
II. Total operating cost		**2,404,670,586.36**	2,115,726,066.82
Incl: Operating cost	*4*	**2,288,692,899.51**	1,994,326,096.78
Taxes and surcharges		**4,474,051.16**	4,793,532.40
Selling expenses		**60,409,091.81**	60,443,374.81
Management expenses		**22,772,212.32**	22,473,336.66
Research & development expenses			
Finance costs	*6*	**28,322,331.56**	33,689,726.17
Incl: Interest expenses		**28,931,317.19**	31,055,269.10
Interest income		**2,544,107.85**	1,147,053.30
Add: Other income		**86,224.41**	66,344.15
Investment income ("–" for loss)			
Incl: Investment income from associates and joint ventures			
Financial assets measured at amortised cost are derecognised earnings			
Exchange gains ("–" for loss)			
Frequent exposure to hedge gains ("–" for loss)			
Gain on change in fair value ("–" for loss)			
Impairment loss of credit ("–" for loss)		**-4,727,865.74**	-2,314,610.52
Impairment loss of assets ("–" for loss)		**-4,239,759.66**	-4,072,352.01
Gains on disposal of assets ("–" for loss)		**21,946.89**	7,778.91
III. Operating profit ("–" for loss)		**34,580,951.75**	33,032,573.22
Add: Non-operating revenue		**100,426.32**	5,579.85
Less: Non-operating expenses		**126,172.98**	409,361.88
IV. Total profit ("–" for total loss)		**34,555,205.09**	32,628,791.19
Less: Income tax expense	*7*	**11,999,571.03**	10,889,767.52
V. Net profit ("–" for net loss)		**22,555,634.06**	21,739,023.67
(I) By continuity of operations		**22,555,634.06**	21,739,023.67
1.Net profit from continuing operation ("–" for net loss)		**22,555,634.06**	21,739,023.67
2.Net profit from discontinued operation ("–" for net loss)			
(II) By ownership		**22,555,634.06**	21,739,023.67
1.Net profit attributable to the shareholders of parent company ("–" for net loss)		**22,555,634.06**	21,739,023.67
2.Profit of loss of minority interests ("–" for net loss)			

Item	Notes	For the six months ended 30 June 2026 RMB (Unaudited)	2025 RMB (Unaudited)
VI. Net of tax of other comprehensive income			
Net of tax of other comprehensive income attributable to the shareholders of parent company			
(I) Other comprehensive income not subject to reclassification to profit or loss in future			
1. Remeasure the change in the set benefit plan			
2. Other comprehensive income under the equity method that cannot be converted into profit or loss			
3. Change in fair value of other equity instrument investments			
4. Changes in the fair value of the enterprise's own credit risk			
5. Others			
(II) Other comprehensive income to be reclassified into profit or loss in future			
1. Other comprehensive income of convertible profit or loss under the equity method			
2. Changes in the fair value of other debt investments			
3. The amount of financial assets reclassified into other comprehensive income			
4. Other debt investment credit impairment provisions			
5. Cash flow hedging reserve (effective part of cash flow hedging profit or loss)			
6. Conversion difference of foreign currency statement			
7. Others			
Net other comprehensive income after-tax which belongs to minority interests			
VII. Total comprehensive income		**22,555,634.06**	21,739,023.67
Total comprehensive income attributable to the shareholders of parent company		**22,555,634.06**	21,739,023.67
Total comprehensive income attributable to minority interests			
VIII. Earnings per share:			
(I) Basic earnings per share	*8*	**0.2088**	0.2013
(II) Diluted earnings per share	*8*	**0.2088**	0.2013

CONSOLIDATED BALANCE SHEET

As at 30 June 2026

Item	*Notes*	**30 June 2026** *RMB* **(Unaudited)**	31 December 2025 *RMB* (Audited)
Current assets:			
Monetary funds		**530,101,017.21**	753,600,413.93
Trading financial assets			
Derivative financial assets			
Bills receivables	*10*	**30,132,508.12**	17,289,275.00
Trade receivables	*11*	**1,414,246,659.25**	1,243,087,394.70
Accounts receivable financing	*12*	**73,315,519.17**	692,811.61
Prepayments		**515,845,785.51**	687,007,063.29
Other receivables		**14,981,229.10**	13,083,638.37
Inventories		**902,278,498.77**	796,247,981.30
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets		**63,516,373.50**	49,934,227.64
Total current assets		**3,544,417,590.63**	3,560,942,805.84
Non-current assets:			
Debt investments			
Other debt investments			
Long-term accounts receivable			
Long-term equity investments			
Other equity instrument investments			
Other non-current financial assets			
Investment properties			
Fixed assets		**258,062,052.01**	265,837,238.81
Construction in progress			
Right-of-use assets		**24,630,476.98**	28,734,885.00
Intangible assets		**66,228,819.38**	68,326,234.96
Development expenditure			
Goodwill		**5,997,776.04**	5,997,776.04
Long-term prepaid expenses		**16,485,301.12**	18,689,209.17
Deferred income tax assets		**12,735,003.08**	11,480,183.50
Other non-current assets			
Total non-current assets		**384,139,428.61**	399,065,527.48
Total assets		**3,928,557,019.24**	3,960,008,333.32

Item	Notes	30 June 2026 RMB (Unaudited)	31 December 2025 RMB (Audited)
Current liabilities:			
Short-term borrowings		**1,241,289,804.46**	1,119,208,450.32
Trading financial liabilities			
Derivative financial liabilities			
Bills payables	*13*	**781,508,328.87**	894,063,038.32
Accounts payables	*14*	**513,050,480.85**	511,220,550.66
Advance receipts			
Contract liabilities		**4,774,112.27**	5,022,537.13
Salaries payable to employees		**5,564,275.76**	11,677,086.51
Taxes payable		**71,208,072.81**	64,763,369.79
Other payables		**634,595,382.12**	661,337,494.93
Liabilities held for sale			
Non-current liabilities due within one year		**13,520,179.83**	13,216,670.70
Other current liabilities		**620,634.59**	642,672.53
Total current liabilities		**3,266,131,271.56**	3,281,151,870.89
Non-current liabilities:			
Long-term borrowings		**36,000,000.00**	38,100,000.00
Bonds payable			
Incl: Preferred stock			
Perpetual note			
Lease liabilities		**19,498,114.02**	24,206,604.58
Long-term payables			
Long-term payroll payable			
Accruals and provisions			
Deferred income			
Deferred income tax liabilities		**408,144.56**	186,002.81
Other non-current liabilities			
Total non-current liabilities		**55,906,258.58**	62,492,607.39
Total liabilities		**3,322,037,530.14**	3,343,644,478.28
Shareholders' equity:			
Share capital		**108,000,000.00**	108,000,000.00
Other equity instruments			
Incl: Preferred stock			
Perpetual note			
Capital reserve		**278,990,829.04**	278,990,829.04
Less: Treasury stock			
Other comprehensive income			
Special reserve			
Surplus reserve		**38,778,963.65**	38,778,963.65
General Risk Preparation			
Unallocated profits		**180,749,696.41**	190,594,062.35
Total equity attributable to the shareholders of parent company		**606,519,489.10**	616,363,855.04
Minority interests			
Total shareholders' interests		**606,519,489.10**	616,363,855.04
Total liabilities and shareholders' interests		**3,928,557,019.24**	3,960,008,333.32

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

1. GENERAL

Charmacy Pharmaceutical Co., Ltd. (hereinafter referred to as the "**Company**", "**our Company**" or "**Charmacy Pharmaceutical**", and the "**Group**" when including its subsidiaries) was originally Shantou Pharmaceutical Trade Development Company (hereinafter referred to as the "**Pharmaceutical Trade Company**"), registered and established with the Administration for Industry and Commerce of Shantou, the People's Republic of China (the "**PRC**" or "**China**") in February 1984. In January 2000, the Pharmaceutical Trade Company was restructured into Shantou Charmacy Pharmaceutical Co., Ltd. (hereinafter referred to as "**Charmacy Limited**"). In May 2015, the Company was converted from Charmacy Limited into a joint stock company with limited liability by way of overall restructuring, with 31 March 2015 as the benchmark date, and is headquartered in Shantou, Guangdong Province. The Company currently holds a business license with the unified social credit code 91440500722414635C. As at the end of the Reporting Period, the registered capital of the Company was RMB108.00 million, with a total of 108.00 million shares (with a par value of RMB1 per share), including 108.00 million unrestricted tradable H shares. The shares of the Company have been successfully listed and traded on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 14 December 2015.

The Company is principally engaged in the pharmaceutical distribution industry, mainly engaging in the distribution of pharmaceutical products. Its principal business scope includes wholesale of pharmaceuticals and related services, road transportation and cargo warehousing services, etc.

These financial statements were approved for issuance by the meeting of the board (the "**Board**") of directors (the "**Directors**") of the Company held on 31 August 2026.

2. BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS

(1) Preparation basis

The financial statements of the Group have been prepared on a going concern basis. The financial statements have been prepared on the basis of transactions and events that actually occurred, in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance, including their application guides, interpretations and other relevant provisions (collectively, the "**Accounting Standards**"), as well as the disclosure requirements under the Companies Ordinance of Hong Kong and the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

(2) Assessment of Going Concern Ability

There were no events or circumstances that would cast significant doubt on the Group's ability to continue as a going concern within the 12 months after the end of the Reporting Period.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Important Notice: In light of the characteristics of the Group's actual production and operations, the Company has formulated specific accounting policies and accounting estimates for transactions or events, including impairment of financial instruments, inventories, depreciation of property, plant and equipment, intangible assets, and revenue recognition, among others.

(1) Declaration on compliance with Accounting Standards for Business Enterprises

The financial statements of the Group have been prepared in compliance with the requirements of the Accounting Standards for Business Enterprises and truly and completely reflect the relevant information, including the Group's financial position, operating results and cash flows.

(2) Accounting period

The fiscal year of the Group is from 1 January to 31 December based on the Gregorian calendar.

(3) Business cycle

The Group uses 12 months as the criterion for classifying assets and liabilities as current or non-current.

(4) Functional currency

The Group uses RMB as its functional currency.

(5) Changes in Significant Accounting Policies and Accounting Estimates

1) Changes in Significant Accounting Policies

The Ministry of Finance issued the Interpretation of the Accounting Standards for Business Enterprises No. 20 (the "**Interpretation**") on 4 June 2026, with effect from the date of promulgation. For transactions covered by the Interpretation that occurred between 1 January 2026 and the effective date of the Interpretation, enterprises must make adjustments in accordance with the requirements of the Interpretation.

This change in accounting policies will not have any impact on the Company's financial position, operating results or cash flows. No retrospective adjustment to prior period financial data is required, and it does not prejudice the interests of the Company and its shareholders as a whole.

2) Changes in Significant Accounting Estimates

During the Reporting Period, the Group had no significant changes in accounting estimates.

4. OPERATING REVENUE AND OPERATING COST

Item	**For the six months ended 30 June 2026**		For the six months ended 30 June 2025	
	Revenue (Unaudited)	**Cost (Unaudited)**	Revenue (Unaudited)	Cost (Unaudited)
Principal business	**2,409,043,748.92**	**2,286,996,895.74**	2,128,769,934.11	1,992,617,151.90
Other businesses	**39,067,243.29**	**1,696,003.77**	26,301,545.40	1,708,944.88
Total	**2,448,110,992.21**	**2,288,692,899.51**	2,155,071,479.51	1,994,326,096.78
Of which: revenue generated from contracts with customers	**2,448,110,992.21**	**2,288,692,899.51**	2,155,071,479.51	1,994,326,096.78

5. SEGMENT INFORMATION

Information would be reported to the chief executive officer of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance. The chief executive officer of the Company considers that there is only one operating and reportable segment for the Group: pharmaceutical products distribution and related service.

Geographical information

All the Group's operations are located in China. All the Group's operating revenue from external customers is generated from the PRC and all the non-current assets of the Group are located in the PRC.

6. FINANCE COSTS

Item	For the six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
Interest expenses	**28,931,317.19**	31,055,269.10
Incl: Bank borrowings and others	**28,300,368.67**	29,621,637.63
Interest expense on lease liabilities	**630,948.52**	885,458.13
Less: Interest income	**2,544,107.85**	1,147,053.30
Add: Foreign exchange gains and losses	**-81,990.59**	6,223.70
Add: Others	**2,017,112.81**	3,775,286.67
Total	**28,322,331.56**	33,689,726.17

7. INCOME TAX EXPENSES

(1) Income tax expenses

Item	For the six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
Current income tax expenses	**13,254,390.60**	11,519,164.74
Deferred income tax expenses	**-1,254,819.57**	-629,397.22
Total	**11,999,571.03**	10,889,767.52

The Group had no Hong Kong income tax, since it had no taxable income in Hong Kong for the six months ended 30 June 2025 and 2026.

(2) Reconciliation between accounting profit and income tax expenses

Item	For the six months ended 30 June 2026 (Unaudited)
Consolidated total profit for the year	**34,555,205.09**
Income tax expense calculated at the applicable tax rate of the parent company	**13,254,390.60**
Effect of different tax rates applicable to subsidiaries	
Effect of adjustments to income tax in prior periods	
Effect of non-taxable income	
Effect of non-deductible costs, expenses and losses	
Effect of utilisation of deductible losses for which deferred tax assets were not recognised in prior periods	
Effect of deductible temporary differences or deductible losses for which no deferred tax assets have been recognised for the current year	**-1,254,819.57**
Others	
Income tax expense	**11,999,571.03**

8. RETURN ON NET ASSETS AND EARNINGS PER SHARE

Profit for the Reporting Period	Weighted average return on net assets (%)	Earnings per share	
		Basic earnings per share (Unaudited)	Diluted earnings per share (Unaudited)
Net profit attributable to the shareholders of parent company	**3.66**	**0.2088**	**0.2088**
Net profit attributable to the shareholders of parent company (excluding non-recurring profit and loss)	**3.65**	**0.2083**	**0.2083**

9. DIVIDEND

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

10. BILLS RECEIVABLES

(1) Details

Item	**Balance as at 30 June 2026 (Unaudited)**	Balance as at 31 December 2025 (Audited)
Commercial drafts	**30,132,508.12**	17,289,275.00
Total	**30,132,508.12**	17,289,275.00

(2) Classification by the methods for making provisions for bad debt

1) Breakdown by Category

Classification	**Balance as at 30 June 2026 (Unaudited)**				
	Book balance		**Provision for bad debt**		
	Amount	**Percentage (%)**	**Amount**	**Provision ratio (%)**	**Book value**
Bad debt provision made on individual basis					
Bad debt provision made on a collective basis	**30,238,342.32**	**100.00**	**105,834.20**	**0.35**	**30,132,508.12**
Incl: Commercial drafts	**30,238,342.32**	**100.00**	**105,834.20**	**0.35**	**30,132,508.12**
Total	**30,238,342.32**	**100.00**	**105,834.20**	**0.35**	**30,132,508.12**

Classification	Balance as at 31 December 2025 (Audited)				
	Book balance		Provision for bad debt		
	Amount	Percentage (%)	Amount	Provision ratio (%)	Book value
Bad debt provision made on individual basis					
Bad debt provision made on a collective basis	17,350,000.00	100.00	60,725.00	0.35	17,289,275.00
Incl: Commercial drafts	17,350,000.00	100.00	60,725.00	0.35	17,289,275.00
Total	17,350,000.00	100.00	60,725.00	0.35	17,289,275.00

2) Bad debt provision for bills receivables made on a collective basis

Item	Balance as at 30 June 2026 (Unaudited)		
	Book balance	Provision for bad debt	Provision ratio (%)
Commercial drafts Portfolio	**30,238,342.32**	**105,834.20**	**0.35**
Subtotal	**30,238,342.32**	**105,834.20**	—

Note 1: For the aging portfolio comprising the amounts of the commercial drafts held as at the end of the period and the commercial drafts discounted as at the end of the period but not mature at the balance sheet date, the impairment losses of credit are provided for with reference to the expected credit loss rates for trade receivables.

Note 2: The age of the aforementioned bills receivables of the Group as at the end of the period were within 1 year.

(3) Change in Provision for Bad Debts

Category	Balance as at 31 December 2025 (Audited)	Changes for the six months ended 30 June 2026 (Unaudited)				Balance as at 30 June 2026 (Unaudited)
		Accrued	Recovered or reversed	Written back or written off	Other	
Bad debt provision made on a collective basis	60,725.00	**45,109.20**				**105,834.20**
Total	60,725.00	**45,109.20**				**105,834.20**

(4) Pledged bills receivables as at 30 June 2026

Item	Pledged amount as at 30 June 2026 (Unaudited)
Commercial drafts	**3,500,000.00**
Total	**3,500,000.00**

(5) The Group had no bills receivables that had been endorsed or discounted as at 30 June 2026 and were not mature at the balance sheet date.

(6) As at 30 June 2026, the Group did not have any bills which were reclassified to trade receivables due to inability of the issuers to settle the bills.

11. TRADE RECEIVABLES

(1) Breakdown of Details

1) Breakdown by Category

Classification	Balance as at 30 June 2026 (Unaudited) Book balance Amount	Percentage (%)	Provision for bad debt Amount	Provision Ratio (%)	Book value
Provision for bad debt made on individual basis	**19,545,805.84**	**1.00**	**19,545,050.69**	**100.00**	**755.15**
Provision for bad debt made on a collective basis	**1,433,992,632.48**	**99.00**	**19,746,728.38**	**1.38**	**1,414,245,904.10**
Total	**1,453,538,438.32**	**100.00**	**39,291,779.07**	**2.70**	**1,414,246,659.25**

Classification	Balance as at 31 December 2025 (Audited) Book balance Amount	Percentage (%)	Provision for bad debt Amount	Provision ratio（%）	Book value
Provision for bad debt made on individual basis	19,616,976.72	1.54	19,616,976.72	100.00	
Provision for bad debt made on a collective basis	1,257,819,177.42	98.46	14,731,782.72	1.17	1,243,087,394.70
Total	1,277,436,154.14	100.00	34,348,759.44	2.69	1,243,087,394.70

2) Trade receivable with bad debt provision based on aging portfolio

Age	Balance as at 30 June 2026 (Unaudited) Book balance	Provision for bad debt	Provision ratio（%）
Within 1 year	**1,310,219,893.98**	**5,890,745.80**	**0.45**
1 to 2 years	**120,862,837.40**	**11,626,998.34**	**9.62**
2 to 3 years	**2,909,901.10**	**2,228,984.24**	**76.60**
Total	**1,433,992,632.48**	**19,746,728.38**	**1.38**

(2) Ageing Analysis

Age	Balance as at 30 June 2026 (Unaudited)			Balance as at 31 December 2025 (Audited)		
	Book balance	**Provision for bad debt**	**Provision ratio（%）**	Book balance	Provision for bad debt	Provision ratio（%）
Within 1 year	**1,310,301,021.43**	**5,971,118.10**	**0.46**	1,157,329,775.69	4,216,473.13	0.36
1 – 2 years	**121,676,956.76**	**12,441,117.70**	**10.22**	105,101,784.60	15,476,569.29	14.73
2 – 3 years	**8,052,703.39**	**7,371,786.53**	**91.54**	1,586,193.30	1,237,316.47	78.01
Over 3 years	**13,507,756.74**	**13,507,756.74**	**100.00**	13,418,400.55	13,418,400.55	100.00
Total	**1,453,538,438.32**	**39,291,779.07**	**2.70**	1,277,436,154.14	34,348,759.44	2.69

Prior to accepting new customers, the Group applies internal credit evaluation policies to assess the credit quality of potential customers and establish credit limits. The Group adopts differentiated credit policies for different customers, with a general credit period of six months. Overdue receivables are reviewed regularly by management. For sales of goods, the Group recognizes accounts receivable and operating revenue when control is transferred to the purchaser, at which point the ageing of receivables commences. Amounts arising earlier are settled on a priority basis during cash flow operations.

(3) Change in Provision for Bad Debts

1) Breakdown of Details

Item	Balance as at 31 December 2025 (Audited)	Changes for the six months ended 30 June 2026 (Unaudited)				Balance as at 30 June 2026 (Unaudited)
		Accrued	**Recovered or reversed**	**Written back or written off**	**Others**	
Individual basis	19,616,976.72			**71,926.03**		**19,545,050.69**
Collective basis	14,731,782.72	**5,014,945.66**				**19,746,728.38**
Total	34,348,759.44	**5,014,945.66**		**71,926.03**		**39,291,779.07**

2) There were no significant recoveries or reversals of bad debt provisions during the period.

(4) Details of accounts receivable actually written off during the period

1) Details of accounts receivable written off

Item	**Amount Written Off**
Accounts receivable actually written off	**71,926.03**

2) Details of significant accounts receivable written off during the period

All accounts receivable written off during the year are in small amounts, and there are no significant write-offs of accounts receivable.

12. ACCOUNTS RECEIVABLE FINANCING

Item	**Balance as at 30 June 2026 (Unaudited)**	Balance as at 31 December 2025 (Audited)
Bank acceptance bills	**73,315,519.17**	692,811.61
Total	**73,315,519.17**	692,811.61

13. BILLS PAYABLES

Classification of bills	**Balance as at 30 June 2026 (Unaudited)**	Balance as at 31 December 2025 (Audited)
Bank acceptance bills	**781,508,328.87**	894,063,038.32
Total	**781,508,328.87**	894,063,038.32

The age of the aforementioned bills payable of the Group as at the end of the period was within 1 year.

14. ACCOUNTS PAYABLES

(1) Breakdown of Details

Item	**Balance as at 30 June 2026 (Unaudited)**	Balance as at 31 December 2025 (Audited)
Purchase Payment	**512,721,786.68**	510,895,099.98
Equipment Payment	**328,694.17**	325,450.68
Total	**513,050,480.85**	511,220,550.66

(2) Ageing Analysis

Age	**Balance as at 30 June 2026 (Unaudited)**	Balance as at 31 December 2025 (Audited)
Within 1 year	**503,646,354.20**	500,755,472.53
1 to 2 years	**1,277,835.29**	4,596,997.19
2 to 3 years	**4,563,258.59**	5,412,783.06
Over 3 years	**3,563,032.77**	455,297.88
Total	**513,050,480.85**	511,220,550.66

(3) There are no significant accounts payables with ageing over 1 year in the current period.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

China's pharmaceutical distribution sector is transitioning from a scale-up stage to one of high-quality development characterised by structural optimisation and value growth and is undergoing a profound transformation driven by policy initiatives. As China enters a moderately ageing society, healthcare demand continues to upgrade, while healthcare reforms—driven by the integration of medical services, health insurance, and the pharmaceutical industry—extend further to community-based health facilities and out-of-hospital settings, fundamentally reshaping the sector's growth dynamics. Pharmaceutical distribution is shifting from scale expansion to quality-driven development, with the basis of competition evolving into comprehensive value-based competition underpinned by intelligent supply chain management, digital technology innovation and specialised service capabilities.

From the perspective of policy implementation, the key objectives for China's pharmaceutical distribution sector during the 14th Five-Year Plan period have been achieved with tangible results. Ongoing policy measures continue to reshape the end-market landscape and raise the thresholds for modern logistics and operational compliance, accelerating the concentration of industry resources among large enterprises with regional network coverage, cold-chain capabilities and digital infrastructure. Overall, the sector is characterised by the pressure on and contraction of the in-hospital market, steady growth in out-of-hospital channels, accelerated digital and intelligent transformation, and a continued strengthening of its integrated service orientation. Structural development opportunities coexist with the pressure associated with the sector's ongoing transition towards greater standardisation and consolidation.

Concentration among leading pharmaceutical distributors continues, with significant growth in the retail segment

Data from MENET, a pharmaceutical and healthcare information platform, indicates that total pharmaceutical sales across China's three major terminals in six key markets are estimated at approximately RMB 1,853.8 billion in 2025, representing a year-on-year decline of around 1%. Specifically, retail pharmacies, including online drugstores, are projected to achieve sales of RMB 587.8 billion, up 2.4% year-on-year, whereas sales by public hospitals are expected to decline by 2.1% and those by community-based public health facilities by 4.9%. Online pharmacies continued to deliver strong growth, with pharmaceutical sales increasing by more than 13% throughout 2025 to RMB 86.6 billion. As online medical insurance payment channels become more accessible and hospital prescriptions increasingly flow to external outlets, brick-and-mortar pharmacies are strengthening their deployment of and integration with online channels. This trend is driving the continued rapid growth of the online retail segment.

Statistics released by the China Association of Pharmaceutical Commerce show that, as at the end of 2024, China has developed one large pharmaceutical distributor with annual sales exceeding RMB 500 billion, alongside four with sales exceeding RMB 100 billion and two with sales exceeding RMB 50 billion. In addition, six pharmacy retail chains recorded annual sales of more than RMB 10 billion. According to the *2024 Operations Statistical & Analysis Report of the Pharmaceutical Distribution Sector* published by China's Ministry of Commerce (**MOFCOM**), the top 100 pharmaceutical wholesalers accounted for 75.7% of total wholesale market sales, while the top 100 pharmaceutical retailers generated 38.0% of total retail market sales. Relative to the concentration targets established by the MOFCOM for the 14th Five-Year Plan period, retail market concentration has further room for improvement. The Forward Industry Research Institute estimates that China's pharmaceutical distribution sector will exceed RMB 4 trillion by 2028, based on a compound annual growth rate of 7%.

Healthcare reforms expand the out-of-hospital market, as distributors with strong retail foundations build competitive moats

China's pharmaceutical distribution sector is undergoing an accelerated structural transformation, evolving toward a more open and diversified market ecosystem. The wide implementation of healthcare reforms, the regularized advancement of "volume-based procurement," the increasing improvement of "hierarchical diagnosis and treatment" system, the steady release of hospital prescription outflows, and the full rollout of the "dual-channel" drug supply mechanism, together with the widespread implementation of the policy on "including pharmacies in risk pooling of outpatient services," are reshaping the traditional market structure that has long been centred on in-hospital sales. MENET forecasts that the out-of-hospital market will reach RMB 1.6 trillion by 2029, and is expected to match or even surpass the in-hospital market.

In January 2026, various Chinese government authorities jointly issued the *Opinions on Promoting the High-quality Development of the Pharmaceutical Retail Industry*, introducing a comprehensive package of policy initiatives aiming at strengthening pharmaceutical services, fostering innovation in healthcare services, enhancing emergency medicine supply, optimising industry structure and maintaining orderly market development. The core policy breakthrough is the repositioning of pharmacies from "drug sales outlets" to "health service hubs". It supports pharmacies in enhancing their pharmaceutical service capabilities, participating in centralised drug procurement programmes and being included in the risk pooling of outpatient services; encourages integration of retail and wholesale operations and industry consolidation to improve supply chain efficiency; and reinforces the role of retail pharmacies in ensuring the continuity of medicine supply in times of emergency. By facilitating greater connectivity among payment, prescription and service delivery, the policy is expected to promote closer integration between hospitals and retail pharmacies, while creating additional growth opportunities for health supplements, medical devices and other healthcare-related non-pharmaceutical products.

In April 2026, the General Office of the State Council issued the *Measures on Accelerating the Development of the Hierarchical Diagnosis and Treatment System*, with the objective of improving access to healthcare services and promoting the more efficient allocation of healthcare resources through the accelerated development of a hierarchical diagnosis and treatment system. In the same month, the General Office of the National Health Commission, together with another authority, issued the *Notice on Launching the Three-year Action for Improving Healthcare Quality in Community-based Health Facilities (2026–2028)*. The initiative is expected to be implemented in phases across community-based health facilities, including township health centres, community health service centres and village clinics, with the aim of establishing a nationwide community-based healthcare quality management system by the end of 2028.

This accelerated development of the hierarchical diagnosis and treatment system, together with the ongoing improvement in the community-based healthcare service quality, helps to further shift the demand for the diagnosis and treatment of common and chronic diseases, as well as health management services, towards community-based health facilities. This trend is expected to provide a more favourable external environment for retail pharmacies by supporting the growth of out-of-hospital prescription dispensing, strengthening collaboration in prescription dispensing and service delivery, and expanding their role in community-based health management.

Full scale of digital-intelligent transformation drives sustained improvements in end-to-end operational efficiency

Both the *Report to the 20th National Congress of the Communist Party of China* and the *Outline of the 14th Five-Year Plan (2021-2025) for National Economic and Social Development and Vision 2035 of the People's Republic of China* laid the policy foundation for pharmaceutical companies to strengthen their competitiveness through digital transformation. In April 2025, the Ministry of Industry and Information Technology, together with six other government authorities, issued the *Notice on the Implementation Plan for the Digital-Intelligent Transformation of the Pharmaceutical Sector (2025–2030)*, proposing the application of digital and intelligent technologies in such areas as drug traceability, pharmaceutical logistics monitoring and optimisation, adverse drug reaction surveillance, and medical equipment management. These efforts aim to enable end-to-end traceability throughout the entire pharmaceutical product lifecycle, ensuring quality and safety. Under the guidance of high-quality development goals, pharmaceutical distributors are aligning their growth with principles of intelligence, smart operations, and low-carbon. This includes strengthening vertical and horizontal collaboration across supply chain stakeholders and ecosystem partners and building a digital, intelligent, and green foundation to support long-term competitiveness.

In March 2026, the National Medical Products Administration issued the *Guiding Opinions on the Standardised Development of Modern Pharmaceutical Logistics*, establishing unified regulatory standards for the development of modern pharmaceutical logistics across the country and setting out standardised requirements for warehousing facilities, smart systems, end-to-end traceability, and third-party logistics operations. It is expected to accelerate the sector's transition towards greater scale, consolidation and digitalisation.

The deepening application of such technologies as artificial intelligence ("**AI**"), big data, cloud computing, digital twin, the Internet of Things ("**IoT**"), and blockchain is steering the sector towards digital-intelligent, diversified, and platform-based development models. The rise of the out-of-hospital market is also raising expectations for refined service capabilities and responsiveness among pharmaceutical distributors. In response, pharmaceutical distributors are accelerating their development of digital supply chain platforms to coordinate logistics, information flows, and capital flows, thereby enhancing responsiveness to end-market demand, improving inventory turnover and reducing operating costs. Digital and intelligent capabilities have become a key source of competitive advantage, driving the sector's transformation from traditional trading and distribution models towards more intelligent, platform-based and sophisticated supply chain operations, and providing sustained endogenous momentum for its high-quality development.

The revised *Regulation for the Implementation of the Drug Administration Law* promotes more standardised and consolidated development of the pharmaceutical sector with well-defined rights and responsibilities

In January 2026, the State Council promulgated the *Regulation for the Implementation of the Drug Administration Law of the People's Republic of China*. The revised regulation further clarifies the respective rights and responsibilities of pharmaceutical business operators, providing a clearer legal framework for the orderly development of the sector. It is expected to facilitate the sector's transition from scale-driven expansion to more standardised and consolidated development, while fostering a fairer and better-ordered market environment for pharmaceutical retailers to engage in compliant operations.

Data sources: MOFCOM, MENET, China Pharmaceutical Distribution Industry Development Report (2025), China Pharmaceutical Commerce, Guangdong Medical Products Administration, Report by the Pharmaceutical Logistics and Supply Chain Branch of the China Federation of Logistics & Purchasing, and 2024 Operations Statistical & Analysis Report of the Pharmaceutical Distribution Sector.

BUSINESS REVIEW

The principal business of the Group is pharmaceutical distribution in the PRC, with most of our operating revenue derived from pharmaceutical distribution. We procure pharmaceutical products from pharmaceutical manufacturers and distributor suppliers and sell the products to distributor customers, retail pharmacy stores, private hospitals, clinics, health centres and other customers.

During the Reporting Period, we followed our established operation targets, and continued to explore the Guangdong market in depth and radiate to surrounding areas, and actively developed the business with retail terminal network. As at 30 June 2026, our distribution network covered 11,571 customers, among which 652 were distributors, 7,190 were retail pharmacy stores and 3,729 were private hospitals, clinics, health centres and other customers.

In order to meet the different needs of customers and enhance customer adhesion, we strengthened cooperation with well-known domestic and overseas manufacturers, and expanded the variety and scale of first-level distribution products; and continued to optimise product structure by introducing marketable, high-quality products with high profit margin to enrich product categories. As at 30 June 2026, we distributed 11,284 types of products, representing an increase of 120 types of products compared to the same period last year. We had a total of 1,065 suppliers, of which 599 were pharmaceutical manufacturers and 466 were distributor suppliers, representing an increase of 19 in the total number of suppliers compared to the same period last year.

Product Categories	Number of products for the six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
Chinese patent medicines	**3,844**	4,067
Western medicines	**4,097**	4,184
Others	**3,343**	2,913
Total	**11,284**	11,164

Enhancing the pharmaceutical marketing ecosystem to unlock greater industry chain efficiency with innovative models

Leveraging the multi-tiered marketing network, the Group continues to deepen strategic partnerships with branded pharmaceutical manufacturers and downstream clients, with a view to shaping an efficient and collaborative pharmaceutical commercial ecosystem. Through core capabilities such as product portfolio integration, channel optimization, transaction facilitation, and digital-intelligent logistics, we effectively address supply–demand imbalances across the supply chain. This enables the upstream manufacturers to reduce the complexity of channel expansion while enhancing brand value and market performance.

On the upstream side, driven by the dual engines of "resources + technology", our multi-tiered marketing network continued to demonstrate strong ecosystem appeal and channel monetisation capabilities. During the Reporting Period, we further deepened our partnerships with a number of leading industry brands, including China Resources Sanjiu, Haleon, Guangzhou Baiyunshan Pharmaceutical, Wyeth, Ipsen, Menarini, Buchang Pharmacy, China Resources Jiangzhong, China Traditional Chinese Medicine, and Yangtze River Pharmaceutical. We also continued to advance our "Ten-Million-Level Brand Client" initiative. Through focused resource allocation, targeted support, and customized services, we have successfully developed multiple strategic partnership brands with sales exceeding RMB 10 million.

On the downstream side, we have creatively built a multi-dimensional marketing system that integrates joint brand campaigns, event marketing, and differentiated sales strategies to unlock upstream–downstream synergies. By leveraging innovative channels such as our flagship "Sparks of Growth – Hundred-Million Brand Order Fair Series" and new product showcases, we enable precise matchmaking between upstream manufacturers and key retail terminals, establishing an efficient platform for production–sales alignment.

Driven by real client needs, we empower our downstream clients through three core value dimensions: cognitive empowerment, which deepens the end market's understanding of product value; distribution empowerment, which streamlines supply chains and enhances turnover efficiency; and conversion empowerment, which boosts sales through precision marketing. Through continuous optimization of our resource matrix, we are building a fully integrated value chain that transforms product awareness into purchasing action, ultimately shaping a new market dynamic that delivers win–win outcomes for both manufacturers and terminals.

Capitalising on growth opportunities in the silver economy to expand elderly healthcare services

According to the *Statistical Communiqué of the People's Republic of China on the 2025 National Economic and Social Development* released by the National Bureau of Statistics, China's population aged 60 and above surpassed 320 million by the end of 2025, accounting for 23.0% of the total population. Meanwhile, healthcare expenditure of residents per capita increased to RMB 2,573, representing a compound annual growth rate of 9% from 2013 to 2025. As the ageing trend continues to deepen, the silver economy is revealing vast market potential, with rapidly increasing demand among older adults for disease prevention, treatment, and rehabilitation.

In response to this demographic shift, we are focusing on the silver economy by leveraging our channel strengths to identify and cultivate high-potential products tailored to the health needs of the elderly. We have established in-depth strategic partnerships with a few pharmaceutical manufacturers specialising in elderly healthcare. Together with these partners, we are developing a portfolio of elderly healthcare products suitable for community-based pharmacies and outpatient services and improving the elderly healthcare ecosystem. Our shared commitment is to deliver more comprehensive and targeted health products for senior populations and thereby create higher social and commercial value.

Advancing AI-driven efficiency to accelerate end-to-end digital and intelligent upgrades

With a digital office platform as our core vehicle, we continued to deepen the integration of AI technologies across our main business operations, advancing our digital-intelligent transformation from process automation towards enterprise-wide intelligent operations. During the Reporting Period, we focused on strengthening compliance management and enhancing operational efficiency through the broader application of "AI + RPA" technologies to our core business scenarios, including financial management, intelligent workflow optimisation, pharmaceutical data governance, smart product monitoring and pharmaceutical compliance verification. In parallel, we launched pilot applications of AI tools in key logistics links such as intelligent warehouse management and optimized delivery routing to enhance resource allocation and decision-making effectiveness.

During the Reporting Period, we continued to enhance our pharmaceutical traceability system. In line with regulatory requirements and operational needs, we further improved our capabilities in end-to-end pharmaceutical data collection, traceability enquiries and real-time reporting, and continued to strengthen our digital traceability system covering the entire lifecycle of pharmaceuticals. This enabled full-chain traceability and control across pharmaceutical procurement, sales and warehousing activities, ensured the authenticity and integrity of traceability data, and reinforced our compliance management capabilities in pharmaceutical operations.

In terms of AI capability building, we have embedded AI technologies across the entire system development lifecycle, covering requirements analysis, front- and back-end development, system testing, and operations and maintenance deployment. As a result, development efficiency increased by more than 50%, significantly enhancing overall research and development (R&D) productivity. In strengthening our automation foundation, we have empowered all employees through low-code platforms and robotic process automation (RPA) technologies. As at the end of the Reporting Period, employee-developed RPA applications had accumulated more than 32.3 thousand hours of runtime, accelerating the migration of repetitive operational tasks to higher-value activities and improving operational efficiency by the equivalent of 80.7 days. These efforts have helped cultivate a digital and intelligent organisation in which "everyone can be a developer."

Sharpening core competitiveness in logistics and accelerating the expansion of third-party logistics business

As a leading service provider in the modern pharmaceutical supply chain in South China, the Group has established medium and large modern pharmaceutical distribution centres in Guangzhou, Shantou, Shenzhen and Zhuhai, forming an agile logistics network that covers the Guangdong–Hong Kong–Macao Greater Bay Area and extends deeply to surrounding regions. We strictly align with the national Good Supply Practice (GSP) compliance system and, with the Charmacy Pharmaceutical (Guangzhou) Medicine Sorting and Distribution Centre as our core warehouse, have developed a leading regional logistics hub. This has enabled the full implementation of a "cross-regional multi-warehouse collaboration" model, facilitating dynamic sharing of inventory resources and the optimisation of delivery routes. Leveraging this cross-regional multi-warehouse system, we not only meet the warehousing needs of our own distribution business, but also efficiently integrate transportation capacity to provide upstream and downstream clients with diversified warehousing, distribution and value-added services, thereby continuously enhancing the Group's profitability and market competitiveness.

During the Reporting Period, we continued to optimise and upgrade our information systems against the new national standards for modern pharmaceutical logistics, with a particular focus on enhancing modules for the compliance management of narcotic and psychotropic medicines and the supervision of cold-chain pharmaceutical storage and transportation. Through digital technologies, we achieved end-to-end traceability and real-time monitoring throughout the circulation of special medicines and cold-chain pharmaceuticals, ensuring alignment with the latest pharmaceutical logistics compliance standards. Leveraging our professional logistics solutions, outstanding service quality, and strong brand reputation, we have earned the trust and recognition of many clients. We entered into partnerships with leading clients including DEEJ, Fosun Pharma, and Guangdong LBX Pharmacy, providing them with commissioned third-party pharmaceutical logistics services featuring integrated warehousing and distribution capabilities. As of 30 June 2026, the number of clients engaging with the Group for commissioned third-party pharmaceutical logistics services and other value-added services such as warehousing and transportation increased by 24% year-on-year, with corresponding revenue rising by 41% compared to the same period last year.

During the Reporting Period, the Group received the 2026 Outstanding Award for Logistics and Supply Chain Technology Innovation Practices from Logclub. We were also awarded the "Outstanding Enterprise in Pharmaceutical Logistics Distribution" (for six consecutive years), the "Modern Pharmaceutical Logistics Technology Testing Base" (for five consecutive years), the "Best Logistics Center for Pharmaceutical Cold Chain" (for eight consecutive years), and the "Recommended Enterprise for Pharmaceutical Cold Chain Logistics Services" (for seven consecutive years). Furthermore, we were recognised by the All-China Federation of Industry and Commerce Medical and Pharmaceutical Commercial Association as one of China's Top 100 Private Pharmaceutical Operators.

PROSPECTS

With the mission of "Creating a Healthy and Beautiful Life" in mind, we uphold the business philosophy of "Integrity in Operation, Altruism and Benefiting the Public, Win-win Cooperation", and adhere to the market strategy of "Intensive Engagement in Guangdong Province and Extensive Coverage across Surrounding Areas", committing to becoming the most market-competitive service provider in China’s medical and healthcare industry.

Currently, China has entered a stage of high-quality development. Against the backdrop of deepened population aging and the continued implementation of the “Healthy China” initiative, China’s health sector is being shifted from “treating diseases as the centre” to “people’s health as the centre”. As policy objectives continue to be implemented, the pharmaceutical distribution sector has entered a critical phase of quality enhancement and transformation, playing a role in supporting the formation of a new development paradigm whereby domestic and foreign markets can boost each other, with the domestic market as the mainstay. Meanwhile, the continued advancement of the “AI plus” initiative is creating significant opportunities for digital transformation in logistics operations. The adoption of the IoT, big data, AI and automation equipment across the pharmaceutical distribution chain continues to accelerate, driving the sector’s transition from a labour-intensive model to a technology-intensive one. Digital innovation is increasingly becoming integral to the sector’s high-quality development.

Amid the deepening of reforms such as the “separation of prescribing and dispensing”, “hierarchical diagnosis and treatment” and “prescription outflow,” the out-of-hospital market is expected to continue unlocking significant growth potential. As electronic prescription circulation systems become more established and the “Dual-Channel” policy gains wider adoption, the role of retail pharmacies in dispensing hospital-originated prescriptions is becoming increasingly important. Online pharmacy sales are expected to maintain steady growth, while instant retail, as an important channel for online reimbursement-based pharmaceutical purchases, is poised to capture new growth opportunities.

Faced with industry development opportunities, we maintain a proactive and flexible attitude, respond to national policy guidance, take compliance as the cornerstone, and accelerate our journey towards steady and high-quality development. We will continuously advance the expansion of market networks and the improvement of services, and accurately align with industry trends. At the same time, through strengthening refined management and digital-intelligent driven development, we will deeply optimise operational efficiency, and continuously enhance our competitiveness while consolidating existing advantages.

I. Adhering to the market strategy of “Intensive Engagement in Guangdong Province and Extensive Coverage across Surrounding Areas”

We will stick to the market strategy of "Intensive Engagement in Guangdong Province and Extensive Coverage across Surrounding Areas" and build a comprehensive pharmaceutical retail terminal network covering Guangdong Province and its surrounding areas. On the basis of strengthening risk management and improving operational quality, we will actively seize the opportunities brought by the expansion of the primary medical market, and continuously expand and refine the distribution networks in penetrated regions. By further optimising the network layout, expanding the pharmaceutical delivery coverage of terminals such as retail pharmacies and various grassroots medical and health service institutions, we will fully achieve the intensive coverage of sales, service and logistics networks in the Guangdong market and its surrounding areas.

II. Driving digital and intelligent upgrades through AI to strengthen digital competitiveness

We will continue to deepen our “Internet of Intelligence Plus Pharmaceuticals” strategy. Leveraging our increasingly sophisticated digital office platform and AI middle-platform capabilities, we will carry forward the deep integration of digital and AI technologies across enterprise systems, build a smarter supply chain ecosystem, and achieve end-to-end intelligent management and operational excellence across the value chain. While embedding AI technologies at the system level, we will restructure our business processes under the new technology system by shifting a large volume of high-frequency, and repetitive tasks from manual operations to automated intelligent processing. This will enable employees to focus on work with greater innovation and strategic value, significantly improving organizational efficiency and further strengthening the Company’s intrinsic growth drivers and core competitiveness.

We will continue to steadily advance end-to-end digital and intelligent integration, progressively establishing an intelligent operating model with closed-loop management capabilities. In line with evolving business needs and technological advancements, we will continue to refine and enhance AI applications, with a focus on strengthening capabilities in demand forecasting, dynamic resource optimisation and forward-looking risk management. We will also expand the application of AI across a broader range of business scenarios, including intelligent customer service, precision customer engagement, upstream and downstream collaboration, and policy and compliance analysis. Through these initiatives, we aim to further enhance operational efficiency, strengthen core competitiveness and reinforce our position as a leading practitioner of digital and intelligent transformation in the pharmaceutical distribution sector.

On the business enablement front, we will fully leverage intelligent technologies to drive agile supply chain responses, delivering more efficient and precise services to upstream and downstream clients and achieving collaborative value creation across the entire value chain. Building on the extensive pharmaceutical distribution data assets accumulated over the past 26 years, we will develop an enterprise-wide AI-powered data and intelligent analytics platform to generate multidimensional data insights and unlock greater data value. These measures will serve as a robust engine for building a scientific and forward-looking decision-support system, empowering the Company to achieve accurate decision-making and dynamic risk management in a complex market environment.

In addition, we will continue to capitalize on our strong supply chain resources to reinforce the development of digital infrastructure, with our B2B e-commerce platform as the core hub and AI capabilities as the engine. We will continue to broaden the application of AI technologies by steadily advancing the deployment of new AI-powered intelligent agents, including intelligent pricing and intelligent marketing solutions. At the same time, we will continue to deepen digital and intelligent transformation across our business lines, driving the deeper integration of AI technologies into frontline operations. Through enterprise-wide intelligent upgrades, we aim to continuously reduce costs, enhance efficiency and improve quality, thereby supporting high-quality development and acting as a trusted strategic partner and long-term value creator for upstream and downstream stakeholders.

III. Further advancing in-depth strategic cooperation with brand manufacturers

We will further deepen cooperation with various brand manufacturers, seize more growth opportunities for products shifting to the non-tendering market, enrich our product portfolio, consolidate product advantages, and expand into more markets with high growth potential. At the same time, we will fully leverage the Group's resource advantages in the pharmaceutical retail terminal network, build a dynamic and innovative marketing ecosystem, and provide upstream suppliers with comprehensive support including brand promotion, product launch solution design and supporting service guarantee, helping brand manufacturers increase their market share.

IV. Consolidating core capabilities in pharmaceutical logistics to drive value enhancement of third-party logistics business

We will fully integrate transportation resources, promote the construction of smart logistics capabilities, enhance delivery service capacity, and strengthen the synergy effect of regional integrated logistics. Relying on the collaborative operation model of multi-warehouse coordination and intelligent dispatching, we strive to optimise the timeliness and cost control from the source to terminal delivery to the optimal level, fully unleashing the economies of scale and improving resource utilisation efficiency.

By further leveraging the Group's strengths in refined management and digital-intelligent enablement, we will continuously optimise and upgrade the terminal delivery network, making the layout of the pharmaceutical logistics network more rational and efficient. At the same time, we will actively expand the third-party pharmaceutical logistics business, leverage our logistics network advantages to provide professional and convenient value-added services such as warehousing, logistics and freight transportation for upstream suppliers and downstream customers, and continuously enhance the Group's market competitiveness and profitability.

V. Deepening domestic and international industrial collaborative cooperation to boost the Group's healthy and high-quality development

Relying on the abundant resources and advantages of our state-owned shareholders, we will actively explore high-quality products and strategic cooperation at home and abroad, expand more profitable new businesses while continuously improving the product supply chain, and optimise the business structure and profit model. Focusing on the extension and upgrading of the pharmaceutical industry chain, we will introduce new technologies and concepts, drive the in-depth integration of emerging technologies with core competitiveness, consolidate our leading position in the non-tendering pharmaceutical market in South China, and contribute to the innovation and development of the pharmaceutical distribution industry.

Looking ahead, we will continue to capitalise on the growth potential of China's non-tender pharmaceutical market, accelerate the replication of proven operating model, and continue to strengthen digital and intelligent capabilities and business innovation. By improving supply chain efficiency, optimising product portfolio and customer experience, and reducing distribution costs, we are committed to becoming one of the most competitive service providers in China's pharmaceutical and healthcare industry.

FINANCIAL REVIEW

Operating revenue

	For the six months ended 30 June	
	2026	2025
Item	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)
Principal business	**2,409,044**	2,128,770
Other businesses	**39,067**	26,302
Operating revenue	**2,448,111**	2,155,071

	For the six months ended 30 June	
	2026	2025
Customer type	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)
Distributors	**1,136,361**	1,030,348
Retail pharmacy stores	**1,207,462**	1,040,097
Private hospitals, clinics, health centres and others	**65,221**	58,325
Revenue from principal business	**2,409,044**	2,128,770

During the six months ended 30 June 2026, our revenue from principal business was derived from product sales to (i) distributor customers; (ii) retail pharmacy stores; and (iii) private hospitals, clinics, health centres and others, over 97% of our revenue from principal business was derived from distributor customers and retail pharmacy stores.

The Group's operating revenue increased by 13.60% from RMB 2,155.07 million for the six months ended 30 June 2025 to RMB 2,448.11 million for the six months ended 30 June 2026. This was mainly due to: (1) the sustained and steady growth in demand for retail terminal pharmaceutical products in China, driven by the continuous enhancement of public health awareness which has further expanded the retail pharmacy channel, with the overall market environment remaining favorable; and (2) the Group's deepened brand collaborations. By consistently executing the market strategy of "Deepening Presence in Guangdong, Radiating to Surrounding Regions", the Group has further enhanced its recognition among brand manufacturers, secured more distribution rights for quality products and project cooperation opportunities, and continuously strengthened its supply chain advantages. Through improving product supply fulfillment rates and optimising supply chain service systems, the Group's efficient and stable supply chain services have gained extensive recognition from customers, with customer satisfaction and brand influence reinforcing each other, thereby laying a solid foundation for the steady growth of the Group's core business.

Operating cost, gross profit and gross profit margin

The Group's operating cost increased by 14.76% from RMB 1,994.33 million for the six months ended 30 June 2025 to RMB 2,288.69 million for the six months ended 30 June 2026, which was broadly in line with the change in operating revenue.

The Group's gross profit decreased by 0.83% from RMB 160.75 million for the six months ended 30 June 2025 to RMB 159.42 million for the six months ended 30 June 2026. The Group's gross profit margin decreased by 0.95 percentage points from 7.46% for the six months ended 30 June 2025 to 6.51% for the six months ended 30 June 2026. This was mainly due to policy-driven factors such as national centralized procurement compressing drug prices, and medical insurance cost control and regulatory tightening leading to downward pressure on drug prices, which, when transmitted to the distribution industry, will continue to have a significant impact on the profitability of the distribution business.

Selling expenses

The Group's selling expenses decreased by 0.06% from RMB 60.44 million for the six months ended 30 June 2025 to RMB 60.41 million for the six months ended 30 June 2026, mainly due to a year-on-year decrease in employee remuneration of RMB1.50 million and an increase in transportation expenses of RMB1.38 million.

Management expenses

The Group's management expenses increased by 1.33% from RMB 22.47 million for the six months ended 30 June 2025 to RMB 22.77 million for the six months ended 30 June 2026, primarily due to an increase in employee remuneration of RMB0.31 million.

Finance costs

The Group's finance costs decreased by 15.93% from RMB 33.69 million for the six months ended 30 June 2025 to RMB 28.32 million for the six months ended 30 June 2026, mainly due to: (i) a decrease in bank benchmark lending rates; and (ii) the Company's enhanced capital turnover efficiency through measures such as bill endorsement and discounting. As a result, interest expenses decreased by RMB1.92 million year-on-year, handling charges decreased by RMB2.05 million, and interest income increased by RMB1.40 million.

Income tax expenses

The Group's income tax expense increased by 10.19% from RMB 10.89 million for the six months ended 30 June 2025 to RMB 12.00 million for the six months ended 30 June 2026. Income tax expenses were recognised, while deferred income tax assets and liabilities were adjusted in accordance with accounting standards.

Net profit

The Group's net profit increased by 3.76% from RMB 21.74 million for the six months ended 30 June 2025 to RMB 22.56 million for the six months ended 30 June 2026, mainly due to the increase in operating revenue during the Reporting Period.

Liquidity and financial resources

As at 30 June 2026, the cash and bank deposits of the Group amounted to RMB74.81 million, while the cash and bank deposits amounted to RMB221.54 million as at 31 December 2025.

As at 30 June 2026 and 31 December 2025, the Group recorded net current assets of RMB278.29million and RMB279.79 million, respectively. As at 30 June 2026, the current ratio (based on the calculation of current assets divided by current liabilities) of the Group was 1.09 (31 December 2025: 1.09).

The bank borrowings of the Group as at 30 June 2026 were RMB1,281.57 million (short-term borrowings: RMB1,241.29 million, long-term borrowings: RMB36.00 million, long-term borrowings due within one year: RMB4.28 million), and RMB1,161.56 million as at 31 December 2025 (short-term borrowings: RMB1,119.21 million, long-term borrowings: RMB38.10 million, long-term borrowings due within one year: RMB4.25 million). All the bank borrowings bear fixed interest rates. The carrying amounts of the bank borrowings were denominated in RMB, and approximated their fair values. As at 30 June 2026, the Group did not use any financial instruments for hedging purposes nor did it have any borrowings and/or other hedging instruments to hedge against net foreign currency investments.

Bills receivables, trade receivables and account receivable financing

The Group's bills receivables, trade receivables and account receivable financing increased by 20.35% from RMB1,261.07 million as at 31 December 2025 to RMB1,517.69 million as at 30 June 2026, which was mainly attributable to the natural increase resulting from the expansion of sales scale.

Bills payables and accounts payables

The Group's bills payables and accounts payables decreased by 7.88% from RMB1,405.28 million as at 31 December 2025 to RMB1,294.56 million as at 30 June 2026, mainly due to the Group's flexible use of bank acceptance bills based on credit facilities and funding positions.

Treasury policy

The Group adopts a prudent financial management strategy in executing its treasury policy. Thus, a sound liquidity position was able to be maintained throughout the Reporting Period. The Group continues to assess its customers' credit and financial positions so as to minimise credit risks. In order to control liquidity risks, the Directors would closely monitor the liquidity position of the Group to ensure that its assets, liabilities and other liquidity profile committed by the Group would satisfy the funding needs from time to time.

Foreign currency exchange risk

The transactions of the Group are denominated in RMB, and most of the assets and all liabilities are denominated in RMB. The foreign exchange risk that the Group has to bear is extremely low. For the six months ended 30 June 2026, the Group did not use any financial instruments for hedging the foreign currency risk.

Interest rate risk

As at 30 June 2026, the Group had no bank borrowings which bear interest at floating rates (31 December 2025: Nil).

Gearing Ratios

Set out below are the Group's gearing ratios as at 30 June 2026 and 31 December 2025, respectively:

	30 June 2026	31 December 2025
Gearing Ratio	**66.55%**	60.40%

Note: Gearing ratio is equal to net liabilities divided by aggregate capital as at the end of the period. Net liabilities represent total borrowings less cash and cash equivalents; and aggregate capital represents the sum of net liabilities and total equity.

Capital commitments

As at 30 June 2026, the Group did not have any capital commitments (31 December 2025: Nil).

Employees' information

As at 30 June 2026, the Group had a total of 827 employees (including the executive Directors), representing a decrease of 22 employees compared with the number of employees as at 30 June 2025. The total staff costs (including emoluments of the Directors) for the six months ended 30 June 2026 were RMB46.38 million, as compared to RMB47.57 million for the six months ended 30 June 2025. The remuneration is determined with reference to market practice and the performance, qualification and experience of individual employees.

The employees are entitled to bonuses based on the results of the Group and individual performance in addition to basic salaries. Other staff benefits include related insurance set up for the employees employed by the Group in accordance with the the Labor Law, the Employment Contract Law, the Social Insurance Law of the PRC and other applicable regulatory requirements in the PRC.

The salaries and benefits of the employees of the Group are kept at a competitive level. The employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus system, which is reviewed annually.

The Group focuses on the career development of its employees. We provide the employees with internal training and the opportunity of external training on a regular basis to support and encourage them to continuously study and improve their own integrated qualities and business capability.

Significant investments held

The Group did not hold any significant investments during the six months ended 30 June 2026.

Future plans related to significant investments and capital assets

During the Reporting Period and as at the date of this announcement, the Group has no future plans for significant investments and capital assets.

Material acquisitions and disposals related to subsidiaries, associates and joint ventures

During the six months ended 30 June 2026, the Group had no material acquisitions and disposals of subsidiaries, associates and joint ventures.

Pledge of assets

As at 30 June 2026, the Group was granted aggregate banking facilities of RMB1,997.00 million by various banks, of which RMB1,677.06 million was utilised. These banking facilities were secured by (i) property and plant held by the Group with a carrying amount of RMB198.52 million as at 30 June 2026; (ii) inventories held by the Group with a carrying amount of RMB 250.00 million as at 30 June 2026; and (iii) land use rights held by the Group with a carrying amount of RMB63.72 million as at 30 June 2026.

Contingent liabilities

As at 30 June 2026, the Group had no material contingent liabilities (31 December 2025: Nil).

Significant events after the Reporting Period

Since the end of the Reporting Period and up to the date of this announcement, no significant events affecting the Group have occurred that would require disclosure under the Listing Rules.

INTERIM DIVIDEND

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

CORPORATE GOVERNANCE PRACTICES

The Company has complied with the applicable provisions of the Corporate Governance Code contained in Appendix C1 to the Listing Rules during the six months ended 30 June 2026.

The Company will continue to review its corporate governance practices in order to enhance its corporate governance standard, to comply with the increasingly tightened regulatory requirements and to meet the rising expectations of its shareholders and investors.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix C3 to the Listing Rules as the code of conduct in dealings with the Company's securities for the Directors. Having made specific enquiries with all the Directors individually, the Company confirmed that all the Directors have complied with the required standard as set out in the Model Code throughout the six months ended 30 June 2026.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

For the six months ended 30 June 2026, the Company and its subsidiaries did not purchase, sell or redeem any of the listed securities of the Company (including sale of treasury shares). As at 30 June 2026, the Company did not hold any treasury shares.

AUDIT COMMITTEE AND REVIEW OF THE INTERIM RESULTS

The audit committee of the Company (the "**Audit Committee**") consists of three members, including two independent non-executive Directors and one non-executive Director, namely Mr. Wan Chi Wai Anthony (Chairman), Mr. Xu Fei and Mr. Guan Jian. The Audit Committee reports to the Board and holds regular meetings to review and make recommendations to improve the Group's financial reporting process and internal controls. The primary duties of the Audit Committee are to make recommendations to the Board on the appointment, reappointment and removal of the external auditor, review the financial statements and material advice in respect of financial reporting and oversee internal control of the Group.

The Audit Committee has reviewed the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2026 and is of the view that the financial statements have been prepared in accordance with the applicable accounting standards, rules and regulations, and appropriate disclosures have been duly made.

SUFFICIENCY OF PUBLIC FLOAT

During the six months ended 30 June 2026 and up to date of this announcement, based on the information that was publicly available to the Company and to the best knowledge of the Directors, the Company has complied with the applicable public float requirement under the Listing Rules.

PUBLICATION OF INTERIM RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement is published on the websites of the Company (www.chmyy.com) and the Stock Exchange (www.hkexnews.hk), and the interim report of the Company for the six months ended 30 June 2026 will be published on the above websites in due course.

By order of the Board

Charmacy Pharmaceutical Co., Ltd.

Yan Jingbin

Chairman

Shantou, the PRC, 31 August 2026

As at the date of this announcement, the executive Directors are Mr. Yao Chuanglong, Ms. Zheng Yuyan and Ms. Zhang Hanzi; the non-executive Directors are Mr. Yan Jingbin, Ms. Fu Zheng and Mr. Xu Fei; and the independent non-executive Directors are Mr. Wan Chi Wai Anthony, Mr. Li Hanguo and Mr. Guan Jian (also known as Guan Suzhe).

** For identification purpose only*