



Qinghai Biotech Pharmaceutical Group Limited 青海生物製藥集團有限公司

(Incorporated in Bermuda with limited liability)

(formerly known as Kaisa Health Group Holdings Limited)

(Stock Code: 876)



2026

INTERIM REPORT

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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Kwok Ying Shing (*Chairman*)

Mr. Luo Jun (*Vice Chairman and Chief Executive Officer*)

Ms. Luo Tingting (*Vice Chairperson*)

Mr. Xie Binhong

Mr. Yang Feng

Mr. Ye Haoda

Independent Non-executive Directors

Dr. Liu Yanwen

Dr. Lyu Aiping

Ms. Li Zhiying

AUDIT COMMITTEE

Dr. Liu Yanwen (*Chairman*)

Dr. Lyu Aiping

Ms. Li Zhiying

REMUNERATION COMMITTEE

Dr. Lyu Aiping (*Chairman*)

Mr. Kwok Ying Shing

Dr. Liu Yanwen

NOMINATION COMMITTEE

Mr. Kwok Ying Shing (*Chairman*)

Dr. Lyu Aiping

Ms. Li Zhiying

COMPANY SECRETARY

Mr. Yu Kwok Leung

AUTHORISED REPRESENTATIVES

Mr. Luo Jun

Mr. Yu Kwok Leung

INDEPENDENT AUDITOR

ZSZH (HK) Fuson CPA Limited

Certified Public Accountants

Registered Public Interest Entity Auditors

LEGAL ADVISERS

Hong Kong

Sidley Austin

Bermuda

Conyers Dill & Pearman

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited

Nanyang Commercial Bank, Limited

REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

30/F, The Center

99 Queen's Road Central

Central, Hong Kong

SHARE REGISTRARS

Bermuda Principal

Conyers Corporate Services (Bermuda) Limited

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Hong Kong Branch

Computershare Hong Kong Investor Services Limited

17M Floor, Hopewell Centre

183 Queen's Road East

Hong Kong

STOCK CODE

876

COMPANY WEBSITE

www.qhpharma.com

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2026

		Six months ended 30 June 2026 HK\$'000 (unaudited)	2025 HK\$'000 (unaudited and restated)
	Notes		
Revenue	4	284,589	338,199
Cost of sales		(176,755)	(197,897)
Gross profit		107,834	140,302
Other income, gains and losses, net		(9,109)	13,668
Selling and distribution cost		(56,173)	(62,285)
Administrative expenses		(54,659)	(49,353)
(Loss) gain from change in fair value of financial assets at fair value through profit or loss ("FVTPL")		(14,946)	8,979
Impairment loss recognised on trade receivables, net		(372)	(6,345)
Reversal of (impairment loss) recognised on other receivables, net		(1,040)	4
Impairment loss on financial liabilities in respect of financial guarantees		(134)	—
Research and development expenses		(27,424)	(22,087)
Finance costs	5	(11,160)	(20,020)
(Loss) profit before income tax	6	(67,183)	2,863
Income tax credit (expense)	7	4,706	(155)
(Loss) profit for the period		(62,477)	2,708
Other comprehensive (expense) income			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(3,572)	20,919
Other comprehensive (expense) income for the period, net of tax		(3,572)	20,919
Total comprehensive (expense) income for the period		(66,049)	23,627

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2026

	Six months ended 30 June	
	2026	2025
Notes	HK\$'000	HK\$'000
	(unaudited)	(unaudited and restated)
(Loss) profit for the period attributable to:		
— Owners of the Company	(60,168)	(7,739)
— Non-controlling interests	(2,309)	10,447
	<u>(62,477)</u>	<u>2,708</u>
Total comprehensive (expense) income for the period attributable to:		
— Owners of the Company	(70,945)	4,883
— Non-controlling interests	4,896	18,744
	<u>(66,049)</u>	<u>23,627</u>
	HK cents	HK cents
Loss per share		
— Basic and diluted (HK cents)	(1.24)	(7.67)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION*As at 30 June 2026*

	Notes	30 June 2026 HK\$'000 (unaudited)	31 December 2025 HK\$'000 (restated)	1 January 2025 HK\$'000 (restated)
Non-current assets				
Property, plant and equipment	10	302,855	294,031	268,364
Right-of-use assets	10	23,296	25,876	22,013
Intangible assets		98,033	111,141	135,388
Goodwill		567,475	548,283	522,553
Financial assets at FVTPL	11	151,184	162,237	160,261
Deferred tax assets		7,133	5,346	4,224
		<u>1,149,976</u>	<u>1,146,914</u>	<u>1,112,803</u>
Current assets				
Inventories		175,632	191,222	242,248
Trade and other receivables	12	353,374	285,201	208,076
Amounts due from fellow subsidiaries	13	9,066	8,747	1,163
Restricted bank balances		—	1,794	—
Bank balances and cash		33,370	137,894	316,865
		<u>571,442</u>	<u>624,858</u>	<u>768,352</u>
Current liabilities				
Trade and other payables	14	238,077	192,347	274,024
Provision for financial guarantee contracts liabilities	15	685,623	661,449	—
Provision for litigations	16	—	146,425	147,875
Bank borrowings	17	75,069	55,720	446,620
Lease liabilities		4,794	5,387	4,206
Amounts due to fellow subsidiaries	13	231,613	201,163	191,330
Amount due to ultimate holding company	13	360	360	216
Taxation payable		4,977	7,260	14,944
		<u>1,240,513</u>	<u>1,270,111</u>	<u>1,079,215</u>
Net current liabilities		<u>(669,071)</u>	<u>(645,253)</u>	<u>(310,863)</u>
Total assets less current liabilities		<u>480,905</u>	<u>501,661</u>	<u>801,940</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION*As at 30 June 2026*

	Notes	30 June 2026 HK\$'000 (unaudited)	31 December 2025 HK\$'000 (restated)	1 January 2025 HK\$'000 (restated)
Non-current liabilities				
Trade and other payables	14	239,632	220,618	128,786
Bank borrowings	17	324,873	335,769	—
Lease liabilities		5,746	8,076	6,443
Deferred tax liabilities		29,474	32,629	39,006
		<u>599,725</u>	<u>597,092</u>	<u>174,235</u>
Net (liabilities) assets		<u>(118,820)</u>	<u>(95,431)</u>	<u>627,705</u>
Capital and reserves				
Share capital	18	6,477	6,303	6,303
Reserves		<u>(329,259)</u>	<u>(300,800)</u>	<u>387,844</u>
Equity (deficit) attributable to owners of the Company		<u>(322,782)</u>	<u>(294,497)</u>	<u>394,147</u>
Non-controlling interests		<u>203,962</u>	<u>199,066</u>	<u>233,558</u>
Total (deficit of) equity		<u>(118,820)</u>	<u>(95,431)</u>	<u>627,705</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*For the six months ended 30 June 2026*

	Attributable to owners of the Company							Non-controlling interests		Total
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000 (note (a) below)	Capital reserve HK\$'000 (note (b) below)	Translation reserves HK\$'000 (note (c) below)	Share option reserve HK\$'000 (note (d) below)	Accumulated losses HK\$'000	Subtotal HK\$'000	HK\$'000	HK\$'000
As at 1 January 2025 (audited)	6,303	984,639	1,545	(312)	(39,262)	11,630	(533,390)	431,153	(4,662)	426,491
Effect of business combinations under common control (note 2.4)	—	—	—	(97,972)	882	—	60,084	(37,006)	238,220	201,214
As at 1 January 2025 (restated)	6,303	984,639	1,545	(98,284)	(38,380)	11,630	(473,306)	394,147	233,558	627,705
(Loss) profit for the period	—	—	—	—	—	—	(7,739)	(7,739)	10,447	2,708
Other comprehensive income for the period	—	—	—	—	—	—	—	—	—	—
Exchange differences arising on translation of foreign operations	—	—	—	—	12,622	—	—	12,622	8,297	20,919
Total comprehensive income (expense) for the period	—	—	—	—	12,622	—	(7,739)	4,883	18,744	23,627
Lapse of share option	—	—	—	—	—	(4,095)	4,095	—	—	—
As at 30 June 2025 (unaudited)	6,303	984,639	1,545	(98,284)	(25,758)	7,535	(476,950)	399,030	252,302	651,332
As at 1 January 2026 (audited)	6,303	984,639	1,545	(507)	(20,167)	5,078	(573,516)	403,375	(4,878)	398,497
Effect of business combinations under common control (note 2.4)	—	—	—	(741,674)	(18,694)	—	62,496	(697,872)	203,944	(493,928)
As at 1 January 2026 (restated)	6,303	984,639	1,545	(742,181)	(38,861)	5,078	(511,020)	(294,407)	199,066	(95,431)
Loss for the period	—	—	—	—	—	—	(60,168)	(60,168)	(2,309)	(62,477)
Other comprehensive (expense) income for the period	—	—	—	—	—	—	—	—	—	—
Exchange differences arising on translation of foreign operations	—	—	—	—	(10,777)	—	—	(10,777)	7,205	(3,572)
Total comprehensive (expense) income for the period	—	—	—	—	(10,777)	—	(60,168)	(70,945)	4,896	(66,049)
Acquisition of the Target Group through business combination under common control (note 2.4)	174	24,247	—	18,239	—	—	—	42,660	—	42,660
As at 30 June 2026 (unaudited)	6,477	1,008,886	1,545	(723,942)	(49,638)	5,078	(571,188)	(322,782)	203,962	(118,820)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2026

Notes:

(a) Special reserve

The special reserve arose pursuant to a group reorganisation in 1997 being the difference between the nominal amount of the share capital issued by the Company in exchange for the shares of the subsidiaries and the nominal amount of the share capital of the subsidiaries acquired, capital reduction and bonus issue by way of capitalisation of the reserve in 2005 and 2006.

(b) Capital reserve

Capital reserve comprises:

- (i) The difference between the amount by which the non-controlling interests are adjusted and the consideration paid for the acquisition of additional equity interest in subsidiaries.
- (ii) In November 2020, the Target Group (as guarantor) provided a financial guarantee on behalf of Kaisa Group (Shenzhen) Co., Ltd. (佳兆業集團(深圳)有限公司, "**Kaisa Shenzhen**"), a fellow subsidiary of the Target Company (as borrower) for a loan amounted to RMB500,000,000 granted by Shenzhen Ruihong Real Estate Development Co., Ltd. (深圳市睿鴻置業發展有限公司, "Ruihong Real Estate", a third party established in the PRC with limited liability) (as lender) (the "**Kaisa Shenzhen Financial Guarantee Contract**"). The management of the Target Company considers the Target Group might be held liable on this guaranteed borrowing. The Kaisa Shenzhen Financial Guarantee Contract are measured initially at their fair values in accordance with the accounting policy of the Target Company as set out in Note 4 to the Historical Financial Information. With reference to a valuation conducted by an independent professional valuer the fair value of the financial guarantee contract liabilities regarding Kaisa Shenzhen Financial Guarantee Contract amounted to approximately RMB90,000,000 was recognised as owners' transaction with the Controlling Shareholders (as defined and described in note 1.2 to the notes to the condensed consolidated interim financial statement below).
- (iii) On 29 September 2025, the Target Group (as guarantor) provided a financial guarantee on behalf of Shenzhen City Jingjia Urban Renewal Co., Ltd. (深圳市景佳城市更新有限公司, "**Shenzhen City Jingjia**"), a fellow subsidiary of the Target Company (as borrower) relating to a loan amounted to RMB1,600,000,000 granted by China Minsheng Banking Corporation Limited ("**Minsheng Bank**") (as lender) (the "**Shenzhen City Jingjia Financial Guarantee Contract**"). The management of the Target Company considers the Target Group might be held liable on this guaranteed borrowing. The Shenzhen City Jingjia Financial Guarantee Contract are measured initially at their fair values. With reference to a valuation conducted by an independent professional valuer, the fair value of the financial guarantee contract liabilities regarding Shenzhen City Jingjia Financial Guarantee Contract amounted to approximately RMB593,547,000 was recognised as owners' transaction with the Controlling Shareholders.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*For the six months ended 30 June 2026*

Notes: (Continued)

(b) Capital reserve (Continued)

- (iv) On 24 June 2026, the Company completed its acquisition of 100% equity interest of Embrace Blossom Limited and its subsidiaries (the “**Acquisition**”) at a consideration of HK\$24,412,214 (equivalent to approximately RMB21,603,729), which was settled by the issued and allotted of 2,789,967 shares at the issue price of HK\$8.75 per share by the Company to the Vendor upon completion of the Acquisition. Further, pursuant to the conditions precedent to the Sales and Purchase Agreement, the Vendor has undertaken that the maximum compensation liability to be borne by Kaisa Healthcare Investment in respect of the Kaisa Shenzhen Financial Guarantee Contract shall not exceed of HK\$115,490,000 (equivalent to RMB100,000,000). The adjustments to eliminate share capital of the combining entities or businesses against the related investment costs, netting off the Undertaken Amount have been made to capital reserve in the condensed consolidated statement of changes in equity in respect of the Acquisition and details of the Acquisition are set out in the note 2.4 to the condensed consolidated interim financial statement during the six months ended 30 June 2026.

(c) Translation reserves

The translation reserves comprise all foreign exchange differences arising from the translation of foreign operations.

(d) Share option reserve

The share option reserve represents the reserve relating to the Company’s share option scheme.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS*For the six months ended 30 June 2026*

	Six months ended 30 June	
	2026	2025
	HK\$'000	HK\$'000
	(unaudited)	(unaudited and restated)
Net cash used in operating activities	(2,812)	(58,651)
Cash flows from investing activities		
Proceeds on disposal of property, plant and equipment	—	8
Purchase of property, plant and equipment	(6,611)	(12,069)
Changes in investment cost of financial assets at FVTPL without changes in ownership percentage	1,786	12,477
Interest received	45	1,228
Dividend received from a limited partnership	125	215
Payment to fellow subsidiaries	—	(36)
Net cash (used in) generated from investing activities	(4,655)	1,823
Cash flows from financing activities		
Repayment of bank borrowings	(5,701)	—
Repayment of litigations	(87,737)	—
Repayments of lease liabilities	(2,514)	(3,003)
Changes in amount due to fellow subsidiaries	—	43
Interest paid	(304)	(228)
Net cash used in financing activities	(96,256)	(3,188)
Net decrease in cash and cash equivalents	(103,723)	(60,016)
Cash and cash equivalents at 1 January	139,688	316,865
Effect of foreign exchange rate changes	(2,595)	9,997
Cash and cash equivalents at 30 June, representing bank balances and cash	33,370	266,846

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2026

1. GENERAL INFORMATION

Qinghai Biotech Pharmaceutical Group Limited (formerly known as Kaisa Health Group Holdings Limited) (the “**Company**”) was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The addresses of its registered office and its principal place of business are disclosed in the Corporate Information section to the interim report.

The ultimate holding company of the Company is Kaisa Group Holdings Ltd. (“**Kaisa Group**” or the “**Controlling Shareholders**”), which was incorporated in the Cayman Islands and its shares are also listed on the Stock Exchange.

The Company is an investment holding company. The Company and its subsidiaries (the “**Group**”) is mainly engaged in the manufacturing and sale of dental prosthetics and implant instruments and provision of sport rehabilitation services.

These condensed consolidated interim financial statements are presented in Hong Kong Dollars (“**HK\$**”), which is also the functional currency of the Company.

The English names of all the companies established in the PRC presented in these condensed consolidated interim financial statements represent the best efforts made by the directors of the Company for the translation of the Chinese names of these companies to English names as they do not have official English names.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

2.1 Basis of preparation

These unaudited condensed consolidated interim financial statements for the six months ended 30 June 2026 (the “**Interim Period**”) have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) as well as with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. These unaudited condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2025.

2.2 Principal accounting policies

The unaudited condensed consolidated interim financial statements for the Interim Period have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values, as appropriate.

Except for the application of amended Hong Kong Financial Reporting Standards (“**HKFRS Accounting Standards**”) as described in note 3 and the adoption of new accounting policies noted below, the accounting policies and methods of computation used in the unaudited condensed consolidated interim financial statements for the Interim Period are the same as those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2025.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2026

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.3 Going concern basis

The directors of the Company have, at the time of approving the unaudited condensed consolidated interim financial statements for the Interim Period, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the unaudited condensed consolidated interim financial statements.

During the six months ended 30 June 2026, the Group incurred a net loss attributable to the owners of the Company of approximately HK\$60,168,000 (six months ended 30 June 2025 (Restated): HK\$7,739,000) and, as of 30 June 2026, the Group had net current liabilities and deficit attributable to owners of the Company of approximately HK\$669,071,000 and HK\$322,782,000 (31 December 2025 (Restated): HK\$645,253,000 and HK\$294,497,000), respectively. In addition, as at 30 June 2026, the Group's short-term bank borrowings amounted to approximately HK\$75,069,000 (31 December 2025 (Restated): HK\$55,720,000) and its bank balances and cash amounted to approximately HK\$33,370,000 (31 December 2025 (Restated): HK\$137,894,000) only. These conditions indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

Having considered the letter of support (the "**Letter of Support**") from Kaisa Group, its ultimate holding company and cash flow projections prepared by the management of the Company for the twelve months ending 30 June 2027, the board of directors of the Company are satisfied that the unaudited condensed consolidated interim financial statements have been prepared on the assumption that the Group will continue as a going concern. The board of directors of the Company has given careful consideration to the future liquidity and performance of the Group and its available sources of finance and the Letter of Support in assessing whether the Group will have sufficient financial resources to continue as a going concern.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2026

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.4 Merger accounting for business combination involving entities under common control

During the Interim Period, pursuant to the announcement of the Company dated 18 March 2026 and the circular dated 2 June 2026 the Company, (the **"Purchaser"**) entered into a conditional sales and purchases agreement (the **"Sales and Purchase Agreement"**) with Profit Vigorous Developments Limited (the **"Vendor"**), a company wholly-owned by Kaisa Group which is the ultimate controlling shareholder of the Company, to acquired 100% equity interest of Embrace Blossom Limited (the **"Target Company"** or **"Embrace Blossom"**) and its subsidiaries (the **"Acquisition"**). The Target Company holds the entire issued share capital of Sino Globe Limited (**"Sino Globe"**), a company incorporated in Hong Kong with limited liability), which holds a 99% equity interest of Chenghe Industrial Development (Dongguan) Co., Ltd. (誠合實業發展(東莞)有限公司, "Dongguan Chenghe", a company established in the PRC with limited liability), which in turn directly holds the entire issued share capital of Kaisa Healthcare Investment (Shenzhen) Co., Ltd. (佳兆業醫療投資(深圳)有限公司, "Kaisa Healthcare Investment", a company established in the PRC with limited liability); and the Target Company, Sino Globe, Dongguan Chenghe and Kaisa Healthcare Investment are collectively referred to as the **"Target Holding Company"**), which in turn directly holds a 54.84% equity interest of Qinghai Pharmaceutical Co. Ltd. (青海製藥有限公司, the **"Project Company"** or **"Qinghai Pharmaceutical"**), a company established in the PRC with limited liability; and the Project Company and its subsidiaries are collectively referred to as the **"Project Group"**; while the Target Company and its subsidiaries, including the Project Group and the Target Holding Companies are collectively referred as the **"Target Group"**). The Project Company is accounted for as an indirect subsidiary of the Target Company. Each of the Target Holding Companies is an investment holding company with no substantive business; and the principal assets held by the Target Group are the Project Group.

The Target Group is mainly engaged in the research and development, manufacturing, and sale of pharmaceutical products (including anaesthetic products) in the PRC (the **"Target Business"**). The Project Group's principal products include the active pharmaceutical ingredients and products of anaesthetic antitussive.

Pursuant to the Sales and Purchase Agreement, the consideration for the Acquisition was HK\$24,412,214 (equivalent to approximately RMB21,603,729), which was settled by the issued and allotted of 2,789,967 shares at the issue price of HK\$8.75 per share by the Company to the Vendor upon completion of the Acquisition and details of which are set out in note 18. Further, as described in note 16, pursuant to the conditions precedent to the Sales and Purchase Agreement, the Vendor has undertaken that the maximum compensation liability to be borne by Kaisa Healthcare Investment in respect of the Kaisa Shenzhen Financial Guarantee Contract shall not exceed of HK\$115,490,000 (equivalent to RMB100,000,000) (the **"Capped Liabilities"**).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2026

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.4 Merger accounting for business combination involving entities under common control (Continued)

Since both the Company and the Target Company are ultimately controlled by the Controlling Shareholder (i.e. the “**Controlling Party**”), Kaisa Group, before and after the Acquisition and the control is not transitory for accounting purposes, thus, the Acquisition, the Acquisitions was accounted for using merger basis of accounting as stipulated in the Hong Kong Accounting Guideline 5, “Merger Accounting for Common Control Combinations” (“**AG 5**”) issued by the HKICPA. The assets and liabilities of the Target Company were consolidated in the consolidated financial statements of the Company using their respective carrying amounts. No amount is recognised in respect of goodwill or bargain purchase gain at the time of common control combination.

The Merger with the Target Group was completed on 24 June 2026 (the “**Completion**”).

Under merger accounting, based on the guidance set out in AG 5, the unaudited condensed consolidated interim financial statement incorporate the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are condensed consolidated using the existing book values from the controlling party’s perspective. No amount is recognised in respect of goodwill or excess of acquirer’s interest in the net fair value of acquiree’s identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party’s interest. The adjustments to eliminate share capital of the combining entities or businesses against the related investment costs, net off the Undertaken Amount (as defined and described in note 16) have been made to merger reserve in the condensed consolidated statement of changes in equity.

The condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the prior period have been restated to include the results of the Target Group as if the Acquisition had been completed since the date the Target Group first came under the common control of the Company. The condensed consolidated statement of financial position as at 1 January 2025 and 31 December 2025 have been restated to adjust the carrying amounts of the assets and liabilities of the Target Group which had been in existence as at 1 January 2025 and 31 December 2025 as if those entities or businesses were combined from the date when they first came under the common control of the Company (see below for the financial impacts).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2026

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.4 Merger accounting for business combination involving entities under common control (Continued)

- (i) Effect on the unaudited condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2025:

	The Group HK\$'000 (as previously reported)	Effect of business combination of the Target Group under common control HK\$'000	The Group HK\$'000 (unaudited and restated)
Revenue	69,577	268,622	338,199
Cost of sales	(44,383)	(153,514)	(197,897)
Gross profit	25,194	115,108	140,302
Other income, gains and losses, net	792	12,876	13,668
Selling and distribution cost	(21,760)	(40,525)	(62,285)
Administrative expenses	(14,729)	(34,624)	(49,353)
Gain from change in fair value of financial assets at FVTPL	8,979	—	8,979
Reversal of (impairment loss) recognised on trade receivables, net	197	(6,542)	(6,345)
Impairment loss recognised on other receivables, net	—	4	4
Research and development expenses	(7,779)	(14,308)	(22,087)
Finance costs	(228)	(19,792)	(20,020)
(Loss) profit before income tax	(9,334)	12,197	2,863
Income tax credit (expense)	49	(204)	(155)
(Loss) profit for the year	(9,285)	11,993	2,708

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2026

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.4 Merger accounting for business combination involving entities under common control (Continued)

- (i) Effect on the unaudited condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2025: (Continued)

	The Group HK\$'000 (as previously reported)	Effect of business combination of the Target Group under common control HK\$'000	The Group HK\$'000 (unaudited and restated)
Other comprehensive income			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations	13,707	7,212	20,919
Other comprehensive income for the year, net of tax	13,707	7,212	20,919
Total comprehensive income for the year	4,422	19,205	23,627
(Loss) profit for the year attributable to:			
— Owners of the Company	(9,125)	1,386	(7,739)
— Non-controlling interests	(160)	10,607	10,447
	(9,285)	11,993	2,708
Total comprehensive income (expense) for the year attributable to:			
— Owners of the Company	4,747	136	4,883
— Non-controlling interests	(325)	19,069	18,744
	4,422	19,205	23,627
Loss per share			
— Basic and diluted (HK\$ cents)	(0.18)	(7.49)	(7.67)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2026

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.4 Merger accounting for business combination involving entities under common control (Continued)

- (ii) Effect on the condensed consolidated statement of financial position as at 31 December 2025:

	The Group HK\$'000 (as previously reported)	Effect of business combination of the Target Group under common control HK\$'000	The Group HK\$'000 (restated)
Non-current assets			
Property, plant and equipment	15,179	278,852	294,031
Right-of-use assets	12,788	13,088	25,876
Intangible assets	4,146	106,995	111,141
Goodwill	20,217	528,066	548,283
Financial assets at FVTPL	162,237	—	162,237
Deferred tax assets	—	5,346	5,346
	<u>214,567</u>	<u>932,347</u>	<u>1,146,914</u>
Current assets			
Inventories	15,492	175,730	191,222
Trade and other receivables	131,108	154,093	285,201
Amounts due from fellow subsidiaries	939	7,808	8,747
Restricted bank balances	—	1,794	1,794
Bank balances and cash	109,603	28,291	137,894
	<u>257,142</u>	<u>367,716</u>	<u>624,858</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2026

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.4 Merger accounting for business combination involving entities under common control (Continued)

- (ii) Effect on the condensed consolidated statement of financial position as at 31 December 2025: (Continued)

	The Group HK\$'000 (as previously reported)	Effect of business combination of the Target Group under common control HK\$'000	The Group HK\$'000 (restated)
Current liabilities			
Trade and other payables	50,462	141,885	192,347
Provision for financial guarantee contracts liabilities	—	661,449	661,449
Provision for litigations	—	146,425	146,425
Bank borrowings	—	55,720	55,720
Lease liabilities	5,387	—	5,387
Amounts due to fellow subsidiaries	1,133	200,030	201,163
Amount due to ultimate holding company	360	—	360
Taxation payable	7,260	—	7,260
	<u>64,602</u>	<u>1,205,509</u>	<u>1,270,111</u>
Net current assets (liabilities)	<u>192,540</u>	<u>(837,793)</u>	<u>(645,253)</u>
Total assets less current liabilities	<u>407,107</u>	<u>94,554</u>	<u>501,661</u>
Non-current liabilities			
Trade and other payables	—	220,618	220,618
Bank borrowings	—	335,769	335,769
Lease liabilities	8,076	—	8,076
Deferred tax liabilities	534	32,095	32,629
	<u>8,610</u>	<u>588,482</u>	<u>597,092</u>
Net assets (liabilities)	<u>398,497</u>	<u>(493,928)</u>	<u>(95,431)</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2026

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.4 Merger accounting for business combination involving entities under common control (Continued)

- (ii) Effect on the condensed consolidated statement of financial position as at 31 December 2025: (Continued)

	The Group HK\$'000 (as previously reported)	Effect of business combination of the Target Group under common control HK\$'000	The Group HK\$'000 (restated)
Capital and reserves			
Share capital	6,303	—*	6,303
Reserves	<u>397,072</u>	<u>(697,872)</u>	<u>(300,800)</u>
Equity (deficit) attributable to owners of the Company	403,375	(697,872)	(294,497)
Non-controlling interests	<u>(4,878)</u>	<u>203,944</u>	<u>199,066</u>
Total (deficit of) equity	<u><u>398,497</u></u>	<u><u>(493,928)</u></u>	<u><u>(95,431)</u></u>

* Less than HK\$1,000

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2026

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.4 Merger accounting for business combination involving entities under common control (Continued)

- (iii) Effect on the condensed consolidated statement of financial position as at 1 January 2025:

	The Group HK\$'000 (as previously reported)	Effect of business combination of the Target Group under common control HK\$'000	The Group HK\$'000 (restated)
Non-current assets			
Property, plant and equipment	12,726	255,638	268,364
Right-of-use assets	9,268	12,745	22,013
Intangible assets	3,073	132,315	135,388
Goodwill	20,217	502,336	522,553
Financial assets at FVTPL	160,261	—	160,261
Deferred tax assets	—	4,224	4,224
	<u>205,545</u>	<u>907,258</u>	<u>1,112,803</u>
Current assets			
Inventories	13,381	228,867	242,248
Trade and other receivables	148,177	59,899	208,076
Amounts due from fellow subsidiaries	881	282	1,163
Bank balances and cash	149,609	167,256	316,865
	<u>312,048</u>	<u>456,304</u>	<u>768,352</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2026

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.4 Merger accounting for business combination involving entities under common control (Continued)

- (iii) Effect on the condensed consolidated statement of financial position as at 1 January 2025: (Continued)

	The Group HK\$'000 (as previously reported)	Effect of business combination of the Target Group under common control HK\$'000	The Group HK\$'000 (restated)
Current liabilities			
Trade and other payables	64,773	209,251	274,024
Provision for litigations	—	147,875	147,875
Bank borrowings	—	446,620	446,620
Lease liabilities	4,206	—	4,206
Amounts due to fellow subsidiaries	1,078	190,252	191,330
Amount due to ultimate holding company	216	—	216
Taxation payable	13,755	1,189	14,944
	<u>84,028</u>	<u>995,187</u>	<u>1,079,215</u>
Net current assets (liabilities)	<u>228,020</u>	<u>(538,883)</u>	<u>(310,863)</u>
Total assets less current liabilities	<u>433,565</u>	<u>368,375</u>	<u>801,940</u>
Non-current liabilities			
Trade and other payables	—	128,786	128,786
Lease liabilities	6,443	—	6,443
Deferred tax liabilities	631	38,375	39,006
	<u>7,074</u>	<u>167,161</u>	<u>174,235</u>
Net assets	<u>426,491</u>	<u>201,214</u>	<u>627,705</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2026

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.4 Merger accounting for business combination involving entities under common control (Continued)

- (iii) Effect on the condensed consolidated statement of financial position as at 1 January 2025: (Continued)

	The Group HK\$'000 (as previously reported)	Effect of business combination of the Target Group under common control HK\$'000	The Group HK\$'000 (restated)
Capital and reserves			
Share capital	6,303	—*	6,303
Reserves	424,850	(37,006)	387,844
Equity (deficit) attributable to owners of the Company	431,153	(37,006)	394,147
Non-controlling interests	(4,662)	238,220	233,558
Total equity	<u>426,491</u>	<u>201,214</u>	<u>627,705</u>

* Less than HK\$1,000

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS*For the six months ended 30 June 2026***2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (CONTINUED)****2.4 Merger accounting for business combination involving entities under common control (Continued)**

- (iv) The effect on the restatement on the Group's equity on 31 December 2025 is summarised as follows:

	The Group HK\$'000 (as previously reported)	Effect of business combination of the Target Group under common control HK\$'000	The Group HK\$'000 (restated)
Share capital	6,303	— *	6,303
Share premium	984,639	—	984,639
Special reserve	1,545	—	1,545
Capital reserve	(507)	(741,674)	(742,181)
Translation reserves	(20,167)	(18,694)	(38,861)
Share option reserve	5,078	—	5,078
Accumulated losses	(573,516)	62,496	(511,020)
	<u>403,375</u>	<u>(697,872)</u>	<u>(294,497)</u>
Non-controlling interests	(4,878)	203,944	199,066
	<u>398,497</u>	<u>(493,928)</u>	<u>(95,431)</u>

* Less than HK\$1,000

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2026

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**2.4 Merger accounting for business combination involving entities under common control (Continued)**

- (v) The effect on the restatement on the Group's equity on 1 January 2025 is summarised as follows:

	The Group HK\$'000 (as previously reported)	Effect of business combination of the Target Group under common control HK\$'000	The Group HK\$'000 (restated)
Share capital	6,303	—*	6,303
Share premium	984,639	—	984,639
Special reserve	1,545	—	1,545
Capital reserve	(312)	(97,972)	(98,284)
Translation reserves	(39,262)	882	(38,380)
Share option reserve	11,630	—	11,630
Accumulated losses	(533,390)	60,084	(473,306)
	<u>431,153</u>	<u>(37,006)</u>	<u>394,147</u>
Non-controlling interests	(4,662)	238,220	233,558
	<u>426,491</u>	<u>201,214</u>	<u>627,705</u>

* Less than HK\$1,000

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS*For the six months ended 30 June 2026***2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (CONTINUED)****2.4 Merger accounting for business combination involving entities under common control (Continued)**

- (vi) The effect of the restatement on the Group's basic and diluted earnings per share for the six months ended 30 June 2025 is as follows:

	Six months ended 30 June 2025 HK cents (unaudited and restated)
Basic and diluted loss per share unaudited and as previously reported	(0.18)
Adjustments arising from business combination under common control and share consolidation	(7.49)
Unaudited and restated	<u>(7.67)</u>

- (vii) The effect of the restatement on the Group's consolidated statement of cash flows for the six months ended 30 June 2025 is as follows:

	Six months ended 30 June 2025 HK\$'000 (unaudited and restated)
Decrease in net cash used in operating activities	(44,188)
Decrease in net cash generated from investing activities	(7,889)
Increase in net cash used in financing activities	<u>43</u>
Decrease in cash and cash equivalents at the end of period	<u>(52,034)</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2026

3. APPLICATION OF AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

In the current interim period, the Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2026 for the preparation of the Group's condensed interim consolidated financial statements:

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

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

4. REVENUE AND SEGMENT INFORMATION

Revenue represents the amount received and receivable for goods sold and services provided by the Group to outside customers, less discounts, returns and value added tax or other sales taxes.

For the six months ended 30 June 2026, the Group's operating activities are attributable to three operating segments focusing on the operation of (i) manufacturing of and trading in the dental business ("**Dental Business**"); (ii) providing service for sport rehabilitation, including postoperative rehabilitation, sport injury rehabilitation, chronic pain, scoliosis, deformity correction and other rehabilitation services ("**Health Care Business**") and (iii) research and development, manufacturing, and sale of pharmaceutical products ("**Pharmaceutical Business**").

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2026

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

4.1 Segment revenue and results

For the six months ended 30 June 2026 (Unaudited)

	Dental Business HK\$'000	Health Care Business HK\$'000	Pharmaceutical Business HK\$'000	Total HK\$'000
Revenue				
Revenue from external customers	<u>60,526</u>	<u>4,210</u>	<u>219,853</u>	<u>284,589</u>
Results				
Segment loss before depreciation and amortisation	(16,690)	(2,014)	(766)	(19,470)
Depreciation of:				
— Property, plant and equipment	(2,731)	(505)	(5,132)	(8,368)
— Right-of-use assets	(1,686)	(834)	(159)	(2,679)
Amortisation of intangible assets	<u>(170)</u>	<u>(270)</u>	<u>(16,419)</u>	<u>(16,859)</u>
Segment loss before income tax	(21,277)	(3,623)	(22,476)	(47,376)
Reversal of (impairment loss) recognised on trade receivables, net	3,122	—	(3,494)	(372)
Impairment loss on financial liabilities in respect of financial guarantees	—	—	(134)	(134)
Loss from change in fair value of financial assets at FVTPL	<u>—</u>	<u>(14,946)</u>	<u>—</u>	<u>(14,946)</u>
Segment loss before income tax	<u>(18,155)</u>	<u>(18,569)</u>	<u>(26,104)</u>	<u>(62,828)</u>
Impairment loss recognised on other receivables				(1,040)
Unallocated expenses				<u>(3,315)</u>
Loss before income tax				<u>(67,183)</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2026

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

4.1 Segment revenue and results (Continued)

For the six months ended 30 June 2025 (Unaudited and restated)

	Dental Business HK\$'000	Health Care Business HK\$'000	Pharmaceutical Business HK\$'000	Total HK\$'000
Revenue				
Revenue from external customers	<u>66,433</u>	<u>3,144</u>	<u>268,622</u>	<u>338,199</u>
Results				
Segment (loss) profit before depreciation and amortisation	(12,030)	2,538	38,709	29,217
Depreciation of:				
– Property, plant and equipment	(2,720)	(569)	(4,359)	(7,648)
– Right-of-use assets	(1,731)	(1,042)	(149)	(2,922)
Amortisation of intangible assets	<u>(177)</u>	<u>(170)</u>	<u>(15,466)</u>	<u>(15,813)</u>
Segment (loss) profit before income tax	(16,658)	757	18,735	2,834
Reversal of (impairment loss) recognised on trade receivables, net	197	—	(6,542)	(6,345)
Gain from change in fair value of financial assets at FVTPL	<u>—</u>	<u>8,979</u>	<u>—</u>	<u>8,979</u>
Segment (loss) profit before income tax	<u>(16,461)</u>	<u>9,736</u>	<u>12,193</u>	<u>5,468</u>
Reversal of impairment loss recognised on other receivables, net				4
Unallocated income				—
Unallocated expenses				<u>(2,609)</u>
Profit before income tax				<u>2,863</u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit/loss represents the profit/loss earned/incurred by each segment without allocation of central administration costs and other income, gains and losses, net. This is the information reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2026

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

4.2 Segment assets and liabilities

As at 30 June 2026 (Unaudited)

	Dental Business HK\$'000	Health Care Business HK\$'000	Pharmaceutical Business HK\$'000	Total HK\$'000
Reportable segment assets	<u>274,052</u>	<u>96,330</u>	<u>1,343,127</u>	1,713,509
Deferred tax assets				7,133
Unallocated assets				<u>776</u>
Total assets				<u>1,721,418</u>
Reportable segment liabilities	<u>(73,885)</u>	<u>(12,028)</u>	<u>(1,717,270)</u>	(1,803,183)
Deferred tax liabilities				(29,474)
Taxation payable				(4,977)
Unallocated liabilities				<u>(2,604)</u>
Total liabilities				<u>(1,840,238)</u>

As at 31 December 2025 (Restated)

	Dental Business HK\$'000	Health Care Business HK\$'000	Pharmaceutical Business HK\$'000	Total HK\$'000
Reportable segment assets	<u>291,887</u>	<u>178,274</u>	<u>1,294,731</u>	1,764,892
Deferred tax assets				5,346
Unallocated assets				<u>1,534</u>
Total assets				<u>1,771,772</u>
Reportable segment liabilities	<u>(51,161)</u>	<u>(12,020)</u>	<u>(1,761,896)</u>	(1,825,077)
Deferred tax liabilities				(32,629)
Taxation payable				(7,260)
Unallocated liabilities				<u>(2,237)</u>
Total liabilities				<u>(1,867,203)</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2026

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

4.3 Geographical information

The Group's operations are mainly situated in the People's Republic of China (the "PRC") (excluding Hong Kong), over 90% of the Group's revenue for external customers and non-current assets are located in the PRC (excluding Hong Kong).

4.4 Information about major customers

Revenue from customers of the corresponding period contributing over 10% of the Group's total revenue are as follows:

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited and restated)
	HK\$'000	HK\$'000
Customer A (Pharmaceutical Business)	<u>61,812</u>	<u>50,449</u>

5. FINANCE COSTS

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited and restated)
	HK\$'000	HK\$'000
Interest on bank borrowings	10,856	19,792
Interest on lease liabilities	<u>304</u>	<u>228</u>
	<u>11,160</u>	<u>20,020</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS*For the six months ended 30 June 2026***6. (LOSS) PROFIT BEFORE INCOME TAX**

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited and restated)
	HK\$'000	HK\$'000
(Loss) profit before income tax has been arrived at after charging (crediting):		
Depreciation and amortisation on:		
— Intangible assets	16,859	15,813
— Property, plant and equipment	8,368	7,648
— Right-of-use assets	2,679	2,922
	<u>27,906</u>	<u>26,383</u>
Others:		
Short-term leases with lease term less than 12 months	1,832	1,903
Research and development expenses	27,424	22,087
Bank interest income (included in other income, gains and losses, net)	(45)	(1,228)
Provision recognised for litigation, net (included in other income, gains and losses, net)	6,868	(6,196)
Dividend income (included in other income, gains and losses, net)	(125)	(215)
Net foreign exchange gain (included in other income, gains and losses, net)	(866)	(485)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2026

7. INCOME TAX (CREDIT) EXPENSE

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited and restated)
	HK\$'000	HK\$'000
Current tax:		
Hong Kong Profits Tax	—	—
PRC Enterprise Income Tax	1,131	5,382
	1,131	5,382
Deferred tax (credit) expense	(5,837)	(5,227)
	(4,706)	155

Overseas income tax

Pursuant to the rules and regulations of Bermuda and the British Virgin Islands ("BVI"), the Group is not subject to any income tax under these jurisdictions for both period.

Hong Kong Profits Tax

Under the Hong Kong two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying corporations are taxed at 8.25%, and profits above HK\$2 million are taxed at 16.5%. No Hong Kong Profits Tax has been provided as the Group did not have any assessable profits during the six months ended 30 June 2026 and 2025.

PRC Enterprise Income Tax

The provision for PRC Enterprise Income Tax ("EIT") is based on the estimated taxable income for PRC taxation purpose at the rate of taxation applicable for the six months ended 30 June 2026 and 2025.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%. A subsidiary of the Group was accredited as a "High and New Technology Enterprise" in the PRC with effect from 9 November 2018, and was registered with the local tax authority to be eligible to a concessionary tax rate of 15% for three tax years from 2024 to 2026.

Certain enterprises can benefit from a preferential tax rate of 15% under the EIT Law if they are located in applicable PRC regions as specified in the catalog of encouraged industries in western regions ("Western Regions Catalog"), subject to certain general restrictions described in the EIT Law and the related regulations. During the Relevant Periods, several entities of the Target Group are qualified as enterprises within the Western Regions Catalog and enjoyed 15% preferential income tax rate.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2026

7. INCOME TAX (CREDIT) EXPENSE (CONTINUED)

PRC Enterprise Income Tax (Continued)

According to a policy promulgated by the State Tax Bureau of the PRC, effective from September 2019 onwards, enterprises engage in research and development activities are entitled to claim 175% of the research and development expenses incurred in a year as tax deductible expenses in determining taxable profits for that period ("**Super Deduction**"). A subsidiary is eligible to such Super Deduction in ascertaining its tax assessable profit for the six months ended 30 June 2026 and 2025.

8. DIVIDENDS

No dividends were paid, declared or proposed during the six months ended 30 June 2026 and 2025, nor has any dividend been proposed since the end of the reporting periods.

9. LOSS PER SHARE

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

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited and restated)
	HK\$'000	HK\$'000
Loss for the period attributable to owners of the Company	<u>(60,168)</u>	<u>(7,739)</u>

Number of shares

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited and restated)
	(number of shares '000)	
Weighted average number of ordinary shares in issue during the period	<u>4,850,086</u>	<u>100,842*</u>

* Restated based on share consolidation and Acquisition of the Target Group through business combination under common control that took place on 24 June 2026.

The diluted loss per share for the six months ended 30 June 2026 and 2025 does not assume the exercise of the Company's share options because the exercise price of those share options was higher than the average market price for shares.

Therefore, the diluted loss per share is the same as basic loss per share for the six months ended 30 June 2026 and 2025.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2026

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

During the six months ended 30 June 2026, the Group has acquired property, plant and equipment of HK\$6,611,000 (six months ended 30 June 2025: HK\$12,069,000 (unaudited and restated)), and has written off/disposal property, plant and equipment of HK\$62,000 (six months ended 30 June 2025: HK\$837,000 (unaudited and restated)).

During the six months ended 30 June 2026, the Group has entered into lease agreements for PRC office and has recognised right-of-use assets amounted to HK\$1,123,000 (six months ended 30 June 2025: approximately HK\$5,579,000 (unaudited and restated)).

11. FINANCIAL ASSETS AT FVTPL

		30 June 2026 (Unaudited) HK\$'000	31 December 2025 (Restated) HK\$'000
	Notes		
Investment in financial assets at FVTPL:			
<i>Limited partnership interests</i>			
— Zhuhai Partnership	(a)	107,764	117,089
— Haoyi Partnership	(b)	43,420	45,148
		<u>151,184</u>	<u>162,237</u>

The directors of the Company consider that neither the Group has the practical ability to direct the relevant activities of two limited partnership entities unilaterally nor has the power to exercise significant influence over these limited partnership entities and further, the Company intends to hold these investments for long term strategic purposes and thus, these two limited partnership entities are accounted for as financial assets at FVTPL.

Notes:

- (a) Zhuhai Partnership

The amount represents 5.51% equity interest in 珠海金鑑銘股權投資基金合夥企業 (有限合夥) (Zhuhai Jinyiming Equity Investment Fund Partnership (L.P.), "**Zhuhai Partnership**") which was 100% owned by 珠海金鑑銘股權投資基金合夥企業 (有限合夥) (Zhuhai Jinyiming Equity Investment Fund Partnership (L.P.), "**Zhuhai Partnership**") which was 100% owned by 深圳盈都科技有限公司 (Shenzhen Yingdou Technology Co., Ltd., "**Shenzhen Yingdou**"). Zhuhai Partnership has investment focuses in equity and equity related securities in the information technology, high-quality medical and health industries. Pursuant to the applicable PRC laws and regulations, investments in medical or healthcare businesses should be subjected to a sino-foreign joint venture structure, with the Chinese party holding not less than 30% equity interests in it.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2026

11. FINANCIAL ASSETS AT FVTPL (CONTINUED)

Notes: (Continued)

(a) Zhuhai Partnership (Continued)

On 20 July 2021, 21 July 2021 and 31 August 2021, the Group and Shenzhen Yingdou entered into three transfer agreements respectively. Pursuant to these agreements, Shenzhen Yingdou had transferred of an aggregate of 5.51% limited partnership interest in Zhuhai Partnership to the Group, at a consideration of RMB180,000,000 (equivalent to HK\$220,410,000) through certain contractual arrangements.

As the Group is regarded as a foreign investor, the Group and Shenzhen Yingdou have entered into certain contractual arrangements (the “**Contractual Arrangements**”) to execute the transfer.

Under the Contractual Arrangements, the cooperation agreements and the variable interest entity agreements (including the exclusive consulting and service provision agreement, the exclusive option agreement, the power of attorney, the equity pledge agreement and the loan agreement) have been entered into by the Group, Shenzhen Yingdou and 深圳達逸臻科技有限公司 (Shenzhen Dayizhen Technology Co., Ltd., “**Shenzhen Dayizhen**”), a special purpose vehicle established by Shenzhen Yingdou, which enable the Group to:

- exercise effective financial and operational control over Shenzhen Dayizhen;
- exercise equity holder’s voting right of Shenzhen Dayizhen;
- receive substantially all of the economic interest returns generated by Shenzhen Dayizhen in consideration for the business support, technical and consulting services provided by the Group;
- obtain an irrevocable and exclusive right to purchase all or part of equity interest in and/or assets of Shenzhen Dayizhen from its owner at a minimum purchase price permitted under the PRC laws and regulations;
- obtain a pledge over the entire equity interest of Shenzhen Dayizhen from its owner as collateral security for all of Shenzhen Dayizhen’s payments due to the Group and to secure performance of Shenzhen Dayizhen’s obligations under the Contractual Arrangements.

The details of the Contractual Arrangements were set out in the Company’s announcements dated 31 January 2022 and 3 March 2022 respectively.

Though the Group does not have any equity interest in Shenzhen Dayizhen. However, as a result of the Contractual Arrangements, the directors of the Company consider that the Group has power over Shenzhen Dayizhen and has rights to variable returns from its involvement with Shenzhen Dayizhen and has the ability to affect those returns through its power over Shenzhen Dayizhen. After assessment, the directors concluded that the terms of the Contractual Arrangements have in substance to enable the Group has control over Shenzhen Dayizhen as a result of the Contractual Arrangements and other measures and accordingly, the Company regards Shenzhen Dayizhen as a consolidated structured entity of the Group under HKFRS Accounting Standards. The Group has consolidated the financial information of Shenzhen Dayizhen in the Group’s consolidated financial statements since year 2021.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2026

11. FINANCIAL ASSETS AT FVTPL (CONTINUED)

Notes: (Continued)

(a) Zhuhai Partnership (Continued)

Nevertheless, the Contractual Arrangements may not be as effective as direct legal ownership in providing the Group with direct control over Shenzhen Dayizhen and uncertainties presented by the PRC legal system could impede the Group's beneficiary rights of the results, assets and liabilities of Shenzhen Dayizhen. In the opinion of the directors of the Company, based on the advice of its legal counsel, the Contractual Arrangements are in compliance with the existing PRC laws and regulations are valid, binding and legally enforceable, and do not result in any violation of PRC laws or regulations currently in effect in all material respects.

(b) Haoyi Partnership

As at 30 June 2026 and 31 December 2025, the Group has equity interests in a limited partnership, namely Haoyi of which its business is focusing on Health care business in the PRC.

During the year ended 31 December 2023, the Group entered into a sale and purchase agreement with an independent third party to dispose some of its equity interests in Haoyi, of which the disposal was completed during the year ended 31 December 2023. Upon the completion of the disposal, the Group has become just a limited partner in investment in Haoyi with no control, joint control or significant influence over the relevant activities of Haoyi and its subsidiaries. The purchaser who has been appointed as the general partner of the limited partnership has the power to direct the relevant activities of Haoyi and its subsidiaries. In addition, since there is no representative on the board of directors or equivalent governing body of the investee, the Group has not participated in operating and financing activities. Accordingly, Haoyi and its subsidiaries ceased to be the subsidiaries of the Group after the disposal and have been classified as financial assets at FVTPL.

Details of the movements of the Group's financial assets at FVTPL are set out below:

	2026 (Unaudited) HK\$'000	2025 (Restated) HK\$'000
As at 1 January	162,237	160,261
Changes in investment costs without changes in ownership interest	(1,786)	(16,628)
Change in fair value recognised in profit or loss	(14,946)	10,562
Exchange realignment	5,679	8,042
As at 30 June/31 December	151,184	162,237

Details of the valuation methods, key assumptions, inputs and data are set out in note 21 to the consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2026

12. TRADE AND OTHER RECEIVABLES

		30 June 2026 (Unaudited) HK\$'000	31 December 2025 (Restated) HK\$'000
	Notes		
Trade receivables	(a)	239,872	205,136
Less: Impairments		(19,310)	(18,269)
		220,562	186,867
Other receivable relating to acquisition of land use right	(b)	23,098	22,288
Other receivables	(c)	49,777	63,911
Prepayments		93,986	42,946
Other deposits		1,928	2,875
Other receivables, prepayments and deposits		168,789	132,020
Less: Impairments		(35,977)	(33,686)
		132,812	98,334
		353,374	285,201

Notes:

- (a) Trade receivables

The following is an aged analysis of trade receivables, net of impairment, presented based on invoice date (also approximates to revenue recognition date), at the end of the reporting period:

	30 June 2026 (Unaudited) HK\$'000	31 December 2025 (Restated) HK\$'000
0 – 90 days	69,891	98,057
91 – 180 days	22,314	28,609
181 – 365 days	113,577	38,733
Over 1 year	14,780	21,468
	220,562	186,867

Payment terms with customers are mainly on credit. Invoices are normally payable within 30 to 90 days after issuance, except for certain well-established customers, where the terms are extended to 360 days.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2026

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes: (Continued)

(a) Trade receivables (Continued)

The movements in the impairment of trade receivables are as follows:

	2026 (Unaudited) HK\$'000	2025 (Restated) HK\$'000
As at 1 January	18,269	11,930
Recognised during the period/year	3,529	6,650
Reversed during the period/year	(3,157)	(1,075)
Exchange realignment	669	764
As at 30 June/31 December	19,310	18,269

(b) Other receivable relating to acquisition of land use right

Included in the Group's other receivables, prepayments and deposits, an amount of HK\$23,098,000 represented deposits paid for an acquisition of land use rights pursuant to the Original Cooperation Agreement and the Supplementary Cooperation Agreement entered into by the Group, Shanghai Jiaxu Health Services Co., Ltd.* (上海佳煦健康服務有限公司, "Shanghai Jiaxu").

Pursuant to the Original Cooperation Agreement and Supplementary Cooperation Agreement, the Group is committed to contribute RMB167,000,000 (equivalent to approximately HK\$201,000,000) which comprises contribution of RMB120,000,000 (equivalent to approximately HK\$144,000,000) to be the registered capital to Shanghai Jiading Health Services Co., Ltd.* (上海嘉定健康服務有限公司), and shareholder's loan of RMB47,000,000 (equivalent to approximately HK\$57,000,000) to engage in a project for rural revitalization, construction and development in the Fuhu Village.

The Original Cooperation Agreement and the Supplementary Cooperation Agreement were terminated during the year ended 31 December 2023 which was expected by the management to be fully refunded to the Group in 2024. However, the counterparty did not settle the amount in 2024 and up to the date when the consolidated financial statements were authorised for issue. The amount of RMB20,000,000 was fully impaired during the year ended 31 December 2024.

(c) The movements in the impairment of other receivables are as follows:

	2026 (Unaudited) HK\$'000	2025 (Restated) HK\$'000
As at 1 January	33,686	29,019
Recognised during the period/year	1,040	3,103
Reversed during the period/year	—	(7)
Exchange realignment	1,251	1,571
As at 30 June/31 December	35,977	33,686

(d) Others

The directors of the Company consider that the fair values of trade and other receivables which are expected to be recorded within one year are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

* For identification purpose only

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2026

13. AMOUNTS DUE FROM/TO FELLOW SUBSIDIARIES/ULTIMATE HOLDING COMPANY

The amounts are unsecured, interest-free and repayable on demand. In respect of the amounts due to the Group, the directors of the Company are in the view that there have been no significant increase in credit risk nor default because the amounts were insignificant.

14. TRADE AND OTHER PAYABLES

		30 June 2026 (Unaudited) HK\$'000	31 December 2025 (Restated) HK\$'000
	Notes		
Trade payables	(a)	44,481	24,758
Receipts in advance		92,219	56,585
Deferred income	(b)	140,303	135,383
Other payables	(c)	81,041	57,796
Accrued charges	(d)	114,866	134,081
Contract liabilities	(e)	4,799	4,362
		<u>477,709</u>	<u>412,965</u>
Analysed as:			
Current		238,077	192,347
Non-current		239,632	220,618
		<u>477,709</u>	<u>412,965</u>

Notes:

(a) Trade payables

The following is an aged analysis of trade payables, presented based on the invoice date as at the end of the reporting period:

	30 June 2026 (Unaudited) HK\$'000	31 December 2025 (Restated) HK\$'000
0 – 90 days	33,110	22,782
91 – 180 days	2,751	68
Over 180 days	8,620	1,908
	<u>44,481</u>	<u>24,758</u>

The average credit period on purchases of goods is 90 days (31 December 2025: 90 days).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2026

14. TRADE AND OTHER PAYABLES (CONTINUED)

Notes: (Continued)

(b) Deferred income

The amount represents the government grants received in respect of the construction of factory and development of new products and plant and equipment regarding the Target Group's new manufacturing facilities.

The amount are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets upon the completion of the construction of factory and development of new products and plant and equipment.

(c) Other payables

The amounts mainly include value added tax and other tax payables in the PRC.

(d) Accrued charges

The amounts mainly included accrued interest on bank borrowings, staff salaries and allowances, contributions to defined contribution retirement schemes and consultancy fee for dental and health care projects.

(e) Contract liabilities

The amounts represent prepayments received from medical services under the Health Care Business segment. When the Group receives a prepayment before the commencement of medical services, this will give rise to a contract liability at the inception of a contract until the revenue recognised on the service could cover the amount of the deposit. The contract liabilities represent receipts in advance for the medical services and are expected to be recognised as revenue within one year.

The movements in the contract liabilities are as follows:

	2026 (Unaudited) HK\$'000	2025 (Restated) HK\$'000
As at 1 January	4,362	2,990
Additions	4,210	7,919
Revenue recognised for the period/year	(3,610)	(6,376)
Exchange realignment	(163)	(171)
	<u>4,799</u>	<u>4,362</u>
As at 30 June/31 December		

(f) Others

All amounts are short-term and hence the carrying values of the Group's trade and other payables are considered to be a reasonable approximation of fair value.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2026

15. PROVISION FOR FINANCIAL GUARANTEE CONTRACTS LIABILITIES

	2026 (Unaudited) HK\$'000	2025 (Restated) HK\$'000
As at 1 January	661,449	—
Provision recognised during the period/year, net	134	643,702
Exchange realignment	24,040	17,747
As at 30 June/31 December	685,623	661,449

In September 2025, the Target Group entered into an agreement (the “**Shenzhen City Jingjia Agreement**”) with Shenzhen City Jingjia (as borrower), Minsheng Bank (as lender) and the Target Group (as guarantor) relating to a RMB1,600,000,000 long-term interest bearing loan from Minsheng Bank which was default at that moment (the “**Shenzhen City Jingjia Financial Guarantee Contract**”). Under the terms of the agreement, the Target Group provided a guarantee for this loan up to a maximum amount of RMB600,000,000. The management of the Target Company considers the Target Group might be held liable on this guaranteed borrowing.

The Shenzhen City Jingjia Financial Guarantee Contract was measured initially at their fair values in accordance with the accounting policy of the Target Company. With reference to a valuation conducted by an independent professional valuer, the fair value of the financial guarantee contract liabilities amounted to approximately RMB593,547,000 was recognised as owners’ transaction with the Controlling Shareholders and accordingly, the amount was charged to the “Other reserves” of the Target Group’s shareholders’ equity during the year ended 31 December 2025.

Subsequently, the Shenzhen City Jingjia Financial Guarantee Contract was measured at the higher of the amount of the loss allowance determined in accordance with HKFRS 9 Financial Instruments; and the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period. With reference to the assessment conducted by the management of the Target Company, no addition of impairment loss was charged to profit or loss for the year ended 31 December 2025.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2026

16. PROVISION FOR LITIGATIONS

	2026 (Unaudited) HK\$'000	2025 (Restated) HK\$'000
As at 1 January	146,425	147,875
Provision recognised during the period/year, net	6,868	(2,189)
Acquisition of Target Group through business combination under common control	(42,660)	—
Settled during the period/year	(115,490)	(6,594)
Exchange realignment	4,857	7,333
As at 30 June/31 December	—	146,425

The Group has been named defendants in a lawsuits issued in the courts in the Mainland China arising in the ordinary course of business in prior year.

As at 1 January 2025, the outstanding balance of the provision for litigations amounted to approximately HK\$147,875,000 (equivalently to approximately RMB139,492,000).

Upon receiving of the Judgment Order in year 2024, the Shenzhen Ruihong Real Estate Development Co., Ltd. (深圳市睿鴻置業發展有限公司, "Ruihong Real Estate", a third party established in the PRC with limited liability) has submitted the objection to the Primary People's Court of Futian District, Shenzhen City, Guangdong Province in the PRC to appeal against the Judgment Order. In February 2025, a final court order was issued and the final Judgment Order amounted to HK\$137,817,000 (equivalent to approximately RMB128,079,000).

As at 31 December 2025, the outstanding balance of provision for litigation amounted to approximately HK\$146,425,000 (equivalent to approximately RMB131,394,000).

As explained in note 2.4 to the condensed consolidated interim financial statements, the Vendor has undertaken that the maximum compensation liability to be borne by Kaisa Healthcare Investment in respect of the Kaisa Shenzhen Financial Guarantee Contract shall not exceed of RMB100,000,000 (equivalent to HK\$115,490,000) (i.e. the "Capped Liabilities") in respect of the Acquisition.

As at the date of Completion, the provision of the Kaisa Shenzhen Financial Guarantee Contract amounted to approximately HK\$156,299,000 (equivalent to approximately RMB137,418,000) and thus, a provision of approximately HK\$6,868,000 (equivalent to approximately RMB6,024,000) was recognised during the period from 1 January 2026 to the date of the Completion. The difference (the "Undertaken Amount") between amount of approximately HK\$156,299,000 (equivalent to approximately RMB137,418,000) and the Capped Liabilities of HK\$115,490,000 (equivalent to RMB100,000,000) amounted to approximately HK\$42,660,000 (equivalent to approximately RMB37,418,000) that was undertaken by the Vendor which was accounted for as owners' transaction with the Controlling Shareholders in respect of the Acquisition.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2026

17. BANK BORROWINGS

	30 June 2026 (Unaudited) HK\$'000	31 December 2025 (Restated) HK\$'000
Minsheng Bank Loan A	264,819	255,532
Minsheng Bank Loan B	135,123	135,957
	399,942	391,489
The carrying amounts of the borrowings, including interest payables, are repayable:		
— Within one year or on demand	75,069	55,720
— Within a period of more than one year but not exceeding two years	324,873	335,769
	399,942	391,489
Less: Amounts due within one year shown under current liabilities	(75,069)	(55,720)
	324,873	335,769

The bank borrowings consisted of two loan facilities.

(a) Minsheng Bank Loan A

The Minsheng Bank Loan A had an original principal amount of RMB348,000,000 and was secured by a financial guarantee provided by Kaisa Shenzhen, a fellow subsidiary of the Target Company, together with pledges over certain property projects owned by Guangzhou Jiayu Property Development Co., Ltd. (廣州市佳宇房地產開發有限公司), a fellow subsidiary of the Target Company and the shares of Qinghai Pharmaceutical, a subsidiary of the Target Company.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS*For the six months ended 30 June 2026***17. BANK BORROWINGS (CONTINUED)****(b) Minsheng Bank Loan B**

The Minsheng Bank Loan B had an original principal amount of RMB400,000,000 and was secured by a financial guarantee provided by Kaisa Shenzhen, as well as pledges over certain property projects owned by Shenzhen City Jingjia and the shares of Kaisa Healthcare Investment and Qinghai Pharmaceutical, both of which are subsidiaries of the Target Company.

During the year ended 31 December 2024, Minsheng Bank Loan A was in default due to overdue repayment of interest. As a result of such default, Minsheng Bank Loan B was also became cross-defaulted and thus, Minsheng Bank Loan B was contractually repayable on demand.

During the year ended 31 December 2025, the Target Group entered into an execution settlement agreement (the **"Minsheng Bank Settlement Agreement"**) with Minsheng Bank to resolve the defaults of Minsheng Bank Loan A and Minsheng Bank Loan B. Pursuant to Minsheng Bank Settlement Agreement, the repayment obligations of the Target Company are to be settled in a specified order, whereby the principal of Minsheng Bank Loan B shall be repaid first, followed by the principal of Minsheng Bank Loan A, then the interest incurred during the repayment plan period for Minsheng Bank Loan B, followed by the interest incurred during the repayment plan period for Minsheng Bank Loan A, and finally the settlement of interest, penalty interest and compound interest calculated in accordance with the judgment as at the effective date of the Minsheng Bank Settlement Agreement. The Minsheng Bank Settlement Agreement also extended the repayment term of the relevant borrowings to 20 December 2028.

Minsheng Bank Loan A and Minsheng Bank Loan A bear interest at 4.45% to 6.6% per year.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2026

18. SHARE CAPITAL

	Notes	Number of shares	Share capital HK\$'000
Ordinary shares of HK\$0.00125 each:			
Authorised:			
As at 1 January 2025, 31 December 2025, 1 January 2026 (160,000,000,000 ordinary shares of HK\$0.00125 each)		160,000,000,000	200,000
Share consolidation	(a)	(156,800,000,000)	—
		<u>3,200,000,000</u>	<u>200,000</u>
Issued and fully paid:			
As at 1 January 2025, 31 December 2025, 1 January 2026 (ordinary shares of HK\$0.00125 each)		5,042,139,374	6,303
Share consolidation	(a)	(4,941,296,587)	—
Issue of shares in respect of the Acquisition	(b)	2,789,967	174
		<u>103,632,754</u>	<u>6,477</u>
As at 30 June 2026 (ordinary shares of HK\$0.0625 each)			

Notes:

- (a) On 24 June 2026, the Group carried out the share consolidation pursuant to every fifty (50) issued shares are consolidated into one (1) consolidated share.
- (b) As explained in note 2.4, 2,789,967 shares was issued and allotted at the issue price of HK\$8.75 per share by the Company on 24 June 2026 relating to the Acquisition of 100% equity interest of Target Group.

The new issued shares shall rank pari passu with the existing shares in all respects.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2026

19. SHARE OPTIONS

The Company approved and adopted a share option scheme (the “**Scheme**”) for eligible participant which includes any full-time or part-time employees, potential employees, executives or officers (including executive, non-executive and independent non-executive directors) of the Company or any of its subsidiaries and any suppliers, customers, consultants, agents and advisers who, in the sole opinion of the board of directors, will contribute or has contributed to the Company and/or any of its subsidiaries.

Details of specific categories of options are as follows:

Option type	Date of grant	Vesting period	Closing price of the securities immediately before the date on which the options were granted	Exercisable period	Exercise price
2020	22.7.2020 (note i)	22.7.2020 — 21.7.2023	HK\$0.144	22.7.2021 — 21.7.2030	HK\$9.80*

* Taking into account the effect of after share consolidation, please refer to note 18(a).

Note:

(i) Share options were granted by board of directors with the approval of independent directors of the ultimate holding company on 22 July 2020.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2026

19. SHARE OPTIONS (CONTINUED)

A summary of the movements of the number of share options under the Scheme during the years is as follows:

Type of participant	Option type	Outstanding at 1 January 2025 (Audited)	Forfeited/ Lapsed during the year (Audited)	Outstanding at 31 December 2025 and 1 January 2026 (Audited)	Share consolidation during the period (Unaudited)	Outstanding at 30 June 2026 (Unaudited)
Mr. Zhang Huagang (note (i) below)	22 July 2020	50,000,000	(50,000,000)	—	—	—
Mr. Luo Jun	22 July 2020	40,000,000	—	40,000,000	(39,200,000)	800,000
Mr. Wu Tianyu (note (ii) below)	22 July 2020	20,000,000	(20,000,000)	—	—	—
Dr. Liu Yanwen	22 July 2020	6,000,000	—	6,000,000	(5,880,000)	120,000
Dr. Lyu Aiping	22 July 2020	6,000,000	—	6,000,000	(5,880,000)	120,000
Ms. Jiang Sisi	22 July 2020	10,000,000	(10,000,000)	—	—	—
Employee	22 July 2020	10,000,000	—	10,000,000	(9,800,000)	200,000
		<u>142,000,000</u>	<u>(80,000,000)</u>	<u>62,000,000</u>	<u>(60,760,000)</u>	<u>1,240,000</u>
Exercisable at the end of the year/period		<u>142,000,000</u>		<u>62,000,000</u>		<u>1,240,000</u>
Weighted average exercise price		<u>HK\$0.196</u>	<u>HK\$0.196</u>	<u>HK\$0.196</u>	<u>HK\$9.80*</u>	<u>HK\$9.80*</u>

Notes:

- (i) Mr. Zhang Huagang, being an executive director of the Company in 2023 and retired on 14 June 2024. Under the terms of the Scheme, he has rights to exercise the option in full within 12 months from the date of cessation.
- (ii) Mr. Wu retired as a director of the Company on 14 June 2024 and resigned as a director of all relevant subsidiaries on 14 October 2024. Share options held by him was lapsed on 14 October 2025.

* Taking into account the effect of after share consolidation, please refer to note 18(a).

The Group recognised a share-based payment expenses of Nil during the six month ended 30 June 2026 and 2025. Nil of share option was lapsed during the year ended 31 December 2025.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2026

20. COMMITMENTS

Capital commitments

Capital commitments of the Group in respect of construction in progress outstanding at 30 June 2026 that were not provided for in the interim financial information were as follows:

	30 June 2026 (Unaudited) HK\$'000	31 December 2025 (Restated) HK\$'000
Contracted for	<u>119,287</u>	<u>116,103</u>

Lease commitments

At the end of the reporting period, the lease commitments for short-term leases are as follows:

	30 June 2026 (Unaudited) HK\$'000	31 December 2025 (Restated) HK\$'000
Within one year	<u>3,160</u>	<u>688</u>

As at 30 June 2026 and 31 December 2025, the Group leases a number of properties with a lease period of 12 months, which are qualified to be accounted for under short-term leases exemption under HKFRS 16.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2026

21. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Financial assets and liabilities measured at fair value

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 "Fair Value Measurement". The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation techniques as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly and not using significant unobservable inputs; and
- Level 3 inputs are significant unobservable inputs for the asset or liability.

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
As at 30 June 2026(Unaudited)				
Recurring fair value measurement				
Financial assets at FVTPL:				
Limited partnership interests	<u>—</u>	<u>—</u>	<u>151,184</u>	<u>151,184</u>
As at 31 December 2025 (Restated)				
Recurring fair value measurement				
Financial assets at FVTPL:				
Limited partnership interests	<u>—</u>	<u>—</u>	<u>162,237</u>	<u>162,237</u>

During the six months ended 30 June 2026 and the year ended 31 December 2025, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2026

21. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets and liabilities measured at fair value (Continued)

Information about Level 3 fair value measurements

The valuation techniques and significant unobservable inputs used to determine the fair values of financial assets and financial liabilities at FVTPL are as follows:

Financial instruments at FVTPL	Valuation techniques	Amount	Range	Significant unobservable inputs	Sensitivity relationship of unobservable inputs to fair value
Financial asset at FVTPL – Limited partnership interests					
Zhuohai Partnership	Market approach	HK\$107,764,000 (31 December 2025: HK\$117,089,000)	0.55 – 12.89 (31 December 2025: 0.8 – 11.36)	Price to sales multiples of comparable companies	Increase/(decrease) in multiples would result in increase/(decrease) in fair value
			14.46 – 54.31 (31 December 2025: 24.48 – 50.38)	Price to earnings multiples of comparable companies	Increase/(decrease) in multiples would result in increase/(decrease) in fair value
			20.4% (31 December 2025: 20.4%)	Discount for lack of marketability (" DLOM ")	Increase/(decrease) in DLOM would result in (decrease)/increase in fair value
Haoyi Partnership	Income approach	HK\$43,420,000 (31 December 2025: HK\$45,148,000)	HK\$12,385 – HK\$24,116 (31 December 2025: HK\$11,515 – HK\$24,517)	Estimated selling price taking into account the management's experience with reference to the independent qualified valuer's knowledge of market conditions of the specific industries	Higher the selling price would increase fair value of the financial assets
			27.3% (31 December 2025: 27.3%)	DLOM	Increase/(decrease) in DLOM would result in (decrease)/increase in fair value

The movements for the six months ended 30 June 2026 and the year ended 31 December 2025 in the balance of Level 3 fair value measurements are disclosed in note 11.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS*For the six months ended 30 June 2026***21. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)****Financial assets and liabilities not reported at fair value**

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities carried at amortised cost in the condensed consolidated financial interim financial statements approximate their fair values as at 30 June 2026 and 31 December 2025.

22. RELATED PARTY TRANSACTIONS

Other than the transactions and balances with related parties as disclosed in the respective notes, during the year, the Group entered into the following transactions with the following related parties:

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
		(Restated)
	HK\$'000	HK\$'000
Nature of transactions		
Lease payment paid to Kaisa Group Holdings Ltd.	—	72
Lease payment paid to The Center (30) Limited	<u>72</u>	<u>—</u>

This is an exempted connected transaction of the Company under Chapter 14A of the Listing Rules. Please refer to paragraph (i) under Connected Transactions of the Interim Report for further details.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

For the six months ended 30 June 2026 (the “**Period**”), the Company and its subsidiaries (together the “**Group**”) recorded revenue of approximately HK\$284.6 million, representing a decrease of approximately 15.8% from the restated revenue of approximately HK\$338.2 million for the corresponding period in 2025, with gross profit margin decreased to approximately 37.9% (six months ended 30 June 2025 (restated): approximately 41.5%). The loss attributable to the owners of the Company was approximately HK\$60.2 million compared to the restated loss attributable to the owners of the Company of approximately HK\$7.7 million for the corresponding period in 2025. The basic and diluted loss per share for the Period were both HK1.24 cents per share; and the restated basic and diluted loss per share for the corresponding period in 2025 were both HK7.67 cents per share.

INTERIM DIVIDEND

The board of Directors (the “**Board**”) did not recommend the payment of an interim dividend for the Period (six months ended 30 June 2025: Nil).

BUSINESS REVIEW

During the Period, the Group primarily operated in three core business segments: pharmaceutical manufacturing, the research, production, and sales of dental consumables, as well as sports rehabilitation medical services. During the Period, the Group successfully completed the asset restructuring of Qinghai Pharmaceutical, which was injected into the Group’s Hong Kong-listed platform, formally establishing a synergistic business layout across three major health industries, namely pharmaceutical manufacturing, dental devices, and rehabilitation medical services. Although the overall domestic dental market remained sluggish with downward pressure on product prices and no signs of recovery, the sports rehabilitation sector benefited from policy support for promoting “Sports and Health Integration”. In addition, the newly incorporated pharmaceutical manufacturing segment has opened up a new growth driver for the Group, further enhancing the completeness of its overall industrial portfolio.

I. Pharmaceutical Manufacturing (Qinghai Pharmaceutical)

During the Period, the Group completed the asset restructuring of Qinghai Pharmaceutical, which has become a subsidiary of the Company. Through this transaction, the Group has expanded into a comprehensive pharmaceutical manufacturing operations, covering both active pharmaceutical ingredients and products and forming a complete industrial chain for the Group.

Qinghai Pharmaceutical’s core business involves the research and development, production, and sales of anesthetic and psychotropic active pharmaceutical ingredients and products. It has its own production facilities, comprehensive drug registration approvals, and a well-established nationwide distribution network, providing a solid operational foundation. Its products have been widely distributed to hospitals, pharmacy chains, and pharmaceutical distribution companies across provinces and municipalities in Chinese mainland. For the six months ended 30 June 2026, the revenue of Qinghai Pharmaceutical included into the Group’s consolidated statements amounted to approximately HK\$219.9 million.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW (CONTINUED)

II. Dental Business

The Group is primarily engaged in the production and sale of dental prostheses (both domestic and overseas), including crowns and bridges, removable full and partial dentures, implants and full-cast restorations. Its proprietary digital dental aesthetic brand, "Mega", leverages 3D printing technology and minimally invasive aesthetic restoration concepts to provide one-stop dental restoration solutions, including invisible aligners, dental veneers, and teeth whitening.

For the six months ended 30 June 2026, Dental Business recorded revenue of approximately HK\$60.5 million, representing a decrease of approximately HK\$5.9 million compared to approximately HK\$66.4 million for the corresponding period in 2025. The decline in revenue was primarily attributable to the continued overall slump in the domestic dental market, with no significant improvement in the downward trend of product prices within the industry.

The Group always adheres to the core principle of "using minimally invasive surgery with no harm to teeth" in its research and development. Its digital products, including Mega Veneer XS (美加貼面XS), 3D Simulated Zirconium (3D模擬銼) and Mega YiQi Clear Aligner (美加易齊透明矯正器) continued to receive widespread recognition from dentists and dental technicians both domestically and internationally. During the Period, production capacity at the manufacturing centers in Shanghai and Chengdu continued to ramp up, effectively reducing cross-regional logistics costs and improving customer service efficiency in the East China and Southwest regions.

The Group has continued to invest in long-term research and development. For the six months ended 30 June 2026, R&D expenses was approximately HK\$6.9 million (corresponding period in 2025: approximately HK\$7.8 million), primarily allocated to the ongoing development of digital prosthetics and new implant material technologies. Regarding the dental implant business, although product pricing pressures persisted due to the overall industry environment, the Group's efforts to expand its end-user channels yielded significant results: the team at the Sino-U.S. Dental Implant R&D Centre continued to expand; new automated equipment was installed at the U.S. production base to ensure the delivery of overseas orders; and the factory of Basic (Chengdu) Medical Device Co. Ltd. ("**Basic**") in Chengdu has obtained full qualification certification and commenced stable production, with production capacity ramping up steadily. Implant products have been continuously introduced to a number of dental chain institutions in places such as Shandong and Shanghai, and the number of the Group's winning bids in public hospital tenders has also steadily increased.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW (CONTINUED)

III. Health Care Business (Hejia Rehabilitation)

For the six months ended 30 June 2026, the Health Care Business recorded revenue of approximately HK\$4.2 million, representing a year-on-year change of 33.9%. During the Period, both the number of patient visits and customer satisfaction at Hejia Rehabilitation Clinic under this segment maintained a steady upward trend. During the Period, no new clinics or partnerships with tertiary Grade A hospitals were established.

The Group's Hejia Rehabilitation Clinic is a designated medical institution under Shenzhen's medical insurance program, specializing in sports injury and post-surgical rehabilitation services. During the Period, the clinic successfully passed the periodic performance evaluation conducted by Healthcare Security Bureau of Shenzhen Municipality, maintaining its status as a designated medical insurance provider. Meanwhile, it expanded its team of rehabilitation physicians and therapists and optimised zonal service workflows. In response to tightening of medical insurance regulatory standards in Shenzhen, the clinic continued to standardise medical insurance documentation and settlement processes while strengthening internal compliance audits. Concurrently, it expanded partnerships with commercial health insurance providers to provide patients with more payment options. The clinic continues to hold its status as a council member of China Sports Rehabilitation Industry Alliance and a committee member of the Sports and Health Branch of the Shenzhen Preventive Medicine Association, while maintaining long-term academic and clinical collaboration with Peking University Shenzhen Hospital.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS AND FINANCIAL REVIEW

Revenue

The revenue for the Period amounted to approximately HK\$284.6 million (six months ended 30 June 2025 (restated): approximately HK\$338.2 million). The decrease was primarily attributable to the decline in pharmaceutical revenue, which decreased from approximately HK\$268.6 million for the corresponding period in 2025 to HK\$219.9 million, representing a decrease of approximately 18.1%.

Gross Profit and Gross Profit Margin

Gross profit for the Period amounted to approximately HK\$107.8 million (six months ended 30 June 2025 (restated): approximately HK\$140.3 million). Gross profit margin for the Period was approximately 37.9% (six months ended 30 June 2025 (restated): approximately 41.5%). The decrease in gross profit margin was primarily attributable to the decline in revenue and the change in revenue composition.

Financial assets at fair value through profit or loss

Zhuhai Partnership

On 20 July 2021, 21 July 2021 and 31 August 2021, 和晟健康科技(海口)有限公司 (Hesheng Health Technologies (Haikou) Co., Ltd.*) (formerly known as 佳兆業健康科技(海口)有限公司 (Kaisa Health Technologies (Haikou) Co., Ltd.*)), an indirect wholly owned subsidiary of the Company which engaged in investment holding business and 深圳盈都科技有限公司 (Shenzhen Yingdou Technology Co., Ltd.*) entered into the transfer agreements in relation to the transfer of an aggregate of 165,289,256.2 units, representing 5.51% limited partnership interests, in 珠海金鎰銘股權投資基金合夥企業(有限合伙) (Zhuhai Jinyiming Equity Investment Fund Partnership (L.P.))* (the **"Zhuhai Partnership"**) at an investment cost of RMB180,000,000 through certain contractual arrangements. The Zhuhai Partnership investment focuses on investing in equity and equity related securities in the information technology, high-quality medical and health industries. Further details were set out in the Company's announcements dated 31 January 2022 and 3 March 2022.

Haoyi Partnership

On 4 May 2023, the Group entered into a sale and purchase agreement to dispose of its 0.1% equity interest for each in Haoyi Healthcare Services (Shenzhen) Partnership (Limited Partnership)* (浩易康養服務(深圳)合夥企業(有限合伙)) (**"Haoyi Partnership"**) and Guanghao Health Consulting Services (Zhuhai) Co., Ltd.* (光浩健康諮詢服務(珠海市)有限公司) (**"Guanghao"**) at the cash consideration of RMB100,000 (equivalent to approximately HK\$110,000). Upon completion of the transaction on 12 June 2023, the Group ceased to be the general partner of the Haoyi Partnership which has the power to direct the relevant activities of the Haoyi Partnership and its subsidiaries, resulting from the Group losing control over the Haoyi Partnership and its subsidiaries. The Group remains 99.9% limited partnership interests in Haoyi Partnership which holds 99.9% equity interest in Guanghao. The Haoyi Partnership invested in the Zhuhai Shili Lianjiang Projects through Guanghao and its subsidiaries. The Group's remaining limited partnership interests to the Haoyi Partnership and its subsidiaries have been classified as financial assets at FVTPL. Further details were set out in the Company's announcement dated 4 May 2023.

* For identification purpose only

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS AND FINANCIAL REVIEW (CONTINUED)

Financial assets at fair value through profit or loss (Continued)

Haoyi Partnership (Continued)

As at 30 June 2026, the fair value of financial assets at fair value through profit or loss was approximately HK\$151.2 million (31 December 2025: approximately HK\$162.2 million), representing approximately 8.8% of the total assets of the Group. The decrease in the financial assets at fair value through profit or loss of approximately 6.8% compared with 31 December 2025 was mainly due to the decrease in the valuation of underlying equity and equity related securities invested by Zhuhai Partnership. The fair value loss on these financial assets at fair value through profit or loss was approximately HK\$14.9 million during the Period (six months ended 30 June 2025: profit of approximately HK\$9.0 million).

The following table summarizes the information regarding the Group's significant investments classified as financial assets at fair value through profit or loss as at 30 June 2026:

Investee	Principal businesses of the underlying investments	Interest held as at 30 June 2026	Cost of investment as at 30 June 2026 HK\$ million	Fair value as at 30 June 2026 HK\$ million	Percentage of fair value relative to total assets	Fair value loss during the six months ended 30 June 2026 HK\$ million
Zhuhai Jinyiming Equity Investment Fund Partnership (L.P.)* (珠海金鎰銘股權投資基金合夥企業(有限合夥))	Equity and equity related securities in the information technology, high-quality medical and health industries	5.51% limited partnership interests	169.2	107.8	6.3%	11.6
Haoyi Healthcare Services (Shenzhen) Partnership (Limited Partnership)* (浩易康養服務(深圳)合夥企業(有限合夥))	Zhuhai Shili Lianjiang Projects	99.9% limited partnership interests	48.7	43.4	2.5%	3.3
Total				151.2		14.9

The management will quarterly review the performance of partnership investments to determine the investment approach.

Significant Investments, Material Acquisitions and Disposals

On 24 June 2026, the Company completed the acquisition (the "Acquisition") of the entire equity interest in Embrace Blossom Limited and its subsidiaries (the "Target Group") at a total consideration of HK\$24,412,214 (equivalent to approximately RMB21,603,729), which was fully settled by the allotment and issue of 2,789,967 consideration shares by the Company to the vendor at the issue price of HK\$8.75 per share upon completion. Thereafter, the Target Group operates as wholly-owned subsidiaries of the Company, with their financial performance reflected in the Group's condensed consolidated financial statements for the Period.

* For identification purpose only

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS AND FINANCIAL REVIEW (CONTINUED)

Significant Investments, Material Acquisitions and Disposals (Continued)

Save as disclosed above, the Group had not made any significant investments or material acquisitions and disposals of subsidiaries, associates or joint ventures during the Period.

Bank Balances and Cash

During the Period, the Group primarily funded its operations using cash generated from operating activities. As at 30 June 2026, the Group's bank balances and cash were approximately HK\$33.4 million (31 December 2025 (restated): approximately HK\$137.9 million). The decrease was primarily attributable to the repayment of provision for litigation.

Capital Expenditure and Capital Commitments

During the Period, the Group invested approximately HK\$7.7 million (six months ended 30 June 2025 (restated): approximately HK\$17.6 million), mainly on right-of-use assets and production equipment. As at 30 June 2026, the Group's capital commitments in respect of construction in progress were approximately HK\$119.3 million (31 December 2025 (restated): approximately HK\$116.1 million).

Contingent Liabilities

The Group had no contingent liabilities as at 30 June 2026 (31 December 2025 (restated): Nil).

Charge on the Group's Assets

As at 30 June 2026 and 31 December 2025, a 54.84% equity interest in Qinghai Pharmaceutical Co., Ltd.* (青海製藥有限公司) held by Kaisa Healthcare Investment (Shenzhen) Co., Ltd.* (佳兆業醫療投資(深圳)有限公司) ("**Kaisa Healthcare Investment**") and a 100% equity interest in Kaisa Healthcare Investment held by Chenghe Industrial Development (Dongguan) Co. Ltd.* (誠合實業發展(東莞)有限公司), both being subsidiaries of the Group, were pledged to China Minsheng Banking Corporation Limited, Shenzhen Branch as security for the bank borrowings obtained by Kaisa Healthcare Investment.

Treasury Policy

The Group's sales were principally denominated in Renminbi and US dollars, while purchases were transacted mainly in US dollars and Renminbi. The currencies held under cash and cash equivalents were mainly US dollars, Renminbi and Hong Kong dollars.

The fluctuation of Hong Kong dollars and other currencies did not materially affect the costs and operations of the Group for the Period and the Directors do not foresee significant risk in exchange rate fluctuation currently. The Group has not entered into any financial instruments for hedging purposes. However, the Group will closely monitor its overall foreign exchange exposures and interest rate exposures, and consider hedging against the exposures should the need arise.

* For identification purpose only

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS AND FINANCIAL REVIEW (CONTINUED)

Liquidity, Capital Structure and Financial Resources

Equity (deficit) attributable to owners of the Company as at 30 June 2026 amounted to approximately HK\$(322.8) million (31 December 2025 (restated): approximately HK\$(294.5) million).

As at 30 June 2026, the net current liabilities of the Group amounted to approximately HK\$669.1 million (31 December 2025 (restated): approximately HK\$645.3 million). The current and quick ratio was 0.46 and 0.32 respectively (31 December 2025 (restated): 0.49 and 0.34 respectively).

As at 30 June 2026, the indebtedness of the Group included short-term bank borrowing of approximately HK\$75.1 million (31 December 2025 (restated): approximately HK\$55.7 million), long-term bank borrowing of approximately HK\$324.9 million (31 December 2025 (restated): approximately HK\$335.8 million) and total lease liabilities (classified under current and non-current liabilities) of approximately HK\$10.5 million (31 December 2025 (restated): approximately HK\$13.5 million). In addition, the Group had amounts due to fellow subsidiaries of approximately HK\$231.6 million (31 December 2025 (restated): approximately HK\$201.2 million) and amounts due to ultimate holding company of approximately HK\$0.4 million (31 December 2025 (restated): approximately HK\$0.4 million), which are unsecured, interest-free and repayable on demand.

Furthermore, the Group had a provision for financial guarantee contract liabilities of approximately HK\$685.6 million as at 30 June 2026 (31 December 2025 (restated): approximately HK\$661.4 million). On 29 September 2025, Kaisa Healthcare Investment entered into an agreement (the “**Shenzhen City Jingjia Agreement**”) with Shenzhen City Jingjia (as borrower), Minsheng Bank (as lender) and Kaisa Healthcare Investment (as guarantor) relating to a RMB1,600,000,000 long-term interest-bearing loan from Minsheng Bank which was in default at that moment (the “**Shenzhen City Jingjia Financial Guarantee Contract**”). Under the terms of the agreement, Kaisa Healthcare Investment provided a guarantee for this loan in an amount not to exceed RMB600,000,000. The Shenzhen City Jingjia Financial Guarantee Contract was initially measured at its fair value of approximately RMB593,547,000 in 2025. Further details were disclosed in Note 15 to the consolidated financial statements.

As at 30 June 2026, the Target Group’s net debt (defined as bank borrowings, provision for financial guarantee contract liabilities and provision for litigations less bank balances and cash) was approximately HK\$1,052.2 million (31 December 2025 (restated): approximately HK\$1,061.5 million). The gearing ratio, calculated as net debt divided by the sum of net debt and total equity, was approximately 1.13 (31 December 2025 (restated): approximately 1.10).

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS AND FINANCIAL REVIEW (CONTINUED)

Liquidity, Capital Structure and Financial Resources (Continued)

As at 30 June 2026, the total number of issued ordinary shares of the Company (the “**Shares**”) was 103,632,754 (31 December 2025: 5,042,139,374 Shares). This significant change in the share capital structure during the Period under review was primarily driven by a share consolidation (the “**Share Consolidation**”) on the basis that every fifty (50) issued shares of par value of HK\$0.00125 each were consolidated into one (1) consolidated share of par value of HK\$0.0625 each, which became effective on 24 June 2026. Concurrently, upon the completion of the Acquisition on the same date, the Company allotted and issued 2,789,967 consideration shares at an issue price of HK\$8.75 per share to the vendor pursuant to the terms and conditions of the conditional sale and purchase agreement dated 18 March 2026, the details of which were duly disclosed in the announcement of the Company dated 18 March 2026 and the circular of the Company dated 2 June 2026.

Furthermore, at the annual general meeting of the Company held on 29 June 2026, the shareholders duly approved and adopted a new share scheme (the “**2026 Share Scheme**”). The adoption of the 2026 Share Scheme aims to provide incentives and rewards to eligible participants for their contributions to the Group, and no options or awards have been granted under the 2026 Share Scheme since its adoption and up to the date of this report.

Taking the above figures into account, the management is confident that the Group is financially strong and has adequate resources to settle its outstanding debts, to finance its daily operational expenditures and also the cash requirements for the Group’s future acquisition and expansion.

PROSPECTS

The Group’s overall development strategy is as follows: with Qinghai Pharmaceutical as the core brand and “Mega” and “Hejia Clinic” as complementary components of a synergetic collaboration, forming an integrated health industry ecosystem encompassing active pharmaceutical ingredients and products, high-end dental instruments and professional sports rehabilitation services. By leveraging the synergies in channels and resources across these three major business segments, long-term value can be enhanced consistently for the shareholders. With digital-intelligent dental technology, professional rehabilitation medical services as well as R&D, manufacturing and sales of pharmaceutical products as its three major growth engine, the Group will continue to integrate domestic and overseas healthcare industry resources and strive to become a listed enterprise that provides distinctive and comprehensive medical healthcare services in China.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS (CONTINUED)

I. **Pharmaceutical Manufacturing Business (Qinghai Pharmaceutical)**

With the successful completion of the asset restructuring in the first half of 2026, Qinghai Pharmaceutical has become the core growth engine of the Group. In July 2026, the Group officially obtained the drug registration certificate for hydromorphone hydrochloride and is currently advancing the construction of production lines to commence production as soon as practicable. Looking ahead, the Group will focus on the following five strategic directions to comprehensively deepen its layout in the pharmaceutical manufacturing industry chain:

1. **Deepen Integration:** Integrate the middle and back-office systems of Qinghai Pharmaceutical with those of the Group's headquarters to centrally allocate procurement, sales, and financing resources; actively revitalise underutilised assets and optimise production schedules to enhance overall profitability.
2. **Accelerate the Integration of R&D and Production:** Focus on the launch of the new hydromorphone hydrochloride products and accelerate production capacity expansion; simultaneously revitalise existing development pipeline, advance clinical trials and registration applications, and comprehensively upgrade the production quality management system.
3. **Expand Nationwide Distribution Network:** Broaden commercial distribution cooperation and deepen coverage across public hospitals, pharmacy chains, and pharmaceutical distribution companies.
4. **Flexible Capital Market Operations:** Leveraging the Hong Kong stock listing platform, financing tools such as private placements of new shares, industrial bonds, or the introduction of strategic investments will be utilised as appropriate, while continuously identifying high-quality, specialised API and product targets both domestically and overseas for mergers and acquisitions.
5. **Promote Cross-segment Synergy:** Facilitate cross-promotion and joint development between our in-house pharmaceuticals and applications such as post-dental surgical care and sports injury rehabilitation, thereby building a unique closed-loop competitive barrier encompassing "medical devices + pharmaceuticals + medical services."

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS (CONTINUED)

II. Dental Business

Although market demand and product prices remain under pressure in the short term, the long-term grow drivers, such as the rising awareness of oral health in China and increasing demand penetration in central and western regions remain unchanged, and the industry still has vast growth potential. The Group will pursue organic growth through four key areas:

1. **Production Capacity Optimisation:** Upgrade automated production lines at manufacturing facilities in Chengdu, Shanghai, and the United States to improve capacity utilisation and scale-up the mass production of dental implants and digital dentures, thereby reducing unit costs.
2. **Channel Expansion:** Actively participate in professional trade shows and deepen bidding efforts in public hospitals; strengthen strategic cooperation with large dental chains by providing on-site technician value-added services to enhance customer loyalty; simultaneously expand the overseas distribution network.
3. **Product Research and Development:** Consistently invest in the research and development of new high-end aesthetic dental products, iterating on clear aligners, ultra-thin dental veneers, and next-generation implant materials.
4. **Industry Mergers and Acquisitions:** Actively seek investment and cooperation opportunities in high-tech dental niche markets, and improve operational efficiency and profitability through cross-selling of products.

III. Health Care Business (Hejia Rehabilitation)

Although the policy benefits of “Sports and Health Integration” are evident, the Group will focus on the following four core strategies in the second half of 2026 in light of sluggish overall consumer spending and intensifying industry competition:

1. **Strengthen Regional Branding:** Focus on the local Shenzhen market, deepen academic collaborations with tertiary Grade hospitals such as Peking University Shenzhen Hospital to consolidate our leading position in regional sports rehabilitation.
2. **Diversify Payment Channels:** Strengthen engagement with commercial insurance companies, implement direct payments of insurance premiums, and streamline settlement processes to lower the cost barrier for patients and drive in-store patient traffic.
3. **Upgrade Team Services:** Expand the team of experienced medical professionals, implement standardised consultation processes to increase customer retention and referral rates.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS (CONTINUED)

III. Health Care Business (Hejia Rehabilitation) (Continued)

4. Routine Compliance Management: Strictly enforce medical insurance regulatory requirements, conduct regular internal risk self-inspections to mitigate the risk of regulatory penalties.

With the successful completion of the major asset restructuring of Qinghai Pharmaceutical, the Group's three-pillar health industry deployment has been fully established. Moving forward, the Group will pursue a balanced approach to driving both organic growth and external mergers and acquisitions across all business segments, while continuously optimising its revenue and profit structure. At the same time, the headquarters will centrally coordinate the full-process management of capital markets, legal affairs, and finance, prudently manage debt levels, and broaden diversified financing channels. The Group will fully leverage the synergies among its three core businesses, "dental consumables + rehabilitation medical services + pharmaceutical manufacturing", to effectively mitigate the risks of cyclical fluctuations in any single segment. It will continue to enhance its comprehensive operational capabilities and capital market valuation, delivering long-term, stable and sustainable investment returns for all shareholders.

IMPORTANT EVENT AFTER REPORTING PERIOD

Subsequent to the reporting period, the Company's English name was changed to "Qinghai Biotech Pharmaceutical Group Limited" and its secondary name in Chinese was changed to "青海生物製藥集團有限公司" (formerly known as Kaisa Health Group Holdings Limited 佳兆業健康集團控股有限公司).

The change of company name was approved by the shareholders at the special general meeting (SGM) and has been registered by the Registrar of Companies in Bermuda. This strategic rebranding is intended to better reflect the Group's future strategic positioning and business development after the Acquisition. For further details, please refer to the circular of the Company dated 13 August 2026 and the announcement of the Company in relation to the change of company name and corporate identification dated 23 September 2026.

EMPLOYEES AND REMUNERATION POLICY

The Group employed approximately 1,340 employees in total as at 30 June 2026 (31 December 2025 (restated): approximately 1,393) in Hong Kong, the PRC and USA. The Group implemented its remuneration policy, bonus and share option schemes based on the performance of the Group and its employees. The Group provided benefits such as social insurance and pensions to ensure competitiveness.

In addition, the Group had also adopted share option schemes as a long term incentive to the Directors and eligible employees. The emolument policy for the Directors and senior management of the Group is set up by the remuneration committee (the "**Remuneration Committee**") of the Board, having regard to the Group's performance, individual performance and comparable market conditions.

DISCLOSURE OF ADDITIONAL INFORMATION

Compliance with the 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 its code of conduct regarding Directors’ dealings in the Company’s securities. Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code 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 inside information of the Company or its securities. No incidence of non-compliance of the Employees Written Guidelines by the employees was noted by the Company during the six months ended 30 June 2026.

Purchase, Sale or Redemption of the Company’s Listed Securities

During the Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities (including treasury shares).

Compliance with the Corporate Governance Code

During the six months ended 30 June 2026, the Company has complied with all relevant code provisions of the Corporate Governance Code as set out in Part 2 of Appendix C1 to the Listing Rules.

Changes in Information of Directors

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors required to be disclosed are set out below:

1. Mr. Liu Lihao has resigned as an executive Director with effect from 13 July 2026; and
2. Mr. Yang Feng has been appointed as an executive Director with effect from 13 July 2026.

Directors’ Rights to Acquire Shares or Debentures

Save as disclosed in the section headed “Directors’ and Executives’ Interest in Shares or Short Position in Shares and Underlying Shares and Debenture” of this report, at no time during the Period was the Company, its subsidiaries or any of its associated corporations (within the meaning of Part XV of the SFO) a party to any arrangement to enable the Directors or their associates (as defined in the Listing Rules) to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DISCLOSURE OF ADDITIONAL INFORMATION

Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures

As at 30 June 2026, the interests and short positions of the Directors and the chief executive of the Company in the shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO), or as recorded in the register maintained by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code and the SFO, were as follows:

(a) *Long position in the Shares*

Name	Capacity/nature of interest	Number of Shares interested/held	Approximate percentage of the issued Shares of the Company
Mr. Kwok Ying Shing	Interest of controlled corporation	6,160,000 (Note 1)	5.94%
	Interest of spouse	40,400 (Note 2)	0.04%

Note 1: For further details, please refer to Note 2 to the table under the section headed "INTEREST AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES".

Note 2: Mr. Kwok Ying Shing is deemed to be interested in the 40,400 Shares of the Company beneficially owned by his spouse, Ms. Chan Nog.

DISCLOSURE OF ADDITIONAL INFORMATION

Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures (Continued)

(b) Long position in the share options of the Company

Name	Number of share options held	Number of underlying shares of the Company	Exercisable price	Approximate percentage of the issued Share of the Company
Mr. Luo Jun	800,000 (note 1)	800,000	HK\$9.80	0.77%
Dr. Liu Yanwen	120,000 (note 1)	120,000	HK\$9.80	0.12%
Dr. Lyu Aiping	120,000 (note 1)	120,000	HK\$9.80	0.12%

Note 1: These share options were granted on 22 July 2020. 30% of the granted share option would vest on 22 July 2021 and be exercisable from 22 July 2021 to 21 July 2030. Another 30% of the granted share options would vest on 22 July 2022 and be exercisable from 22 July 2022 to 21 July 2030. The remaining 40% of the granted share options would vest on 22 July 2023 and be exercisable from 22 July 2023 to 21 July 2030.

Following the Share Consolidation becoming effective on 24 June 2026, the number of outstanding share options and the exercise price have been adjusted accordingly.

The details of share options held by the Directors and chief executives of the Company are disclosed under the section headed "Share Option Scheme" of this report.

Save as disclosed above, as at 30 June 2026, so far as is known to any Directors or chief executives of the Company, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO) or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or (c) were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

DISCLOSURE OF ADDITIONAL INFORMATION

Interest and Short Positions of Substantial Shareholders in Shares and Underlying Shares of the Company

As at 30 June 2026, the following persons (other than the Directors and chief executives of the Company) had or were deemed or taken to have an interest and/or short position in the shares or the underlying shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company under section 336 of the SFO, or who was, directly or indirectly, interested in 5% or more of the issued shares of the Company.

Name of shareholder	Long position/ short position	Nature of interests	Number of issued ordinary shares held	Approximate percentage of the issued Share of the Company
Kaisa Group Holdings Ltd. (Note 1)	Long position	Beneficial owner Interest of controlled corporation	46,141,976	44.52%
Ying Hua Holdings Limited (Note 2)	Long position	Beneficial owner	6,160,000	5.94%
KS Holdings 2 Limited (Note 2)	Long position	Trustee	6,160,000	5.94%
Mr. Huang Xiao Gang (Note 3)	Long position	Interest of controlled corporation	9,449,405	9.12%
Gao Lang Limited (Note 3)	Long position	Interest of controlled corporation	9,449,405	9.12%

Notes:

1. According to the information available to the Company, Kaisa Group Holdings Ltd. ("**Kaisa Group**") is a company incorporated in Cayman Islands and is listed on the Main Board of the Stock Exchange (Stock Code: 1638). 43,352,000 Shares are held by Kaisa Group as a beneficial owner, and 2,789,967 Shares are held by Profit Vigorous Developments Limited ("**Profit Vigorous**"), which is wholly owned by Kaisa Group. Under SFO, Kaisa Group is deemed to be interested in the Shares held by Profit Vigorous.
2. According to the information available to the Company, Ying Hua Holdings Limited is a company incorporated in the BVI and is wholly owned by KS Holdings 2 Limited. KS Holdings 2 Limited is the trustee of 6,160,000 Shares under a discretionary trust of which Mr. Kwok Ying Shing is the founder. Under the SFO, KS Holdings 2 Limited and Mr. Kwok Ying Shing is each deemed to be interested in the Shares held by Ying Hua Holdings Limited. Mr. Kwok Ying Shing who is also an executive director and a substantial shareholder of Kaisa Group (note 1).
3. According to the information available to the Company, Peng Ze (Hong Kong) Limited and Xin Hao (Hong Kong) Limited are the beneficial owners of 2,662,805 Shares and 6,786,600 Shares respectively. Peng Ze (Hong Kong) Limited is wholly owned by Xin Hao (Hong Kong) Limited, which is in turn wholly owned by Peng Ze Limited, which is in turn wholly owned by Gao Lang Limited. Gao Lang Limited is a company incorporated in the BVI and is wholly owned by Mr. Huang Xiao Gang.

DISCLOSURE OF ADDITIONAL INFORMATION

Interest and Short Positions of Substantial Shareholders in Shares and Underlying Shares of the Company (Continued)

Save as disclosed above, as at 30 June 2026, the Directors and chief executives of the Company were not aware of any person (other than a Director or chief executive of the Company) who had any other interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

Share Schemes

2015 Share Option Scheme

A share option scheme (the “**2015 Share Option Scheme**”) was approved by an ordinary resolution passed by shareholders of the Company on 8 June 2015. The 2015 Share Option Scheme had expired on 7 June 2025. No further grant can be made under the 2015 Share Options Scheme.

The purpose of the Scheme is to recognise the contribution of the Directors, employees and consultants of the Group by granting share options to them as incentives or rewards. The major terms of the Scheme are summarised as follows:

1. Eligible participants of the Scheme include any full-time or part-time employees, potential employees, executives or officers (including executive, non-executive and independent non-executive Directors) of the Company or any of its subsidiaries and any suppliers, customers, consultants, agents and advisers who, in the sole opinion of the Board, will contribute or has contributed to the Company and/or any of its subsidiaries.
2. The maximum number of Shares in respect of which options under this Scheme or options under the other schemes may be granted must not in aggregate exceed 10% of the issued share capital of the Company at the date of approval of the Scheme i.e. 382,620,703 Shares, representing 10% of the total issued share capital of the Company as at the date of adoption of the Scheme, and such limit may be increased from time to time to 10% of the shares in issue as at the date of such shareholders approval.

The overall limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes of the Company must not exceed 30% of the Shares in issue from time to time.

DISCLOSURE OF ADDITIONAL INFORMATION

Share Schemes (Continued)

2015 Share Option Scheme (Continued)

3. The total number of Shares to be issued upon exercise of the options granted and to be granted to each eligible person (including both exercised and outstanding options) in any 12-month period up to and including the date of grant is limited to 1% of the Shares in issue. Any further grant of options in excess of this limit is subject to separate shareholders' approval in a general meeting of the Company.
4. Any grant of share options to any connected person, such grant shall be subject to the approval by all the independent non-executive Directors of the Company (and in the event that the Board offers to grant Options to an independent non-executive Director of the Company, the vote of such independent non-executive Director shall not be counted for the purposes of approving such grant).
5. Any grant of share options to a substantial shareholder or an independent non-executive Director of the Company, or any of their associates, which would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person within the 12-month period up to the date of grant of options representing in aggregate in excess of 0.1% of the Shares in issue and having an aggregate value (based on closing price of the Company's Shares at the date of the grant) in excess of HK\$5 million, is subject to prior approval by shareholders in a general meeting.
6. The offer for the grant of options (the "**Offer**") must be taken up within 14 days from the date of Offer, with a payment of HK\$1.00 as consideration by the grantee.
7. The exercise price of the share option will be determined at the highest of (i) the average closing prices of Shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of the Offer; (ii) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet on the date of the Offer; and (iii) the nominal value of the Shares.
8. The period within which the Shares must be taken up under the option, which must not be more than 10 years from the date of grant of the option.
9. The Scheme remained in force for 10 years commencing on the date of approval of the Scheme, being 8 June 2015, and expired on 7 June 2025 (both dates inclusive).

DISCLOSURE OF ADDITIONAL INFORMATION

Share Schemes (Continued)

2015 Share Option Scheme (Continued)

The refreshment of the Scheme limit was approved by an ordinary resolution passed by shareholders of the Company on 22 June 2020. Subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the additional shares of HK\$0.00125 each in the share capital of the Company to be issued pursuant to the exercise of options which may be granted under the Scheme, the refreshment of the limit in respect of the granting of options to subscribe for Shares under the Scheme be and is hereby approved, provided that:

1. the total number of Shares in respect of which options may be granted under the Scheme shall not exceed 10% of the total number of Shares in issue as at the date of passing this resolution (the "**Refreshed Limit**") i.e. 504,213,937 Shares;
2. options previously granted under the Scheme (including those outstanding, cancelled, lapsed or exercised in accordance with the terms of the Scheme) will not be counted for the purpose of calculating the Refreshed Limit;
3. the Directors be and are hereby unconditionally authorised to offer or grant options pursuant to the Scheme to subscribe for Shares up to the Refreshed Limit and to exercise all the powers of the Company to allot, issue and deal with the Shares upon the exercise of such options; and
4. such increase in the Refreshed Limit shall in no event result in the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other schemes of the Company exceed 30% of the Shares in issue from time to time.

On 22 June 2026, the Company conducted a share consolidation which every fifty existing ordinary shares of a par value of HK\$0.00125 each in the capital of the Company was consolidated into one ordinary share of a par value of HK\$0.0625 each in the share capital of the Company (the "**Share Consolidation**"). Upon the Share Consolidation becoming effective on 24 June 2026, the authorised share capital of the Company became HK\$200,000,000 divided into 3,200,000,000 Shares of HK\$0.0625 each, of which 103,632,754 Consolidated Shares will be in issue.

DISCLOSURE OF ADDITIONAL INFORMATION

Share Schemes (Continued)

2015 Share Option Scheme (Continued)

Movements of the 2015 Share Option Scheme for the Period are as follows: —

Name	Balance as at 1 January 2026	Granted during the Period	Exercised during the Period	Lapsed during the Period	Cancelled during the Period	Balance as at 30 June 2026	Exercisable price	Approximate percentage of the issued Share of the Company
Directors, chief executives or substantial shareholders, or their respective associates								
Mr. Luo Jun	800,000 (note 1, 2)	—	—	—	—	800,000	HK\$9.8 (note 2)	0.79%
Dr. Liu Yanwen	120,000 (note 1, 2)	—	—	—	—	120,000	HK\$9.8 (note 2)	0.12%
Dr. Lyu Aiping	120,000 (note 1, 2)	—	—	—	—	120,000	HK\$9.8 (note 2)	0.12%
Employee participants								
Employees	200,000 (note 1, 2)	—	—	—	—	200,000	HK\$9.8 (note 2)	0.20%
	<u>1,240,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,240,000</u>		

Note 1: These share options were granted on 22 July 2020. 30% of the granted share options would be vested on 22 July 2021 and to be exercisable from 22 July 2021 to 21 July 2030. Another 30% of the granted share options would be vested on 22 July 2022 and to be exercisable from 22 July 2022 to 21 July 2030. The remaining 40% of the granted share options would be vested on 22 July 2023 and to be exercisable from 22 July 2023 to 21 July 2030.

Note 2: The exercise price per Share payable upon exercise of the outstanding share options granted under the 2015 Share Option Scheme was adjusted on 24 June 2026 as a result of the Share Consolidation effective on that date. The number of Shares subject to the 2015 Share Option Scheme was also adjusted on 24 June 2026 in connection with the Share Consolidation.

DISCLOSURE OF ADDITIONAL INFORMATION

Share Schemes (Continued)

2026 Share Scheme

The share scheme was adopted by the Company on 29 June 2026 (the **"2026 Share Scheme"**).

The purpose

The purpose of the 2026 Share Scheme is to provide incentive to the eligible participants under the 2026 Share Scheme (the **"Eligible Participants"**) in order to promote the development and success of the business of the Group. The 2026 Share Scheme will give the Eligible Participants an opportunity to have a personal stake in the Company and will help motivate the Eligible Participants in optimising their performance and efficiency and attract and retain the Eligible Participants whose contributions are important to the long-term growth of the Group.

The Eligible Participants

The eligible participants under the 2026 Share Scheme (the **"Eligible Participants"**) include:

- (i) the directors and employees (whether full-time, part-time or other employment arrangement) of any member of the Group (including persons who are granted Awards (as defined below) under the 2026 Share Scheme as inducement to enter into employment contracts with any member of the Group) (the **"Employee Participants"**); and
- (ii) the directors and employees (whether full-time, part-time or other employment arrangement) of the holding companies, fellow subsidiaries, associated companies or investee companies of the Company (the **"Related Entity Participants"**).

Maximum number of Shares subject to the 2026 Share Scheme

The total number of Shares which may be issued upon exercise of all awards to be granted under the 2026 Share Scheme (**"Awards"**, which may be share options or share awards) together with all options and awards which may be granted under any other schemes for the time being of the Company (the **"Scheme Mandate"**) shall not exceed such number of Shares as equals 10% of the Shares in issue as at the adoption date, which is 10,363,275 Shares, representing approximately 10% of the issued Shares as at the date of this report.

DISCLOSURE OF ADDITIONAL INFORMATION

Share Schemes (Continued)

Maximum entitlement of each Eligible Participant

Where (a) any grant of an Award to an independent non-executive Director or a substantial shareholder of the Company, or any of their respective associates, would result in the Shares issued and to be issued (including any transfer of treasury shares of the Company) in respect of all options and awards granted (excluding any options and awards lapsed in accordance with the terms of the relevant schemes) to such person in the twelve (12)-month period up to and including the date of such grant representing in aggregate exceeding 0.1% of the Shares in issue (excluding treasury shares), or (b) any grant of share awards (i.e., excluding grant of share options) under the 2026 Share Scheme to any Director (other than an independent non-executive Director) or chief executive of the Company, or any of their respective associates, would result in the Shares issued and to be issued (including any transfer of treasury shares of the Company) in respect of all awards granted (excluding any Awards lapsed in accordance with the terms of the relevant schemes) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the Shares in issue (excluding treasury shares of the Company) at the date of such grant, such grant must be approved by the Shareholders in a general meeting of the Company.

The grant of Awards to an Eligible Participant in any twelve (12)-month period must not in aggregate exceed 1% of the Shares in issue (excluding treasury shares of the Company). Where any grant of an Award to an Eligible Participant would result in the Shares issued and to be issued in respect of all options and awards granted to such Eligible Participant under the 2026 Share Scheme and any other schemes of the Company (excluding any options and awards lapsed in accordance with the terms of the relevant schemes) in the twelve (12)-month period up to and including the date of such grant representing in aggregate exceeding 1% of the Shares in issue (excluding treasury shares), such grant must be approved by the Shareholders in a general meeting of the Company with such Eligible Participant and the person's close associates (or associates if the Eligible Participant is a connected person) abstaining from voting.

Time of exercise of options

Subject to the terms of the 2026 Share Scheme, a share option may be exercised at any time during the period stipulated in the offer (the **"Offer"**) to the Eligible Participant, provided that such period shall not go beyond the day immediately prior to the tenth anniversary of the offer date with respect of the relevant share option.

The Board may at its discretion specify any condition in the Offer which must be satisfied before an Award may be exercised.

DISCLOSURE OF ADDITIONAL INFORMATION

Share Schemes (Continued)

Vesting period

Save for the circumstances prescribed below, an Award must be held by the Eligible Participant who accepts the Offer in accordance with the terms of the 2026 Share Scheme for a period that is not shorter than the period commences on the offer date and ending on the day immediately prior to the first anniversary thereof (the **"Minimum Period"**) before the Award can be vested.

The Board may at its discretion grant Awards with a vesting period shorter than the Minimum Period or no vesting period is applicable in the following specific circumstances: (1) grants of "make-whole" Awards to new joiners to replace the award shares they forfeited when leaving the previous employers; (2) grants to an Employee Participant whose employment is terminated due to death or disability or occurrence of any out of control event; (3) grants with performance-based vesting condition in lieu of time-based vesting criteria; (4) grants that are made in batches during a year for administrative and compliance reasons (such as to save administrative time and compliance costs, to coincide with the regular or scheduled meetings of the Board and/or the Remuneration Committee, etc.), which include Awards that should have been granted earlier if not for such administrative or compliance reasons but had to wait for subsequent batch; (5) grants of Awards with a mixed or accelerated vesting schedule such as where the Awards may vest evenly over a period of twelve (12) months; or (6) grants of Awards with a total vesting and holding period of more than twelve (12) months.

Acceptance

An Offer shall be deemed to have been accepted by an Eligible Participant concerned in respect of all the Award Shares which are offered to such Eligible Participant when the duplicate letter comprising acceptance of the Offer duly signed by the Eligible Participant, together with a payment in favour of the Company of HK\$1.00 or such other amount (if any) that may be determined by the Board as consideration for the grant thereof, is received by the Company.

Exercise price and purchase price

In respect of share options, the exercise price shall be determined by the Board at its absolute discretion, provided that it shall not be less than the highest of (1) the closing price of the Shares as shown in the daily quotations sheet of the Stock Exchange on the offer date, which must be a business day; (2) the average of the closing prices of the Shares as shown in the daily quotations sheets of the Stock Exchange for the five (5) consecutive days on which the Shares are traded on the Stock Exchange immediately preceding the offer date; and (3) the nominal value of the Share on the offer date.

In respect of share awards, the purchase price shall be such price determined by the Board in its absolute discretion and notified to the Grantee in the offer letter. For the avoidance of doubt, the Board may determine the purchase price to be nil.

DISCLOSURE OF ADDITIONAL INFORMATION

Remaining life of the 2026 Share Scheme

The 2026 Share Scheme shall be valid and effective until the close of the business day on which falls on the date immediately prior to the tenth anniversary of the adoption date. As at the date of this report, the remaining life of the 2026 Share Scheme is approximately 9 years and 10 months.

During the Period, no share option or share award had been granted under the 2026 Share Scheme since its adoption.

Subsequent to the end of the Period and up to the date of this report, no share option nor share awards had been granted under the 2026 Share Scheme.

The number of options and awards available for grant under the scheme mandate limit of the 2026 Share Scheme together with any other schemes of the Company, as at 1 January 2026 and 30 June 2026 were nil and 504,213,937 respectively. Service provider sublimit is not applicable.

During the Period, no option or award was granted under any of the share schemes of the Company. The number of shares that may be issued in respect of options and awards granted under all share schemes of the Company during the Period divided by the weighted average number of shares in issue for the Period was therefore not applicable.

Connected Transactions

The Group had entered into the following transactions with connected parties, as defined under the Listing Rules, during the Period and up to the date of this report:

- (i) During the Period, the Group had rented a property from The Center (30) Limited ("**The Center**") amounted to approximately HK\$72,000. The Center is a fellow subsidiary of the Company and therefore is a connected person of the Company under Chapter 14A of the Listing Rules and the lease constituted an exempted connected transactions of the Company under Chapter 14A of the Listing Rules.

Audit Committee

The Audit Committee of the Board was established with written terms of reference in accordance with Appendix C1 to the Listing Rules. As at the date of this report, the Audit Committee comprises of three independent non-executive Directors, namely Dr. Liu Yanwen (chairman), and Dr. Lyu Aiping and Ms. Li Zhiying.

The Audit Committee met with the management on 25 August 2026 to review the accounting standards and practices adopted by the Group and to discuss matters regarding internal control and financial reporting including the review of the Group's interim results for the Period, before proposing them to the Board for approval. The Audit Committee has reviewed the unaudited interim results announcement and this unaudited Interim Report of the Company for the Period.