康哲药业
CHINA MEDICAL SYSTEM

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2026 INTERIM REPORT

CHINA MEDICAL SYSTEM HOLDINGS LIMITED
(STOCK CODE: Hong Kong: 867, Singapore: 8A8)

"Innovative + Exclusive" Products

Drive Dual Growth in Revenue and Profit

CONTENTS

CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. LAM Kong
Ms. CHEN Yanling

Independent Non-Executive Directors

Mr. LEUNG Chong Shun
Ms. LUO Laura Ying
Mr. FUNG Ching Simon
Mr. LEE Sien Liang, Joseph *(Appointed with effect from 29 June 2026)*

Company Secretary

Ms. WU Sanyan

Authorized Representatives

Ms. WU Sanyan
Mr. LAM Kong

Audit Committee

Mr. FUNG Ching Simon (Chairman)
Mr. LEUNG Chong Shun
Ms. LUO Laura Ying

Remuneration Committee

Mr. LEUNG Chong Shun (Chairman)
Ms. LUO Laura Ying
Mr. FUNG Ching Simon

Nomination Committee

Ms. LUO Laura Ying (Chairman)
Mr. LAM Kong
Mr. LEUNG Chong Shun
Mr. FUNG Ching Simon

Environmental, Social and Governance Committee

Ms. CHEN Yanling (Chairman)
Mr. LEUNG Chong Shun
Mr. FUNG Ching Simon
Ms. LUO Laura Ying *(Appointed with effect from 16 March 2026)*

Auditors

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

Principal Bankers

China Merchants Bank Co., Ltd.
The Hongkong and Shanghai Banking Corporation Limited
Standard Chartered Bank (Hong Kong) Limited

Registered Office

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The PRC

Branch Share Registrar in Hong Kong

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Singapore Share Transfer Agent

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Stock Code

Hong Kong: 867
Singapore: 8A8

Company's Website

www.cms.net.cn

FINANCIAL HIGHLIGHTS

- Turnover up 12.5% to RMB4,500.7 million (H1 2025: RMB4,002.0 million); in the case that all medicines were directly sold by the Group, turnover up 14.4% to RMB5,341.4 million (H1 2025: RMB4,669.6 million)
- Gross profit up 11.4% to RMB3,220.6 million (H1 2025: RMB2,891.9 million); in the case that all medicines were directly sold by the Group, gross profit up 11.5% to RMB3,212.3 million (H1 2025: RMB2,881.7 million)
- Profit for the period up 4.3% to RMB971.5 million (H1 2025: RMB931.5 million)
- Basic earnings per share up 4.7% to RMB0.4075 (H1 2025: RMB0.3892)
- As at 30 June 2026, the Group's bank balances and cash amounted to RMB2,571.9 million
- Declared interim dividend per share of RMB0.1634 (H1 2025: RMB0.1555), representing an increase of 5.1% and demonstrating the commitment to rewarding shareholders for their trust. In addition, during the six months ended 30 June 2026 (the "Reporting Period"), the Group executed share repurchases based on the strong confidence in its long-term value, and approximately 6.4 million shares had been repurchased at an aggregate consideration of approximately HK$67.9 million.

BUSINESS HIGHLIGHTS

In the first half of 2026, the phased results of CMS's growth engine transition became further evident: sales from products impacted by the national volume-based procurement (VBP) largely stabilized, while innovative and exclusive products served as key drivers of the Group's growth, propelling steady increases in both turnover and profit for the period. Specifically, the revenue of innovative and exclusive products totaled RMB1,698.7 million, representing a 19.7% year-on-year growth and accounting for 37.7% of total turnover (H1 2025: RMB1,419.1 million, accounting for 35.5% of turnover). In the case that all medicines were directly sold by the Group, sales of innovative and exclusive products totaled RMB1,709.2 million, representing a 20.5% year-on-year growth and accounting for 32.0% of total turnover (H1 2025: RMB1,419.1 million, accounting for 30.4% of turnover). Innovation achievements were continuously delivered: 3 innovative drugs were approved for marketing, New Drug Applications (NDA) for 5 innovative drugs (covering 6 indications) were under regulatory review, Investigational New Drug (IND) applications for 3 self-developed products (covering 5 indications) were approved, and 1 new collaboration project was added, with the collaboration products being 1 innovative intravenous iron product and 1 originator intravenous iron product already marketed in China. Overall, the innovative pipeline and product portfolio progressed as planned. Meanwhile, the Group further solidified its scale advantages in specialty therapeutic areas, while making continuous progress in product registration and commercialization validation across its industrial internationalization business, laying a more solid foundation for high-quality, sustainable growth.

Key Business Progress During the Reporting Period:

3 Innovative Drugs Approved for Marketing in China

- Silevimig Injection - approved for marketing in June 2026, the world's first fully human dual-epitope specific antibody against the rabies virus
- Desidustat Tablets - approved for marketing in March 2026, a novel oral Hypoxia-Inducible Factor Prolyl Hydroxylase Inhibitor (HIF-PHI) for treating anaemia in non-dialysis adult chronic kidney disease (CKD) patients
- Lumirix (ruxolitinib phosphate cream) for vitiligo - approved for marketing in January 2026, the first topical JAK inhibitor approved in China for vitiligo

2 New Drug Applications (NDAs) Accepted; a Total of 5 Innovative Drugs (Covering 6 Indications) Under NDA Review

- Comekibart Injection (MG-K10) - NDA for seasonal allergic rhinitis accepted in April 2026; expected to be the first long-acting (dosing once every four weeks) anti-IL-4Rα humanized monoclonal antibody approved in China
- Lumirix (ruxolitinib phosphate cream) - China NDA for Atopic Dermatitis (AD) accepted in February 2026, the first topical JAK inhibitor approved by the U.S. Food and Drug Administration (FDA)

The Other 4 NDAs under Review:

- Loberamisal for Injection (Y-3 for Injection) - the world's first multi-target brain cytoprotective agent targeting PSD95-nNOS and MPO
- Comekibart Injection (MG-K10) - AD
- Benzgalantamine Gluconate Enteric-coated Tablets (ZUNVEYL) - the second oral therapy approved by the U.S. FDA for the treatment of Alzheimer's disease in over a decade
- Vecantoxatug Injection - a recombinant humanized monoclonal antibody against tetanus neurotoxin which delivers superior protection compared with human tetanus immunoglobulin (HTIG)

3 Self-Developed Products (Covering 5 Indications) Received IND Application Approvals

- CMS-D001 Tablets (TYK2 Inhibitor) - approved for drug clinical trials for ulcerative colitis and Crohn's disease in May 2026
- CMS-D008 Injection (a siRNA therapy targeting and inhibiting INHBE) - approved for drug clinical trials for overweight or obese in March 2026
- CMS-D017 Capsules (Complement Factor B Inhibitor) - approved for drug clinical trials for paroxysmal nocturnal hemoglobinuria and complement-mediated kidney disease in January and February 2026, respectively

New Collaboration

In April 2026, the Group entered into an agreement with Pharmacosmos A/S to collaborate on one marketed innovative intravenous iron product and one marketed originator intravenous iron product in China.

- Innovative Drug Iron Isomaltoside Injection ("Monofer") - China's first third-generation intravenous iron therapy, with single-dose full iron replenishment of 1,000 mg+, enabling faster improvement in hemoglobin levels, providing a better safety profile
- Iron Dextran Injection ("Cosmofer") - As of the end of the Reporting Period, the only intravenous iron therapy included in Category A of the National Reimbursement Drug List (NRDL) and the National Essential Medicines List (NEML) in China

Sustainability Achievements

- The MSCI ESG Rating was upgraded from AA to AAA (the highest rating), placing the Group among the sustainability leaders in the global pharmaceuticals industry
- Included in The S&P Global Sustainability Yearbook 2026 and The S&P Global Sustainability Yearbook (China Edition) 2026, reflecting recognition of the Group's overall sustainability competitiveness by the leading global ESG assessment institution

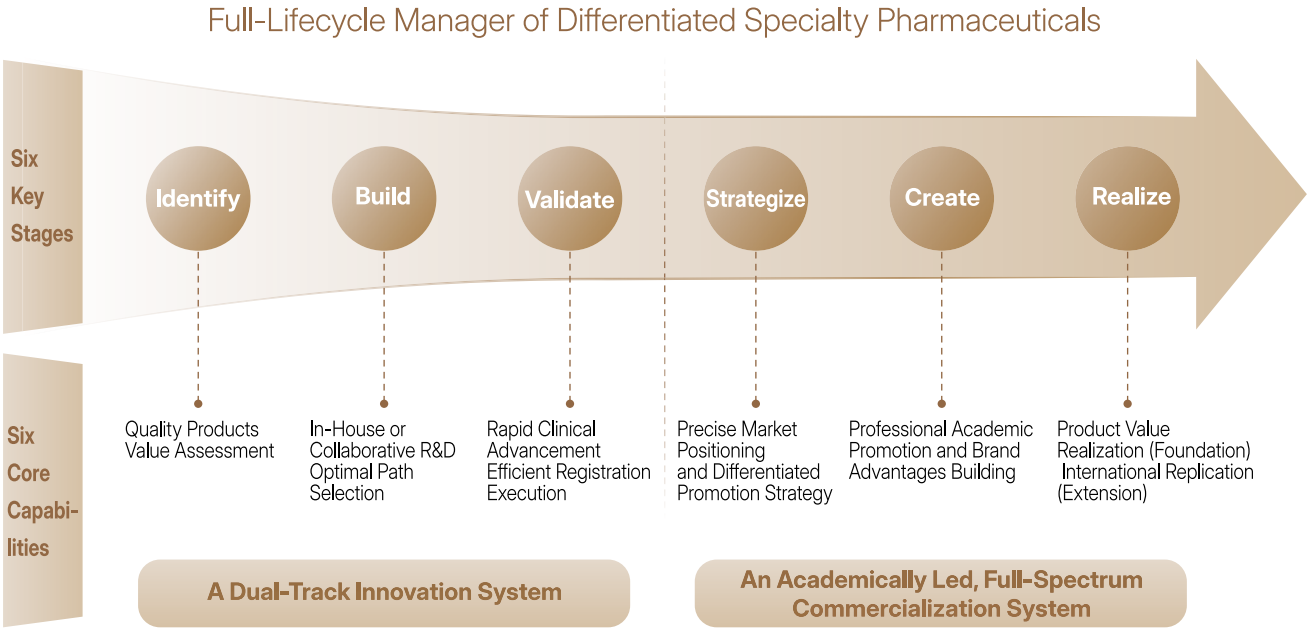
MANAGEMENT DISCUSSION AND ANALYSIS

Company Overview

China Medical System Holdings Limited (the "Company", together with its subsidiaries, the "Group" or "CMS") is an innovative pharmaceutical company focused on the identification, building, and full-lifecycle management of differentiated specialty pharmaceuticals. With a dual-engine approach of in-house R&D and collaborative R&D, and leveraging its core capability to build markets and brands from the ground up, the Group enables each medicine to fully realize both its clinical value and commercial value.

The Group has established an end-to-end capability loop across the full product lifecycle—precisely identifying quality innovation targets, matching them with optimal development pathways, and efficiently advancing clinical development and registration; developing medical strategies aligned with clinical needs, and driving scaled clinical adoption through a professional academic promotion system and network.

CMS Value Creation Model



The Group focuses on advantaged specialties including cardiovascular-kidney-metabolic (CKM), central nervous system (CNS), gastroenterology, ophthalmology, and skin health. Through professional academic promotion and academic resources across multiple disease areas, CMS has built sustainable scale advantages in specialties, with its skin health business becoming a leading player in its segment. Meanwhile, CMS continues to strengthen its international replication capabilities, validating the transferability of its business model in emerging markets such as Southeast Asia and the Middle East, and injecting long-term momentum for the Group's high-quality, sustainable development.

Business Review

"Innovative + Exclusive" Portfolio Drives Dual Growth in Turnover and Profit for the Period

In the first half of 2026 (H1 2026), China's pharmaceutical industry accelerated its restructuring along the core trajectory of high-quality development. The clinical value-driven, end-to-end innovation support system was further refined, establishing a clearer market access pathway and a broader commercial runway for innovative drugs with differentiated clinical value. Concurrently, intensified anti-corruption and compliance measures propelled competition back onto a virtuous track anchored in clinical value and compliant operations. Against the landscape of encouraging innovation and enforcing compliance, the industry's competitive focus has evolved from standalone R&D capabilities into a comprehensive practice of full-lifecycle management strength spanning R&D, registration, market access, commercialization, and compliance.

CMS has established an integrated, collaborative capability loop centering on six key stages across the product lifecycle—Identify, Build, Validate, Strategize, Create, and Realize—achieving systematic connectivity from clinical value discovery to realization, and continuously reinforcing its long-term moat. At the same time, leveraging its product identification capability and robust free cash flow, the Group has developed a distinctive industrial investment capability: through equity investments in high-quality biotechs, CMS works jointly with these investees to bring products to market, and re-invests investment returns back into R&D. This creates a positive flywheel of "identifying quality products — industrial investment — value realization — reinvesting into R&D." In addition, the Group officially launched the construction of an "AI-native organization", using AI-driven execution as a systemic amplifier embedded across every stage of the product lifecycle, re-architecting business processes, management systems, and organizational capabilities, and accelerating the transition from traditional management to "intelligent governance".

In the first half of 2026, the Group's sales from products impacted by VBP stabilized. The Group's "Innovative + Exclusive" portfolio has become the core growth engine driving high-quality development, delivering dual growth in both turnover and profit for the period. Turnover reached RMB4,500.7 million, representing a 12.5% year-on-year increase (H1 2025: RMB4,002.0 million). In the case that all medicines were directly sold by the Group, turnover amounted to RMB5,341.4 million, up 14.4% year-on-year (H1 2025: RMB4,669.6 million). Net profit for the period was RMB971.5 million, up 4.3% year-on-year (H1 2025: RMB931.5 million).

During the Reporting Period, the quality of the Group's sales further improved. The revenue of innovative and exclusive products totaled RMB1,698.7 million, representing a 19.7% year-on-year growth and accounting for 37.7% of total turnover (H1 2025: RMB1,419.1 million; 35.5% of turnover). In the case that all medicines were directly sold by the Group, sales of innovative and exclusive products totaled RMB1,709.2 million, representing a 20.5% year-on-year growth and accounting for 32.0% of total turnover (H1 2025: RMB1,419.1 million; 30.4% of turnover). Products impacted by VBP (Deanxit, Ursofalk, and Plendil) were stable overall, with their revenue totaling RMB1,097.6 million, increasing by 4.6% year-on-year and accounting for 24.4% of total turnover (H1 2025: 26.2%). in the case that all medicines were directly sold by the Group, sales of products impacted by VBP totaled RMB1,143.8 million, increasing by 3.9% year-on-year and accounting for 21.4% of total turnover (H1 2025: 23.6%).

I.A Dual-Track Innovation System: "In-House R&D" and "Collaborative R&D"

Grounded in dual evaluations of both clinical and commercial value, the Group continuously "identifies" and deploys a specialty innovative pipeline focused on First-in-Class (FIC) and Best-in-Class (BIC) products. Based on product-specific attributes, the Group selects the optimal "building" pathway: collaborative R&D leverages global biotechnology forces to efficiently enrich the short-to-mid-term pipeline, while in-house R&D focuses on the early discovery of cutting-edge targets to build long-term, proprietary intellectual property moats. Through an efficient "validation" system spanning clinical strategy formulation, trial operations, and regulatory registration, CMS enables end-to-end advancement of drug candidates from preclinical stage to approval.

Furthermore, the Group continues to advance its AI capability, deploying AI as a systemic execution amplifier to enhance the identification precision and validation efficiency across the innovative R&D system. During the Reporting Period, the Group entered into several innovative drug R&D collaborations in the fields of CNS and autoimmune with Insilico Medicine, a globally leading AI-driven biotechnology company. The collaborations integrate Insilico Medicine's validated AI drug discovery platform with the Group's specialty R&D expertise in relevant disease fields, with programs advanced by joint teams.

Since 2026, the Group's innovative pipeline has been efficiently converted into approvals: 3 new drugs were approved for marketing (Lumirix - Vitiligo, Silevimig Injection, and Desidustat Tablets), further enriching its commercial innovation matrix. Additionally, 5 innovative drugs (covering 6 indications) are currently under NDA review in China, including Loberamisal for Injection (Y-3 for Injection), Vecantoxatug Injection, Comekibart Injection (MG-K10 - AD and Seasonal Allergic Rhinitis), Benzgalantamine Gluconate Enteric-coated Tablets (ZUNVEYL), and Lumirix (ruxolitinib phosphate cream - AD), forming a robust and well-sequenced innovation pipeline. Furthermore, clinical development for 6 in-house R&D products (including CMS-D008, a siRNA therapy targeting and inhibiting INHBE, and CMS-D017, a complement factor B inhibitor, among others) is progressing steadily, building proprietary intellectual property barriers and securing long-term competitive advantages. As of the end of the Reporting Period, the Group had 9 commercialized innovative products and a pipeline of over 40 innovative products, of which 5 products (covering 6 indications) are under NDA review, approximately 15 are in clinical stages, and over 20 are in preclinical stages.

Leveraging its systematic innovation R&D capabilities, innovative products have become one of the Group's core growth engines. As the differentiated innovation pipeline advances through successive commercial conversion, the Group is entering a period of continuous innovation payoff. Over the next three years, the Group expects to add at least 3 commercializable innovative or exclusive products annually on average. Looking ahead, as in-house pipeline candidates accelerate through clinical advancement, the number of innovative drugs approved for marketing is expected to increase further.

1.Major Innovative Pipeline

Innovative Products Approved for Marketing in China

Product	Rights Authorized Region*	Indication	Core Advantages	China Launch /Collaboration Date	NRDL
Silevimig Injection		Passive immunization for rabies virus exposure in adults	The world's first fully human dual-epitope specific antibody against the rabies virus	2026.6	
Iron Isomaltoside Injection (Monofer)	 **	Iron deficiency	China's first third-generation intravenous iron therapy, with single-dose full iron replenishment of 1,000 mg+, enabling faster improvement in hemoglobin levels, providing a better safety profile	2026.4 (Collaboration Date)	✓
Desidustat Tablets		Renal anaemia	Novel oral HIF-PHI with smooth hemoglobin improvement, favorable long-term safety, and the ability to correct disordered iron metabolism	2026.3	
Ruxolitinib phosphate cream (Lumirix)		Nonsegmental vitiligo	The first topical JAK inhibitor approved in China for the treatment of vitiligo	2026.1	
Methotrexate Injection (METOJECT)		Rheumatoid arthritis (RA)	China's first pre-filled methotrexate (MTX) injection for subcutaneous administration for the treatment of RA and psoriasis, the gold-standard therapy for RA	2024.7	✓
		Psoriasis		2023.3	
Methylthioninium Chloride Enteric-coated Sustained-release Tablets (Lumeblue)		Enhance visualization of colorectal lesions	China's first methylthioninium chloride enteric-coated sustained-release tablets, providing an innovative solution to improve lesion detection rates during colonoscopy	2024.6	
Sucroferric Oxyhydroxide Chewable Tablets (VELPHORO)		Hyperphosphatemia	China's first iron-based, non-calcium phosphate binder, reducing average daily pill burden by 52% and improving sP compliance rate by 95% versus competitors	2024.2 (Collaboration Date)	✓
Diazepam Nasal Spray (VALTOCO)		Seizure clusters	China's first Diazepam Nasal Spray, providing immediate and convenient treatment for acute seizures episodes	2023.6	✓
Tildrakizumab Injection (ILUMETRI)		Moderate-to-severe plaque psoriasis	A monoclonal antibody specifically targeting the p19 subunit of IL-23, requiring only 4 administrations per year during its maintenance period, with good long-term efficacy	2023.5	✓

 Designated Regions in Asia-Pacific, the Middle East and North Africa

 Designated Asian Regions

 Mainland China, Hong Kong, Macau and Taiwan

* CMS's rights are stated by Rights Authorized Region. CMS has NO development, commercialization or other product rights in unauthorized regions.
** Hong Kong Special Administrative Region("Hong Kong"), Macau Special Administrative Region("Macau"), and Taiwan Region are not included in the rights authorized region of Monofer.
Please refer to local prescribing information for more information, including full safety information, on CMS's marketed medicines, or on medicines marketed by CMS's collaboration partners.

Major Innovative Pipeline under Development

Products	Rights Authorized Region*	Indication	Core/Mechanistic Advantages	Pre-clinical	Clinical Trial Approval	Phase I	Phase II	Phase III	Marketing Application	Marketed
Ruxolitinib phosphate cream		Atopic dermatitis	The first topical JAK inhibitor approved by the U.S. FDA							(the U.S., the EU)**
Vecantoxatug Injection		Passive immunization against tetanus	Recombinant humanized anti-tetanus neurotoxin monoclonal antibody with superior efficacy to HTIG							
Benzgalantamine Gluconate Enteric-coated Tablets (ZUNVEYL)	#	Alzheimer's disease	The second oral therapy approved by the U.S. FDA for the treatment of Alzheimer's disease in over a decade, demonstrating a potentially better gastrointestinal safety profile							(the U.S.)
Loberamisal for Injection (Y-3 for Injection)		Acute ischemic stroke	The world's first multi-target brain cytoprotective agent targeting PSD95-nNOS and MPO, which achieved a 69.7% rate of excellent functional outcome at 90 days in patients with stroke, with the potential to simultaneously prevent post-stroke depression and anxiety							
*** Comekibart Injection (MG-K10)		AD in adults	Expected to be the first long-acting (dosing once every four weeks) anti-IL-4Rα humanized monoclonal antibody approved in China							
		Seasonal allergic rhinitis								
		Asthma, prurigo nodularis, chronic spontaneous urticaria, AD in adolescents								
		Chronic rhinosinusitis with nasal polyps, eosinophilic esophagitis, chronic obstructive pulmonary disease								
ABP - 671	##	Gout and hyperuricemia	A next-generation, highly selective URAT1 inhibitor with higher target attainment rates, faster target attainment, and clear benefits in tophi dissolution, expected to become the preferred first-line urate-lowering therapy for patients with gout and hyperuricemia							
Silevimig Injection		Passive immunization for rabies virus exposure in children aged 2 to <18 years	The world's first fully human dual-epitope specific antibody against the rabies virus							
Povorcitinib Phosphate Tablets (povorcitinib)		Hidradenitis suppurativa	A selective oral small-molecule JAK1 inhibitor, with the potential to provide a new treatment option for patients suffering from autoimmune and inflammatory dermatologic diseases							
		Nonsegmental vitiligo								
		Prurigo nodularis								
TYK2 Inhibitor (CMS-D001)		Intended for psoriasis	Inhibiting the pathological processes of autoimmune diseases while reducing the impact on other JAK family kinases, potentially offering both efficacy and safety							
		Intended for atopic dermatitis								
		Intended for ulcerative colitis								
		Intended for Crohn's disease								
GnRH Receptor Antagonist (CMS-D002)		Intended for uterine fibroids	No "flare-up effect", rapidly and competitively binding to the GnRH receptor and blocking its activation; providing reversible effect with gonadal function expected to recover after drug withdrawal							
GLP-1R/GCGR Dual Agonist (CMS-D005)		Intended for overweight/obesity	Expected to reduce weight through appetite suppression, and enhance lipolysis, especially the reduction of liver fat							
Cardiac Myosin Inhibitor (CMS-D003)		Intended for hypertrophic cardiomyopathy	Demonstrating a short half-life and minimal risk of drug interactions; providing a potentially superior and safer oral therapy							
Complement Factor B Inhibitor (CMS-D017)		Intended for paroxysmal nocturnal hemoglobinuria	Alleviating complement dysregulation-related diseases by blocking alternative pathway abnormal activation; providing a potentially superior and more convenient oral therapy							
		Intended for complement – mediated kidney disease								
		Intended for age-related macular degeneration###								
A siRNA therapy targeting and inhibiting INHBE (CMS-D008)		Intended for overweight/obesity	Targeting and reducing the hepatic expression of INHBE gene and reducing fat accumulation effectively, demonstrating the potential for high-quality, long-term weight loss that boosts fat-specific loss while preserving muscle mass							
>20 Self-developed Innovative Drugs										

Global · Designated Regions in Asia-Pacific, the Middle East and North Africa · Designated Asian Regions · Mainland China, Hong Kong, Macau and Taiwan

China · Overseas

* CMS's rights are stated by Rights Authorized Region. CMS has NO development, commercialization or other product rights in unauthorized regions.
** Ruxolitinib phosphate cream has been approved for marketing in the EU for moderate AD indication in July 2026.
*** The Group has obtained the co-development rights (excluding AD) and exclusive commercialization rights for Comekibart Injection in Mainland China, Hong Kong, Macau, Taiwan Region and Singapore.
\# The rights authorized region of ZUNVEYL includes Asia (excluding Japan and the Middle East region) and other designated territories.
\## Taiwan Region is not included in the rights authorized region of ABP-671.
\### The China IND approval for CMS-D017 for the treatment of age-related macular degeneration was obtained in July 2026.

2.Progress of Key Innovative Products during the Reporting Period

During the Reporting Period, the Group achieved key milestones across clinical development and regulatory filings for several major innovative products, systematically validating the integrated end-to-end innovative R&D capabilities of "Identify–Build–Validate" across various therapeutic areas and development stages — precisely identifying unmet clinical needs, efficiently building development pathways, and accelerating clinical validation and translation. The following progress serves as concrete demonstrations of this systematic capability.

- ***Lumirix (ruxolitinib phosphate cream) - Approved for marketing for vitiligo; NDA for AD accepted***

China has a large vitiligo patient population, estimated at approximately 10.3 million, and nonsegmental vitiligo patients account for approximately 8.2 million. Traditional therapies, such as topical corticosteroids (TCS) and topical calcineurin inhibitors (TCIs), have clinical limitations, with adverse reactions or limited efficacy with long-term use, resulting in significant unmet clinical needs. In January 2026, Lumirix was approved for marketing in China, becoming China's first topical JAK inhibitor for vitiligo, and is of great landmark significance. Dermavon successfully relied on Hainan's "Early and Pilot Implementation" policy to promote the pilot use of ruxolitinib phosphate cream in Hainan's Boao Super Hospital within a short timeframe, and conducted a real-world study on ruxolitinib phosphate cream for the treatment of vitiligo in China in accordance with the relevant regulations of the Lecheng Pilot Zone's real-world data application pilot project. Leveraging China real-world data combined with overseas clinical data, the Group accelerated the product's China development and regulatory approval process. From the collaboration established in late 2022 to China's approval in early 2026, Lumirix's total development and approval timeline in China was only approximately three years.

In February 2026, the NDA for Lumirix's AD indication in China has been approved for inclusion in the Priority Review List by NMPA. The product has successfully met its primary endpoint in its Phase III clinical trial in China, demonstrating that a significantly higher proportion of subjects treated with ruxolitinib phosphate cream achieved IGA (Investigator's Global Assessment) of 0 or 1 with at least two grades of reduction from baseline at week 8, compared with placebo (63.0% vs 9.2%, $P < 0.001$). For the key secondary endpoint, the proportion of subjects achieving at least a 75% improvement from baseline in the Eczema Area and Severity Index score (EASI 75) of treatment with ruxolitinib phosphate cream was also significantly higher than that of the placebo group at week 8 (78.0% vs 15.4%, $P < 0.001$). Regarding its safety profile, the severity of treatment-emergent adverse events (TEAE) during the treatment period was mostly mild or moderate, with no TEAEs leading to discontinuation of the study drug. Overall, ruxolitinib phosphate cream was safe and well-tolerated. The Priority Review designation for the product's NDA underscores the sustained delivery of the Group's late-stage "Validation" capability.

- ***Monofer (Iron Isomaltoside Injection) - A newly added collaboration innovative product***

In April 2026, the Group entered into an agreement with Pharmacosmos A/S and deployed two intravenous iron products already approved for marketing in China, among which the innovative drug Monofer is the first third-generation intravenous iron product in China.

In China, the prevalence of iron deficiency anemia is 20.1%, while only about 50% of patients with severe anemia receive appropriate diagnosis and treatment. Intravenous iron therapy is an important option for patients who cannot tolerate oral iron or require rapid iron repletion. However, existing mainstream formulations are limited in single-dose administration. There is a significant clinical need for intravenous iron therapies that offer high safety and single-dose full iron repletion. Monofer, precisely responds to this unmet clinical need, reflecting the Group's capability to accurately identify differentiated products. Monofer consists of nanoparticles with a stable, matrix-like structure composed of interchanging layers of iron atoms and short, linear isomaltose carbohydrates. This structure enables controlled iron release with low levels of labile iron, contributing to a favourable safety profile, including a low risk of hypersensitivity reactions and hypophosphatemia. It can be administered as a high-dose infusion of 1,000 mg or more in a single visit, whereas older therapies such as iron sucrose typically require repeated administrations of 100 to 200 mg, enabling full iron repletion in one treatment. In addition, as a highly structurally complex non-biological complex drug (NBCD), its nanoparticle size distribution and synthesis and quality-control processes are difficult to fully characterize and replicate at industrial scale. Conventional generic development pathways are unable to achieve full equivalence, resulting in extremely high barriers to generics and establishing a solid competitive landscape.

- ***Loberamisal for Injection (Y-3 for Injection) - Phase III study results presented; under NDA review***

Acute ischemic stroke (AIS) is the leading cause of death and disability in China, yet neuroprotective therapy has long suffered from a lack of innovative treatment options—Loberamisal for Injection is a candidate product strategically deployed to address this unmet need. The product completed the Phase III clinical trial in China and met the primary efficacy endpoint: patients in the Y-3 for Injection group demonstrated a significantly higher proportion of patients achieving an excellent functional outcome at 90 days than those in the placebo group, with a rate difference of 13%. The relative risk (RR) is 1.24 (95% CI 1.12 - 1.36), representing a statistically significant difference which suggests that the product can significantly improve the functional outcomes of patients with acute ischemic stroke. Meanwhile, the product demonstrated a favorable safety profile. Furthermore, exploratory outcome analysis also indicated that the product has certain advantages in improving post-stroke depression and anxiety. In February 2026, the study results of the Phase III trial were presented at the International Stroke Conference 2026.

- ***Comekibart Injection (MG-K10) - NDA for rhinitis accepted***

In March 2026, the product has met the primary endpoint in a Phase III clinical trial in adult patients with moderate-to-severe seasonal allergic rhinitis. It demonstrated that the primary endpoint achieved statistical significance, with significantly superior efficacy compared with the placebo group, and a favorable safety profile. The Group and its partner efficiently advanced clinical development and regulatory filings, completing the enrollment of all 175 patients in the Phase III trial within one month. From the first patient enrolled in August 2025 to the acceptance of the NDA in April 2026, it took approximately 8 months, reflecting the Group's execution efficiency in accelerating late-stage pipeline products toward commercialization.

- ***ABP-671 - Initiated Phase III clinical trial in China***

In China, hyperuricemia has become the second most common metabolic disease following diabetes mellitus, with a gout patient population of nearly 30 million. While URAT1 is a classic target for lowering uric acid supported by extensive clinical validation, existing therapies leave significant unmet clinical needs across efficacy, safety, and tophi dissolution. ABP-671, a next-generation URAT1 inhibitor for which the Group holds commercialization rights in China, is designed to provide a differentiated treatment option addressing the clinical limitations of current therapies. In June 2026, ABP-671 initiated its Phase III clinical trial in China, with a planned enrollment of more than 800 patients across China. The study will directly compare ABP-671 with febuxostat to evaluate ABP-671's efficacy and safety in gout patients (including tophaceous gout patients), as well as its potential to reduce the size of tophi. The Phase IIb data in China demonstrated that after 8 weeks of administration of ABP-671 at a dose of 2 mg twice daily, the proportions of subjects with serum uric acid levels below 6 mg/dL, 5 mg/dL, and 4 mg/dL exceeded 91%, 83%, and 63%, respectively, showing significantly superior efficacy compared to febuxostat, all with statistical significance. Additionally, ABP-671 exhibited outstanding tophi dissolution capability, with complete resolution of tophi observed in some subjects within less than 6 months of treatment. ABP-671 demonstrated a favorable safety and tolerability profile, with multiple domestic and overseas clinical results showing a safety profile superior to current first-line therapies and mainstream drugs.

- ***CMS-D008 Injection - Preclinical study results presented at ADA Scientific Sessions***

CMS-D008 Injection (INHBE siRNA) is a representative product of the Group's in-house R&D pipeline, demonstrating the Group's systematic in-house capabilities from cutting-edge target identification to clinical translation. Its preclinical study results showed that in obese animal models, CMS-D008 efficiently and sustainably suppressed INHBE expression, achieving significant weight loss and fat reduction while sparing muscle mass, with a favorable safety profile, indicating the potential for healthy weight loss. In June 2026, the research results were presented in a poster at the American Diabetes Association (ADA) 86th Scientific Sessions.

II. An Academic-Driven, Full-Coverage Commercialization System

Focusing on advantaged specialty areas such as CKM, CNS, gastroenterology, ophthalmology, and skin health, the Group builds specialty scale advantages through professional academic promotion and academic resources across multiple disease areas. Leveraging its core capability of establishing markets and brands from the ground up, CMS continuously creates and cultivates markets, allowing innovative products to truly enter clinical practice and serve patients.

Grounded in differentiated advantages, the Group formulates precise market positioning for each product and continuously strengthens its academic promotion system centered on evidence-based medicine(EBM). Leveraging post-marketing clinical trials and real-world studies, the Group advances academic publications and inclusion in clinical guidelines and expert consensus statements, establishing a multi-dimensional EBM evidence chain to enhance academic recognition and drive the synchronized translation of clinical value and commercial value. The academic promotion of the innovative drug VELPHORO serves as an epitome of the Group's promotion strategy and market creation capability. In addition to the latest guidelines shown in the table below, VELPHORO has been included in multiple authoritative clinical guidelines in the nephrology field, such as the *Clinical Practice Guideline for Management of Chronic Kidney Disease during Peridialysis in China (2025)*. Supported by high-quality EBM evidence, its differentiated clinical perception of "high phosphate-binding capacity and low pill burden" has been further reinforced, enabling academic empowerment of clinical access and promotion and strengthening its brand leadership in the treatment of hyperphosphatemia in dialysis patients. Since the Group drove the product's first-year commercialization in 2024, VELPHORO has steadily improved in end-market access, academic penetration, and brand awareness, with commercial efficiency continuing to scale.

During the Reporting Period, guideline/consensus inclusion and academic journal publications for the Group's key marketed innovative products are as follows:

Products	Guideline/Consensus Inclusion and Academic Journal Publications
VELPHORO	Included in the "Chinese clinical practice guideline for the screening, diagnosis, and treatment of chronic kidney disease (2026)"
Metoject	Published in a top-tier journal in the field of rheumatology and immunology — *Annals of the Rheumatic Diseases:* "EULAR Recommendations for the Management of Rheumatoid Arthritis-2025 Update" (recommending methotrexate (MTX), the product's active ingredient)
Lumirix	Included in the "Chinese expert guiding opinions on the topical use of ruxolitinib cream for the treatment of vitiligo"; multiple study findings published in the top-tier dermatology journal *The Journal of the American Academy of Dermatology (JAAD)*
ILUMETRI	Included in the "Joint statement from the National Psoriasis Foundation Medical Board and the International Psoriasis Council on routine testing for latent tuberculosis infection prior to and during treatment of psoriasis patients with interleukin 17 or interleukin 23 inhibitors" and the "Expert consensus on the diagnosis, treatment and rehabilitation of psoriasis in the elderly (2026)"; published in *Dermatologic Therapy* (one of its real-world evidence study results)

Meanwhile, the Group continues to refine its omni-format, full-coverage commercial promotion network that integrates in-hospital and out-of-hospital channels as well as online and offline operations. While consolidating its in-hospital stronghold in EBM, the Group, in line with growing public demand for health management, expanded into consumer healthcare scenarios as well as new retail and digital channels, thereby enhancing product accessibility and supporting inclusive healthcare.

The exclusive product Augentropfen Stulln Mono Eye Drops serves as one of the Group's flagship products in the out-of-hospital market. With unique ingredients and mechanisms—Digitalis Glycosides to improve ciliary muscle function and Esculin to protect the retina and nerves—it is positioned for all types of asthenopia as well as fundus macular degeneration, and has been recommended by multiple authoritative guidelines and expert consensuses. Building on this academic foundation, the Group has fully unlocked out-of-hospital incremental growth through refined online operations and extensive retail coverage: in the first half of 2026, Augentropfen Stulln Mono Eye Drops ranked No. 1 in the ophthalmology/ENT (ear, nose, and throat) prescription drugs on Douyin E-commerce platform, and ranked No. 2 and No. 3 respectively among ophthalmology medications on Alibaba and JD.com. Furthermore, according to Sinohealth CHIS data, Stulln Mono Eye Drops ranked fifth in market share within the ophthalmic category in the offline retail market. This series of outstanding performances further reinforced Augentropfen Stulln Mono Eye Drops' leading position as a representative professional brand for the treatment of asthenopia.

As of the end of the Reporting Period, the Group's promotion network covered over 60,000 hospitals and healthcare institutions, approximately 320,000 retail pharmacies, including approximately 1,000 DTP (Direct to Patient) pharmacies, and 7 major e-commerce and O2O (Online-to-Offline) platforms in China.

1. Major Marketed Products

The Group's major marketed products have covered the CKM, CNS, gastroenterology, ophthalmology, skin health, and other related areas. A summary of the information of major products as of the end of the Reporting Period is as follows:

Product line	Product	Core Indication/Use	Core Advantage
Cardiovascular-Kidney-Metabolic and Central Nervous System Related Fields	VELPHORO (Sucroferric Oxyhydroxide Chewable Tablets) (innovative drug)	Hyperphosphatemia	China's first iron-based, non-calcium phosphate binder, reducing average daily pill burden by 52% and improving sP compliance rate by 95% versus competitors
	VALTOCO (Diazepam Nasal Spray) (innovative drug)	Seizure clusters	China's first Diazepam Nasal Spray, providing immediate and convenient treatment for acute seizures episodes
	XinHuoSu (Recombinant Human Brain Natriuretic Peptide for Injection)	Acute decompensated heart failure	China's first Recombinant Human Brain Natriuretic Peptide medicine, delivering four concurrent clinical benefits with rapid onset of action, without increasing myocardial oxygen consumption
	Plendil (Felodipine Sustained Release Tablets)	Hypertension and stable angina pectoris	Original reference preparation, the Calcium Channel Blocker (CCB) medicine suitable for Chinese patients, providing cardio-cerebrovascular protection and high vascular selectivity
	Deanxit (Flupentixol and Melitracen Tablets)	Mild-to-moderate depression and anxiety	Original reference preparation, the preferred medicine for mild to moderate anxiety and depression

Gastroenterology and Autoimmune Related Fields	Metoject (Methotrexate Injection) (innovative drug)	Rheumatoid arthritis	China's first pre-filled MTX injection for subcutaneous administration for the treatment of RA and psoriasis, the gold-standard therapy for RA
	Monofer (Iron Isomaltoside Injection) (innovative drug)	Iron deficiency	China's first third-generation intravenous iron therapy, with single-dose full iron replenishment of 1,000 mg+, enabling faster improvement in hemoglobin levels, providing a better safety profile
	Bioflor (Saccharomyces Boulardii Sachets) (exclusive product)	Diarrhea in adults and children	A distinctive fungal probiotic, which can be co-administered with antibiotics, recommended by authoritative global guidelines for the prevention of antibiotic-associated diarrhea
	Combizym (Oryz-aspergillus Enzyme and Pancreatin Tablets) (exclusive product)	Dyspepsia	Broad enzyme profile, high enzymatic activity, formulated with oryz-aspergillus enzyme extract (exclusive ingredient) and adequate pancreatin, effective in both stomach and intestines
	MeteoSpasmyl (Compound Alverine Citrate Soft Capsules) (exclusive product)	Abdominal bloating and pain	As of the end of the Reporting Period, the only combination antispasmodic in China that can concurrently relieve both abdominal pain and bloating, difficult to replicate
	Salofalk (Mesalazine)	Inflammatory bowel disease	Original reference preparation, ranking first by market share of China's aminosalicylic acid, a first-line treatment for inflammatory bowel disease in China (IQVIA 2025)
	Cidine (Cinitapride Hydrogen Tartrate Tablets)	Dyspepsia and abdominal bloating	A dual-target prokinetic agent delivering pan-gastrointestinal motility, dual-pathway metabolism without QTc prolongation, providing a favorable efficacy and safety profile
	Cosmofer (Iron Dextran Injection)	Iron deficiency	As of the end of the Reporting Period, the only intravenous iron therapy in China included in Category A of the NRDL and the NEML
	Ursofalk (Ursodeoxycholic Acid)	Liver disease and gallstones	Original reference preparation, manufactured via a semi-synthetic process delivering >99% purity, ranking first by market share of China's choleretic drugs (IQVIA 2025)

Ophthalmology Line	BEOVU (Brolucizumab Injection) (innovative drug)	Diabetic macular edema and proliferative diabetic retinopathy	A next-generation anti-VEGF drug with the smallest molecular weight (only 26 kDa) as of the end of the Reporting Period, delivering potent fluid control and extended dosing intervals versus prior-generation agents
	Augentropfen Stulln Mono Eye Drops (Esculin and Digitalisglycosides Eye Drops) (exclusive product)	Senile macular degeneration and asthenopia	Naturally extracted ingredients and a preservative-free formulation, improving ciliary muscle function and protecting the retina and nerves, for all types of asthenopia as well as fundus macular degeneration
	LUCENTIS (Ranibizumab Injection)	Neovascular age-related macular degeneration, etc.	China's first approved anti-VEGF drug for neovascular retinal diseases, which covers the widest age range and has the most indications as of the end of the Reporting Period
	EyeOP1 Glaucoma Treatment Device	Glaucoma	Using an innovative high-focused ultrasound technology: non-invasive, automated operations, precise targeting, with a favorable safety and efficacy profile
Skin Health Field (Dermavon) ***Prescription Products***	Lumirix (Ruxolitinib phosphate cream) (innovative drug)	Nonsegmental vitiligo	The first topical JAK inhibitor approved in China for the treatment of vitiligo
	ILUMETRI (Tildrakizumab Injection) (innovative drug)	Moderate-to-severe plaque psoriasis	A monoclonal antibody specifically targeting the p19 subunit of IL-23, requiring only 4 administrations per year during its maintenance period, with good long-term efficacy
	Hirudoid (Mucopolysaccharide Polysulfate Cream) (exclusive product)	Blunt traumata and superficial phlebitis	A skin barrier repair agent with multiple functions (sustained hydration, enhancing local blood circulation, anti-thrombotic, anti-inflammatory & decongestant, and tissue regeneration promotion)
	Aethoxysklerol (Polidocanol Injection)	Lower extremity varicose veins	Original reference preparation, a German original brand with over 50 years of clinical application
Skin Health Field (Dermavon) ***Dermatology-grade Skincare Products***	Hirudoid® Azelaic Acid Acne Removal Series (including 5 Products)	Acne-prone skin care	Extension of the Hirudoid brand, to create a professional acne-prone skin care portfolio
	Heling Soothing Product Series (including 4 products)	Moisturizing and Soothing for sensitive skin	Composed of four core ingredients that can moisturize and soothe the skin, helping to repair the skin barrier

During the Reporting Period, the revenue of major products by product line was as follows:

- The products under CKM and CNS related fields recorded a revenue of RMB1,486.0 million, a decrease of 3.4% compared with the same period last year. In the case that all medicines were directly sold by the Group, the revenue of products under CKM and CNS related fields would decrease by 5.1% to RMB2,102.7 million compared with the same period last year, accounting for 39.4% of the Group's revenue in the case that all medicines were directly sold by the Group.

- The revenue of products under gastroenterology/autoimmune related fields increased by 5.1% to RMB1,483.6 million compared with the same period last year, accounting for 27.8% of the Group's revenue in the case that all medicines were directly sold by the Group.

- The revenue of the products under ophthalmology field increased by 32.0% to RMB472.8 million compared with the same period last year. In the case that all medicines were directly sold by the Group, the revenue of products under ophthalmology field would increase by 96.8% to RMB704.7 million compared with the same period last year, accounting for 13.2% of the Group's revenue in the case that all medicines were directly sold by the Group.

- The revenue of the products under skin health field (Dermavon) increased by 59.1% to RMB792.5 million compared with the same period last year, accounting for 14.8% of the Group's revenue in the case that all medicines were directly sold by the Group.

- Other products recorded a revenue of RMB265.9 million, an increase of 35.1% compared with the same period last year. In the case that all medicines were directly sold by the Group, the revenue would increase by 38.2% to RMB257.9 million compared with the same period last year, accounting for 4.8% of the Group's revenue in the case that all medicines were directly sold by the Group.

III. Ophthalmology Business ("CMS Vision")

"CMS Vision" is focused on the ophthalmology specialty field, with multi-dimensional expansion into otolaryngology. Driven by a dual-engine model of "innovative pharmaceutical expertise" and "consumer healthcare market penetration", it precisely identifies unmet clinical needs and builds a highly differentiated medical-grade eye health ecosystem spanning fundus diseases, visual fatigue, glaucoma, rhinitis and other areas. CMS Vision is committed to building "China's leading ophthalmology pharmaceutical company," thereby continuously advancing the in-depth validation of the Group's lifecycle management capabilities across specialty areas.

During the Reporting Period, CMS Vision adhered to a three-in-one growth model centered on "Product Full-Lifecycle Management + Full-course Disease Management + Omni-channel Marketing." It leveraged academic platforms to construct a multi-tiered academic exchange system, and systematically advanced post-marketing clinical trials and real-world studies to continuously refine the EBM evidence chain. With refined academic promotion as a core strategy, CMS Vision drove the hospital/terminal access, brand building, and market penetration of commercialized products. Meanwhile, it further deepened out-of-hospital consumer channel layouts to strengthen in-hospital and out-of-hospital linkage, driving the continuous release of omni-channel value.

In April 2026, the China NDA for seasonal allergic rhinitis indication of the innovative drug Comekibart Injection (MG-K10), an anti-IL-4Rα humanized monoclonal antibody, was accepted by the NMPA, marking an important milestone in CMS Vision's expansion into the field of ENT.

IV. Skin Health Business ("Dermavon", Proposed to Be Spun off and Separately Listed on the Main Board of The Stock Exchange of Hong Kong Limited ("SEHK"))

"Dermavon" is a leading pharmaceutical company in China specialized in skin health products. It has unified operations combining R&D, production, and sales of dermatological prescription products and dermatology-grade skincare products. Dermavon is committed to providing comprehensive skin health solutions, from prevention to treatment and long-term care. Leveraging its efficient R&D system and industry-leading commercialization capabilities, Dermavon has established a strong competitive position in both the "coverage of dermatology indications" and the "revenue scale of dermatological prescription drugs".

As a further validation of the Group's full-lifecycle management capabilities in the skin health field, Dermavon has established a solid foundation for independent development. The Group has proposed to spin off and separately list Dermavon on the Main Board of the SEHK by way of introduction and distribution in specie, aiming to further release its value and high-growth potential.

1.Differentiated Product Portfolio, Building Comprehensive Skin Health Solutions

Focusing on major skin diseases with significant unmet clinical needs, Dermavon has created a highly differentiated portfolio of dermatological prescription products and dermatology-grade skincare products. It has formed a comprehensive "treatment + care" solution to address patients' diversified clinical needs in different disease stages.

As of the end of the Reporting Period, Dermavon had, in China, 4 marketed products, 2 NDAs under review, 4 clinical-stage pipeline products, and multiple preclinical candidates. Additionally, Dermavon has two marketed dermatology-grade skincare product series. The overall product matrix is set out in the table below:

	Treatment			Skincare
	Topical Agents	**Oral Tablets**	**Injections**	**Dermatology-Grade Skincare Products**
Psoriasis		CMS-D001 *(China Phase II)*	ILUMETRI	
AD	Lumirix *(China NDA Under Review)*	CMS-D001 *(China Phase II)*	Comekibart Injection *(China NDA Under Review)*	Heling Soothing Product Series
Vitiligo	Lumirix	povorcitinib phosphate tablets *(China Phase I Completed)*		
Superficial phlebitis, Blunt traumata	Hirudoid			
Varicose veins			Aethoxysklerol	
Prurigo nodularis		povorcitinib phosphate tablets *(Overseas Phase III)*	Comekibart Injection *(China Phase III)*	
Hidradenitis suppurativa		povorcitinib phosphate tablets *(Overseas NDA Under Review)*		
Chronic spontaneous urticaria			Comekibart Injection *(China Phase III)*	
Acne vulgaris				Hirudoid® Azelaic Acid Acne Removal Series

Marketed
Under R&D

2.Efficient R&D Engine, Accelerating the Clinical Translation of Innovation

Dermavon operates a dual-track R&D model combining collaborative R&D and in-house R&D. Leveraging precise product identification capabilities, a global network for innovation collaboration, and continuously enhanced R&D capabilities, Dermavon generates sustained momentum to drive the clinical translation of innovative achievements.

During the Reporting Period, Lumirix (ruxolitinib phosphate cream) was approved for marketing in China, becoming the first topical JAK inhibitor approved in China for vitiligo. Lumirix's NDA for AD and the long-acting anti-IL-4Rα monoclonal antibody Comekibart Injection's NDA for AD are currently under review in China. In addition, clinical development in China is progressing steadily for the oral JAK1 inhibitor povorcitinib phosphate tablets and the self-developed highly selective TYK2 inhibitor CMS-D001 Tablets. Additionally, approximately 5 self-developed pipeline products are in the preclinical stage.

3.Industry-leading Omni-channel Commercialization Capabilities, Driving Value Realization of Products

Dermavon is patient-centered and market-oriented, and has built a strong academic promotion team in dermatology, which maintains an industry-leading position in China in terms of both commercial team scale and the coverage of dermatology departments in hospitals. Adhering to the principle of "academic evidence driven", Dermavon continuously refines its evidence-based system through post-marketing studies, thereby enhancing both the academic value and brand influence of its products.

While further deepening hospital coverage, Dermavon fully leverages the consumer attributes of its dermatology specialty products, continuing to expand out-of-hospital channels such as retail pharmacies and e-commerce platforms, and building a comprehensive, multi-tiered sales network. In the dermatology-grade skincare segment, Dermavon empowers digital channel development with its professional academic resources, driving deeper brand awareness and sustained growth in end-market sales.

Leveraging a differentiated dermatology portfolio, Dermavon continues to validate its core capability of building brands and markets from the ground up. In the commercialization of Lumirix (ruxolitinib phosphate cream), supported by policy initiatives such as the Early and Pilot Implementation Policy, Dermavon enabled the product to benefit over 10,000 patients before its approval in China, proactively building momentum in clinical and brand awareness. Following China's formal approval, guided by medical evidence, Dermavon has leveraged high-quality post-marketing studies and real-world evidence to drive clinical guideline inclusion and academic consensus formation, with academic engagement enabling broader adoption and deeper penetration in clinical practice. In parallel, through multi-channel deployment, Dermavon has established full-scenario coverage across hospital-adjacent pharmacies, online platforms, and hospitals, building a replicable commercialization model for innovative drugs and further validating its end-to-end value creation capability from product identification and clinical development to market value realization.

V. International Business

With Singapore as its pivot, the Group's industrial internationalization strategy extends its full-lifecycle management capabilities which have been validated in the China market horizontally across the Asia-Pacific(APAC) market through an end-to-end ecosystem spanning R&D ("CMS R&D"), manufacturing ("PharmaGend"), and commercialization ("Rxilient"). Leveraging the golden window of regional demographic shifts, rising affordability, and the release of unmet healthcare demands, the Group is building a pharmaceutical outbound hub that connects global frontier innovation with regional unmet needs, thereby enabling multi-dimensional ecosystem synergies and value realization.

In the first half of 2026, the industrial internationalization business continuously advanced product registration, market access, and commercialization validation. Product portfolio deployment further deepened, and multi-product, multi-market commercialization progressed efficiently. The manufacturing system was continuously strengthened. The value-realization capability of the "Industrial Internationalization" business is being progressively validated, and the business is expected to become an important growth driver supporting the Group's high-quality and sustainable development.

1.Internationalization of Commercialization System

Rxilient, serving as the Group's core commercial platform deeply rooted in APAC emerging markets, adheres to the development philosophy of "Global Vision, Local Execution". Leveraging full-lifecycle capabilities for pharmaceutical products across key stages—including global product identification, development and registration, and localized promotion strategies—Rxilient unlocks the commercial value of global high-quality medicines in emerging markets. Operated by experienced localized teams, Rxilient is headquartered in Singapore and has established subsidiaries or offices in Hong Kong, Taiwan Region, Malaysia, Vietnam, the Philippines, Indonesia, Thailand, and the UAE.

As of the end of the Reporting Period, Rxilient has achieved sales for a cumulative total of 9 products across multiple countries and regions in Southeast Asia, and has cumulatively submitted marketing applications for more than 20 pharmaceutical products and medical devices. During the Reporting Period, 8 marketing applications were approved. The registration and marketing progress of key products is as follows:

Product	Approved Countries/Regions	Registration Applications Filed
Ruxolitinib phosphate cream ("Lumirix") *Innovative drug for vitiligo*	Taiwan Region (Approved in July 2026), Hong Kong, Macau	Singapore
Sucroferric Oxyhydroxide Chewable Tablets ("VELPHORO") *Innovative drug for hyperphosphatemia*	Hong Kong*, Macau	Taiwan Region
Tildrakizumab Injection ("ILUMETRI") *Innovative drug for psoriasis*	Hong Kong	Taiwan Region
Benzgalantamine Gluconate Enteric-coated Tablets ("ZUNVEYL") *New drug for Alzheimer's disease*	Macau	Taiwan Region, Malaysia, Indonesia, Philippines, Thailand, Vietnam
Diazepam Nasal Spray ("VALTOCO") *Innovative drug for seizure clusters*	Taiwan Region, Singapore	Hong Kong
Methylthioninium Chloride Enteric-coated Sustained-release Tablets ("Lumeblue") *Innovative drug for enhancing visualisation of colorectal lesions*	Taiwan Region	Hong Kong, Thailand, Philippines, Vietnam, Indonesia

* VELPHORO has been included in the "Special Drug" category of the Hospital Authority Drug Formulary

Rxilient has become the partner of choice for global pharmaceutical companies expanding into emerging markets. During the Reporting Period, Rxilient acquired rights for 3 additional products across emerging markets such as Southeast Asia, with its product portfolio comprehensively spanning the CNS, autoimmune, ophthalmology, and dermatology fields. In dermatology, in July 2026, Rxilient entered into a partnership with Polichem S.A., a subsidiary of Almirall S.A., a global biopharmaceutical company focused on medical dermatology, obtaining the exclusive commercialization rights for improved new drug Finjuve, a topical finasteride spray in several Southeast Asia markets. Finjuve has been approved for marketing in Singapore and Malaysia in 2025, becoming the first and only topical finasteride product approved locally for the treatment of androgenetic alopecia.

2.Internationalization of Manufacturing

The Group's associate company, PharmaGend, is a Singapore-based, international one-stop CDMO platform. The Group, through multiple subsidiaries, holds a 41.98% equity interest in PharmaGend. As of the end of the Reporting Period, PharmaGend owns a 30,000-square-meter production site, with an annual capacity of oral solid dosage (OSD) units of up to 1.5 billion tablets. It has entered into multiple technology transfer and drug supply agreements and completed engineering batch production. During the Reporting Period, PharmaGend additionally obtained GMP (Good Manufacturing Practice) certifications of Thailand and Taiwan Region. Previously, it has obtained a Manufacturer's Licence issued by the Health Sciences Authority (HSA) of Singapore. Leveraging multiple international certifications, including HSA GMP (Good Manufacturing Practice), U.S. FDA cGMP (Current Good Manufacturing Practice), and Swiss QP (Qualified Person) audits, PharmaGend has established a high-standard global compliant manufacturing and delivery system. Furthermore, capacity expansions for nasal spray, cream, and injectable production lines, as well as the packaging center, are progressing in an orderly manner. PharmaGend not only provides high-quality Singapore-manufactured CDMO services to global pharmaceutical companies, but also supports the security of the Group's overseas manufacturing supply.

Future Development

CMS will anchor its strategy on "high-quality and sustainable development." Grounded in its product full-lifecycle management capabilities, with "dual-track innovation" as its core value driver and "efficient and compliant commercialization" as its value amplifier, the Group will focus on its advantaged specialty therapeutic areas to continuously release the growth engine effect of "innovative drugs + exclusive drugs." Leveraging its strategic positioning within the industry investment ecosystem, the Group aims to translate system-wide capabilities into long-term momentum to navigate industry cycles. Meanwhile, driven by the goal of building an AI-native organization, and supported by a forward-looking innovation mindset, strong operational resilience and a broad global perspective, the Group will strive to create sustainable long-term value for its employees, customers, shareholders and society.

Financial Review

Turnover

Turnover increased by 12.5% to RMB4,500.7 million for the six months ended 30 June 2026 from RMB4,002.0 million for the six months ended 30 June 2025; in the case that all medicines were directly sold by the Group, turnover increased by 14.4% to RMB5,341.4 million for the six months ended 30 June 2026 from RMB4,669.6 million for the six months ended 30 June 2025, mainly due to a growth driven by innovative and exclusive products.

Gross Profit and Gross Profit Margin

Gross profit increased by 11.4% to RMB3,220.6 million for the six months ended 30 June 2026 from RMB2,891.9 million for the six months ended 30 June 2025; in the case that all medicines were directly sold by the Group, gross profit increased by 11.5% to RMB3,212.3 million for the six months ended 30 June 2026 from RMB2,881.7 million for the six months ended 30 June 2025, primarily reflecting a growth in turnover. For the six months ended 30 June 2026, gross profit margin was 71.6%, representing a decrease of 0.7 percentage point from 72.3% for the six months ended 30 June 2025; in the case that all medicines were directly sold by the Group, gross profit margin decreased by 1.6 percentage points to 60.1% for the six months ended 30 June 2026 from 61.7% for the six months ended 30 June 2025, mainly reflecting a change in the sales mix of products with different gross profit margins, as well as a decline in the selling prices of certain products.

Selling Expenses

Selling expenses increased by 0.5% to RMB1,431.0 million for the six months ended 30 June 2026 from RMB1,424.5 million for the six months ended 30 June 2025. Selling expenses as a percentage of turnover was 31.8% for the six months ended 30 June 2026, representing a decrease of 3.8 percentage points from 35.6% for the six months ended 30 June 2025. In the case that all medicines were directly sold by the Group, selling expenses as a percentage of turnover decreased by 3.7 percentage points to 26.6% for the six months ended 30 June 2026 from 30.3% for the six months ended 30 June 2025, primarily reflecting an economy of scale generated from the growth in turnover.

Administrative Expenses

Administrative expenses increased by 2.1% to RMB439.9 million for the six months ended 30 June 2026 from RMB430.8 million for the six months ended 30 June 2025. Administrative expenses as a percentage of turnover for the six months ended 30 June 2026 was 9.8%, representing a decrease of 1.0 percentage point from 10.8% for the six months ended 30 June 2025. In the case that all medicines were directly sold by the Group, administrative expenses as a percentage of turnover decreased by 1.0 percentage point to 8.2% for the six months ended 30 June 2026 from 9.2% for the six months ended 30 June 2025, primarily reflecting an economy of scale generated from the growth in turnover.

Research and Development Expenditures

The Group's research and development expenditures included expenditures on research and development and clinical trial of new products, salaries and related expenses of staff who were engaged in the aforesaid affairs, for the sake of a continuous expansion of innovative product pipelines. Research and development expenditures included the expensed research and development expenditures (i.e. research and development expenses) and the capital payments (i.e. payments for acquisition and development of new products).

Total research and development expenditures increased by 92.9% to RMB824.7 million for the six months ended 30 June 2026 from RMB427.6 million for the six months ended 30 June 2025. Total research and development expenditures as a percentage of turnover for the six months ended 30 June 2026 was 18.3%, representing an increase of 7.6 percentage points from 10.7% for the six months ended 30 June 2025. In the case that all medicines were directly sold by the Group, total research and development expenditures as a percentage of turnover increased by 6.2 percentage points to 15.4% for the six months ended 30 June 2026 from 9.2% for the six months ended 30 June 2025, mainly reflecting an increase in innovative research and development activities and a continuing expansion of innovative pipelines.

Research and development expenses increased by 76.1% to RMB356.7 million for the six months ended 30 June 2026 from RMB202.5 million for the six months ended 30 June 2025. Research and development expenses as a percentage of turnover for the six months ended 30 June 2026 was 7.9%, representing an increase of 2.8 percentage points from 5.1% for the six months ended 30 June 2025. In the case that all medicines were directly sold by the Group, research and development expenses as a percentage of turnover increased by 2.4 percentage points to 6.7% for the six months ended 30 June 2026 from 4.3% for the six months ended 30 June 2025, mainly reflecting an increase in self-researched expenses.

Capital payments increased by 107.9% to RMB468.1 million for the six months ended 30 June 2026 from RMB225.1 million for the six months ended 30 June 2025. Capital payments as a percentage of turnover for the six months ended 30 June 2026 was 10.4%, representing an increase of 4.8 percentage points from 5.6% for the six months ended 30 June 2025. In the case that all medicines were directly sold by the Group, such capital payments as a percentage of turnover increased by 4.0 percentage points to 8.8% for the six months ended 30 June 2026 from 4.8% for the six months ended 30 June 2025, mainly reflecting an increase in collaborative development expenditures.

Other Income
Other income increased by 47.2% to RMB116.5 million for the six months ended 30 June 2026 from RMB79.2 million for the six months ended 30 June 2025, mainly reflecting an increase in government subsidies received.

Other Gains and Losses
Other gains and losses decreased by 201.8% to a loss of RMB78.0 million for the six months ended 30 June 2026 from a gain of RMB76.7 million for the six months ended 30 June 2025, mainly reflecting a decrease in equity investment income and an increase in exchange loss.

Share of Results of Associates/a Joint Venture
Share of results of associates/a joint venture increased by 1.1% to RMB167.2 million for the six months ended 30 June 2026 from RMB165.4 million for the six months ended 30 June 2025, mainly reflecting an increase in profit of the associate Tibet Pharmaceutical.

Finance Costs
Finance costs decreased by 27.7% to RMB8.2 million for the six months ended 30 June 2026 from RMB11.3 million for the six months ended 30 June 2025, mainly reflecting decreases in both bank borrowings used and interest rates.

Income Tax Expense
Income tax expense increased by 3.0% to RMB219.0 million for the six months ended 30 June 2026 from RMB212.6 million for the six months ended 30 June 2025, mainly due to an increase in profit.

Profit for the Period
Profit for the period increased by 4.3% to RMB971.5 million for the six months ended 30 June 2026 from RMB931.5 million for the six months ended 30 June 2025, mainly due to an increase in turnover.

Inventories
Inventories increased by 15.4% to RMB928.1 million as at 30 June 2026 from RMB804.0 million as at 31 December 2025. Average inventory turnover days decreased by 5 days to 124 days for the six months ended 30 June 2026 from 129 days for the six months ended 30 June 2025, mainly reflecting a normal fluctuation in inventories.

Trade Receivables
Trade receivables decreased by 4.8% to RMB1,511.1 million as at 30 June 2026 from RMB1,587.9 million as at 31 December 2025. Average trade receivables turnover days decreased by 1 day to 78 days for the six months ended 30 June 2026 from 79 days for the six months ended 30 June 2025, mainly reflecting a stable management of sales collection.

Trade Payables
Trade payables decreased by 6.2% to RMB100.0 million as at 30 June 2026 from RMB106.6 million as at 31 December 2025. Average trade payables days decreased by 8 days to 15 days for the six months ended 30 June 2026 from 23 days for the six months ended 30 June 2025, mainly reflecting the difference in time points of settlement with suppliers.

Liquidity, Financial Resources, Capital Structure and Gearing Ratio
As at 30 June 2026, the Group's bank balances and cash amounted to RMB2,571.9 million. As at 31 December 2025, its bank balances and cash amounted to RMB2,701.4 million.

The Group had bank borrowings of RMB834.7 million (31 December 2025: RMB651.8 million) as at 30 June 2026. The weighted average interest rate of loans was 1.9% (six months ended 30 June 2025: 2.3%) per annum. All the bank borrowings were classified as current liabilities.

As at 30 June 2026 and 31 December 2025, the Group had a gearing ratio (being the bank borrowings of the Group divided by the total assets of the Group) of approximately 4.2% and 3.4%, respectively.

The Group's liquidity requirements will be satisfied by a combination of cash flow generated from operating activities, long-term bank loans and other financing means which the Company may from time to time consider appropriate.

Exposure to Fluctuations in Exchange Rates and Interest Rates
The Group is mainly exposed to currency risk of US$, EUR and HK$. The conversion of RMB into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government. Any significant exchange rate fluctuations of foreign currencies against RMB may have a financial impact on the Group. The Group closely monitors exchange rate fluctuations and reviews the foreign currency risk management strategy from time to time, and where appropriate, the management will consider hedging its foreign currency exposure.

The Group will closely monitor movements of interest rates and foreign currencies market so as to mitigate the expected risk on interest rates and foreign currencies.

Pledge of Assets
As at 30 June 2026, the Group had pledged property, plant and equipment and leasehold land with net book values of approximately RMB26,276,000 and RMB14,017,000, respectively, to secure certain bank borrowings and general banking facilities granted to the Group.

Contingent Liabilities
As at 30 June 2026, the Group had no material contingent liabilities.

Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures
There has been no significant acquisition or disposal of subsidiaries, associates or joint ventures by the Group during the six months ended 30 June 2026.

Share Award Scheme

The Company adopted the CMS share award scheme ("Share Award Scheme") on 17 January 2024 to encourage the Group's core management team and key personnel to continue to make outstanding contributions to the marketing and sales of new products, through an award ("Award") of Shares. The Share Award Scheme does not constitute a scheme involving the issue of new shares as referred to in Chapter 17 of the Listing Rules. Further details regarding the Share Award Scheme are set out in the announcement of the Company dated 27 March 2024.

Since the adoption of the Share Award Scheme to the date of this report, a total of 3,973,400 Shares had been granted and had vested in favour of 130 eligible participants, none of whom is a Director, chief executive or substantial shareholder of the Company, or an associate of any of them as at 1 January 2026, 30 June 2026 or the date of this report. There was no unvested Award as at 1 January 2026 or as at 30 June 2026. There was no Award granted, vested, cancelled or lapsed during the Reporting Period.

As at 1 January 2026 and 30 June 2026, the number of Shares available for grant under the Share Award Scheme was 96,026,600, representing approximately 3.95% of the issued Shares of the Company (excluding treasury shares) as at 30 June 2026.

Share Option Scheme

As of the end of the Reporting Period, the Company did not have any share option scheme.

Interim Dividend

The Board has resolved to pay an interim dividend of RMB0.1634 (equivalent to HKD0.189 and SGD0.031) per ordinary share of the Company for the six months ended 30 June 2026 to the shareholders ("Shareholders") whose names appear on the register of members of the Company after market closes on Tuesday, 1 September 2026 (the "Record Date"). Payment of such interim dividend is expected to be made to the Shareholders on about Tuesday, 8 September 2026. For the purpose of determination of the Shareholders registered under the Company's register of members in Hong Kong and register of members in Singapore for receiving the interim dividend in Hong Kong dollars or Singapore dollars respectively, any removal of the Shares between the Company's register of members in Hong Kong and register of members in Singapore has to be made by the Shareholders no later than 4:30 p.m. (both Hong Kong and Singapore times) on Tuesday, 18 August 2026.

As at 30 June 2026, the Company held 6,397,000 Treasury Shares, and the Company did not hold any repurchased shares pending cancellation. All Treasury Shares and repurchased shares pending cancellation will not receive the interim cash dividend of the Company. The Company will withdraw the repurchased shares from Central Clearing and Settlement System, and either re-register them in its own name as Treasury Shares or cancel them, in each case before the last registration date for the interim cash dividend.

Closure of Register of Members

For Hong Kong Shareholders

The register of members of the Company will be closed on Tuesday, 1 September 2026, on which the registration of transfer of shares of the Company ("Shares") will be suspended. To qualify for the interim dividend, all transfer forms of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration no later than 4:30 p.m. (Hong Kong time) on Monday, 31 August 2026. Interim dividend will be paid in Hong Kong dollars to Hong Kong Shareholders.

For Singapore Shareholders

To qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Singapore share transfer agent, In.Corp Corporate Services Pte. Ltd. at 36 Robinson Road, #20-01 City House, Singapore 068877 for registration no later than 5:00 p.m. (Singapore time) on Tuesday, 1 September 2026. Interim dividend will be paid in Singapore dollars to Singapore Shareholders.

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and Its Associated Corporations

As of 30 June 2026, the interests or short positions of the Directors and Chief Executive in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the SEHK, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 of the Listing Rules were as follows:

Name of Directors	Nature of Interest	Class of Shares and Total Number of Shares/ Underlying Shares Held (Note 1)	Approximate Percentage of shareholdings as of 30 June 2026
(a)The Company			
Mr. Lam Kong	Interest in controlled corporation	1,167,564,000 (L) (Note 2)	47.86%
Ms. Chen Yanling	Beneficial owner	7,246,250 (L)	0.30%
(b)Associated Corporation – Dermavon Holdings Limited			
Mr. Lam Kong	Beneficial owner	97 (L) (Note 3)	0.89%
Ms. Chen Yanling	Beneficial owner	104 (L) (Note 4)	0.95%

Notes:
1. The letter "L" denotes long positions in the Shares.
2. These Shares are held by Mr. Lam Kong through Treasure Sea Limited, a company wholly owned by him.
3. Mr. Lam Kong is entitled to 97 unvested shares underlying the awards granted to Mr. Lam under the share award scheme of Dermavon Holdings Limited.
4. Ms. Chen Yanling is entitled to 104 unvested shares underlying the restricted share units granted to Ms. Chen under the share incentive scheme of Dermavon Holdings Limited.

Save as disclosed above, as of 30 June 2026, none of the Directors and Chief Executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning in Part XV of the SFO), which were required to be and are recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or which were required to be notified to the Company and the SEHK, pursuant to the Model Code.

Directors' Right to Acquire Shares or Debentures

At no time during the Reporting Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouses or minor children, or were any such rights exercised by them; nor was the Company or any of its subsidiaries a party to any arrangements to enable the Directors, their respective spouses or minor children to acquire such rights in any other body corporate.

Substantial Shareholders' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and Its Associated Corporations

Saved as disclosed above, as of 30 June 2026, the Directors were not aware of any other person (other than the Directors or the Chief Executive of the Company) who held interests and short positions in the shares or underlying shares or debentures of the Company which would have to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

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

Repurchase Mandate

The Directors have been granted the general mandate (the "2026 Repurchase Mandate") pursuant to the resolutions of the shareholders passed on 23 April 2026, to repurchase Shares in the open market from time to time. Pursuant to the 2026 Repurchase Mandate, the Company is allowed to repurchase up to 10% of the total number of the issued Shares (excluding any treasury Shares) on the date of passing such resolution.

Share Repurchase

Based on its strong confidence in its long-term value, the Group continues to repurchase the shares. During the Reporting Period, the Company repurchased an aggregate of 6,397,000 Shares with a nominal value of US$0.005 each on the SEHK at an aggregate consideration, before expenses, of HK$67,650,180 under the 2026 Repurchase Mandate. All of the repurchased Shares were held astreasury shares. The Board believes the repurchases are expected to enhance net asset value per Share and/or earnings per Share and are in the interests of the shareholders as a whole. Details of the repurchase are as follows:

Date of Repurchase	Number of Shares Repurchased	Price per Share (HK$)		Aggregate Consideration Paid (HK$)
		Highest Price	Lowest Price	
29 May 2026	1,020,000	10.65	10.40	10,806,890
1 June 2026	507,000	11.18	10.75	5,579,880
2 June 2026	650,000	11.16	11.00	7,205,540
3 June 2026	900,000	11.00	10.62	9,685,480
4 June 2026	1,010,000	10.63	10.45	10,651,460
8 June 2026	1,010,000	10.45	10.18	10,438,130
9 June 2026	400,000	10.35	10.23	4,112,800
17 June 2026	400,000	10.32	10.20	4,111,150
24 June 2026	500,000	10.22	9.94	5,058,850
Total	6,397,000	-	-	67,650,180

As at 30 June 2026, the number of the issued Shares of the Company was 2,439,528,512 Shares (including 6,397,000 treasury Shares).

Save as disclosed above, none of the Company or any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company (including treasury shares) during the Reporting Period.

Employees

As of 30 June 2026, the Group had a total of 6,716 employees. To meet the talent development needs of the Group, the Group continuously optimize the Group's strategy, organizational structure and position competency, improve the Group's performance management and salary incentive system, etc., further stimulate organizational vitality and improve organizational operation efficiency, enabling the Group's human resource management to fully match with the Group's development strategy. The Group provides employees with competitive remuneration packages, including medium- and long-term equity incentive schemes, salaries, bonuses, insurance and benefits, which are based on employees' performance and are measured against specific objective criteria. Additionally, the Group is committed to providing equal opportunities to all employees in all respects and has made efforts in continuing education and training programs for employees, such as orientation programs for new employees, regulatory compliance training and job skills training, to continuously enhance employees' knowledge, skills and overall capabilities.

Audit Committee

The Company established an Audit Committee in 2007. The Audit Committee currently comprises three independent non-executive Directors, and is chaired by Mr. Fung Ching Simon, with Mr. Leung Chong Shun and Ms. Luo Laura Ying as Committee members.

The primary duties of the Audit Committee are to provide the Directors with an independent review of the effectiveness of the financial reporting process, internal control and risk management system of the Company, to oversee the audit process and to perform other duties and responsibilities as assigned by the Directors. The Audit Committee also oversees the Company's appointment of external auditors.

The Company's interim result announcement and interim report for the six months ended 30 June 2026 have been reviewed by the Audit Committee of the Company and approved by the Board with recommendation of the Audit Committee.

Changes in Director's Information

During the Reporting Period and up to the Latest Practicable Date (17 August 2026) of this Interim Report, there are no matters that the Directors need to disclose in accordance with Rule 13.51B(1) of the Listing Rules.

Corporate Governance Practices

During the Reporting Period, the Company has complied with the applicable principles and code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix C1 to the Listing Rules, except for a deviation from the Code Provision C.2.1 in respect of the roles of Chairman and Chief Executive which shall not be performed by the same individual.

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

The Company makes available to the Directors monthly updates of the Company, in order to keep the Directors informed of the Company's latest performance and operations. In addition, the Directors also receive regular updates from time to time on changes and developments of the relevant legislation and regulatory environments.

All Directors participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their advice to the Board remains effective and relevant. The Company keeps records of the training received by Directors.

Directors' Securities Transactions

The Company has adopted the Written Guidelines for Securities Transactions by Directors and Relevant Employees (the "Written Guidelines") on no less exacting terms than the Model Code as the code of conduct for Directors' securities transactions. Having made specific inquiries in relation to the compliance with the Written Guidelines for securities transactions by Directors, the Company confirmed that all the Directors have complied with the relevant standards for securities transactions by Directors set out in the Written Guidelines during the Reporting Period. The Written Guidelines also apply to other specified senior management of the Company.

Employees who are likely to be in possession of unpublished price-sensitive information about the Company are also subject to compliance with the Written Guidelines. No incident of non-compliance with the Written Guidelines by such employees was noted by the Company in the Reporting Period.

Disclosure of Information

The Interim Report will be duly dispatched to shareholders of the Company and published on websites of the SEHK (www.hkexnews.hk), the SGX-ST (www.sgx.com) and the Company (www.cms.net.cn).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2026

	NOTES	Six months ended 30 June 2026 RMB'000 (unaudited)	2025 RMB'000 (unaudited)
Turnover	3	4,500,733	4,001,980
Cost of goods sold		(1,280,173)	(1,110,068)
Gross profit		3,220,560	2,891,912
Other income		116,544	79,155
Other gains and losses		(78,028)	76,658
Selling expenses		(1,431,028)	(1,424,465)
Administrative expenses		(439,931)	(430,817)
Research and development expenses		(356,675)	(202,489)
Finance costs		(8,157)	(11,277)
Share of results of associates		166,125	164,619
Share of results of a joint venture		1,098	749
Profit before tax		1,190,508	1,144,045
Income tax expense	4	(219,024)	(212,552)
Profit for the period	5	971,484	931,493
Items that may be reclassified subsequently to profit or loss:			
Share of other comprehensive expense of associates		(8,971)	(1,845)
Exchange differences arising on translation of foreign operations		(7,671)	(1,082)
Exchange differences arising on translation of interest in associates		(17,204)	25,455
Items that will not be reclassified to profit or loss:			
Fair value (loss) gain on equity instrument at fair value through other comprehensive income		(11,283)	633
Other comprehensive (expense) income for the period, net of income tax		(45,129)	23,161
Total comprehensive income for the period		926,355	954,654
Profit (loss) for the period attributable to:			
Owners of the Company		986,101	941,178
Non-controlling interests		(14,617)	(9,685)
		971,484	931,493
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		940,972	964,339
Non-controlling interests		(14,617)	(9,685)
		926,355	954,654
		RMB	RMB
Earnings per share	7		
Basic		0.4075	0.3892

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2026

	NOTES	30 June 2026 RMB'000 (unaudited)	31 December 2025 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	8	361,025	366,702
Right-of-use assets		88,941	79,388
Interest in associates	9	3,637,348	3,509,594
Interest in a joint venture		173,406	172,308
Intangible assets		2,693,692	2,213,765
Goodwill		1,511,261	1,511,261
Equity instruments at fair value through other comprehensive income		380,561	357,593
Deposits paid for acquisition of intangible assets		1,364,787	1,480,664
Amount due from associates	11	30,000	30,000
Deferred tax assets		56,706	58,795
Loan receivable		113,379	120,216
		10,411,106	9,900,286
Current assets			
Inventories		928,128	803,958
Financial asset at fair value through profit or loss		3,181,053	3,084,902
Trade and other receivables and prepayments	10	2,316,577	2,258,566
Tax recoverable		876	1,270
Amount due from associates	11	262,976	448,493
Bank balances and cash		2,571,902	2,701,380
		9,261,512	9,298,569
Current liabilities			
Trade and other payables	12	291,521	495,716
Lease liabilities		16,463	16,597
Contract liabilities		14,588	12,133
Bank borrowings	13	834,675	651,815
Tax liabilities		238,380	292,962
		1,395,627	1,469,223
Net current assets		7,865,885	7,829,346
Total assets less current liabilities		18,276,991	17,729,632

	NOTE	30 June 2026 RMB'000 (unaudited)	31 December 2025 RMB'000 (audited)
Capital and reserves			
Share capital	14	83,564	83,564
Reserves		17,863,356	17,312,174
Equity attributable to owners of the Company		17,946,920	17,395,738
Non-controlling interests		132,449	147,025
		18,079,369	17,542,763
Non-current liabilities			
Deferred tax liabilities		165,824	165,202
Lease liabilities		31,798	21,667
		197,622	186,869
		18,276,991	17,729,632

The condensed consolidated financial statements on pages 31 to 46 were approved and authorised for issue by the Board of Directors on 17 August 2026 and are signed on its behalf by:

LAM Kong
DIRECTOR

CHEN Yanling
DIRECTOR

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2026

	Attributable to owners of the Company											
	Share Capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Surplus reserve fund RMB'000	Translation reserve RMB'000	Investments revaluation reserve RMB'000	Accumulated profits RMB'000	Dividend reserve RMB'000	Treasury stock RMB'000	Sub-total RMB'000	Attributable to non-controlling interests RMB'000	Total RMB'000
Balance at 1 January 2026 (audited)	83,564	2,025,625	19,545	440,556	66,003	(178,256)	14,738,721	330,641	(130,661)	17,395,738	147,025	17,542,763
Profit (loss) for the period	-	-	-	-	-	-	986,101	-	-	986,101	(14,617)	971,484
Other comprehensive expense for the period	-	-	-	-	(33,846)	(11,283)	-	-	-	(45,129)	-	(45,129)
Total comprehensive expense (income) for the period	-	-	-	-	(33,846)	(11,283)	986,101	-	-	940,972	(14,617)	926,355
Repurchase of ordinary shares in treasury stock (note 14)	-	-	-	-	-	-	-	-	(59,149)	(59,149)	-	(59,149)
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	41	41
Dividends paid (note 6)	-	-	-	-	-	-	-	(330,641)	-	(330,641)	-	(330,641)
Dividends proposed (note 6)	-	-	-	-	-	-	(394,465)	394,465	-	-	-	-
Transfer of reserves	-	-	-	8,989	-	-	(8,989)	-	-	-	-	-
Balance at 30 June 2026 (unaudited)	83,564	2,025,625	19,545	449,545	32,157	(189,539)	15,321,368	394,465	(189,810)	17,946,920	132,449	18,079,369

	Attributable to owners of the Company											
	Share Capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Surplus reserve fund RMB'000	Translation reserve RMB'000	Investments revaluation reserve RMB'000	Accumulated profits RMB'000	Dividend reserve RMB'000	Treasury stock RMB'000	Sub-total RMB'000	Attributable to non-controlling interests RMB'000	Total RMB'000
Balance at 1 January 2025 (audited)	83,564	2,025,601	19,545	438,872	65,191	(406,066)	13,959,009	283,700	(157,947)	16,311,469	91,639	16,403,108
Profit (loss) for the period	-	-	-	-	-	-	941,178	-	-	941,178	(9,685)	931,493
Other comprehensive income for the period	-	-	-	-	22,528	633	-	-	-	23,161	-	23,161
Total comprehensive income (expense) for the period	-	-	-	-	22,528	633	941,178	-	-	964,339	(9,685)	954,654
Recognition of equity-settled share-based payments (note14)	-	24	-	-	-	-	-	-	27,286	27,310	-	27,310
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	64,812	64,812
Dividends paid (note 6)	-	-	-	-	-	-	(467)	(283,700)	-	(284,167)	-	(284,167)
Dividends proposed (note 6)	-	-	-	-	-	-	(376,388)	376,388	-	-	-	-
Transfer of reserves	-	-	-	793	-	-	(793)	-	-	-	-	-
Balance at 30 June 2025 (unaudited)	83,564	2,025,625	19,545	439,665	87,719	(405,433)	14,522,539	376,388	(130,661)	17,018,951	146,766	17,165,717

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

	NOTES	Six months ended 30 June 2026 RMB'000 (unaudited)	2025 RMB'000 (unaudited)
Net cash from operating activities		692,686	556,838
Net cash used in investing activities			
Purchase of property, plant and equipment	8	(33,759)	(7,298)
Payments for acquisitions of financial assets at fair value through profit or loss		(132,843)	(277,441)
Payments for acquisitions of equity instruments at fair value through other comprehensive income		(34,314)	-
Deposits for acquisition of intangible assets		(468,061)	(225,113)
Interest received		24,795	38,737
Dividend received from associates		105,474	132,202
Dividend received from financial assets at fair value through profit or loss		14,527	6,943
Disposal of financial assets at fair value through profit or loss		10,681	-
Proceeds on disposal of a subsidiary in prior years		35,000	-
Capital injection to associates		(94,513)	(125,667)
		(573,013)	(457,637)
Net cash used in financing activities			
Interest paid		(7,197)	(11,317)
Dividends paid	6	(330,641)	(284,167)
Payment of lease liabilities		(8,816)	(8,981)
New bank borrowings raised		464,893	305,700
Repayment of bank borrowings		(282,033)	(422,000)
Payment on repurchase of shares		(59,149)	-
Capital contribution from non-controlling interests		41	64,812
		(222,902)	(355,953)
Net decrease in cash and cash equivalents		(103,229)	(256,752)
Cash and cash equivalent at beginning of the period		2,701,380	3,706,501
Effect of exchange rate changes on the balance of cash held in foreign currencies		(26,249)	4,323
Cash and cash equivalent at end of the period, represented by bank balances and cash		2,571,902	3,454,072

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2026 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2025.

In the current interim period, the Group has applied, for the first time, certain amendments to IFRS Accounting Standards issued by the IASB that are mandatorily effective for the Group's annual period beginning on 1 January 2026 for the preparation of the Group's condensed consolidated financial statements. The application of amendments to IFRS Accounting Standards in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

3. TURNOVER AND SEGMENT INFORMATION

Turnover

The Group mainly sells pharmaceutical products to distributors throughout the PRC and provides promotion services to certain pharmaceutical manufacturers.

For sales of pharmaceutical products to customers, revenue is recognised at a point in time when control of the pharmaceutical products is passed to customers, i.e. when the products are delivered and titles have passed to customers upon receipt by customers.

For provision of promotion services to customers, revenue is recognised at a point in time when the Group satisfies its obligation to arrange for the pharmaceutical products to be provided by suppliers to distributors.

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

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Sales of pharmaceutical products	3,558,117	3,088,802
Promotion income	942,616	913,178
	4,500,733	4,001,980

The Group's sales and promotion income is generated from external customers, the majority of whom are located in the PRC.

Segment information

The Group determines its operating segments based on the internal reports reviewed by the chief operating decision maker, the Executive Directors of the Company that are used for resources allocation and assessment of segment performance.

The Group had two reportable operating segments, i.e. (i) integrated pharmaceuticals portfolio (the "Integrated Business") and (ii) skin health related business (the "Skin Health Business").

The revenue and performance of reportable operating segments of the Group are analyzed below:

For the six months ended 30 June 2026

	Integrated Business	**Skin Health Business**	**Elimination**	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000
External revenue	3,708,198	792,535	-	4,500,733
Inter-segment revenue	4,338	9	(4,347)	-
Turnover	3,712,536	792,544	(4,347)	4,500,733
Gross profit	2,659,952	564,946	(4,338)	3,220,560
Profit for the period	914,019	57,465	-	971,484

For the six months ended 30 June 2025

	Integrated Business	**Skin Health Business**	**Elimination**	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000
External revenue	3,528,576	473,404	-	4,001,980
Inter-segment revenue	18,953	24,624	(43,577)	-
Turnover	3,547,529	498,028	(43,577)	4,001,980
Gross profit	2,621,852	307,728	(37,668)	2,891,912
Profit (loss) for the period	982,033	(31,080)	(19,460)	931,493

The assets and liabilities of reportable operating segments of the group are analyzed below:

As at 30 June 2026

	Integrated Business	Skin Health Business	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Segment assets	19,880,313	2,698,906	(2,906,601)	19,672,618
Segment liabilities	1,486,972	116,577	(10,300)	1,593,249

As at 31 December 2025

	Integrated Business	Skin Health Business	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Segment assets	19,468,422	2,635,017	(2,904,584)	19,198,855
Segment liabilities	1,554,224	110,151	(8,283)	1,656,092

4. INCOME TAX EXPENSE

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Current tax:		
PRC Enterprise Income Tax	164,363	124,222
Macau Complementary Income Tax	33,009	60,714
Hong Kong Profits Tax	-	1,366
Dubai Tax	-	7,198
Withholding tax	17,500	-
	214,872	193,500
Deferred taxation:		
Current period	4,152	19,052
Income tax expense for the period	219,024	212,552

5. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	19,488	23,713
Amortisation of intangible assets (included in cost of goods sold)	112,927	97,751
Cost of inventories recognised as an expense	1,105,019	1,008,582
Equity-settled share-based expense	-	27,310
Interest income	(24,795)	(47,841)
Net exchange loss (gain)	30,285	(16,771)

6. DIVIDENDS

During the Reporting Period, a final dividend of RMB0.1366 per share in respect of the year ended 31 December 2025 (six months ended 30 June 2025: RMB0.1174 per share in respect of the year ended 31 December 2024) was declared and paid to the owners of the Company. The aggregate amount of the final dividend declared and paid during the Reporting Period amounted to RMB330,641,000 (six months ended 30 June 2025: RMB284,167,000).

Subsequent to the end of the interim period, the directors have determined that an interim dividend of RMB0.1634 per share and amounting to RMB394,465,000 (six months ended 30 June 2025: RMB0.1555 per share and amounting to RMB376,388,000) will be paid to the shareholders of the Company.

7. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Earnings		
Earnings for the purposes of basic earnings per share (profit for the period attributable to owners of the Company)	986,101	941,178
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,419,645,984	2,418,526,188

No diluted earnings per share for the six months ended 30 June 2026 and for the six months ended 30 June 2025 were presented as there were no potential ordinary shares in issue for both periods.

8. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the Reporting Period, the Group spent RMB33,759,000 (six months ended 30 June 2025: RMB7,298,000) on the acquisition of property, plant and equipment in order to upgrade its manufacturing and management efficiency.

9. INTEREST IN ASSOCIATES

	30 June 2026 RMB'000	31 December 2025 RMB'000
Cost of investments in associates		
Listed outside Hong Kong	2,304,356	2,304,356
Unlisted	698,907	604,394
Impairment loss on interest in an associate	(120,000)	(120,000)
Share of post-acquisition profits and other comprehensive income, net of dividends received	741,025	689,345
Adjustment for disposal of an associate	(8,008)	(8,008)
Exchange adjustments	21,068	39,507
	3,637,348	3,509,594
Fair value of listed investment (Note)	4,501,910	5,123,196

Note: The fair value of the Group's interest in Tibet Rhodiola Pharmaceutical Holding Co. ("Tibet Pharmaceutical"), of which its shares are listed on the Shanghai Stock Exchange, was determined on the basis of the quoted market price available on the Shanghai Stock Exchange, which is a level 1 input in terms of IFRS 13.

As at 30 June 2026 and 31 December 2025, details of the associates are as follows:

Name of associates	Place of establishment/ incorporation	Principal place of business	Proportion of ownership interest held by the Group		Principal activities
			30 June 2026	31 December 2025	
Tibet Pharmaceutical	PRC	PRC	37.82%	37.36%	Production of medicines and sale of drugs
Eye Tech Care ("ETC")	France	France	36.21%	36.21%	Research and development of therapeutic ultrasound device
PharmaGend Global Medical Services Pte. Ltd ("PharmaGend")	Singapore	Singapore	41.98%	41.98%	Production of medicines and sale of drugs
Higend Sciences Limited	Cayman Islands	Singapore	47.22%	47.22%	Research and development of medicines

10. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	30 June 2026 RMB'000	31 December 2025 RMB'000
Trade receivables	1,522,302	1,599,130
Less: allowance for credit losses	(11,216)	(11,256)
	1,511,086	1,587,874
Bills receivables	278,696	226,480
Purchase prepayment	360,514	261,226
Other receivables and deposits	166,281	182,986
	2,316,577	2,258,566

The Group normally allows a credit period ranging from 0 to 90 days to its trade customers, but longer credit period up to four months is allowed to some selected customers.

An aging analysis of the trade receivables (net of allowance for credit losses) presented based on the dates of receipt of goods at the respective reporting dates, which approximated the respective revenue recognition date, is as follows:

	30 June 2026 RMB'000	31 December 2025 RMB'000
0 - 90 days	1,473,378	1,543,981
91 - 365 days	37,708	43,893
	1,511,086	1,587,874

The bills receivables of the Group are of the age within six months at the end of the Reporting Period.

11. AMOUNT DUE FROM ASSOCIATES

As at 30 June 2026, the balance of approximately RMB30,000,000 (31 December 2025: RMB30,000,000) was non-trade nature and non-interest bearing, represented deposit to Tibet Pharmaceutical for an exclusive distribution right.

As at 30 June 2026, the balance of approximately RMB262,976,000 (31 December 2025: RMB448,493,000) was trade nature and non-interest bearing, represented promotion income receivables from Tibet Pharmaceutical and ETC. As at 30 June 2026, the credit period allowed to associates by the Group was approximately 75 days (31 December 2025: 90 days). The balance as at 30 June 2026 was aged within three months (31 December 2025: within three months) based on the invoice date.

12. TRADE AND OTHER PAYABLES

An aging analysis of the trade payables presented based on the invoice date at the end of the Reporting Period is as follows:

	30 June 2026 RMB'000	31 December 2025 RMB'000
0 - 90 days	96,754	99,938
91 - 365 days	1,668	2,803
Over 365 days	1,541	3,834
Trade payables	99,963	106,575
Payroll and welfare payables	103,721	235,252
Other tax payables	27,152	85,087
Accrued promotion expenses	17,898	23,818
Accruals	27,724	29,794
Other payables	15,063	15,190
	291,521	495,716

The credit period on purchases of goods ranges from 0 to 120 days.

13. BANK BORROWINGS

	30 June 2026 RMB'000	31 December 2025 RMB'000
Bank loans	834,675	651,815
Analysed as:		
Unsecured	823,047	650,033
Secured	11,628	1,782
Classified as:		
Current liabilities	834,675	651,815
Non-current liabilities	-	-

During the Reporting Period, the Group's bank borrowings increased by a net amount of RMB182,860,000 (six months ended 30 June 2025: decreased by a net amount of RMB116,300,000), the weighted average interest rate of loans was 1.9% (six months ended 30 June 2025: 2.3%) per annum.

14. SHARE CAPITAL

	Number of shares '000	Amount RMB'000
Authorised share capital:		
At 31 December 2025 and 30 June 2026	20,000,000	765,218
Issued and fully paid:		
At 31 December 2025 and 30 June 2026	2,439,529	83,564

During the six months ended 30 June 2026, the Company repurchased its own ordinary shares through the Stock Exchange of Hong Kong Limited as follows:

Month of repurchase	No. of ordinary shares of US$0.005 each	Price per share		Aggregated consideration paid
		Highest HK$	Lowest HK$	HK$
May 2026	1,020,000	10.65	10.40	10,846,000
June 2026	5,377,000	11.18	9.94	57,049,000
Total	6,397,000			67,895,000

During the six months ended 30 June 2026, 6,397,000 ordinary shares were repurchased at a consideration of HK$67,895,000 (equivalent to approximately RMB59,149,000) by the trustee of the Company and were not cancelled and remained as treasury stock in equity as at 30 June 2026.

15. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information on how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in the active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Financial instruments	Fair value as at 30/06/2026	Fair value as at 31/12/2025	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservableinputs
1) Equity instruments at FVTOCI - unlisted equity securities	Assets - RMB 34,055,000	Nil	Level 2	Recent Transaction method, quoted bid prices in an inactive market.	Nil
2) Equity instruments at FVTOCI - unlisted equity securities	Assets - RMB 346,506,000	Assets - RMB 357,593,000	Level 3	Market approach by applying market multiples such as the ratio of market capital to net book value from comparable companies.	The ratio of market capital to net book value from comparable companies
3) Financial asset at FVTPL - listed equity securities	Assets - RMB 1,065,000	Assets - RMB 7,704,000	Level 1	Quoted bid prices in an active market.	Nil
4) Financial asset at FVTPL - capital funds	Assets - RMB 1,198,889,000	Assets - RMB 1,174,198,000	Level 3	Direct comparison - reference to market evidence of recent transaction prices of the underlying investments.	Recent transaction prices of underlying investments
5) Financial asset at FVTPL - unlisted equity securities	Assets - RMB 1,482,829,000	Assets - RMB 1,375,526,000	Level 2	Recent Transaction method, quoted bid prices in an inactive market.	Nil
6) Financial asset at FVTPL - convertible bond	Assets - RMB 170,273,000	Assets - RMB 175,720,000	Level 2	Recent Transaction method, quoted bid prices in an inactive market.	Nil
7) Financial asset at FVTPL - unlisted equity securities	Assets - RMB 327,997,000	Assets - RMB 351,754,000	Level 3	Market approach by applying market multiples such as the ratio of market capita to net book value from comparable companies.	The ratio of market capital to net book value from comparable companies

Reconciliation of Level 3 fair value measurements

	Equity instruments at FVTOCI RMB'000	Financial assets at FVTPL RMB'000	Total RMB'000
As at 1 January 2026	357,593	1,525,952	1,883,545
Purchases	-	37,981	37,981
Disposal	-	(1,623)	(1,623)
Transfer to level 2 from level 3	-	(20,371)	(20,371)
Total gains			
- in profit or loss	-	(15,053)	(15,053)
- in other comprehensive income	(11,087)	-	(11,087)
As at 30 June 2026	346,506	1,526,886	1,873,392

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

16. CAPITAL COMMITMENTS

	30 June 2026 RMB'000	31 December 2025 RMB'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	70,905	76,020
Capital expenditure in respect of the acquisition of below items contracted for but not provided in the condensed consolidated financial statements		
- financial assets at FVTPL	374,856	409,813
- interest in an associate	74,920	172,206

17. RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below, in addition to the transactions and balances disclosed elsewhere in the condensed consolidated financial statements.

(a) The Group entered into the following transactions with related parties during the Reporting Period:

Name of related company	Relationship	Nature of transactions	Six months ended 30 June 2026 RMB'000	Six months ended 30 June 2025 RMB'000
Tibet Pharmaceutical	Associate	Promotion income	761,505	834,632
ETC	Associate	Purchase of goods	1,120	-
ETC	Associate	Promotion income	-	3,453
Shenzhen Mediportal Health Medical Internet Limited	Related party	Service fee	2,688	257
Shenzhen Mediportal Health Technology Co., Ltd.	Related party	Service fee	634	1,515
A&B (HK) Company Limited ("A&B")	Related party	Royalty expenses	783	805
PharmaGend	Associate	Service fee	4,639	-

(b) On 20 August 2018, the Group entered into a framework asset transfer agreement with A&B relating to the pharmaceutical preparation, formulation, dosage form, or delivery vehicle, containing or comprising NRL-1 etc. and/or line extensions developed by or for Neurelis, Inc. ("Neurelis") (collectively, the "Product of NRL-1"). Neurelis is one of Group's unlisted equity investments. According to terms of such agreement, the Group has agreed to acquire from A&B all assets related to the Product of NRL-1 (the "Assets of NRL-1") in the Territories (the "Transaction of NRL-1"). A&B obtained the Assets of NRL-1 from its related entity which in turn obtained the Assets of NRL-1 from Neurelis. As at 31 December 2023, the Group and A&B had negotiated and agreed on the terms of the Transaction of NRL-1, the Group has agreed to pay A&B a royalty payment of up to US$0.6 per Unit of NRL-1 imported into or sold in the Territories, and the Group has agreed to pay A&B a royalty payment of 9.0% on the net sales of NRL-1 sold by the Group in the Territories. The Group has accrual amount of RMB783,000 (six months ended 30 June 2025: RMB805,000) of royalty expense during six months ended 30 June 2026.

(c) The remuneration of key management personnel during the Reporting Period amounted to RMB5,262,000 (six months ended 30 June 2025: RMB7,121,000).