上海先鋒控股有限公司
Shanghai Pioneer Holding Ltd

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 01345)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Shanghai Pioneer Holding Ltd (the "**Company**") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2024 (the "**Reporting Period**") together with comparative figures for the corresponding period in 2023, as follows:

FINANCIAL HIGHLIGHTS

- Revenue of the Group for the six months ended 30 June 2024 was RMB818.0 million, which represents an 11% increase compared to RMB736.9 million for the same period last year.

- Gross profit of the Group for the six months ended 30 June 2024 was RMB350.5 million, which represents a 10.8% increase compared to RMB316.4 million for the same period last year.

- Net profit of the Group for the six months ended 30 June 2024 was RMB87.9 million, which represents a 21.6% increase compared to RMB72.3 million for the same period last year.

- Basic earnings per share of the Company was RMB0.08 for the six months ended 30 June 2024, which represents a 14.3% increase compared to RMB0.07 for the same period last year.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Notes	Six months ended 30 June 2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue	3	**817,973**	736,911
Cost of sales		**(467,480)**	(420,484)
Gross profit		**350,493**	316,427
Other income	4	**35,683**	48,528
Other gains and losses	5	**(3,255)**	(1,333)
Impairment losses under expected credit loss model, net of reversal	6	**(4,486)**	(762)
Distribution and selling expenses		**(183,330)**	(217,147)
Administrative expenses		**(70,312)**	(53,959)
Research and development expenses		**(2,459)**	–
Finance costs		**(767)**	(1,282)
Share of results of associates		**(244)**	(60)
Profit before tax		**121,323**	90,412
Income tax expense	7	**(33,447)**	(18,152)
Profit for the period	6	**87,876**	72,260
Other comprehensive income (expense)			
Items that will not be reclassified to profit or loss:			
– Fair value gain/(losses) on investments in equity instruments at fair value through other comprehensive income ("**FVTOCI**"), net of income tax		**57,389**	(33,764)
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences on translation of foreign operations		**2,085**	3
– Exchange difference of interests in associates		**(712)**	(83)
Other comprehensive income (expense) for the period		**58,762**	(33,844)
Total comprehensive income for the period		**146,638**	38,416
Profit for the period attributable to:			
Owners of the Company		**94,955**	77,001
Non-controlling interests		**(7,079)**	(4,741)
		87,876	72,260
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		**153,717**	43,157
Non-controlling interests		**(7,079)**	(4,741)
		146,638	38,416
Earnings per share			
– Basic (RMB yuan)	8	**0.08**	0.07
– Diluted (RMB yuan)		**0.08**	0.07

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2024

	Notes	**As at 30 June 2024 RMB'000 (Unaudited)**	As at 31 December 2023 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	*10*	**192,754**	214,582
Right-of-use assets		**31,904**	32,858
Intangible assets		**31,428**	30,191
Interests in associates		**7,416**	7,917
Equity instruments at FVTOCI	*11*	**149,003**	109,221
Deposits paid for acquisition of intangible assets		**46,275**	20,726
Goodwill		**6,213**	6,213
Deferred tax assets		**7,955**	2,268
		472,948	423,976
Current assets			
Inventories		**323,361**	417,934
Trade and other receivables	*12*	**566,594**	538,575
Financial assets at fair value through profit or loss ("**FVTPL**")	*13*	**–**	10,000
Taxation recoverable		**1,553**	3,953
Pledged bank deposits		**4,042**	22,040
Cash and cash equivalents		**145,116**	114,427
		1,040,666	1,106,929
Current liabilities			
Trade and other payables	*14*	**207,494**	338,230
Amounts due to related parties		**13,377**	5,643
Tax liabilities		**27,073**	17,265
Bank borrowings	*15*	**69,140**	59,971
Lease liabilities		**1,308**	1,301
Contract liabilities		**4,198**	20,280
		322,590	442,690
Net current assets		**718,076**	664,239
Total assets less current liabilities		**1,191,024**	1,088,215

	Notes	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Non-current liabilities			
Deferred tax liabilities		**12,111**	16,280
Lease liabilities		**13,181**	12,748
Deferred income		**40,330**	41,420
		65,622	70,448
Net assets		**1,125,402**	1,017,767
Capital and reserves			
Equity attributable to the owners of the Company			
Share capital		**77,399**	77,399
Reserves		**1,043,758**	929,044
Equity attributable to owners of the Company		**1,121,157**	1,006,443
Non-controlling interests		**4,245**	11,324
Total equity		**1,125,402**	1,017,767

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

1. BASIS OF PREPARATION

Shanghai Pioneer Holding Ltd (the "**Company**" and previously known as China Pioneer Pharma Holdings Limited) is incorporated as an exempted company with limited liability in the Cayman Islands on 5 February 2013. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 5 November 2013. The registered office of the Company is at 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands and the principal place of business of the Company is at No. 15, Lane 88 Wuwei Road, Putuo District, Shanghai, the People's Republic of China ("**PRC**"). The Company's immediate and ultimate holding company are Pioneer Pharma (BVI) Limited ("**Pioneer BVI**") and Tian Limited, respectively. Both companies are incorporated in the British Virgin Islands and are controlled by Mr. Li Xinzhou ("**Mr. Li**") and Ms. Wu Qian, the spouse of Mr. Li.

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (collectively referred to as the "**Group**") are the marketing, promotion and sale of pharmaceutical products and medical equipment and supplies and provision of metal finishing services.

The condensed consolidated financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board ("**IASB**") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

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

2. MATERIAL ACCOUNTING POLICY INFORMATION

The Group has applied the same accounting policies and methods of computation in its interim consolidated financial statements as in its 2023 annual financial statements, except for the following new standards and amendments which apply for the first time in 2024. However, not all are expected to impact the Group as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies.

The following new standards and amendments are effective for the period beginning 1 January 2024:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current and non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The application of the amendments to IFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements. The Group has not early applied any new or amended IFRSs that is not yet effective for the current accounting period.

3. SEGMENT INFORMATION

Revenue from sales of pharmaceutical products and medical equipment and supplies is recognised at a point of time when the customer obtains control of the distinct goods upon acceptance or consumption by customers.

Information reported to the executive Directors, being the chief operating decision maker (the "**CODM**"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered. Segment profit represents the gross profit earned by each segment.

Specifically, the Group's reportable and operating segments under IFRS 8 are as follows:

(a) Ophthalmic pharmaceutical products – sales of the Group's ophthalmic pharmaceutical products to the customers under the channel management arrangement ("**Products sold via the provision of channel management services**"). Products sold via the provision of channel management services related solely to sale arrangements with Alcon Pharmaceuticals Ltd. ("**Alcon**").

(b) Sales of all of the Group's pharmaceutical products and medical equipment and supplies except for ophthalmic pharmaceutical products to the customers under the comprehensive marketing, promotion and channel management arrangement ("**Products sold via the provision of comprehensive marketing, promotion and channel management services**").

The CODM makes decisions according to operating results of each segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

Segment revenues and results

The following is an analysis of the Group's revenue and results by operating and reportable segments:

For the six months ended 30 June 2024 (unaudited)

	Products sold via the provision of comprehensive marketing, promotion and channel management services *RMB'000*	**Products sold via the provision of channel management services** *RMB'000*	**Consolidated** *RMB'000*
Segment revenue	**676,145**	**141,828**	**817,973**
Segment results	**341,679**	**8,814**	**350,493**
Other income			**35,683**
Other gains and losses			**(3,255)**
Impairment losses under expected credit loss model, net of reversal			**(4,486)**
Distribution and selling expenses			**(183,330)**
Administrative expenses			**(70,312)**
Research and development expenses			**(2,459)**
Finance costs			**(767)**
Share of losses of associates			**(244)**
Profit before tax			**121,323**

For the six months ended 30 June 2023 (unaudited)

	Products sold via the provision of comprehensive marketing, promotion and channel management services *RMB'000*	Products sold via the provision of channel management services *RMB'000*	Consolidated *RMB'000*
Segment revenue	602,671	134,240	736,911
Segment results	308,949	7,478	316,427
Other income			48,528
Other gains and losses			(1,333)
Impairment losses under expected credit loss model, net of reversal			(762)
Distribution and selling expenses			(217,147)
Administrative expenses			(53,959)
Finance costs			(1,282)
Share of losses of associates			(60)
Profit before tax			90,412

Disaggregation of revenue from contracts with customers

	For six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Types of sales		
Sales of pharmaceutical products	**390,298**	339,096
Sales of medical equipment and supplies	**427,675**	397,815
	817,973	736,911
Types of major products		
Products sold via the provision of channel management services:		
Alcon	**141,828**	134,240
Products sold via the provision of comprehensive marketing, promotion and channel management services:		
Pharmaceutical products	**248,470**	204,856
Medical equipment and supplies	**427,675**	397,815
	676,145	602,671
	817,973	736,911

Geographical information

All of the Group's revenue from external customers is attributed to the group entities' country of domicile (i.e. The People's Republic of China).

4. OTHER INCOME

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Government grants *(Note)*	**34,427**	41,166
Dividend received from equity instruments at FVTOCI	**–**	2,184
Interest income on bank deposits	**964**	643
Others	**292**	4,535
	35,683	48,528

Note: Government grants amounting to RMB1,090,000 (2023: RMB1,090,000) represented the amount of deferred income released to profit or loss for the six months ended 30 June 2024. The remaining amounts represented cash received from unconditional grants from the local government to encourage the business operations in the PRC which are recognised in profit or loss when received.

5. OTHER GAINS AND LOSSES

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Net foreign exchange losses	**(2,743)**	(2,320)
Loss on disposal of property, plant and equipment	**(609)**	(226)
Gain on fair value change of financial assets at FVTPL	**97**	1,213
	(3,255)	(1,333)

6. PROFIT BEFORE TAXATION

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit for the period has been arrived at after charging:		
Directors' remuneration	**2,649**	1,526
Other staff's retirement benefits scheme contributions	**5,607**	6,323
Other staff costs	**26,723**	32,758
Total staff costs	**34,979**	40,607
Write-down of inventories	**19,409**	2,313
Depreciation of right-of-use assets	**1,034**	668
Depreciation of property, plant and equipment	**10,225**	4,695
Amortisation of intangible assets	**3,488**	3,415
Impairment losses under expected credit loss model, net of reversal *(Note)*	**4,486**	762

Note: The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2023.

7. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax		
– PRC Enterprise Income Tax ("**EIT**")	**40,782**	12,759
– Under (over) provision in prior periods	**2,657**	(1,110)
	43,439	11,649
Deferred tax	**(9,992)**	6,503
Current period	**33,447**	18,152

8. EARNINGS PER SHARE

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

	For the Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
Earnings		
Earnings for the purpose of calculating basic earnings per share (profit for the period attributable to owners of the Company)	**RMB94,955,000**	RMB77,001,000
Numbers of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**1,170,615,407**	1,180,923,265

For the six months ended 30 June 2024 and 2023, the weighted average number of ordinary shares for the purpose of calculating basic earnings per share has been taken into account the ordinary shares purchased by Bank of Communications Trustee Limited from the market pursuant to the share award scheme and the ordinary shares repurchased by the Company.

No diluted earnings per share for both periods were presented as there were no potential ordinary shares in issue for both periods.

9. DIVIDENDS

During the current interim period, a final dividend of HKD0.024 (equivalent to RMB0.022) per share in respect of the year ended 31 December 2023 (2023: a final dividend of HKD0.048 (equivalent to RMB0.041) per share in respect of the year ended 31 December 2022) were declared to shareholders of the Company. The aggregate amount of the dividends declared and paid in the interim period amounted to RMB26,263,000 (2023: RMB51,456,000).

Subsequent to the end of the current interim period, the Directors have determined that an interim dividend of HKD0.048 (equivalent to approximately RMB0.044) per share amounting to HKD60,357,000 (equivalent to approximately RMB55,150,000) (2023: HKD30,179,000 equivalent to RMB27,636,000) in aggregate will be paid to shareholders of the Company.

10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group paid approximately RMB4,080,000 (2023: RMB24,909,000) for acquisition of furniture and equipment and construction for factory building.

11. EQUITY INSTRUMENTS AT FVTOCI

	As at 30 June 2024 ***RMB'000*** **(Unaudited)**	As at 31 December 2023 *RMB'000* (Audited)
Listed investment:		
– Equity securities listed in Australia *(Note a)*	**107,283**	67,307
– Equity securities listed in United States *(Note b)*	**74**	214
Unlisted investments:		
– Equity securities A *(Note c)*	**33,732**	33,700
– Equity securities B *(Note d)*	**7,914**	8,000
	149,003	109,221

Notes:

(a) The amount represents equity investment in 3.18% (31 December 2023: 9.24%) ordinary shares of an entity listed in Australian Securities Exchange, Paragon Care Limited ("**Paragon**"). This investment was not held for trading, instead, it was held for long-term strategic purpose.

(b) The amount represents equity investment in 0.31% (31 December 2023: 1.39%) ordinary shares of an entity listed in New York Stock Exchange, NovaBay Pharmaceuticals, Inc. ("**NovaBay**"). This investment was not held for trading, instead, it was held for long-term strategic purpose.

(c) The balances as of 30 June 2024 and 31 December 2023 represent an investment in Shanghai Yuhan fund (上海譽瀚股權投資基金合夥企業(有限合夥), the "**Shanghai Fund**"), which is incorporated in the PRC. The Shanghai Fund specialises in making equity investments in various targets within the pharmaceutical industry. As at 30 June 2024, the Shanghai Fund received contributions from shareholders of RMB149 million (2023: RMB155 million), among which the Group injected RMB14.9 million (31 December 2023: RMB15.5 million) which accounted for 10% (31 December 2023: 10%) of the equity interest of the Shanghai Fund. The Shanghai Fund represents an investment in unlisted private entities and structured deposits.

(d) The balances as of 30 June 2024 and 31 December 2023 represent an investment in Jiaxing Yuhan fund (嘉興譽瀚股權投資合夥企業(有限合夥), the "**Jiaxing Fund**"), which is incorporated in the PRC. The Fund specialises in making equity investments in various targets within the pharmaceutical industry. As at 30 June 2024 and 31 December 2023, the Jiaxing Fund received contributions from shareholders of RMB151 million, among which the Group injected RMB10 million (31 December 2023: RMB10 million) which accounted for 6.62% (31 December 2023: 6.62%) of the equity interest of the Jiaxing Fund. The Jiaxing Fund represents an investment in unlisted private entities and structured deposits.

The Directors had elected to designate the above investments in equity instruments at FVTOCI as they believe that recognising short-term fluctuations in these investment's fair value in profit or loss would be inconsistent with the Group's strategy of holding these investment for long-term purpose and realising their performance potential in the long run.

12. TRADE AND OTHER RECEIVABLES

	As at 30 June 2024 *RMB'000* **(Unaudited)**	As at 31 December 2023 *RMB'000* (Audited)
Trade receivables (i)	**420,725**	450,702
Less: Allowance for credit losses	**(2,950)**	(2,284)
	417,775	448,418
Other receivables, prepayments and deposits	**80,592**	39,619
Amounts due from associates (ii)	**23,624**	–
Advance payment to suppliers	**16,481**	10,567
Other tax recoverable	**28,122**	39,971
Total trade and other receivables	**566,394**	538,575

Notes:

(i) In relation to the sales of pharmaceutical products, the Group allows a credit period from 30 days to 180 days to its trade customers.

For sales of medical equipment and supplies, the Group allows a credit period from 120 days to 270 days to its trade customers.

The following is an aging analysis of trade receivables net of allowance for credit losses, presented based on invoice date at respective reporting dates, which approximated the respective revenue recognition dates.

	As at 30 June 2024 *RMB'000* **(Unaudited)**	As at 31 December 2023 *RMB'000* (Audited)
0 to 60 days	**223,372**	338,391
61 to 180 days	**154,673**	91,581
181 to 1 year	**35,254**	15,820
1 year to 2 years	**3,661**	2,626
Over 2 years	**815**	–
	417,775	448,418

As at 30 June 2024, total bills received amounting to RMB6,870,000 (31 December 2023: RMB36,757,000) are held by the Group for future settlement of trade receivables. The Group continues to recognise their full carrying amounts at the end of the reporting period. All bills received by the Group are with a maturity period of less than 1 year.

(ii) The amounts due from associates were unsecured, interest free and had no fixed repayment terms.

13. FINANCIAL ASSETS AT FVTPL

	As at 30 June 2024	As at 31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Unlisted investment:		
– Structured bank deposit	**–**	10,000

During the period ended 30 June 2024, the structured deposit with bank in the PRC was matured. The structured bank deposit earn minimum return of 1.25% to 1.66% per annum (31 December 2023: 1.25% to 1.66% per annum), while the total expected return is up to 2.6% to 3.25% per annum (31 December 2023: 2.6% to 3.25% per annum).

14. TRADE AND OTHER PAYABLES

	As at 30 June 2024	As at 31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade payables	**178,617**	284,946
Payroll and welfare payables	**3,154**	4,911
Other tax payables	**1,488**	512
Accrued marketing service fee	**6,380**	3,451
Deposits received from distributors	**6,207**	10,895
Other payables to a third party *(Note)*	**–**	20,000
Other payables and accrued charges	**11,648**	13,514
	207,494	338,230

Note: Amount represented advance from a third party which is unsecured, non-interest bearing and repayable on 31 May 2024.

The Group typically receives credit periods on its purchases of goods from 30 days to 180 days.

The following is an aging analysis of trade and bill payables presented based on the invoice date:

	As at 30 June 2024 *RMB'000* **(Unaudited)**	As at 31 December 2023 *RMB'000* (Audited)
0 to 90 days	**132,701**	135,255
91 to 180 days	**20,363**	117,328
181 to 365 days	**10,872**	689
Over 365 days	**14,681**	31,674
	178,617	284,946

15. BANK BORROWINGS

During the current interim period, the Group repaid bank borrowings of RMB53,971,000 (30 June 2023: RMB28,855,000) and raised bank borrowings of RMB63,140,000 (30 June 2023: RMB90,023,000). Except for bank borrowings of RMB10,000,000 (31 December 2023: Nil) which are unsecured, bank borrowings of RMB59,140,000 (31 December 2023:RMB59,971,000) are secured by property, plant and equipment. The amounts are due within one year. The effective interest on the Group's fixed-rate borrowings are ranging from 3.00% to 5.00% per annum (31 December 2023: 1.45% to 3.95% per annum).

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

In the first half of 2024, China's economy improved steadily, with gross domestic product (GDP) reaching RMB61,683.6 billion, representing a 5.0% year-on-year increase. Resident income increased steadily, and per capita disposable income increased by 5.3% in real term to RMB20,733. With the recovery of the economy and the increase of resident income, resident consumption expenditures also showed a trend of growth. As for healthcare, per capita consumption expenditures amounted to RMB1,271, representing an increase of 4.2% and accounting for 9.3% of per capita consumption expenditures, which indicated that residents are taking health and healthcare more seriously.

Healthcare expenditure is expected to continue to increase under the combined effect of multiple factors, such as increased health awareness among residents and more serious aging population problem. Meanwhile, with the promotion of new industrialization by the state and the implementation of strategic tasks such as accelerating the building of national strength in manufacturing and product quality, the healthcare industry, as an important part of the high-tech industry, will continue to serve as a key driving force for a new round of economic growth. To this end, the PRC government has continuously launched relevant policies in recent years to promote the gradual maturation and improvement of medical reform. Domestic medical reform policies in 2024 mainly focus on the synergistic development and governance of medical insurance, healthcare and pharmaceuticals. It is intended to promote the development of the pharmaceutical and healthcare industry in a more efficient and impartial way through centralized procurement, innovation in payment methods for medical insurance and dynamic adjustment of medical service charges.

Specifically, in the area of pharmaceutical distribution, the domestic volume-based procurement policy was introduced to promote the construction of a mechanism for drug procurement by regional and national alliances through provincial drug bidding and procurement agencies, unify product code, standards and functional specifications, and promote information interconnection, resource sharing and policy linkage. Various policies and measures have been implemented to enhance the accessibility of drugs and introduce higher standards for the quality of drugs in the market, such as standardisation of nationwide pharmaceutical distribution practice, policy guidance to explore new forms and modes of business, acceleration in industry innovation, improvement in the function of urban and rural pharmaceutical distribution, enhancement in pharmaceutical distribution capabilities, and the development of digital pharmaceutical distribution. Such policies and measures will also create a long-term boost for focusing on the provision of high-quality marketing, promotion and management services for medical products.

In addition, China's policy on imported pharmaceutical products in 2024 demonstrates the state's in-depth attention to and strategic layout of the healthcare sector. In 2024, the PRC government implemented a zero-tariff policy on certain pharmaceutical products and raw materials for anti-cancer drugs and drugs for rare diseases to reduce the cost of imports. Moreover, National Medical Products Administration (NMPA) of the PRC accelerated the pace of introducing new imported drugs and improved their market accessibility by streamlining the approval process for new imported drugs. The PRC government also emphasised the promotion of technological upgrading and industrial structure optimisation of the domestic pharmaceutical product industry through the introduction of internationally advanced pharmaceutical products. It has also strengthened the cooperation and exchanges with drug regulatory bodies in the world to enhance its drug regulations to the international level.

For the Group, the high-quality development of the healthcare industry and the policy on imported pharmaceutical products will significantly boost the Group's business development. The Group is committed to introducing internationally advanced pharmaceutical products and medical devices into China market so as to bring benefits to a vast amount of patients. As an enterprise with international vision, the Group has established long-term and stable partnerships with a number of renowned pharmaceutical and medical device manufacturers around the world. It has also established an extensive sales network in China market, laying a solid foundation for the Company's brand building. The Group will continue to meticulously formulate and implement a series of promotional strategies to consolidate and expand the market layout for its products and steadily increase its product sales.

1. Product Development

As at 30 June 2024, the Group had a product portfolio of pharmaceutical products (mostly being prescription medicine) covering ophthalmology, pain management, cardiovascular disease, immunology, gynecology, gastroenterology and other treatment areas; and medical device products covering several treatment areas including ophthalmology, odontology, cardiology and wound care.

1.1 Products Sold via the Provision of Comprehensive Marketing, Promotion and Channel Management Services:

	For the six months ended 30 June			
Category	**2024** *RMB'000* **(unaudited)**	**Percentage of the Group's Total Revenue/ Gross Profit** *(%)*	2023 *RMB'000* (unaudited)	Percentage of the Group's Total Revenue/ Gross Profit *(%)*
Revenue:				
Pharmaceutical Products	**248,470**	**30.4**	204,856	27.8
Medical Devices	**427,675**	**52.3**	397,815	54.0
Gross Profit:				
Pharmaceutical Products	**182,437**	**52.1**	127,682	40.4
Medical Devices	**159,242**	**45.4**	181,267	57.3

During the Reporting Period, revenue generated from pharmaceutical products sold via the provision of comprehensive marketing, promotion and channel management services increased by 21.3% compared to last year to RMB248.5 million, representing 30.4% of the Group's revenue for the Reporting Period. Gross profit increased by 42.9% compared to last year to RMB182.4 million, representing 52.1% of the Group's gross profit for the Reporting Period.

During the Reporting Period, the Group saw an encouraging rebound in revenue from pharmaceutical products as compared to the same period in 2023, especially for the Group's key product, Difene. As stated in the Company's 2023 annual report, during the outbreak of COVID-19 in Mainland China in December 2022, medical institutions in Mainland China purchased a large number of antipyretic and analgesic medicines for their inventories, and such drug inventories were gradually consumed and used only during the first half of 2023, which has led to the decrease in the procurement of related drugs for the same period in 2023. Moreover, under the influence of the centralized volume-based procurement of drugs ("**CVBP**") and overdraft of the medical insurance fund in some provinces, the access times of products in some provinces have been extended, resulting in a narrower development window period. During the Reporting Period, the sales volume of Difene rebounded significantly as compared to the same period in 2023 after the gradual recovery from the impact of the unfavourable factors mentioned above.

As a product on which the Group holds high expectations, the cardiovascular product Zanidip also achieved growth in sales volume during the Reporting Period, further expanding its market share. The Group had accomplished high-speed positive growth in sales revenue of Zanidip through in-depth exploration of the product's unique features, strict implementation of professional academic promotion strategies, active expansion and deepening of the network of clinical experts, and expansion of its brand influence through brand management. By making use of Zanidip' inclusion in the national CVBP catalog (集採目錄), the Group fully grasped the opportunity of market capacity expansion, explored several new markets through reasonable bidding strategies, and continuously increased the market share of Zanidip through close follow-up and effective participation in clinical promotion work. The Group believes that Zanidip still has the potential for sustained growth by virtue of its leading position in quality among similar products, better market layout, and people's increasing awareness of clinical prevention and treatment of hypertension.

During the Reporting Period, the Company's revenue generated from the sales of medical devices through comprehensive marketing, promotion and channel management services amounted to RMB427.6 million, representing a stable performance. The Group's several dental medical device products such as Zenostar®systems, and several medical device products in cardiology, and NeutroPhase (a wound cleanser) all achieved solid growth. The Group believes that a medical device distribution enterprise with extensive market coverage, efficient management capabilities and high quality services will benefit from the development trend of centralization and flattening of the industry, further consolidate its pivotal position in the industry chain, and utilize its scale and management advantages to reduce the overall operating costs of the industry chain and enhance operational efficiency. The Group will continue to improve the market layout of its medical device products and strengthen its promotional efforts in order to continuously enhance the business segment's revenue contributions to the Group.

Also, in December 2023, Chongqing Pioneer Pharma Co., Ltd. (重慶先鋒醫藥有限公司, "**Chongqing Pioneer**"), a subsidiary of the Group, signed an intellectual property rights transfer agreement with Q3 Medical Devices Limited (Q3醫療器械有限公司, "**Q3 Medical**"), pursuant to which Chongqing Pioneer has agreed to acquire all rights and interests in Mainland China of all the intellectual property rights (patents and know-hows) owned by Q3 Medical as of the signing date, as well as newly developed by Q3 Medical within three years after the signing date. The Group is currently accelerating the clinical registration of Q3 Medical's imported innovative products and the construction of its localised production line in the Group's own Rongchang plant in Chongqing, and has recently secured a cash financing of RMB9 million from its partner, which has fully demonstrated the market's recognition of Q3 Medical's series of innovative products.

1.2 Products Sold via the Provision of Channel Management Services:

Category	For the six months ended 30 June **2024** ***RMB'000*** **(unaudited)**	**Percentage of the Group's Total Revenue/ Gross Profit** ***(%)***	2023 *RMB'000* (unaudited)	Percentage of the Group's Total Revenue/ Gross Profit *(%)*
Revenue:				
Alcon series ophthalmic pharmaceutical products	**141,828**	**17.3**	134,240	18.2
Gross Profit:				
Alcon series ophthalmic pharmaceutical products	**8,814**	**2.5**	7,478	2.4

For the Reporting Period, the Group's revenue generated from this segment increased by 5.7% compared to the same period last year to RMB141.8 million, representing 17.3% of the Group's revenue for the Reporting Period. Gross profit increased by 17.9% compared to the same period last year to RMB8.8 million, representing 2.5% of the Group's gross profit for the Reporting Period.

1.3 Product Pipeline

The Group is dedicated to exploring opportunities for distributing, promoting and selling prospective products of overseas pharmaceuticals and medical device companies. In addition to the existing products referred to above, product pipeline development is also at the core of the Group's strategy of expanding and optimizing its product portfolio. The Group's aim is to build up a product pipeline that will sustain the Group's long-term growth. When selecting prospective product candidates, the Group considers comprehensive factors such as clinical effectiveness of the products, competitive environment, registration and regulatory regime and reputation of suppliers.

In accordance with the requirement of "Opinions on Deepening the Reform of the Evaluation and Approval Systems and Encouraging Innovation on Drugs and Medical Devices (《關於深化審評審批制度改革鼓勵藥品醫療器械創新的意見》)" issued by General Office of the State Council, several reform measures in respect of Chinese pharmaceuticals and medical devices approval policies were push forward. In particular, the optimization of clinical trial review and approval procedures, as well as the acceptance of overseas clinical trial data, will result in accelerating the launching process in China for overseas high-quality pharmaceuticals and medical devices. The Group proactively maintains close liaison with a number of overseas pharmaceuticals and medical device companies in order to timely introduce their products with potentials or market foundations for marketing, promotion and sales.

The Group has been proactively seizing the opportunities arising from the medical reform in China to promote the continuous development and innovation of the Company through a series of strategic initiatives. In terms of product development and introduction, the Group keeps abreast of the cutting-edge technologies in the international pharmaceutical industry and continuously introduces high-quality pharmaceutical products to meet market demands. Through the cooperation with international leading enterprises, the Group not only enhances the competitiveness of its own products, but also brings more options for medical treatment to patients in China. In terms of marketing and promotion efforts, the Group thoroughly explores the market potential of its products, and further increases the market coverage of its products through precise market positioning and effective marketing strategies. The Group will also leverage its established marketing network and promotion capabilities to strengthen its cooperation with medical institutions to enhance the visibility and influence of its products.

2. Marketing Network Development

As the sole importer of overseas medical products served by the Group into China, during the Reporting Period, the Group has continually refined the network of distributors and consolidated product distribution channels to meet the requirements of "Two-Invoice System". Meanwhile, it also helps to enhance the Group's operational efficiency and prevent operational risk.

The Group's marketing and promotion model involves both in-house teams and third-party promotion partners. To maintain the efficiency and stability of the marketing network, the Group has established an in-house sales and product academic support team for each product business unit, to manage and support their third-party promotion partners. The Group's marketing and promotional activities are carried out by the in-house teams and third-party promotion partners. The in-house teams are primarily responsible for formulating marketing and promotion strategies, conducting pilot marketing programs, and appointing, training and supervising third-party promotion partners. Third-party promotion partners are responsible for most of the day-to-day marketing and promotional activities for the Group's products.

During the Reporting Period, the Group continued to implement the operational mechanism of product business unit divided by products or product series, and conducted products' promotion and sales work. In the environment of complex policies and intense market competition within the pharmaceutical industry, the Group constantly adjusted and optimized all components within the marketing network, with the aim of strengthening rapid market responses, as well as effective and professional product promotion activities. During the Reporting Period, with the more attention paid by the Group to the academic training of the in-house marketing teams, the Group strengthened the frequency and depth of the academic promotion activities involved by the internal marketing team, so as to raise the core driving force for the product promotion. According to the market situation, the Group has also increased its efforts in optimizing the network structure of the third-party promotion partners, improved the understanding and knowledge for the products of the third-party promotion partners through providing further large-scale and regular trainings, and assist them in providing doctors with clinical solutions related to the products. Through close collaboration between in-house marketing teams and third-party promotion partners, the Group shared pharmaceutical policy and market information all over the country, and improved the communication mechanism and platform with third-party promotion partners so as to improve the operation efficiency and continuously drive the Group's product development. During the Reporting Period, the development of the Group's marketing network led to significant improvement to its market coverage. In the constantly changing pharmaceutical sector, having a well-developed and robust marketing network is fundamental to the Group's operation.

3. Significant Investment

As at 30 June 2024, the Group did not have any investment in an investee company with a value of 5% or more of the Company's total assets.

3.1 Investment in DMAX Co

In January 2020, the Group, via Pioneer Pharma (Hong Kong) Co., Limited, a subsidiary of the Company, made an investment of US$3,000,000 in DMAX Co., Ltd. ("**DMAX Co**"), a company established in the Republic of Korea ("**Korea**").

Pursuant to the subscription agreement entered into by the parties, DMAX Co shall issue and Pioneer Pharma (Hong Kong) Co., Limited shall subscribe for 8,906 shares in the capital of DMAX Co for a consideration of US$3,000,000. Upon the completion of the issuance, the Company, through its subsidiary, held 25% of the issued share capital of DMAX Co, and has the right to appoint a person as a director of DMAX Co.

DMAX Co is a reputable manufacturer of zirconia products in Korea and is primarily engaged in producing zirconia-related dental products, including veneers, crowns and implants, etc. Since the Company's acting as the exclusive agent of the products of DMAX Co in China (excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan) from 2018, both parties have together dedicated themselves to the promotion of the products of DMAX Co in China. The zirconia-related dental products of DMAX Co have found popularity with its unique medical aesthetics techniques since the entry into the China market. The investment this time will further facilitate the both parties to deepen cooperation and consolidate partnership in exploration of the market share of the products of DMAX Co in China.

3.2 Investment in Shanghai Yuhan Fund (limited partnership) and Jiaxing Yuhan Fund (limited partnership)

As of 30 June 2024, the Group's investment in Shanghai Yuhan Fund (limited partnership) (上海譽瀚股權投資基金合夥企業（有限合夥）, "**Shanghai Yuhan**") was recognized as equity instruments at FVTOCI, representing an amount of RMB33.73 million. Shanghai Yuhan, incorporated in the PRC, specializes in making equity investment in various targets within the pharmaceutical industry. As at 30 June 2024, the Group held 10% of the equity interest of Shanghai Yuhan. Shanghai Yuhan mainly engages in the investment in unlisted private entities and structured bank deposits. During the six months ended 30 June 2024, the Group recorded an unrealized loss RMB0.63 million of its investment in the fund, and has received entitlement distribution RMB0.06 million therefrom. The Group's investment in Jiaxing Yuhan Fund (limited partnership) (嘉興譽瀚股權投資合夥企業（有限合夥）, "**Jiaxing Yuhan**") which amounted to RMB7.91 million, has been recognized as equity instrument at FVTOCI. As at 30 June 2024, the Group held 6.62% of the equity interest in Jiaxing Yuhan. Jiaxing Yuhan was incorporated in the PRC and specialized in making equity investment in various targets within the pharmaceutical industry. The Group's strategy of this investment is for long-term holding. The Group has no intention of realizing its interests in the fund or speculating on its market performance in any short run, and intends to lever on its role in the fund for exploring and ascertaining targets of growth potential in the pharmaceutical industry for business partnering and investment opportunities, and for development goals in the long run.

3.3 Investment in Rongchang Production Base

In 2019, the Group, through a wholly-owned subsidiary, Chongqing Qianfeng Pharmaceutical Co., Ltd. ("**Chongqing Qianfeng**"), obtained the state-owned construction land use right of land numbered as 2019-RC-1–03 transferred from Rongchang District Government of Chongqing Municipality ("**Rongchang District Government**"). The land covers a total area of 38,972m^2 and has a transfer price of RMB5,998,800. In March 2019, Chongqing Qianfeng entered into a state-owned construction land use right transfer contract with the local government and obtained the state-owned construction land use right of the land.

In June 2019, the foundation-stone laying ceremony of the Rongchang production base ("**Rongchang Production Base**") was held by Chongqing Qianfeng, and according to the investment agreement between the Group and Rongchang District Government, the planned building area of this project shall be over 40,000m^2.

This project is a significant strategic plan of the Group, which will direct the Group's transformation from a sales-oriented company to a comprehensive pharmaceutical company integrating research and development, production and sales. Through such series of measures, the Group hopes to respond to the national policy of industry development by turning Rongchang Production Base into an open technology platform, introducing new technologies and new products, and realizing the localization of high-quality imported products, and give full play to the comprehensive advantage of manufacturing and sales integration of the Group, resulting in constant improvement of the market competitiveness of the products and revenue of the Group.

3.4 Investment in Hunan Tiantong

Hunan Tiantong Environmental Protection Co., Ltd. (湖南天童環保有限公司, "**Hunan Tiantong**") is positioned to focus on the surface cleaning market of rare metals and stainless steel, as well as the neutral and environmentally friendly chemical solvent cleaning market with promising prospects. Hunan Tiantong will continue to increase research investment and strengthen cooperation with top universities and other research institutions in China for the development and iteration of chemical solvents and the enhancement of stability and energy conservation of process. It will accelerate project finalization and stable production, and expand industrial footprint in major stainless steel production bases across the country. On the basis of energy conservation and consumption reduction, it will expand the commercial value space of new technology application and provide customers with superior products and services. In the meantime, Hunan Tiantong will independently develop chemical solvent as patented products with its own intellectual property rights to explore the market feasibility of external sales. Leveraging on the above technological advantages and in response to China's policy requirements, Hunan Tiantong will strive to seize leading advantages in environmental protection with the aim to create favorable profits and returns for the Group and its shareholders in the future.

4. Future and Outlook

With the deepening of China's medical reform, the pharmaceutical industry is gradually forming a new ecosystem. As a result of profound changes having occurred in different areas such as traditional research and development, review and approval, as well as pricing systems, the pharmaceutical market is facing a significant structural adjustment. In general, the PRC pharmaceutical industry is trending towards diversification in the long run. There will be increasing development opportunities for products satisfying therapeutic needs and with clear clinical value. The Group will continuously focus on introducing and developing new products, enhancing marketing and promotion capabilities, expanding market coverage through win-win cooperation, enriching the industrial chain through mergers and acquisitions (if any), responding proactively amidst the environment full of challenges and changes, and forging vigorously ahead, so as to achieve the new blueprint of the Group's future development.

FINANCIAL REVIEW

Revenue

The Group's revenue in the Reporting Period was RMB818.0 million, representing an 11% increase from RMB736.9 million for the six months ended 30 June 2023. Revenue generated from pharmaceutical products sold via the provision of comprehensive marketing, promotion and channel management services in the Reporting Period was RMB248.5 million, representing a 21.3% increase from RMB204.9 million for the six months ended 30 June 2023, primarily due to the continuous increase in the promotion of the Company's main products during the reporting period which boosted the sales volume, while a certain decrease in sales of its main products during the same period of last year after the COVID-19 epidemic. Revenue generated from medical devices sold via the provision of comprehensive marketing, promotion and channel management services in the Reporting Period was RMB427.7 million, representing a 7.5% increase from RMB397.8 million for the six months ended 30 June 2023. Revenue generated from products sold via the provision of channel management services in the Reporting Period was RMB141.8 million, representing a 5.7% increase from RMB134.2 million for the six months ended 30 June 2023.

Cost of sales

The Group's cost of sales in the Reporting Period was RMB467.5 million, representing an 11.2% increase from RMB420.5 million for the six months ended 30 June 2023, primarily due to the increased sales during the Reporting Period. Cost of sales for pharmaceutical products sold via the provision of comprehensive marketing, promotion and channel management services in the Reporting Period was RMB66.0 million, representing a 14.4% decrease from RMB77.2 million for the six months ended 30 June 2023. Cost of sales for medical devices sold via the provision of comprehensive marketing, promotion and channel management services in the Reporting Period was RMB268.4 million, representing a 24.0% increase from RMB216.5 million for the six months ended 30 June 2023. Cost of sales in products sold via the provision of channel management services in the Reporting Period was RMB133.0 million, representing a 4.9% increase from RMB126.8 million for the six months ended 30 June 2023.

Gross profit and gross profit margin

The Group's gross profit in the Reporting Period was RMB350.5 million, representing a 10.8% increase from RMB316.4 million for the six months ended 30 June 2023. The Group's average gross profit margin in the Reporting Period was 42.8%, representing a decrease from 42.9% for the six months ended 30 June 2023. The Group's gross profit margin for pharmaceutical products sold via the provision of comprehensive marketing, promotion and channel management services in the Reporting Period was 73.4%, representing an increase from 62.3% for the six months ended 30 June 2023. The Group's gross profit margin for medical devices sold via the provision of comprehensive marketing, promotion and channel management services in the Reporting Period was 37.2%, representing a decrease from 45.6% for the six months ended 30 June 2023. The Group's gross profit margin for products sold via the provision of channel management services in the Reporting Period was 6.2%, representing an increase from 5.6% for the six months ended 30 June 2023.

Other income

The Group's other income in the Reporting Period was RMB35.7 million, representing a 26.5% decrease from RMB48.5 million for the six months ended 30 June 2023, primarily due to the decrease in government grants during the Reporting Period.

Distribution and sale expenses

The Group's distribution and sale expenses in the Reporting Period were RMB183.3 million, representing a 15.6% decrease from RMB217.1 million for the six months ended 30 June 2023. Distribution and sale expenses in the Reporting Period were 22.4% of the revenue, representing a decrease from 29.5% for the six months ended 30 June 2023.

Administrative expenses

The Group's administrative expenses in the Reporting Period were RMB70.3 million, representing a 30.3% increase from RMB54.0 million for the six months ended 30 June 2023, mainly due to the increase in office expenses and depreciation of assets during the Reporting Period. Administrative expenses in the Reporting Period were 8.6% of the revenue, representing an increase from 7.3% for the six months ended 30 June 2023.

Finance costs

The Group's finance costs in the Reporting Period were RMB0.8 million, representing a 40.2% decrease from RMB1.3 million for the six months ended 30 June 2023.

Income tax expense

The Group's income tax expense in the Reporting Period was RMB33.4 million, representing a 84.3% increase from RMB18.2 million for the six months ended 30 June 2023, primarily due to the increase in earnings during the Reporting Period. The Group's effective income tax rate for the six months ended 30 June 2023 and the Reporting Period were 20.1% and 27.6%, respectively. Since the beginning of 2019, the Group has been conducting business primarily through Chongqing Pioneer, and Chongqing Pioneer was subject to enterprise income tax rate of 25%.

Profit for the period

As a result of the above factors, the Group's profit in the Reporting Period was RMB87.9 million, representing a 21.6% increase from RMB72.3 million for the six months ended 30 June 2023. The Group's net profit margin in the Reporting Period was 10.7%, representing an increase from 9.8% for the six months ended 30 June 2023.

LIQUIDITY AND CAPITAL RESOURCES

Cash Position

In the past, the Group's working capital and other capital needs were mainly funded by net cash flow from its operations, with supplementary financing from banks. The Group's cash and cash equivalents as at 30 June 2024 were RMB145.1 million, representing an increase from RMB114.4 million as at 31 December 2023.

Inventories

The Group's inventory balance as at 30 June 2024 was RMB323.4 million, representing a 22.6% decrease from RMB417.9 million as at 31 December 2023, primarily due to the enhanced management of inventory turnover efficiency during the Reporting Period.

Trade and other receivables

The Group's trade and other receivables as at 30 June 2024 were RMB566.6 million, representing an 5.2% increase from RMB538.6 million as at 31 December 2023. The trade receivables turnover as of 30 June 2024 was 97.5 days, representing a decrease from 100.9 days as at 31 December 2023.

Trade and other payables

The Group's trade and other payables as at 30 June 2024 were RMB207.5 million, representing a 38.7% decrease from RMB338.2 million as at 31 December 2023. The Group's trade payables turnover as at 30 June 2024 was 90.7 days, representing a decrease from 123.6 days as at 31 December 2023, primarily due to the higher proportion of product purchases with relatively short payment cycles during the Reporting Period.

Bank borrowings and gearing ratio

The Group had total bank borrowings of RMB69.1 million as at 30 June 2024 as compared to RMB60.0 million as at 31 December 2023. On 30 June 2024, the effective interest rate of the Group's bank borrowings ranged from 3.0% to 5.0%. The bank borrowings were denominated in RMB. The Group's gearing ratio, calculated as bank borrowings divided by total assets, was 4.6% as of 30 June 2024, as compared to 3.9% as at 31 December 2023.

Indebtedness

The table below summarizes the maturity profile of the Group's non-derivative financial liabilities as at the dates indicated, based on undiscounted contractual payments:

	Less than 1 year *RMB'000*	**Between 1 and 2 years** *RMB'000*	**Total** *RMB'000*
As at 30 June 2024			
Bank borrowings	**69,140**	**–**	**69,140**
Trade payables	**163,936**	**14,681**	**178,617**
Amount due to related parties	**13,377**	**–**	**13,377**
Lease liabilities	**1,308**	**13,181**	**14,489**
As at 31 December 2023			
Bank borrowings	59,971	–	59,971
Trade payables	253,272	31,674	284,946
Amount due to a related parties	5,643	–	5,643
Lease liabilities	1,301	12,748	14,049

Market Risks

The Group is exposed to various types of market risks, including interest rate fluctuation risk, foreign exchange risk and credit risk in the normal course of business. The sales of the Group are denominated in RMB and the purchases, expenses and foreign investments of the Group are denominated in RMB, HKD, AUD, Euros and USD. At present, the Group has no foreign exchange hedging policy. Notwithstanding the above, the management continuously monitors the Group's foreign exchange risk and will consider hedging significant foreign exchange exposure should the need arises.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2024, the Group had a total of 319 employees. For the Reporting Period, staff costs of the Group were RMB35.0 million as compared to RMB40.6 million for the six months ended 30 June 2023. The Group's employee remuneration policy is determined by taking into account factors such as the remuneration level in the local market, the overall remuneration standard in the industry, the inflation level, the corporate operating efficiency and employees' performance. The Group conducts performance appraisals once every year for its employees, the results of which are taken into consideration in annual salary review and promotion assessment. The Group's employees are considered for annual bonuses based on certain performance criteria and appraisal results. Social insurance contributions are made by the Group for its PRC employees in accordance with the relevant PRC regulations. The Group also provides continuous learning and training programs to its employees to enhance their skills and knowledge, so as to maintain their competitiveness and improve the quality of customer service. The Group did not experience any major difficulties in recruitment, nor did it experience any material loss in manpower or any material labor dispute during the Reporting Period.

DIVIDEND

The Board has resolved to declared an interim dividend of HK$0.048 per ordinary share of the Company, amounting to HK$60,357,000 in total to shareholders of the Company for the six months ended 30 June 2024. The expected payment date of the interim dividend is 15 November 2024.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed on Friday, 1 November 2024, in order to determine the entitlement of shareholders to the interim dividend. All transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on Thursday, 31 October 2024.

CORPORATE GOVERNANCE PRACTICE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**"). The Company has complied with the code provisions as set out in the CG Code for the six months ended 30 June 2024. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (THE "MODEL CODE")

The Company has adopted the Model Code contained in Appendix C3 to the Listing Rules. Specific enquiries have been made to all the Directors and each of the Directors has confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2024.

AUDIT COMMITTEE

The Board has established an audit committee (the "**Audit Committee**"), which comprises two independent non-executive Directors, namely Mr. Zhang Changhai (Chairman) and Mr. Zhang Hong, and one non-executive Director, namely Ms. Hu Mingfei.

The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting, risk management and internal control systems, preparation of financial statements and internal control procedures. It also acts as an important bridge between the Board and the external auditor in matters within the scope of Group's audit.

The Audit Committee has reviewed the accounting principles and practices adopted by the Company and discussed internal control and financial reporting matters with senior management relating to the preparation of the unaudited condensed consolidated financial statements of the Group for the Reporting Period. There is no disagreement raised by the Audit Committee on the accounting treatment adopted by the Company. The interim results for the Reporting Period are unaudited but certain agreed-upon procedures have been performed by the auditor of the Company in accordance with Hong Kong Standard on Related Services 4400 "Engagements to Perform Agreed-upon Procedures Regarding Financial Information" issued by the Hong Kong Institute of Certified Public Accountants. The findings on the aforementioned "agreed-upon procedures" have been taken into consideration by the Audit Committee in its review of the interim results of the Company for the Reporting Period, which have been approved by the Board on 28 August 2024 prior to its issuance.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares, if any) during the six months ended 30 June 2024.

SIGNIFICANT EVENTS AFFECTING THE GROUP AFTER THE REPORTING PERIOD

From the end of the Reporting Period to the date of this announcement, there is no other events affecting the Group significantly.

PUBLICATION OF INTERIM REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2024

The interim report of the Company for the six months ended 30 June 2024 will be published on the respective websites of the Company(http://www.pioneer-pharma.com) and the Stock Exchange (http://www.hkexnews.hk) in due course.

By order of the Board
Shanghai Pioneer Holding Ltd
Li Xinzhou
Chairman

Hong Kong, 28 August 2024

As at the date of this announcement, the Directors are Mr. LI Xinzhou, Mr. YANG Yuewen and Mr. ZHANG Quan as executive Directors, Ms. HU Mingfei as non-executive Director and Mr. ZHANG Hong, Mr. LAI Chanshu and Mr. ZHANG Changhai as independent non-executive Directors.