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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 2025

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 2025 (the “**Reporting Period**”) together with comparative figures for the corresponding period in 2024, as follows:

FINANCIAL HIGHLIGHTS

- Revenue of the Group for the six months ended 30 June 2025 was RMB647.3 million, which represents a 20.9% decrease compared to RMB818.0 million for the same period last year.
- Gross profit of the Group for the six months ended 30 June 2025 was RMB303.0 million, which represents a 13.6% decrease compared to RMB350.5 million for the same period last year.
- Net profit of the Group for the six months ended 30 June 2025 was RMB45.8 million, which represents a 48.1% decrease compared to RMB88.3 million for the same period last year.
- Basic earnings per share of the Company was RMB0.04 for the six months ended 30 June 2025, which represents a 50.0% decrease compared to RMB0.08 for the same period last year.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

		Six months ended 30 June	
		2025	2024
	Notes	RMB'000	RMB'000
		(Unaudited)	(Unaudited and restated)
Revenue	4	647,266	817,973
Cost of sales		(344,238)	(467,480)
Gross profit		303,028	350,493
Other income	5	7,588	35,683
Other gains and losses, net	6	(10,449)	(2,709)
Impairment losses under expected credit loss model, net of reversal	7	(114)	(4,486)
Distribution and selling expenses		(163,918)	(183,330)
Administrative expenses		(68,563)	(70,312)
Research and development expenses		(2,378)	(2,459)
Finance costs		(1,312)	(767)
Share of losses of associates		(302)	(244)
Profit before tax		63,580	121,869
Income tax expense	8	(17,811)	(33,584)
Profit for the period	7	45,769	88,285
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
– Fair value (losses)/gain on investments in financial assets at fair value through other comprehensive income (“FVTOCI”), net of income tax		(13,845)	56,980
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences on translation of foreign operations		–	2,085
– Share of exchange difference of associates		184	(712)
Other comprehensive income for the period		(13,661)	58,353
Total comprehensive income for the period		32,108	146,638
Profit for the period attributable to:			
Owners of the Company		47,736	95,364
Non-controlling interests		(1,967)	(7,079)
		45,769	88,285
Total comprehensive income for the period attributable to:			
Owners of the Company		34,075	153,717
Non-controlling interests		(1,967)	(7,079)
		32,108	146,638
Earnings per share	9		
– Basic (RMB yuan)		0.04	0.08
– Diluted (RMB yuan)		0.04	0.08

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

		As at 30 June 2025 <i>RMB'000</i> (Unaudited)	As at 31 December 2024 <i>RMB'000</i> (Audited)
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment	11	188,965	187,867
Right-of-use assets		22,045	30,784
Intangible assets		17,787	20,391
Interests in associates		50,394	47,719
Financial assets at FVTOCI	12	81,495	110,391
Financial assets at fair value through profit or loss (“FVTPL”)	14	40,668	42,668
Prepayments for technique know-hows	13	76,594	76,405
Goodwill		–	–
Deferred tax assets		13,645	7,989
		<u>491,593</u>	<u>524,214</u>
Current assets			
Inventories		244,248	321,172
Trade and other receivables	13	482,274	502,325
Taxation recoverable		14,306	344
Pledged bank deposits		4,042	6,451
Cash and cash equivalents		173,632	103,573
		<u>918,502</u>	<u>933,865</u>
Current liabilities			
Trade and other payables	15	100,831	171,159
Amounts due to related parties		14	4,505
Tax liabilities		30,623	32,750
Bank borrowings	16	61,162	62,359
Lease liabilities		656	1,399
Contract liabilities		1,997	3,246
		<u>195,283</u>	<u>275,418</u>
Net current assets		<u>723,219</u>	<u>658,447</u>
Total assets less current liabilities		<u>1,214,812</u>	<u>1,182,661</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Continued)

As at 30 June 2025

		As at 30 June 2025 <i>RMB'000</i> (Unaudited)	As at 31 December 2024 <i>RMB'000</i> (Audited)
	<i>Notes</i>		
Non-current liabilities			
Deferred tax liabilities		16,564	16,396
Bank borrowings	16	72,000	–
Lease liabilities		1,032	11,463
Deferred income		38,150	39,240
		<hr/> 127,746	<hr/> 67,099
Net assets		<hr/> 1,087,066	<hr/> 1,115,562
Capital and reserves			
Equity attributable to the owners of the Company			
Share capital		77,399	77,399
Reserves		1,006,520	1,033,049
		<hr/> 1,083,919	<hr/> 1,110,448
Equity attributable to owners of the Company		1,083,919	1,110,448
Non-controlling interests		3,147	5,114
		<hr/> 1,087,066	<hr/> 1,115,562
Total equity		<hr/> 1,087,066	<hr/> 1,115,562

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

1. CORPORATE INFORMATION AND BASIS OF PREPARATION

Shanghai Pioneer Holding Ltd (the “**Company**”) 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 One Nexus Way, Camana Bay, 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 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 D2 to the Rules Governing The Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Directors of the Company 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. RESTATEMENT OF COMPARATIVE FIGURES

As disclosed in the 2024 annual report, in preparing the consolidated financial information for the year ended 31 December 2024, the Group identified a misstatement in its prior year’s financial statements and made corrections in the presentation and disclosures of certain balances in the previously issued consolidated financial statements for the year ended 31 December 2023.

Adjustments relating to classification of investments in unlisted investment funds (“The Funds”)

The Funds are limited partnerships managed by an investment committee which were appointed by their General Partners (independent third parties to the Group). According to the Fund’s partnership agreements, there is a contractual obligation for the Funds to distribute investment sales proceed upon disposal of their investments, and upon its termination to distribute to the Group a pro rata share of their net assets at the date of its termination. Directors of the Company have assessed that the Group’s investments in the Funds do not meet the definition of an equity instrument in IFRS 9 Financial Instruments, which refers to equity instrument as defined in paragraph 11 of IAS 32 Financial Instruments: Presentation. Therefore, the Group’s investments in the Funds cannot be designated at fair value through other comprehensive income. Such investments do not have cash flows that are solely payments of principal and interest, and should have been classified as financial assets at fair value through profit or loss under IFRS 9 since their initial recognition.

2. RESTATEMENT OF COMPARATIVE FIGURES (Continued)

Since the misstatement is not yet identified in the preparation of consolidated financial information for the six months ended 30 June 2024, comparative information has been restated to correct these errors. The effects of correcting these errors are as follows:

Impact on the consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2024:

	As previously reported RMB'000	Prior period adjustment RMB'000	As restated RMB'000
Gain on change in fair value of financial assets at fair value through profit or loss (included in other gains or losses, net)	97	546	643
Profit before tax	121,323	546	121,869
Income tax expense	(33,447)	(137)	(33,584)
Profit for the period	87,876	409	88,285
Other comprehensive income:			
Item that will not be reclassified to profit or loss:			
– Fair value gain on investments in financial assets at fair value through other comprehensive income (“FVTOCI”), net of income tax	57,389	(409)	56,980
Other comprehensive income for the period, net of income tax	58,762	(409)	58,353
Total comprehensive income for the period	146,638	–	146,638
Profit for the period attributable to:			
Owners of the Company	94,955	409	95,364
Non-controlling interests	(7,079)	–	(7,079)
	87,876	409	88,285
Total comprehensive income for the period attributable to:			
Owners of the Company	153,717	–	153,717
Non-controlling interests	(7,079)	–	(7,079)
	146,638	–	146,638
Earnings per share			
Basic and diluted	0.08	–	0.08

3. MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of the following revised IFRS accounting standards for the first time for the current period's financial information.

Amendments to IAS 21 – The Effects of Changes in Foreign Exchange Rates and IFRS 1 First-time Adoption of International Financial Reporting Standards	Lack of exchangeability
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The application of the amendments to IFRSs in the current interim period has had no material impact on the Group's financial position 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 are not yet effective for the current accounting period.

4. 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.
- (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.

4. SEGMENT INFORMATION (Continued)

Segment revenue 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 2025 (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	<u>587,690</u>	<u>59,576</u>	<u>647,266</u>
Segment results	<u>299,242</u>	<u>3,786</u>	<u>303,028</u>
Other income			7,588
Other gains and losses, net			(10,449)
Impairment losses under expected credit loss model, net of reversal			(114)
Distribution and selling expenses			(163,918)
Administrative expenses			(68,563)
Research and development expenses			(2,378)
Finance costs			(1,312)
Share of losses of associates			<u>(302)</u>
Profit before tax			<u>63,580</u>

For the six months ended 30 June 2024 (unaudited and restated)

	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	<u>676,145</u>	<u>141,828</u>	<u>817,973</u>
Segment results	<u>341,679</u>	<u>8,814</u>	<u>350,493</u>
Other income			35,683
Other gains and losses, net			(2,709)
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			<u>(244)</u>
Profit before tax			<u>121,869</u>

4. SEGMENT INFORMATION (Continued)

Disaggregation of revenue from contracts with customers

	For six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Types of sales		
Sales of pharmaceutical products	272,502	390,298
Sales of medical equipment and supplies	374,764	427,675
	647,266	817,973
Types of major products		
Products sold via the provision of channel management services:		
Alcon	59,576	141,828
Products sold via the provision of comprehensive marketing, promotion and channel management services:		
Pharmaceutical products	212,926	248,470
Medical equipment and supplies	374,764	427,675
	587,690	676,145
	647,266	817,973

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).

5. OTHER INCOME

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Government grants (<i>Note</i>)	3,413	34,427
Interest income on bank deposits	158	964
Loan interests from other loans	3,124	–
Metal finishing service income	733	–
Others	160	292
	7,588	35,683

Note: Government grants amounting to RMB1,090,000 (2024: RMB1,090,000) represented the amount of deferred income released to profit or loss for the six months ended 30 June 2025. The remaining amounts of government grants represented cash received from unconditional grants by the local government to encourage the business operations in the PRC which are recognised in profit or loss when received.

6. OTHER GAINS AND LOSSES, NET

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited and restated)
Net foreign exchange losses	(9,890)	(2,743)
Loss on disposal of property, plant and equipment	(732)	(609)
Gain on early termination of lease	672	–
Gain on fair value change of financial assets at FVTPL	–	643
Others	(499)	–
	<u>(10,449)</u>	<u>(2,709)</u>

7. PROFIT BEFORE TAX

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit before tax has been arrived at after charging:		
Directors' remuneration	2,704	2,649
Other staff's retirement benefits scheme contributions	4,379	5,607
Other staff costs	<u>27,528</u>	<u>26,723</u>
Total staff costs	34,611	34,979
Write-down of inventories	1,756	19,409
Depreciation of right-of-use assets	590	1,034
Depreciation of property, plant and equipment	14,691	10,225
Amortisation of intangible assets	3,404	3,488
Impairment losses under expected credit loss model, net of reversal (<i>Note</i>)	<u>114</u>	<u>4,486</u>

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 2025 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2024.

8. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited and restated)
Current tax		
– PRC Enterprise Income Tax (“EIT”)	23,034	40,783
– Under-provision in prior periods	265	2,657
	<u>23,299</u>	<u>43,440</u>
Deferred taxation charge	(5,488)	(9,856)
	<u>17,811</u>	<u>33,584</u>

9. 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	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited and restated)
Earnings		
Earnings for the purpose of calculating basic earnings per share	<u>47,736</u>	<u>95,364</u>
Numbers of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<u>1,164,472,366</u>	<u>1,171,294,390</u>

For the six months ended 30 June 2025 and 2024, the weighted average number of ordinary shares for the purpose of calculating basic earnings per share has 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 dilutive ordinary shares in issue for both periods.

10. DIVIDENDS

During the current interim period, a final dividend of HKD0.056 (equivalent to approximately RMB0.052) per share in respect of the year ended 31 December 2024 (2024: a final dividend of HKD0.024 (equivalent to approximately RMB0.022) per share in respect of the year ended 31 December 2023) was declared to shareholders of the Company. The aggregate amount of the dividends declared and paid in the interim period amounted to RMB59,708,000 (2024: RMB26,263,000).

10. DIVIDENDS (Continued)

Subsequent to the end of the current interim period, the Directors of the Company have determined that an interim dividend of HKD0.064 (equivalent to approximately RMB0.059) per share amounting to HKD80,477,000 (equivalent to approximately RMB74,189,000) (2024: HKD60,357,000 equivalent to RMB55,150,000) in aggregate will be paid to shareholders of the Company.

11. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group paid approximately RMB17,942,000 (2024: RMB4,080,000) for acquisition of furniture and equipment and construction for factory building.

12. FINANCIAL ASSETS AT FVTOCI

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Listed investment:		
– Equity securities listed in Australia (<i>Note a</i>)	52,338	81,234
Unlisted investment:		
– Ke Rui Si (<i>Note b</i>)	29,157	29,157
	<u>81,495</u>	<u>110,391</u>

Notes:

- (a) The amount represents equity investment in 1.85% (FY2024: 2.27%) ordinary shares of Paragon Care Limited (“**Paragon**”).

As at 30 June 2025, the fair value of the Group’s interest in Paragon, the shares of which are listed on the Australian Securities Exchange, was Australian Dollars (“**AUD**”) 11,179,000 (equivalent to approximately RMB52,338,000) based on the quoted market price available on the Australian Securities Exchange.

As at 31 December 2024, the fair value of the Group’s interest in Paragon, the shares of which are listed on the Australian Securities Exchange, was AUD18,024,000 (equivalent to approximately RMB81,234,000) based on the quoted market price available on the Australian Securities Exchange.

- (b) The amount represents equity investment in 10% (FY2024: 10%) equity shares of Ke Rui Si Medical Technology (Shanghai) Co., Ltd (“**Ke Rui Si**”), a private company that engaged in medical technology production.

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

13. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Prepayments for technique know-hows (<i>Note 1</i>)	76,594	76,405
Non-current portion	<u>76,594</u>	<u>76,405</u>
Trade and bills receivables (<i>Note 2</i>)	259,721	339,099
Less: Allowance for credit losses	<u>(1,807)</u>	<u>(2,032)</u>
	257,914	337,067
Other receivables (<i>Note 3</i>)	92,689	55,266
Amount due from a related party (<i>Note 4</i>)	26,194	18,550
Prepayments	30,515	27,676
Deposits	<u>21,491</u>	<u>21,381</u>
	428,803	459,940
Advance payment to suppliers	17,028	10,867
Other tax recoverable	<u>36,443</u>	<u>31,518</u>
Current portion	<u>482,274</u>	<u>502,325</u>

Note 1: The amount represented prepayment to acquire intellectual property rights from Q3 Medical Devices Limited (“**Q3 Medical**”). The amount is recognised by the Group as a prepayment because the Group has yet to obtain control in the intellectual property rights according to IAS 38 Intangible Assets taking into consideration that pursuant to the transfer agreement, Q3 Medical has the right to exercise its buyback rights on the intellectual property rights within three years. In such case, Q3 Medical shall refund all costs paid by the Company and plus a premium ranged from 30%-80%. The consideration for the acquisition of intellectual property rights is referenced to the valuation prepared by the independent third-party valuer. The Company planned to establish factories in the PRC to research and develop, produce and sell the products under this intellectual property rights.

Note 2: 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 180 days to its trade customers.

Note 3: Included in other receivables of approximately RMB49,556,000 at 30 June 2025 (FY2024: RMB37,418,000) was loans to an independent third party which is unsecured, bearing interest at 5.8% per annum with contractual maturity date not exceeding 12 months after the reporting period.

Note 4: Amount due from a related party, Shenzhen Terra Maestro Technology Co., Ltd (“**Terra Maestro**”), is unsecured, bearing interest at 12% per annum with contractual maturity date not exceeding 12 months after the reporting period. Mr. Li Xinzhou is a director of the Terra Maestro.

The directors of the Company considered the impairment of the advance is immaterial.

13. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

Included in trade and bills receivables are trade debtors (net of impairment losses) with the following ageing analysis, based on invoice dates, as of the end of reporting period, which approximated the respective revenue recognition dates:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
0 to 60 days	139,289	171,708
61 to 180 days	92,984	122,118
181 days to 1 year	16,981	34,119
Over 1 year	8,660	9,122
	257,914	337,067

As at 30 June 2025, total bills receivables amounting to RMB3,437,000 (31 December 2024: RMB13,920,000) 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 receivables held by the Group are with a maturity period of less than 1 year.

14. FINANCIAL ASSETS AT FVTPL

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Unlisted debt instruments:		
– Investment in Shanghai Yuhan Fund (Note 1)	28,486	30,486
– Investment in Jiaxing Yuhan Fund (Note 2)	12,182	12,182
	40,668	42,668

Note 1: The amount represents the 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)), the “**Shanghai Yuhan Fund**”), which is incorporated in the PRC. The Shanghai Yuhan Fund specialises in making investment in various targets within the pharmaceutical industry. As at 30 June 2025, the Shanghai Yuhan Fund received contributions from its partners of approximately RMB129 million (2024: RMB149 million), among which the Group injected approximately RMB12.9 million (2024: RMB14.9 million) which accounted for 10% (2024: 10%) of the partners’ capital of the Shanghai Yuhan Fund. The Shanghai Yuhan Fund invests in unlisted private entities and structured bank deposit.

Note 2: The amount represents an investment in Jiaxing Yuhan fund (limited partnership) (嘉興譽瀚股權投資合夥企業(有限合夥)), the “**Jiaxing Yuhan Fund**”), which is incorporated in the PRC. The Jiangxi Yuhan Fund specialises in making investments in various targets within the pharmaceutical industry. As at 30 June 2025 and 31 December 2024, the Jiaxing Yuhan Fund received contributions from its partners of approximately RMB151 million (FY2024: RMB151 million), among which the Group injected approximately RMB10 million (FY2024: RMB10 million) which accounted for 6.62% (31 December 2024: 6.62%) of the partners’ capital of the Jiaxing Yuhan Fund. The Jiaxing Yuhan Fund invests in unlisted private entities and structured deposits.

15. TRADE AND OTHER PAYABLES

	As at 30 June 2025 <i>RMB'000</i> (Unaudited)	As at 31 December 2024 <i>RMB'000</i> (Audited)
Trade payables	57,609	120,479
Payroll and welfare payables	5,370	6,809
Other tax payables	1,501	1,534
Marketing service fee payables	12,807	14,561
Deposits received from distributors	8,472	6,423
Other payables and accrued charges	15,072	21,353
	<u>100,831</u>	<u>171,159</u>

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 payables presented based on the delivery date at the end of the reporting dates:

	As at 30 June 2025 <i>RMB'000</i> (Unaudited)	As at 31 December 2024 <i>RMB'000</i> (Audited)
0 to 90 days	50,484	111,253
91 to 180 days	3,429	3,184
181 days to 1 year	3,682	893
Over 1 year	14	5,149
	<u>57,609</u>	<u>120,479</u>

16. BANK BORROWINGS

During the current interim period, the Group repaid its current bank borrowings of RMB65,934,000 (30 June 2024: RMB53,971,000) and raised current bank borrowings of RMB61,162,000 (30 June 2024: RMB63,140,000). Except for current bank borrowings of RMB25,000,000 (31 December 2024: RMB4,200,000) which are unsecured, bank borrowings of RMB36,162,000 (31 December 2024: RMB58,159,000) are secured by personal guarantee, company guarantee and property, plant and equipment. The amounts are due within one year. The effective interest rates on the Group's fixed-rate borrowings range from 1.60% to 3.90% per annum (31 December 2024: 1.78% to 4.10% per annum).

The Group's non-current secured bank borrowings of RMB72,000,000 (31 December 2024: Nil) are repayable on 19 December 2027 and 17 June 2030. The contracts include a covenant that requires the amount be used in property, plant and equipment investment purpose every year. The loan will be repayable on demand if the covenant is not met. The Group met the covenant requirements as at 30 June 2025 and the borrowing was classified as non-current. As at 30 June 2025, the Group complied with all the covenants that were required to be met on or before 30 June 2025. The covenants that are required to be complied with after the end of the current interim period do not affect the classification of the related borrowings as current or non-current at the end of the current interim period. The effective interest rates on the Group's floating rate borrowings range from 2.50% to 2.51% per annum (31 December 2024: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

In the first half of 2025, China's economy continued to demonstrate resilience with steady and high-quality growth. Gross domestic product (GDP) reached RMB66,053.6 billion, representing a 5.3% year-on-year increase, further consolidating China's standing as the world's second-largest economy. Per capita disposable income and per capita consumption expenditure for the first half of year grew by 5.4% and 5.3% in real terms, respectively, broadly in line with GDP growth rate and effectively released consumption potential. As for healthcare sector, per capita consumption expenditures for the first half of year amounted to RMB1,314, representing a 3.4% year-on-year increase, accounting for 9.2% of total per capita consumption expenditures, indicating a new growth pole driven by people's demand for healthcare is forming.

Driven by the awakening of national health awareness and the accelerated aging of the population, China's healthcare demand is shifting from a disease-centered treatment model toward a diversified health management system that covers the entire life cycle and the whole population. At the policy level, the strategies of "Healthy China" and "Sports Superpower" are accelerating its implementation. The reform of the "Three-Medicine Linkage (三醫聯動)" is deepened. A series of intensive policy measures have been introduced to promote the coordinated development of healthcare services, medical insurance, and the pharmaceutical sector, thereby establishing a stricter regulatory system for the whole life cycle of drugs from development, production and distribution to end services, which has promoted the rational allocation and fair distribution of medical resources. At the same time, as a key area for the cultivation of new quality productive forces, the pharmaceutical and healthcare industry has accelerated the integration of cutting-edge technologies such as artificial intelligence, promoting the iterative upgrading of the industrial chain towards the direction of precision and intelligence, and injecting new kinetic energy into the industry's high-quality development. From a comprehensive perspective, under the synergistic effect of multiple factors, China's healthcare demand will continue to grow with new business formats and modes keeping emerging. This trend is gradually breaking through the limitations of traditional pharmaceutical models, fostering stronger resource integration and technological innovation to better meet the increasingly diversified healthcare needs of residents.

Specifically, in the area of pharmaceutical distribution, centralized drug procurement has entered a normalized and institutionalized stage, further compressed the traditional profit space of drug circulation, profoundly reshaped the procurement and circulation pattern of the market, prompted the pharmaceutical distribution enterprises to improve the operational efficiency, and drove the industry to transform from rough distribution to refined services. Meanwhile, new growth opportunities are emerging, the State has gradually enhanced the support to primary healthcare institutions by promoting the deep extension of medical consortium construction to the county-level. The continuously expanded primary healthcare market has boosted new growth opportunities for the pharmaceutical distribution enterprises. As policies and regulations become increasingly stringent, distribution enterprises need to adapt to regulatory changes more efficiently and strengthen compliance management to ensure the transparency and standardization of the supply chain and reduce the market risks caused by uncertainty.

In addition, continued evolution in regulatory policies is speeding up the internationalization of China's pharmaceutical distribution industry and driving a reshaping of the market structure. With the accelerated implementation of review and approval reforms, the market access threshold for imported pharmaceutical products has been further lowered, leading to a significantly quicker circulation of innovative and high-end medicines, complementing local products and unleashing multi-level healthcare demands. At the same time, the pharmaceutical regulatory system is constantly in line with international standards, making market access more standardized and transparent, which is not only conducive to shortening the launch cycle of imported new drugs in China and enhancing market accessibility, but also beneficial to enhancing the participation of local enterprises in the global supply chain. Driven by favorable policies, the pharmaceutical distribution industry is moving towards a more open and efficient stage of development.

For the Group, the dual driving force of the high-quality development of the pharmaceutical and healthcare industry and the policy for pharmaceutical innovation is presenting strategic development opportunities. The Group has taken full advantage of its global partner network and continued to introduce internationally advanced pharmaceutical products and medical devices to provide domestic patients with better healthcare solutions. In the synergistic evolution of policies and market, the Group has increased its investment in sales network and supply chain management to propel more quality products to reach the market efficiently. By continuously optimizing the marketing strategies, improving the sales network layout and enhancing the brand influence, the Group has achieved business expansion while consolidating its market share, contributing to the high-quality and sustainable development of the healthcare industry.

1. Product Development

As at 30 June 2025, 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:

Category	For the six months ended 30 June			
	Percentage of the Group's Total Revenue/ Gross Profit		Percentage of the Group's Total Revenue/ Gross Profit	
	2025 RMB'000 (unaudited)	(%)	2024 RMB'000 (unaudited)	(%)
Revenue:				
Pharmaceutical Products	212,926	32.9	248,470	30.4
Medical Devices	374,764	57.9	427,675	52.3
Gross Profit:				
Pharmaceutical Products	152,627	50.4	182,437	52.1
Medical Devices	146,615	48.4	159,242	45.4

During the Reporting Period, revenue generated from pharmaceutical products sold via the provision of comprehensive marketing, promotion and channel management services decreased by 14.3% compared to last year to RMB212.9 million, representing 32.9% of the Group's revenue for the Reporting Period. Gross profit decreased by 16.3% compared to last year to RMB152.6 million, representing 50.4% of the Group's gross profit for the Reporting Period.

During the Reporting Period, the Group actively promoted various marketing efforts, and the revenue generated from pharmaceutical products remained stable on the strong growth basis in 2024. For the Group's key product, Difene, the Group focused on exploring a broader market space, providing in-depth services and enhancing the professional capabilities of terminal channels through professional academic empowerment and marketing initiatives, thus ensuring its sustainable growth on a systematical basis. During the Reporting Period, the sales volume of Difene remained stable on the strong growth basis in the same period of 2024.

As a product on which the Group holds high expectations, the cardiovascular product Zanidip, after achieving both sales volume and market share growth in 2024, recorded a relatively stable performance during the Reporting Period. Leveraging its differentiated product characteristics, the Group has strictly implemented a professional academic promotion strategy, building a multi-level academic exchange ecosystem and executing precise brand management. These efforts have further strengthened Zanidip's brand influence in its core therapeutic areas, enabling sales revenue to remain stable. By making use of Zanidip's 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 has continued to enhance the penetration and application of Zanidip. 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 Group's revenue generated from medical devices sold via the provision of comprehensive marketing, promotion and channel management services amounted to RMB374.8 million, with overall performance remaining stable. The performance of the Group's several dental medical device products such as Zenostar® systems, several medical device products in cardiology, and NeutroPhase (a wound cleanser) all maintained a steady growth momentum. 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.

In December 2024, Archimedes Biodegradable Biliary and Pancreatic Stent (“**Archimedes Stent**”, registered under Class III) was approved to enter into the special review procedure for innovative medical devices by the Center for Medical Device Evaluation of the National Medical Products Administration. The Archimedes Stent is the first innovative product that the Group has applied for registration in Mainland China since the acquisition of all rights and interests in Mainland China of all the products owned by Q3 Medical Devices Limited (“**Q3 Medical**”) (please refer to the announcement of the Company published on 27 December 2023 for details). A registration application has been submitted for the fast-degrading version of the Archimedes Stent, and clinical trials are underway for the slow-degrading version. Meanwhile, the Group is currently pressing ahead with the localisation of innovative medical device products of Q3 Medical. At present, renovation of the production plant has completed and the Group is advancing the installation and validation of the equipment.

Additionally, on 6 August 2025, Chongqing Rongchang production base (“**Rongchang Production Base**”) held a ribbon-cutting ceremony for the commencement of operation of its first project, the import and repackaging project of Difene® diclofenac sodium dual-release enteric-coated capsules, which is a pharmaceutical (capsule) repackaging line with a designed annual production capacity of 30 million boxes, and passed the GMP compliance inspection in China as well as the EU-GMP audit in July 2025. This project is of strategic importance to the Group as it was the first project put into operation at the Rongchang Production Base in Chongqing, marking a new chapter with our international partners.

1.2 Products Sold via the Provision of Channel Management Services:

Category	For the six months ended 30 June			
	Percentage of the Group's Total Revenue/ Gross Profit		Percentage of the Group's Total Revenue/ Gross Profit	
	2025 RMB'000 (unaudited)	(%)	2024 RMB'000 (unaudited)	(%)
Revenue:				
Alcon series ophthalmic pharmaceutical products	59,576	9.2	141,828	17.3
Gross Profit:				
Alcon series ophthalmic pharmaceutical products	3,786	1.2	8,814	2.5

For the Reporting Period, the Group's revenue generated from this segment decreased by 58.0% compared to the same period last year to RMB59.6 million, representing 9.2% of the Group's revenue for the Reporting Period. Gross profit decreased by 56.8% compared to the same period last year to RMB3.8 million, representing 1.2% of the Group's gross profit for the Reporting Period.

As stated in the Group's 2024 annual report, in August 2024, Alcon entered into an agreement with Ocumension Therapeutics, an ophthalmic pharmaceutical platform company in the PRC, to which Alcon will transfer the market interests in China in eight of Alcon ophthalmic products (four marketed medicines for dry eye, one topical ophthalmic anesthetic, one funduscopy contrast agent, one mydriatic, and one pipeline product for dry eye). Accordingly, no new agreement will be renewed between the Group and Alcon in relation to the importation, warehousing, distribution and sale of the relevant products. The sales revenue of this product category during the Reporting Period came from the digestion of inventory purchased during the previous agreement period.

1.3 Product Pipeline

As China's medicines and medical device approval policy reform continues to deepen, it gradually builds a multi-level policy support system. The introduction of the Law of the People's Republic of China on the Administration of Medical Devices (Draft for Public Comment) (《中華人民共和國醫療器械管理法(草案徵求意見稿)》) has made a major breakthrough in the regulatory policy system in this field, laying a solid jurisprudential foundation for the high-quality development of the whole industry chain. At the mechanism reform level, the State accelerated the latest deployment of the launch of urgently needed clinic medicines and equipment, proposed to improve the quality and efficiency of the review and approval, and reduced or eliminated the clinical trials for qualified innovative medicines and medical devices for rare diseases, which helped shorten the time to market of the relevant products. At the policy innovation level, the "Zero-tariff" policy of Hainan Free Trade Port and the dynamic adjustment mechanism of medical insurance catalogue of many places have formed a strong policy combination, significantly lowering the threshold of market transformation of innovative products. The Group closely follows these policy changes and actively cooperates with overseas pharmaceutical and medical device companies to promote the rapid launch and promotion of innovative products with market potential in the PRC and enhance market competitiveness.

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 the 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 the third-party promotion partners. The 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 units 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 to the academic training of the in-house marketing teams, the Group strengthened the frequency and depth of the academic promotion activities directly 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 the third-party promotion partners, the Group shared pharmaceutical policy and market information all over the country, and improved the communication mechanism and platform with the 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 2025, 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 became the exclusive agent for 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 their unique medical aesthetics techniques since the entry into the China's market. The investment this time will further facilitate 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 and Jiaxing Yuhan Fund

As of 30 June 2025, the Group's investment in Shanghai Yuhan Fund was recognized as financial assets at FVTPL, representing an amount of RMB28.5 million. Shanghai Yuhan Fund, incorporated in the PRC, specializes in making investment in various targets within the pharmaceutical industry. As at 30 June 2025, the Group held 10% of the partners' capital of Shanghai Yuhan Fund. Shanghai Yuhan Fund mainly engages in the investment in unlisted private entities and structured bank deposits. During the six months ended 30 June 2025, the Group has received a capital distribution of RMB2.0 million from the Shanghai Yuhan Fund. The Group's investment in Jiaxing Yuhan Fund, which amounted to RMB12.2 million, has been recognized as financial assets at FVTPL. As at 30 June 2025, the Group held 6.62% of the partners' capital in Jiaxing Yuhan Fund. Jiaxing Yuhan Fund was incorporated in the PRC and specialized in making 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 Jiaxing Yuhan Fund for exploring and ascertaining targets of growth potential in the pharmaceutical industry for business partnering and investment opportunities, and achieving 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 38,972m² 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 construction of Rongchang Production Base began. The planned construction area of this production base in the project is over 40,000 m².

On 6 August 2025, Rongchang Production Base held a ribbon-cutting ceremony for the commencement of operation of its first project, the import and repackaging project of Difene[®] diclofenac sodium dual-release enteric-coated capsules, which is a pharmaceutical (capsule) repackaging line with a designed annual production capacity of 30 million boxes, and passed the GMP compliance inspection in China as well as the EU-GMP audit in July 2025. In this regard, Chongqing Qianfeng will commence the import and repackaging business of Difene[®].

Rongchang Production Base 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 profitability of the Group.

4. Future and Outlook

In the context of the continued deepening of China's healthcare system reform, the pharmaceutical industry is undergoing a period of profound change in terms of regulatory upgrades and demand iteration, and the accessibility of imported pharmaceutical products and medical devices continues to improve. The traditional system of medicine research and development, review and approval, and pricing is facing optimisation and reshaping. In particular, the optimisation of market access policies and the deep implementation of centralized volume-based procurement in batches are expected to promote the popularity of more high-quality medicines and medical devices in the long term. In this process, the structural adjustment of the medicine and medical device market will inevitably have a far-reaching impact on the overall industry landscape, bringing new market opportunities and also greater competitive pressure.

Looking ahead, the internal differentiation of China's pharmaceutical industry will become an irreversible trend in the long term, and innovative therapeutic products that can accurately meet clinical needs and have clear clinical value will usher in a broader market space. The Group will closely monitor the changes in policies and market dynamics of the pharmaceutical industry and have a deep insight into the development trend of the industry. On this basis, we will continue to strengthen the development and introduction of products and explore in-depth the market potential of various types of innovative products, as well as enhance our marketing capabilities to expand the market coverage of our products through precise market positioning and comprehensive marketing strategies.

In addition, with the increasing perfection of the industry chain, the Group also hopes to further promote the in-depth development of its business and enhance its overall competitiveness through strategic means such as mergers and acquisitions at the appropriate time, so as to occupy a more favourable market position in the tide of transformation and upgrading of the industry and to facilitate the sustained innovative development in the future. In the competition in the future, the Group will maintain its keen market insights, actively respond to market challenges and move forward steadily to promote the realization of its strategic blueprint.

FINANCIAL REVIEW

Revenue

The Group's revenue in the Reporting Period was RMB647.3 million, representing a 20.9% decrease from RMB818.0 million for the six months ended 30 June 2024. Revenue generated from pharmaceutical products sold via the provision of comprehensive marketing, promotion and channel management services in the Reporting Period was RMB212.9 million, representing a 14.3% decrease from RMB248.5 million for the six months ended 30 June 2024. Revenue generated from medical devices sold via the provision of comprehensive marketing, promotion and channel management services in the Reporting Period was RMB374.8 million, representing a 12.4% decrease from RMB427.7 million for the six months ended 30 June 2024. Revenue generated from products sold via the provision of channel management services in the Reporting Period was RMB59.6 million, representing a 58.0% decrease from RMB141.8 million for the six months ended 30 June 2024.

Cost of sales

The Group's cost of sales in the Reporting Period was RMB344.2 million, representing a 26.4% decrease from RMB467.5 million for the six months ended 30 June 2024. Cost of sales for pharmaceutical products sold via the provision of comprehensive marketing, promotion and channel management services in the Reporting Period was RMB60.3 million, representing a 8.6% decrease from RMB66.0 million for the six months ended 30 June 2024. Cost of sales for medical devices sold via the provision of comprehensive marketing, promotion and channel management services in the Reporting Period was RMB228.1 million, representing a 15.0% decrease from RMB268.4 million for the six months ended 30 June 2024. Cost of sales in products sold via the provision of channel management services in the Reporting Period was RMB55.8 million, representing a 58.0% decrease from RMB133.0 million for the six months ended 30 June 2024.

Gross profit and gross profit margin

The Group's gross profit in the Reporting Period was RMB303.0 million, representing a 13.6% decrease from RMB350.5 million for the six months ended 30 June 2024. The Group's average gross profit margin in the Reporting Period was 46.8%, representing an increase from 42.8% for the six months ended 30 June 2024. 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 71.7%, representing a decrease from 73.4% for the six months ended 30 June 2024. 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 39.1%, representing an increase from 37.2% for the six months ended 30 June 2024. The Group's gross profit margin for products sold via the provision of channel management services in the Reporting Period was 6.4%, representing an increase from 6.2% for the six months ended 30 June 2024.

Other income

The Group's other income in the Reporting Period was RMB7.6 million, representing a 78.7% decrease from RMB35.7 million for the six months ended 30 June 2024, primarily due to the decrease in government grants during the Reporting Period.

Distribution and selling expenses

The Group's distribution and selling expenses in the Reporting Period were RMB163.9 million, representing a 10.6% decrease from RMB183.3 million for the six months ended 30 June 2024. Distribution and selling expenses in the Reporting Period were 25.3% of the revenue, representing an increase from 22.4% for the six months ended 30 June 2024.

Administrative expenses

The Group's administrative expenses in the Reporting Period were RMB68.6 million, representing a 2.4% decrease from RMB70.3 million for the six months ended 30 June 2024. Administrative expenses in the Reporting Period were 10.6% of the revenue, representing an increase from 8.6% for the six months ended 30 June 2024.

Finance costs

The Group's finance costs in the Reporting Period were RMB1.3 million, representing a 62.5% increase from RMB0.8 million for the six months ended 30 June 2024.

Income tax expense

The Group's income tax expense in the Reporting Period was RMB17.8 million, representing a 47.0% decrease from RMB33.6 million for the six months ended 30 June 2024, primarily due to the decrease in earnings during the Reporting Period. The Group's effective income tax rate for the six months ended 30 June 2024 and the Reporting Period were 27.6% and 28.0%, respectively. Since the beginning of 2019, the Group has been conducting business primarily through Chongqing Pioneer Pharma Co., Ltd. (重慶先鋒醫藥有限公司) ("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 for the Reporting Period was RMB45.8 million, representing a 48.1% decrease from RMB88.3 million for the six months ended 30 June 2024, primarily due to the significant decrease in government grants received by the Group during the Reporting Period as compared to that of the same period last year (a decrease of over RMB30.0 million). The Group's net profit margin for the Reporting Period was 7.1%, representing a decrease from 10.8% for the six months ended 30 June 2024.

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 2025 were RMB173.6 million, representing an increase from RMB103.6 million as at 31 December 2024.

Inventories

The Group's inventory balance as at 30 June 2025 was RMB244.2 million, representing a 24.0% decrease from RMB321.2 million as at 31 December 2024, primarily due to the decrease in the product inventory of Alcon during the Reporting Period.

Trade and other receivables

The Group's trade and other receivables as at 30 June 2025 were RMB482.3 million, representing a 4.0% decrease from RMB502.3 million as at 31 December 2024. The trade receivables turnover as of 30 June 2025 was 84.7 days, representing a decrease from 94.1 days as at 31 December 2024.

Trade and other payables

The Group's trade and other payables as at 30 June 2025 were RMB100.8 million, representing a 41.1% decrease from RMB171.2 million as at 31 December 2024. The Group's trade payables turnover as at 30 June 2025 was 47.3 days, representing a decrease from 87.3 days as at 31 December 2024, 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 RMB133.2 million as at 30 June 2025 as compared to RMB62.4 million as at 31 December 2024, with new long-term bank borrowings for construction projects during the Reporting Period amounting to RMB89.0 million. As of 30 June 2025, the effective interest rates of the Group's bank borrowings ranged from 1.60% to 3.90%. The bank borrowings were denominated in RMB. The Group's gearing ratio, calculated as bank borrowings divided by total assets, was 9.4% as of 30 June 2025, as compared to 4.3% as at 31 December 2024.

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	Over 1 year RMB'000	Total RMB'000
As at 30 June 2025			
Bank borrowings	61,162	72,000	133,162
Trade payables	57,609	–	57,609
Amount due to related parties	14	–	14
Lease liabilities	656	1,032	1,688
As at 31 December 2024			
Bank borrowings	62,359	–	62,359
Trade payables	120,479	–	120,479
Amount due to related parties	4,505	–	4,505
Lease liabilities	1,399	11,463	12,862

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 2025, the Group had a total of 343 employees. For the Reporting Period, staff costs of the Group were RMB34.6 million as compared to RMB35.0 million for the six months ended 30 June 2024. 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 declare an interim dividend of HK\$0.064 per ordinary share of the Company, amounting to HK\$80,477,000 in total to shareholders of the Company for the six months ended 30 June 2025. The expected payment date of the interim dividend is 20 October 2025.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 15 September 2025 to Thursday, 18 September 2025, in order to determine the entitlement of shareholders to the interim dividend. An interim dividend will be paid by the Company to shareholders whose names appear on the register of members of the Company at the close of business on Monday, 15 September 2025 (Hong Kong time). 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 Friday, 12 September 2025.

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 2025. 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 2025.

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 the 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 29 August 2025 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 2025. As at 30 June 2025, the Company did not hold any treasury shares.

SIGNIFICANT EVENTS AFFECTING THE GROUP AFTER THE REPORTING PERIOD

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

PUBLICATION OF INTERIM REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2025

The interim report of the Company for the six months ended 30 June 2025 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, 29 August 2025

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.