



Hua Medicine 華領醫藥

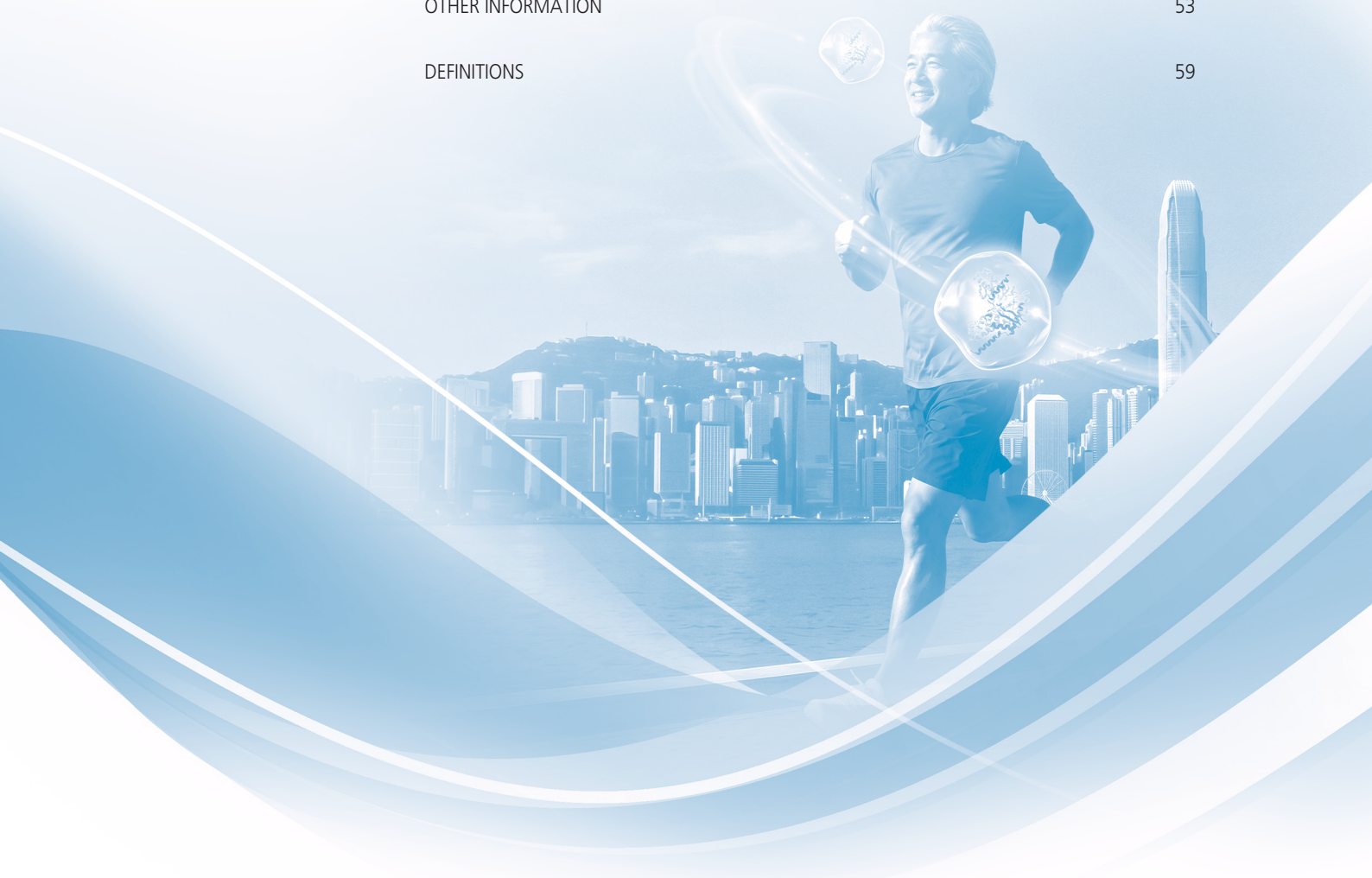
(Incorporated in the Cayman Islands with Limited Liability)
Stock Code: 2552

2026 INTERIM REPORT



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CORPORATE INFORMATION

Executive directors

Li CHEN (陳力) (*Chief Executive Officer*)
 George Chien Cheng LIN (林潔誠)
(Executive Vice President and Chief Strategy Officer)
 Yi ZHANG (張怡) (*Chief Medical Officer*)

Non-executive director

Robert Taylor NELSEN (*Chairman*)

Independent non-executive directors

William Robert KELLER
 Yiu Wa Alec TSUI (徐耀華)
 Yiu Leung Andy CHEUNG (張耀樑)

Audit committee

Yiu Leung Andy CHEUNG (張耀樑) (*Chairman*)
 William Robert KELLER
 Yiu Wa Alec TSUI (徐耀華)

Remuneration committee

William Robert KELLER (*Chairman*)
 Yiu Wa Alec TSUI (徐耀華)
 Yiu Leung Andy CHEUNG (張耀樑)

Nomination committee

Robert Taylor NELSEN (*Chairman*)
 William Robert KELLER
 Yiu Wa Alec TSUI (徐耀華)
 Yi ZHANG (張怡) (*appointed on 25 June 2026*)
 Yiu Leung Andy CHEUNG (張耀樑)
(appointed on 25 June 2026)

Strategy committee

Li CHEN (陳力) (*Chairman*)
 Robert Taylor NELSEN
 George Chien Cheng LIN (林潔誠)

Company secretary

Au-Yeung Nelly (歐陽麗妮)

Authorized representatives

George Chien Cheng LIN (林潔誠)
 Au-Yeung Nelly (歐陽麗妮)

Auditor

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

Registered office

PO Box 309, Ugland House, Grand Cayman,
 KY1-1104, Cayman Islands

Corporate headquarters

Hua Medicine, Building 2, Lane 36, Xuelin Road,
 Pudong New Area, Shanghai 201203, PRC

Principal place of business in Hong Kong

Suite 1701, 8 Queen's Road East,
 Wan Chai, Hong Kong

Cayman Islands share registrar

Maples Fund Services (Cayman) Limited
 PO Box 1093, Boundary Hall, Cricket Square, Grand Cayman
 KY1-1102, Cayman Islands

Hong Kong share registrar

Tricor Investor Services Limited
17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong

Principal bankers

In Hong Kong:

The Hong Kong and Shanghai Banking Corporation Limited
HSBC Main Building, 1 Queen's Road Central, Hong Kong

In the PRC:

China Construction Bank Corporation Shanghai Zhangjiang
Branch
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China Merchants Bank Corporation Shanghai Rongke
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No. 277, Rongke Road, Pudong New Area, Shanghai

Company's website

www.huamedicine.com

Stock code

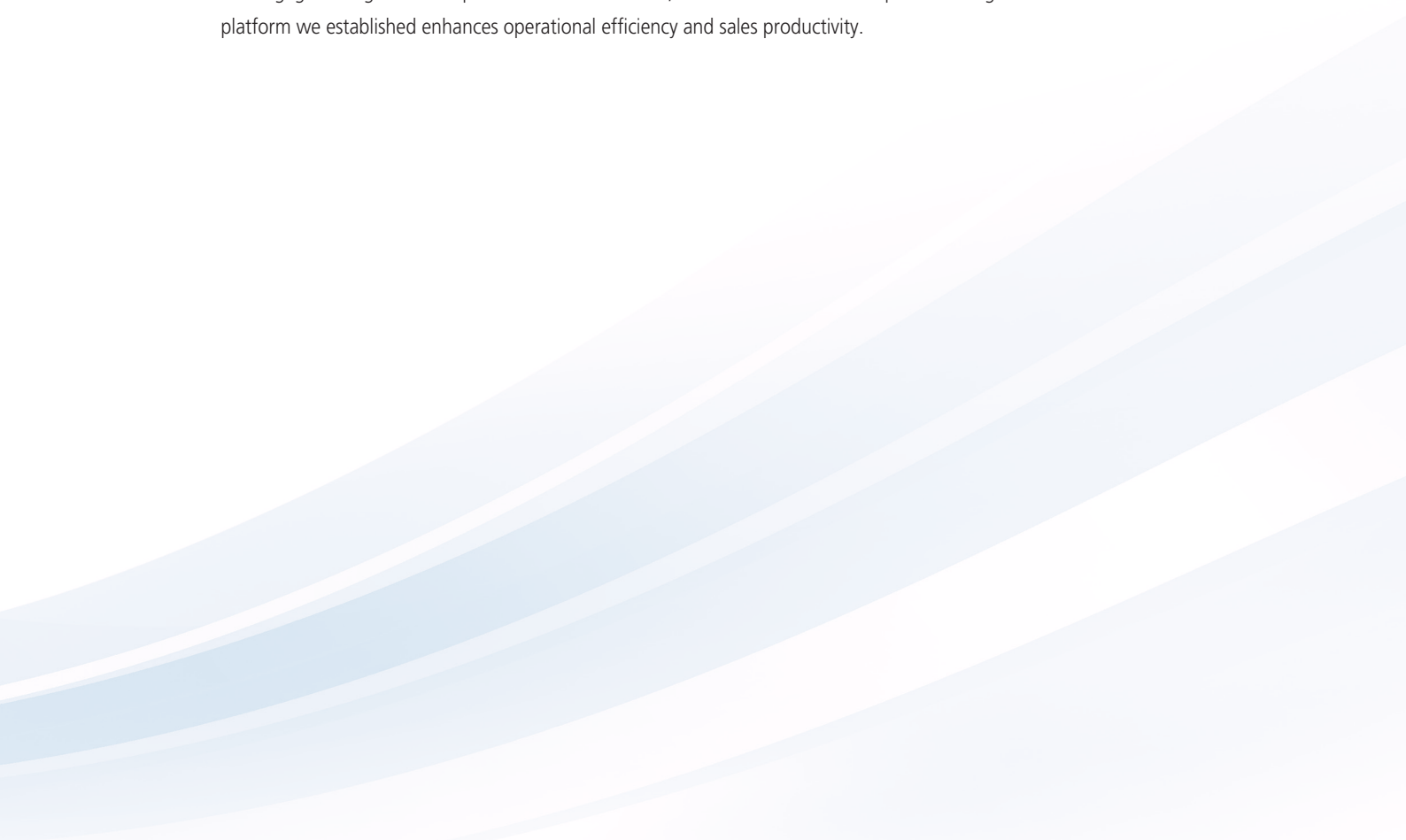
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BUSINESS AND FINANCIAL HIGHLIGHTS

Business Highlights

In the first half of 2026, we made solid progress in our transition to a commercialization-driven organization, with HuaTangNing (华堂宁®) entering a rapid scale-up phase and delivering strong sales growth. Expanded production scale and improved commercial operating efficiency led to a substantial reduction in our net loss.

- We sold approximately 3,055,000 packs of HuaTangNing (华堂宁®) in the first half of 2026, up 73% from 1,764,000 packs sold during the same period in 2025. This rapid sales growth trajectory is further supported by the maintenance of China's National Reimbursement Drug List (NRDL) price for the 2026 and 2027 calendar years.
- With continued expansion of our commercialization team and hospital coverage, revenue rose 74% year-on-year to RMB378.9 million, reflecting the successful implementation of our in-house commercialization strategy.
- Increased production scale and efficiency led to significantly improved gross profit margins of 61.8% for the period, which was significantly higher than the 54.2% margin reported in the prior-year period.
- The ratio of selling expense to revenue moved into a stable range, standing at 33.5% in the first half of 2026, 4.0 percentage points higher compared with 29.5% recorded in the same period in 2025, comparable to the 33.6% recorded for the full year of 2025.
- Cash balances were RMB1,072.9 million as of June 30, 2026, which provides a strong foundation for our future R&D and commercialization initiatives.
- In February 2026, the China National Intellectual Property Administration granted a five-year patent term extension for dorzagliatin, thereby extending its core patent protection to April 2034.

- MYHOMISIS® (華領片®) has been approved for marketing in both the Hong Kong Special Administrative Region of China and the Macao Special Administrative Region of China for the treatment of Type 2 diabetes in adults with successful launch in Hong Kong, laying the foundation for future expansion into Southeast Asian and Portuguese-speaking countries.
 - Dorzagliatin Real World Study HMM0601 has been completed with topline results reported at the 2026 American Diabetes Association (ADA). The study enrolled 2,024 patients with Type 2 diabetes across 80 centers in China, and substantiated the broad applicability, efficacy and safety of dorzagliatin in a diverse real-world patient population, including elderly, obese and highly hyperglycemic patients, whether used as monotherapy or in combination with metformin, SGLT-2 inhibitors, insulin and other medications.
 - Multiple combination studies were presented at the 2026 ADA. Combination of dorzagliatin with oral small-molecule GLP-1 receptor agonist, THR-β agonist, and pan-PPAR agonist demonstrated synergistic effects beyond glycemic control, including weight reduction, lipid modulation, uric acid reduction, and improved insulin sensitivity. Systematical enhanced glucose and insulin sensitivity show the potential of novel oral treatment options for patients with broad metabolic abnormalities.
 - The Phase Ib multiple-ascending dose (MAD) study of the 2nd generation GKA for Western patients is ongoing in the United States. Topline data are expected to be published in the second half of 2026.
 - The Company has already filed a pre-IND for the MODY-2 indication in mainland China and has communicated and reached a consensus with the Center for Drug Evaluation of the NMPA to proceed with an IND submission for dorzagliatin in MODY-2 patients in the second half of 2026.
 - We engaged AI agents to empower commercialization, R&D and business development. The glucose homeostasis education platform we established enhances operational efficiency and sales productivity.
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Financial Highlights

- Bank balances and cash position were approximately RMB1,072.9 million as of June 30, 2026, a decrease of RMB19.4 million from bank balances and cash position as of December 31, 2025 to fund the market exploration, commercial and R&D activities.
- Revenue generated by the Company for the six months ended June 30, 2026 was approximately RMB378.9 million, reflecting sales of approximately 3,055,000 packs of HuaTangNing (华堂宁®). Sales revenue and sales volume increased by approximately 74% and 73% respectively, as compared with the six months ended June 30, 2025.
- Gross profit generated by the Company for the six months ended June 30, 2026 was approximately RMB234.3 million, an increase of approximately RMB116.5 million, or approximately 99%, as compared with the six months ended June 30, 2025.
- Gross margin generated by the Company for the six months ended June 30, 2026 was approximately 61.8%, increased by approximately 7.6 percentage points, as compared with the six months ended June 30, 2025, reflecting increased manufacturing scale and improved cost efficiency.
- Other income generated by the Company for the six months ended June 30, 2026 was approximately RMB6.5 million, representing a decrease of approximately RMB1,248.0 million, or approximately 99%, as compared with the six months ended June 30, 2025. The decrease was mainly attributable to the release of contract liabilities upon termination of service agreement with Bayer of approximately RMB1,243.5 million, which was fully recognized in the six months ended June 30, 2025.
- Expenditures incurred by the Company for the six months ended June 30, 2026 were approximately RMB265.4 million, of which approximately RMB126.9 million was attributable to selling expenses and approximately RMB66.8 million was attributable to research and development expenses. For the six months ended June 30, 2026, selling expenses increased by approximately RMB62.7 million, or approximately 98%, as compared with the six months ended June 30, 2025.
- Loss before tax was approximately RMB30.2 million for the six months ended June 30, 2026, compared to the profit before tax of approximately RMB1,183.9 million in the six months ended June 30, 2025.
- Total comprehensive expense for the period was approximately RMB30.0 million for the six months ended June 30, 2026, compared to the total comprehensive income of approximately RMB1,184.1 million in the six months ended June 30, 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

Business overview

The first half of 2026 marked a pivotal period for us, as the strong execution of the commercialization strategy laid a solid foundation for our accelerated growth. Our commercialization team continued to scale, with the professional sales team expanding to 187 product representatives and 75 staff actively engaged in marketing, medical affairs and commercial operation as of June 30, 2026, representing growth of 93% and 79% respectively compared with the same period of 2025. HuaTangNing (华堂宁®) delivered rapid sales growth, with 3,055,000 packs sold during the reporting period, representing a 73% increase over the same period of 2025. This growth was achieved at the same price for both periods, underscoring a positive market response and continuously rising recognition among physicians and patients. Regions that already led sales in 2025, coastal areas including Shanghai, Tianjin and Guangdong province and Beijing, continued to deliver strong growth during the reporting period, reflecting the substantial market potential for further market penetration and providing a solid basis for sustained strong growth in the future.

We delivered solid financial performance during the reporting period. Revenue for the first half of 2026 reached RMB378.9 million, representing an increase of 74% compared with the same period of 2025. As manufacturing scale expanded and cost efficiencies improved, gross profit increased by 99% to RMB234.3 million, with gross margin of 61.8% rising 7.6 percentage points over the same period in 2025. As our sales organization has been fully established, the ratio of selling expense to revenue increased by 4.0 percentage points from 29.5% in the first half of 2025 to 33.5% in the reporting period, normalizing to a sustainable range. Driven by enhanced operational efficiency, our commercialization efforts achieved profit of approximately RMB107.4 million (as defined by gross profits less selling expenses), doubling from RMB53.7 million in the same period of 2025.

Excluding the one-off release of contract liabilities to other income of approximately RMB1,243.5 million in the corresponding period of 2025 following the termination of the Bayer contract, the Group's loss for the current reporting period is RMB30.2 million narrowing by approximately RMB29.4 million as compared with the adjusted loss of approximately RMB59.6 million for the corresponding period in 2025.

We made active progress in our expansion into Asian markets. Dorzagliatin (brand names: MYHOMISIS®, 華領片®) was approved for marketing in Hong Kong on 18 February 2026 and in Macao on 27 June 2026. The product has been distributed to hospitals and pharmacies in Hong Kong, with the first prescription issued in August 2026, providing a new treatment option for patients with Type 2 diabetes outside mainland China.

Phase Ib MAD study of the 2nd generation GKA in the United States is currently our most important ongoing program. Five cohorts have been completed as planned, and the final cohort is in progress. Upon completion, we will present topline results and pursue partnerships to develop the 2nd generation GKA for global markets.

We have also continued to advance dorzagliatin's clinical evidence base through ongoing research and development. At the 2026 ADA Scientific Sessions, the Company presented multiple postmarketing real-world studies alongside preclinical combination therapy data. The real-world evidence reinforced dorzagliatin's long-term safety and consistent glycemic efficacy in complex, long-duration T2D patients. The combination therapy studies highlighted dorzagliatin's expanded therapeutic potential in the metabolic field, showing synergistic benefits across glycemic control, β -cell function, weight and lipid management, and liver-related metabolic outcomes when combined with other oral agents.

Alongside the continued development of dorzagliatin in research and clinical practice, the Company has continued to invest in the integration of AI, large language models (LLMs) and clinical big data, and has achieved concrete outcomes. We launched our proprietary GK education platform (GK Charger) in 2025. The platform uses natural language interaction to present complex glucokinase relevant knowledge in evidence-based, clinically relevant format that is easy for both physicians and patients to understand. It enables doctors to obtain up to date diagnostic and treatment information, make accurate clinical decisions, and develop individualized treatment plans for patients. Since the launch of GK Charger, the platform has cumulatively responded to more than 3,700 queries.

Product pipeline

Set out below are the key stages of our product candidates under development:

Product and Pipeline	Indication	Discovery (Pre-clinical – Phase II)	Development (Phase III)	Commercialization
Dorzagliatin	T2D-Drug Naïve			
	T2D-Metformin Tolerated			
	RWE study for Diabetes Remission			
	MODY-2			
	Diabetes Prevention			
	Frailty			
	Early AD			
	CFRD			
Dorzagliatin and Metformin FDC	T2D			
Dorzagliatin add on to Insulin	Insulin sparing in T2D			
2 nd Generation GKA	Metabolic Disease			
Dorzagliatin add on to GLP-1 RAs	T2D and Obesity			
Dorzagliatin + small molecule GLP-1 RAs	T2D and Obesity			
Dorzagliatin + THR- β agonists	T2D and MASH/MASLD			
Dorzagliatin + PanPPAR agonists	T2D and MASH/MASLD			
Dorzagliatin + Empagliflozin	DKD			
Dorzagliatin + Sitagliptin	T2D			
mGLUR5 NAM	PD-L1D			
	Drug Addiction			
GK NAM	Metabolic Disease			

RWE Studies for Dorzagliatin

Multiple post-marketing real-world studies of dorzagliatin are delivering results. At the 2026 ADA Scientific Sessions, the Company presented results from HMM0601, a large-scale post-marketing real-world study. Across 80 clinical centers in China, HMM0601 enrolled 2,024 patients with Type 2 diabetes with mean disease duration of 7.9 years. Over the 52-week treatment period, no drug-related serious adverse events (SAEs) or episodes of severe hypoglycemia were observed; the incidence of clinically meaningful hypoglycemia was below 1%, and no new safety signals were identified compared with the Phase III clinical trials; HbA1c was significantly reduced from baseline, and the proportion of patients achieving HbA1c<7% increased markedly. This provides robust evidence of dorzagliatin's strong safety profile and consistent glycemic control efficacy.

We also presented interim findings from a prospective real-world observational study HMM0701 enrolling 255 patients with Type 2 diabetes, with the majority of patients having long disease duration and already receiving multi-drug regimens including insulin. The 6-month interim results of subgroup analysis indicate that dorzagliatin provides meaningful efficacy in glycemic control. Even in patients with severely compromised baseline TIR, clinically meaningful reductions in HbA1c, improved TIR, enhanced β -cell function, and reduced insulin resistance were observed, collectively indicating the restoration of glucose homeostasis. This study provides a solid rationale for a novel glycemic management option in complex T2D cases.

We also continued preparations for HMM0602, a post-marketing study designed to generate further clinical evidence regarding the role of dorzagliatin in restoring glucose homeostasis and its potential contribution to diabetes remission.

New Indications for Dorzagliatin – GCK-MODY Patients

Medical experts in mainland China and Hong Kong have conducted independent clinical and preclinical studies of dorzagliatin for MODY-2 treatment. MODY-2, also called GCK-MODY, is a monogenic disease in which patients have a genetic defect of glucokinase gene (GCK) which results in elevated blood glucose and significant reduction of the second phase release of insulin. The population of GCK-MODY patients is approximately 1.7 million in China. These patients are diagnosed with diabetes at a young age and represent an unmet medical need given that currently available medications are not effective. In clinical studies with MODY-2 patients, a single dose of dorzagliatin improved overall glucose sensitivity and second phase insulin secretion significantly in GCK-MODY patients, suggesting a unique mechanism of action of dorzagliatin to regulate glucagon like peptide 1 (GLP-1) secretion.

During the Reporting Period, we continued to advance the regulatory development of dorzagliatin for GCK-MODY in China. Following prior communications with the Center for Drug Evaluation of the National Medical Products Administration, we completed the proposed clinical protocol. We plan to submit an IND application for dorzagliatin in GCK-MODY by December 2026.

Dorzagliatin for Diabetes Prevention

Prevention of diabetes is an important focus at Hua Medicine. There are approximately 1.12 billion people living with prediabetes worldwide. We have initiated the SENSITIZE 3 clinical study in Hong Kong in pre-diabetic (IGT) subjects and in early diabetes patients under the leadership of Dr Juliana Chan and Dr Elaine Chow of the Chinese University of Hong Kong. These studies represent first-in-disease studies. In this double-blinded placebo-controlled study, we will evaluate the blood glucose management and pancreatic function under intravenous glucose tolerance test and oral glucose tolerance test conditions to better define the clinical treatment baseline and endpoints. We expect to complete this study in 2026 and file IND applications of dorzagliatin for diabetes prevention in China and Asia-Pacific regions thereafter.

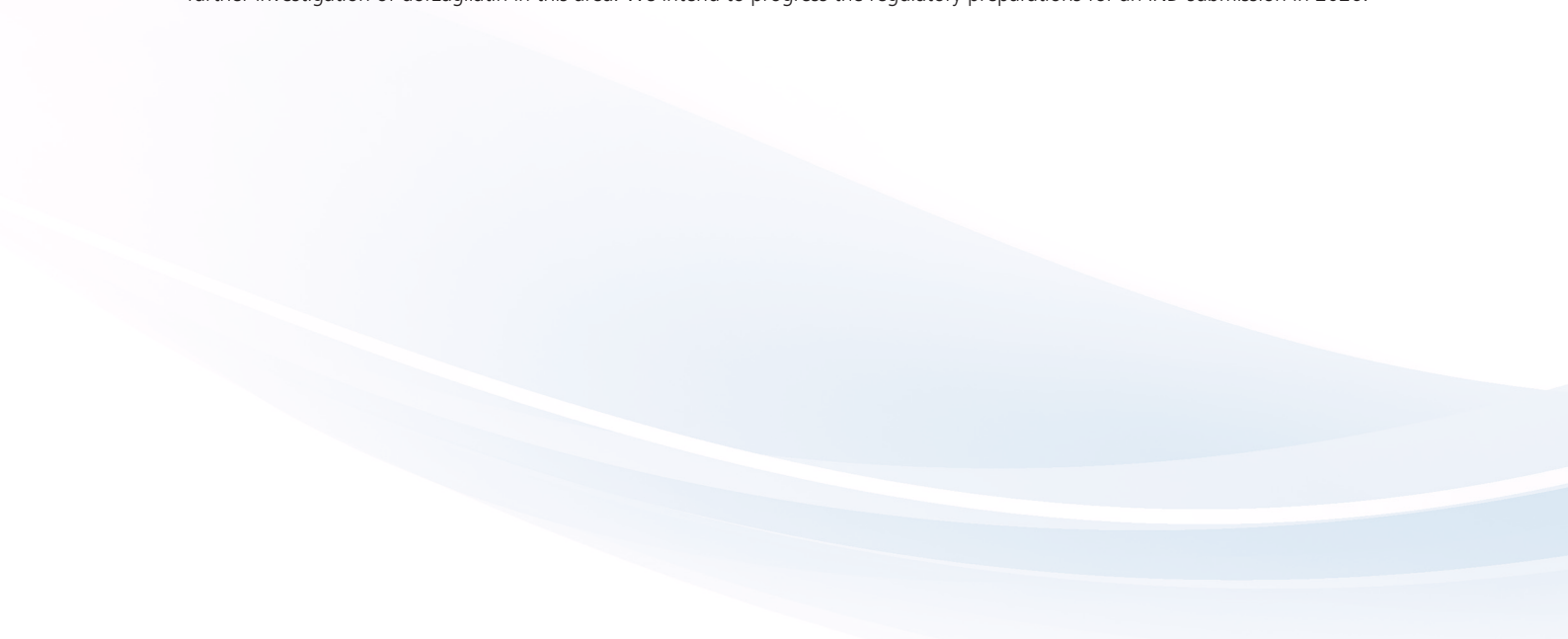
Dorzagliatin for Neurodegenerative Diseases

MCI shows approximately 15.5% prevalence among elderly people in China and approximately 22% in the United States, and is common in T2D patients with a 45% incidence rate. Development of dorzagliatin for neurodegenerative disease is a new focus in our drug discovery efforts. Through the Genome-Wide Association Study (GWAS) and Mendelian Randomization (MR) study, we have realized the important role of GCK gene activation in prevention of memory loss and cognitive impairment in humans. It has also come to our attention that post-meal glucose excursion is closely related to Alzheimer disease and dementia. Impaired glucose homeostasis and diabetes conditions result in a reduction of glucose transporter expression and insulin receptor expression in the brain, which can be prevented by low dose dorzagliatin. We have realized the potential of dorzagliatin in the treatment of MCI and are initiating these first-in-disease clinical studies.

Preparation of the clinical study protocol and clinical development plan has been initiated. We expect to launch pre-IND communications with the relevant regulatory authority in the fourth quarter of 2026.

Dorzagliatin for Frailty

Frailty is an age-related geriatric syndrome characterized by reduced tolerance to internal and external stressors. Approximately 17% of American older adults and 11% of Asian older adults suffer from frailty, while pre-frailty affects roughly 50% and 47% of these populations, respectively. It is not a single-organ disease, but the consequence of dysregulated multisystem homeostasis. Genetic evidence has suggested a potential relationship between glucokinase activation and a reduced risk of frailty, supporting further investigation of dorzagliatin in this area. We intend to progress the regulatory preparations for an IND submission in 2026.



The 2nd Generation of GKA is under Development in the United States

HM1005 is our second-generation GKA program based on a sustained-release formulation of dorzagliatin and is being developed as a once-daily oral therapy. In 2025, we successfully initiated MAD clinical study in T2D patients in the United States. As of the date of this report, we have completed five dose-escalation cohorts in the Phase Ib multiple ascending dose study in the United States. HM1005 was generally well tolerated across the completed cohorts. We are conducting a subsequent cohort evaluating two 246 mg tablets in the United States.

Fixed Dose Combination (FDC) of Dorzagliatin and Metformin

We are accelerating the development of the FDC of dorzagliatin with metformin. The FDC will be evaluated against branded metformin (Glucophage®) and dorzagliatin (HuaTangNing®). An IND with the NMPA has been filed for our FDC with metformin in China in 2025, with an NDA submission planned for 2027.

Further, during the Reporting Period, we completed a pivotal bioequivalence study under fed conditions involving 43 subjects. The study demonstrated bioequivalence between the FDC formulation and the corresponding reference treatments. A bioequivalence study under fasting conditions involving approximately 60 subjects is planned for September 2026. The results of the fed and fasting bioequivalence studies are expected to support the planned new drug application submission in China in 2027.

Development of Combination Therapies for Diabetes and Metabolic Diseases

We presented three combination therapy studies in animal models of metabolic disorder at the 2026 ADA. The combination of dorzagliatin and orforglipron, an oral small-molecule GLP-1 receptor agonist, demonstrated synergistic glycemic control, significantly enhanced β -cell function, and maintained weight loss and lipid-lowering benefits in diet-induced obese (DIO) mice. Notably, the data revealed a compelling dose-sparing effect which directly reduces the overall side-effect burden – particularly common GLP-1-related gastrointestinal adverse events – thereby meaningfully improving long-term patient adherence. These complementary mechanisms across glycemic control, weight loss, and lipid improvement, position the potential combination as a highly effective, well-tolerated, and differentiated oral option for T2D patients with obesity. In the study combining dorzagliatin with the THR- β agonist resmetirom, the combination synergistically improved systemic metabolism and exerted hepatoprotective effects, optimizing glycemic control, regulating lipids, reducing uric acid, and alleviating hepatic fibrosis. This supports the clinical potential of dorzagliatin for T2D patients with MASLD. Additionally, the combination of dorzagliatin with chiglitazar, a pan-PPAR agonist, improves glucose tolerance, reduces insulin resistance, enhances insulin sensitivity and β -cell function, and elevates high-density lipoprotein cholesterol levels in DIO mice model of MASLD.

Business outlook

There is a great opportunity for dorzagliatin and 2nd generation GKA in China and the global oral antidiabetic drug market. Building on the strong commercial momentum of HuaTangNing (华堂宁®) in mainland China, the business is now generating robust cash flows, enabling us to increase investment across the business and lay the foundation for accelerated growth. We are expanding our commercial team and further strengthening our commercialization capabilities, with the objective of sustaining strong sales growth and expanding our geographic reach. We will also leverage AI-empowered tools including GK Charger to enhance promotional efficiency and support the broader regional rollout of HuaTangNing (华堂宁®). Building on our glucose homeostasis platform, we plan to broaden the disease coverage beyond T2D to include early mild cognition impairment (MCI), frailty, metabolic dysfunction-associated steatohepatitis (MASH) and healthy longevity. We are conducting relevant studies on dorzagliatin for multiple potential first-in-disease indications, and will continue to expand our pipeline through both internal innovation and selective in licensing.

We are making steady progress on the U.S. clinical program for our second generation GKA. Once the ongoing Phase Ib MAD trial is completed, we expect to share topline data in the second half of the year and will seek partners to co-develop this second generation GKA for global markets. As MYHOMISIS® (華領片®) is rolled out in Hong Kong and Macao, we plan to build on this regional presence to explore partnership opportunities across Southeast Asia and Belt and Road nations.

Looking ahead, we will remain focused on disciplined commercial execution, strategic pipeline expansion, and innovative indication development leveraging our proprietary glucose homeostasis platform – a focus that we expect will drive the Company to profitability in 2027 and establish a strong foundation for sustainable earnings.

Cautionary statement: We may not be able to ultimately develop and market our product candidates successfully.

Important events after the reporting period

Save as disclosed above, there are no important events that have occurred since June 30, 2026 and up to the date of this report.



Financial review

Revenue

Our revenue was generated from the sale of our core product – HuaTangNing (华堂宁®). The collective results of our clinical trials indicate HuaTangNing (华堂宁®) has a safe, tolerable and benign profile, and is effective at restoring regulation of blood glucose homeostasis through improvement in β -cell function and reduction in insulin resistance and has led to diabetes remission in select populations of T2D patients.

For the six months ended June 30, 2026, approximately 3,055,000 packs of HuaTangNing (华堂宁®) were sold, generating sales of approximately RMB378.9 million. For the six months ended June 30, 2025, approximately 1,764,000 packs of HuaTangNing (华堂宁®) were sold, generating sales of approximately RMB217.4 million. The difference represents a 74% increase in sales over a period during which the price per pack remained the same, which demonstrates the solid progress in our transition to a commercialization-driven organization, with HuaTangNing (华堂宁®) entering a rapid scale-up phase and delivering strong sales growth.

Gross profit

For the six months ended June 30, 2026, we recorded a gross profit of approximately RMB234.3 million and a gross margin of 61.8%. Our gross margin increased by 7.6 percentage points as compared to 54.2% for the six months ended June 30, 2025, which was primarily due to increase in manufacturing efficiency and production volume that led to a corresponding reduction in unit production costs. As our commercialization scale increases, the unit production cost is expected to continue to decrease.

Other income

Other income consisted primarily of government grants and bank interest income. Other income decreased by RMB1,248.0 million to RMB6.5 million for the six months ended June 30, 2026 from RMB1,254.6 million for the six months ended June 30, 2025, which was mainly attributable to the release of unamortized contract liabilities of RMB1,243.5 million upon the termination of service agreement with Bayer on January 1, 2025.

Other gains and losses

Other gains and losses consisted primarily of losses due to fluctuations in the exchange rates between the Renminbi and the U.S. dollar and between Renminbi and the HK dollar. Other gains and losses increased by RMB4.3 million, which was mainly attributable to foreign exchange losses in connection with bank balances and cash denominated in U.S. dollar and HK dollar and the larger depreciation of the U.S. dollar and HK dollar against the Renminbi for the six months ended June 30, 2026, compared to the smaller depreciation of the U.S. dollar and HK dollar against the Renminbi for the six months ended June 30, 2025.

Our business mainly operates in the PRC, and most of our transactions are settled in Renminbi. Since inception, we have financed our business principally through equity financings, with related proceeds denominated in U.S. dollar, HK dollar and Renminbi. We converted a portion of those U.S. dollar proceeds to Renminbi and HK dollar proceeds to U.S. dollar immediately, with the remaining amounts reserved for additional conversions to Renminbi as needed. Translation for financial statement presentation purposes of our assets and liabilities exposes us to currency-related gains or losses and the actual conversion of our U.S. dollar and HK dollar denominated cash balances will also expose us to currency exchange risk. We have not engaged in any foreign exchange hedging related activity.

Selling expenses

Selling expenses consisted primarily of expenses related to selling and marketing activities. Selling expenses increased by RMB62.7 million to RMB126.9 million for the six months ended June 30, 2026 from RMB64.2 million for the six months ended June 30, 2025, which was mainly attributable to i) labor cost of RMB81.4 million, increased by RMB35.2 million as compared to the six months ended June 30, 2025, which was primarily attributable to additional labor resources from the strengthening of our sales and marketing team; ii) consulting and meeting expenses of RMB36.2 million, increased by RMB22.9 million as compared to the six months ended June 30, 2025, which was mainly due to our marketing strategy; and iii) T&E expenses of RMB7.4 million, increased by RMB6.1 million as compared to the six months ended June 30, 2025, which was mainly due to the growing needs of market exploration initiatives.

Research and development expenses

The following table sets forth the components of our research and development expenses for the periods indicated.

	Six months ended June 30,			
	2026		2025	
	RMB'000	%	RMB'000	%
Clinical Trials and Research	19,901	29.8%	14,755	22.4%
Non-clinical Studies	2,240	3.4%	1,761	2.7%
Chemical, Manufacturing and Control	3,846	5.8%	7,083	10.8%
Labor Cost	31,874	47.7%	29,312	44.5%
Licensing and Patent Fee	2,217	3.3%	3,036	4.6%
Others	6,744	10.0%	9,874	15.0%
Total	<u>66,822</u>	<u>100%</u>	<u>65,821</u>	<u>100%</u>

Research and development expenses increased by RMB1.0 million to RMB66.8 million for the six months ended June 30, 2026 from RMB65.8 million for the six months ended June 30, 2025. The increase in research and development expenses mainly included:

- an increase of RMB5.1 million in clinical trial and research expenses from RMB14.8 million for the six months ended June 30, 2025 to RMB19.9 million for the six months ended June 30, 2026, which was primarily attributable to the advancement of the 2nd generation GKA project and the post-marketing observational study. During the first half of 2026, the Phase Ib trial of the 2nd generation GKA progressed rapidly as planned, with more than half of the scheduled patients successfully dosed in. The Company continued to advance the post-marketing observational study throughout 2025, completed the visit phase by the end of 2025 and initiated data review, analysis and database locking in the first half of 2026;
- a decrease of RMB3.2 million in chemical, manufacturing and control expenses from RMB7.1 million for the six months ended June 30, 2025 to RMB3.8 million for the six months ended June 30, 2026, which was primarily attributable to the completion of major validation projects related to capacity expansion. During the first half of 2026, registration of the new production line progressed smoothly, several subsequent validation projects are expected to commence in the second half of 2026;
- an increase of RMB2.6 million in labor cost from RMB29.3 million for the six months ended June 30, 2025 to RMB31.9 million for the six months ended June 30, 2026, which was primarily attributable to the increase of share-based payment under the accelerated amortization method; and
- a decrease of RMB3.2 million in other expenses from RMB9.9 million for the six months ended June 30, 2025 to RMB6.7 million for the six months ended June 30, 2026, which was primarily attributable to decreased rental expenses and depreciation expenses.

Administrative expenses

Administrative expenses consisted primarily of employee compensation and related costs. Administrative expenses increased by RMB14.2 million to RMB67.3 million for the six months ended June 30, 2026 from RMB53.1 million for the six months ended June 30, 2025, which was mainly attributable to i) an increase of RMB10.1 million in labor cost, which was primarily attributable to additional labor resources and the increase of share-based payment under the accelerated amortization method; ii) an increase of RMB1.8 million in consulting expenses, which was mainly due to increased consulting activities in line with our business strategy; and iii) an increase of RMB2.1 million in other expense, which was mainly due to the increased sales taxes and surcharges attributed from the increased sales scale.

Finance cost

Finance cost consisted of expenses associated with the interest on lease liabilities and bank loan. Finance cost was RMB4.4 million for the six months ended June 30, 2026 as compared to RMB4.0 million for the six months ended June 30, 2025, which was mainly attributable to an increase in average bank loan balances in the six months ended June 30, 2026.

Income tax expense

We recognized no income tax expenses for the six months ended June 30, 2026 and the six months ended June 30, 2025.

Liquidity and capital resources

For the period ended June 30, 2026, we were in a net loss position and had negative cash flows from operations. Our primary use of cash is to fund market exploration, manufacturing expenses and research and development expenses. Our operating activities used RMB62.8 million for the six months ended June 30, 2026. As of June 30, 2026, we had cash and cash equivalents of RMB1,072.9 million.

As of June 30, 2026, there were no significant investments held by the Company (including any investment in an investee company with a value of 5% or more of the Company's total assets as of June 30, 2026), nor were there any material acquisitions or disposals of subsidiaries, associates or joint ventures during the six months ended June 30, 2026.

Cash flows

The following table provides information regarding our cash flows for the six months ended June 30, 2026 and 2025:

	Six months ended June 30,	
	2026	2025
	RMB'000	RMB'000
Net cash used in operating activities	(62,794)	(84,414)
Net cash (used in) from investing activities	(930)	1,259
Net cash from (used in) financing activities	49,141	(32,633)
Effect of exchange rate changes	(4,769)	(1,177)
Net decrease in cash and cash equivalents	<u>(19,352)</u>	<u>(116,965)</u>

Net cash used in operating activities

The primary use of our cash was to fund our market exploration and commercial activities, manufacturing activities, research and development activities, and related supporting administration. Our prepayments and other current assets, accounts payable and other payables balances were affected by the timing of vendor invoicing and payments.

During the six months ended June 30, 2026, our operating activities used RMB62.8 million of cash, which resulted principally from our loss before tax of RMB30.2 million, adjusted for net non-cash expense and net non-operating expense of RMB30.9 million and cash used in the movement of our working capital of RMB63.5 million. Our net non-cash expense and net non-operating expense during the six months ended June 30, 2026 primarily consisted of depreciation of equipment, right-of-use assets and amortization for intangible assets, share-based payment expense and interest on bank loan and lease liabilities, adjusted for bank interest income. The movement of our working capital during the six months ended June 30, 2026 primarily consisted of the increase in trade and other receivables, the increase in trade and other payables and the decrease in inventories.

During the six months ended June 30, 2025, our operating activities used RMB84.4 million of cash, which resulted principally from our profit before tax of RMB1,183.9 million, adjusted for net non-cash income and net non-operating income of RMB1,224.9 million and cash used in the movement of our working capital of RMB43.4 million. Our net non-cash income and net non-operating income during the six months ended June 30, 2025 primarily consisted of other income resulting from the realization of contract liabilities and bank interest income, adjusted for depreciation of equipment, right-of-use assets and amortization for intangible assets, share-based payment expense and interest on bank loan and lease liabilities. The movement of our working capital during the six months ended June 30, 2025 primarily consisted of the increase in trade and other receivables, the decrease in trade and other payables, the decrease in value added tax recoverable and the decrease in restricted deposits.

Net cash (used in) from investing activities

Net cash used in investing activities was RMB0.9 million for the six months ended June 30, 2026, which resulted primarily from the purchase of equipment and intangible assets, adjusted for the interest received from bank for short-term deposit. Net cash from investing activities was RMB1.3 million for the six months ended June 30, 2025, which resulted primarily from the interest received from bank for short-term deposit, adjusted for the purchase of equipment.

Net cash from (used in) financing activities

Net cash from financing activities was RMB49.1 million for the six months ended June 30, 2026, which was primarily due to newly obtained bank loans and exercise of share options, offset by the payments relating to bank loan and lease liabilities. Net cash used in financing activities was RMB32.6 million for the six months ended June 30, 2025, which was primarily due to the payments relating to bank loan and lease liabilities, offset by newly obtained bank loans and exercise of share options.

Financial position

Our net current assets decreased from RMB1,086.2 million as of December 31, 2025 to RMB944.2 million as of June 30, 2026. Current assets increased from RMB1,296.4 million as of December 31, 2025 to RMB1,347.5 million as of June 30, 2026, primarily due to the expanded sales scale for the six months ended June 30, 2026.

Indebtedness

As of June 30, 2026, our lease liabilities and borrowings amounted to RMB41.0 million and RMB313.3 million. The following table sets forth our lease liabilities and borrowings as of the dates indicated:

	As of June 30, 2026 RMB'000	As of December 31, 2025 RMB'000
Current portion	235,100	48,659
Non-current portion	119,160	253,014
Total	354,260	301,673

Our lease liabilities as of June 30, 2026 were from leased properties lease contracts with lease terms of one to three years. As of June 30, 2026, we did not have any other indebtedness.

Qualitative and quantitative disclosures about market risk

We are exposed to a variety of market risks, including currency risk, interest rate risk, credit risk, and liquidity risk, details of which are set out below. We manage and monitor these exposures to ensure appropriate measures are implemented in a timely and effective manner. We currently do not hedge or consider it necessary to hedge any of these risks.

Currency risk

Our business mainly operates in the PRC with most of our transactions settled in Renminbi, and our financial statements are presented in Renminbi. Renminbi is not a freely convertible currency. The State Administration of Foreign Exchange, under the authority of the People's Bank of China, controls the conversion of Renminbi into foreign currencies. The value of Renminbi is subject to changes in central government policies and to international economic and political developments affecting supply and demand in the China Foreign Exchange Trade System market. We do not believe that we currently have any significant direct foreign exchange risk and have not used any derivative financial instruments to hedge our exposure to such risk.

Since our inception, we have raised funds through various rounds of offshore financings and received proceeds of such financings in U.S. dollars, HK dollars and Renminbi. We converted a portion of those funds to Renminbi immediately and placed the remaining amount in time deposits. We converted additional amounts to Renminbi as needed. The value of the Renminbi against the U.S. dollars and other currencies may fluctuate and is affected by, among other things, changes in China's political and economic conditions. To the extent that we need to convert U.S. dollars or other currencies we have received in previous financings into Renminbi for our operations, or if any of our arrangements with other parties are denominated in U.S. dollars and need to be converted into Renminbi, appreciation of the Renminbi against the U.S. dollars or other currencies would have an adverse effect on the Renminbi amount we receive from the conversion. Conversely, if we decide to convert Renminbi into U.S. dollars or other currencies for business purposes, appreciation of the U.S. or HK dollars against the Renminbi would have a negative effect on the U.S. dollars or other currencies amounts available to us. We have conducted a sensitivity analysis to determine our exposure to changes in foreign currency rate.

The following table details our sensitivity to a 5% increase and decrease in functional currencies of the relevant group entities against foreign currencies, with which the Group may have a material exposure. 5% represents management's assessment of the reasonably possible changes in foreign exchange rate. The sensitivity analysis uses outstanding foreign currency denominated monetary items as a base and adjusts their translation as of June 30, 2026 for a 5% change in foreign currency rate. A negative number below indicates an increase in loss where functional currencies strengthen 5% against foreign currencies. For a 5% weakening of functional currencies against foreign currencies, there would be an equal and opposite impact on gain for the period.

	As of June 30, 2026 RMB'000	As of December 31, 2025 RMB'000
Impact on profit or loss		
US\$	(1,471)	(1,674)
HK\$	(2,347)	(3,011)
MOP\$	(35)	(41)
RMB	(7)	(5)

Interest rate risk

The Group is primarily exposed to fair value interest rate risk in relation to fixed-rate short-term bank deposits. The Group currently does not have an interest rate hedging policy to mitigate interest rate risk. Nevertheless, the management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances. The Directors consider that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant, therefore no sensitivity analysis on such risk has been prepared.

Liquidity risk

As of June 30, 2026 and December 31, 2025, we recorded net current assets of RMB944.2 million and RMB1,086.2 million, respectively. In the management of the liquidity risk, we monitor and maintain a level of cash and cash equivalents deemed adequate by our management to finance our operations and mitigate the effects of fluctuations in cash flows.

Key financial ratios

The following table sets forth our key financial ratios as of the dates indicated:

	As of June 30, 2026	As of December 31, 2025
Current ratio ⁽¹⁾	3.3	6.2
Quick ratio ⁽²⁾	3.1	5.6
Gearing ratio ⁽³⁾	35.7%	30.0%

(1) Current ratio represents current assets divided by current liabilities as of the same date.

(2) Quick ratio represents current assets less inventories divided by current liabilities as of the same date.

(3) Gearing ratio represents liability divided by equity as of the same date. Liability is defined as short term loan, long term loan and lease liabilities (excluding trade and other payables, deferred income and contract liabilities). Equity includes all capital and reserves of the Group.

The current ratio and quick ratio as of June 30, 2026 decreased by 2.9 and 2.5 respectively, as compared with December 31, 2025; gearing ratio as of June 30, 2026 increased by 5.7 percentage points, as compared with December 31, 2025, which were mainly due to the increased short-term loan caused by our financing strategy.

Charge of the Group's assets

Save as disclosed in this report, the Group had no material assets charged as of June 30, 2026.

Capital commitments

Save as disclosed in this report, the Group had no material capital commitments as of June 30, 2026.

Future plans for material investments or capital assets

As of June 30, 2026, we planned to continue to invest in Shanghai Huasheng Inc, which was established in the Shanghai Lingang Special Area for ensuring adequate dorzagliatin commercial supply and the source of funding is expected to come from internal resources and/or external borrowings, as considered appropriate by the management of the Company.

Contingent liabilities

Save as disclosed in this report, the Group had no material contingent liabilities as of June 30, 2026 (as of June 30, 2025: Nil).

Disclosure under Rules 13.20 to 13.22 of the Listing Rules

The Company does not have any continuing disclosure obligations under Rules 13.20, 13.21 or 13.22 of the Listing Rules.

Employees and remuneration policy

As of June 30, 2026, we had 424 employees, as compared to a total of 328 employees as of December 31, 2025. The following table shows a breakdown of our employees by function as of June 30, 2026:

	Number of employees	Approximate percentage
Research and development	76	18%
General and administration	56	13%
Selling and marketing	268	63%
Manufacturing	11	3%
Management	13	3%
Total	424	100%

The majority of the employees are employed in mainland China. For the six months ended June 30, 2026, the staff costs (including Directors' emoluments but excluding any contributions to pension scheme) were approximately RMB138.2 million as compared to RMB97.0 million for the six months ended June 30, 2025.

The Group will continue to offer competitive remuneration packages, discretionary share options and bonuses to staff. The Group's employee remuneration policy is determined by taking into account factors such as remuneration in respect of the overall remuneration standard in the industry and employee's performance. The management reviews the Group's employee remuneration policy and agreements on a regular basis. Moreover, the 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 their working efficiency. 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 six months ended June 30, 2026.

The Company has also adopted a Pre-IPO Share Incentive Scheme and a Post-IPO Share Option Scheme. Please refer to the section headed "Statutory and General Information – D. Share Incentive Schemes" in Appendix IV to the Prospectus and the annual and interim reports of the Company for further details.

Share Schemes

The Company currently has two existing share schemes, namely the Pre-IPO Share Incentive Scheme and the Post-IPO Share Option Scheme. The Pre-IPO Share Incentive Scheme and the Post-IPO Share Option Scheme were adopted before the effective date of the new Chapter 17 of the Listing Rules on January 1, 2023. The Company has complied, and will continue to comply, with the new Chapter 17 to the extent required by the transitional arrangements for existing share schemes.

No Shares, representing approximately 0.0% of the weighted average number of Shares (excluding treasury shares (as defined under the Listing Rules)) for the Reporting Period, may be issued in respect of options and awards granted during the Reporting Period to eligible participants pursuant to all of the share schemes.

1. Pre-IPO Share Incentive Scheme

No further option or award would be granted under the Pre-IPO Share Incentive Scheme after Listing. Accordingly, 0 options and awards were available for grant as at January 1, 2026 and June 30, 2026, respectively. No service provider sublimit was set under the Pre-IPO Share Incentive Scheme. The Company has established an employee trust to administer the scheme and a total of 117,000,000 Shares, representing all the Shares underlying the options and awards granted under the Pre-IPO Share Incentive Scheme, had been issued to HLYY Limited, the nominee under the trust, to hold the Shares to satisfy the options and awards granted upon exercise/vesting.

Details of the material terms of the Pre-IPO Share Incentive Scheme are set out in the annual report of the Company for the year ended December 31, 2025 and details of the movements in the outstanding share options granted under the Pre-IPO Share Incentive Scheme (to be satisfied by existing Shares) will be set out in the annual report of the Company for the year ending December 31, 2026.

2. Post-IPO Share Option Scheme

The table below shows the details of movement of share options granted under the Post-IPO Share Option Scheme during the Reporting Period.

													Weighted average closing price of the Shares immediately before the Closing price of the Shares immediately before the dates on which the options were exercised during the Reporting Period
Name	Date of grant	Exercise price	Vesting period	Exercise period	Outstanding	Granted	Exercised	Forfeited/ Cancelled	Lapsed	Outstanding	Fair Value		
					as at 1 January 2026	during the Reporting Period	during the Reporting Period	during the Reporting Period	during the Reporting Period	as at 30 June 2026	of the options at the date of grant	the Shares immediately before the date of grant	exercised during the Reporting Period
Directors													
Dr. Li CHEN	June 25, 2019 ⁽¹⁾	HKD8.866	4 years	10 years from date of grant	12,079,000	–	–	–	–	12,079,000	NA	HKD6.69	NA
	March 22, 2021 ⁽²⁾	HKD4.984	4 years	10 years from date of grant	3,000,000	–	–	–	–	3,000,000	NA	HKD4.83	NA
	March 17, 2022 ⁽³⁾	HKD3.40	4 years	10 years from date of grant	5,000,000	–	–	–	–	5,000,000	NA	HKD3.40	NA
	March 31, 2023 ⁽⁴⁾	HKD3.62	4 years	10 years from date of grant	4,000,000	–	–	–	–	4,000,000	NA	HKD3.52	NA
	March 28, 2025 ⁽¹⁸⁾	HKD2.48	4 years	10 years from date of grant	3,000,000	–	–	–	–	3,000,000	NA	HKD2.58	NA
Mr. George Chien Cheng LIN	November 28, 2025 ⁽¹⁹⁾	HKD3.38	3 years and 5 months	10 years from date of grant	3,400,000	–	–	–	–	3,400,000	NA	HKD3.26	NA
	May 17, 2019 ⁽¹⁾	HKD8.866	4 years	10 years from date of grant	300,000	–	–	–	–	300,000	NA	HKD7.01	NA
	March 31, 2023 ⁽⁴⁾	HKD3.62	4 years	10 years from date of grant	1,200,000	–	–	–	–	1,200,000	NA	HKD3.52	NA
	March 28, 2025 ⁽¹⁸⁾	HKD2.48	4 years	10 years from date of grant	200,000	–	–	–	–	200,000	NA	HKD2.58	NA
	November 28, 2025 ⁽¹⁹⁾	HKD3.38	3 years and 5 months	10 years from date of grant	500,000	–	–	–	–	500,000	NA	HKD3.26	NA

Name	Date of grant	Exercise price	Vesting period	Exercise period	Outstanding	Granted	Exercised	Forfeited/	Lapsed	Outstanding	Fair Value	Closing	Weighted
					as at	during the	during the	Cancelled	during the	as at	of the	price of	average
					1 January 2026	Reporting Period	Reporting Period	during the Reporting Period	during the Reporting Period	30 June 2026	options at the date of grant	the Shares immediately before the date of grant	closing price of the Shares immediately before the dates on which the options were exercised during the Reporting Period
Dr. Zhang Yi	June 25, 2019 ⁽¹⁾	HKD8.866	4 years	10 years from date of grant	200,000	–	–	–	–	200,000	NA	HKD6.69	NA
	March 17, 2020 ⁽⁷⁾	HKD3.616	4 years	10 years from date of grant	200,000	–	–	–	–	200,000	NA	HKD3.18	NA
	March 22, 2021 ⁽²⁾	HKD4.984	4 years	10 years from date of grant	500,000	–	–	–	–	500,000	NA	HKD4.83	NA
	March 17, 2022 ⁽³⁾	HKD3.40	4 years	10 years from date of grant	500,000	–	–	–	–	500,000	NA	HKD3.40	NA
	March 31, 2023 ⁽⁴⁾	HKD3.62	4 years	10 years from date of grant	500,000	–	–	–	–	500,000	NA	HKD3.52	NA
	March 28, 2025 ⁽¹⁸⁾	HKD2.48	4 years	10 years from date of grant	210,000	–	–	–	–	210,000	NA	HKD2.58	NA
	November 28, 2025 ⁽¹⁹⁾	HKD3.38	3 years and 5 months	10 years from date of grant	900,000	–	–	–	–	900,000	NA	HKD3.26	NA
Other grantees in aggregate													
Employee Participants	October 29, 2018 ⁽⁵⁾	HKD7.192	4 years	10 years from date of grant	75,000	–	–	–	–	75,000	NA	HKD6.68	NA
	May 15, 2019 ⁽¹⁾	HKD8.866	4 years	10 years from date of grant	3,220,300	–	–	–	(250,000)	2,970,300	NA	HKD7.01	NA
	Accepted: January 3, 2020 ⁽⁶⁾	HKD6.64	4 years	10 years from date of grant	200,000	–	–	–	–	200,000	NA	HKD4.98	NA
	March 17, 2020 ⁽⁷⁾	HKD3.616	4 years	10 years from date of grant	5,020,845	–	–	–	(345,845)	4,675,000	NA	HKD3.18	NA

Name	Date of grant	Exercise price	Vesting period	Exercise period	Outstanding	Granted	Exercised	Forfeited/	Lapsed	Outstanding	Fair Value	Closing	Weighted
					as at	during the	during the	Cancelled	during the	as at	of the	price of	average
					1 January 2026	Reporting Period	Reporting Period	during the Reporting Period	during the Reporting Period	30 June 2026	options at the date of grant	the Shares immediately before the date of grant	closing price of the Shares immediately before the dates on which the options were exercised during the Reporting Period
	April 3, 2020 ⁽⁸⁾	HKD3.00	4 years	10 years from date of grant	200,000	–	–	–	–	200,000	NA	HKD3.00	NA
	April 7, 2020 ⁽⁹⁾	HKD3.018	4 years	10 years from date of grant	200,000	–	–	–	–	200,000	NA	HKD2.86	NA
	August 18, 2020 ⁽¹⁰⁾	HKD7.184	4 years	10 years from date of grant	500,000	–	–	–	–	500,000	NA	HKD7.08	NA
	January 7, 2021 ⁽¹¹⁾	HKD5.584	4 years	10 years from date of grant	500,000	–	–	–	–	500,000	NA	HKD5.22	NA
	March 22, 2021 ⁽¹²⁾	HKD4.984	4 years	10 years from date of grant	3,246,591	–	–	–	(364,591)	2,882,000	NA	HKD4.83	NA
	September 23, 2021 ⁽¹³⁾	HKD5.05	4 years	10 years from date of grant	200,000	–	–	–	–	200,000	NA	HKD5.05	NA
	March 17, 2022 ⁽¹⁴⁾	HKD3.40	4 years	10 years from date of grant	1,853,762	–	–	–	(199,587)	1,654,175	NA	HKD3.40	NA
	June 24, 2022 ⁽¹⁵⁾	HKD3.95	4 years	10 years from date of grant	1,000,000	–	–	–	–	1,000,000	NA	HKD3.95	NA

Name	Date of grant	Exercise price	Vesting period	Exercise period	Outstanding	Granted	Exercised	Forfeited/	Lapsed	Outstanding	Fair Value	Closing	Weighted
					as at	during the	during the	Cancelled	during the	as at	of the	price of	average
					1 January 2026	Reporting Period	Reporting Period	during the Reporting Period	during the Reporting Period	30 June 2026	options at the date of grant	the Shares immediately before the date of grant	closing price of the Shares immediately before the dates on which the options were exercised during the Reporting Period
	December 1, 2022 ⁽¹⁶⁾	HKD3.47	4 years	10 years from date of grant	1,500,000	–	–	–	–	1,500,000	NA	HKD3.47	NA
	March 31, 2023 ⁽⁴⁾	HKD3.62	4 years	10 years from date of grant	4,104,171	–	–	–	–	4,104,171	NA	HKD3.62	NA
	May 8, 2023 ⁽¹⁷⁾	HKD2.968	4 years	10 years from date of grant	500,000	–	–	–	–	500,000	NA	HKD2.83	NA
	March 28, 2025 ⁽¹⁸⁾	HKD2.48	4 years	10 years from date of grant	5,680,000	–	–	(14,792)	–	5,665,208	NA	HKD2.58	NA
	November 28, 2025 ⁽¹⁹⁾	HKD3.38	3 years and 5 months	10 years from date of grant	15,200,000	–	–	(100,000)	–	15,100,000	NA	HKD3.26	NA
Service Providers	May 15, 2019 ⁽¹⁾	HKD8.866	4 years	10 years from date of grant	200,000	–	–	–	–	200,000	NA	HKD7.01	NA
	March 28, 2025 ⁽¹⁸⁾	HKD2.48	4 years	10 years from date of grant	150,000	–	–	–	–	150,000	NA	HKD2.58	NA
Total					79,239,669	–	–	(114,792)	(1,160,023)	77,964,854			

Notes:

- (1) With vesting commencement date of January 23, 2019 or November 11, 2019 and are exercisable in accordance with the vesting schedule that the Shares subject to the options will be vested on the first anniversary of the vesting commencement date and the remaining 75% of the Shares subject to the options will be vested in 36 monthly installments thereafter, subject to the grantee's continued employment through the applicable vesting date, at an exercise price of HK\$8.866.
- (2) With grant date of January 7, 2021 and vesting commencement date of January 7, 2021 and are exercisable in accordance with the vesting schedule that the Shares subject to the options will be vested on the first anniversary of the vesting commencement date and the remaining 75% of the Shares subject to the options will be vested in 36 monthly installments thereafter, subject to the grantee's continued employment through the applicable vesting date, at an exercise price of HK\$4.984.
- (3) With grant date of March 17, 2022 and vesting commencement date of March 17, 2022 and are exercisable in accordance with the vesting schedule that the Shares subject to the options will be vested on the first anniversary of the vesting commencement date and the remaining 75% of the Shares subject to the options will be vested in 36 monthly installments thereafter, subject to the grantee's continued employment through the applicable vesting date, at an exercise price of HK\$3.40.
- (4) With grant date of March 31, 2023 and vesting commencement date of March 31, 2023 and are exercisable in accordance with the vesting schedule that the Shares subject to the options will be vested on the first anniversary of the vesting commencement date and the remaining 75% of the Shares subject to the options will be vested in 36 monthly installments thereafter, subject to the grantee's continued employment through the applicable vesting date, at an exercise price of HK\$3.62.
- (5) With grant date of October 29, 2018 and vesting commencement date of October 29, 2018 and are exercisable in accordance with the vesting schedule that the Shares subject to the options will be vested on the first anniversary of the vesting commencement date and the remaining 75% of the Shares subject to the options will be vested in 36 monthly installments thereafter, subject to the grantee's continued employment through the applicable vesting date, at an exercise price of HK\$7.192.
- (6) With vesting commencement date of November 13, 2019 and are exercisable in accordance with the vesting schedule that the Shares subject to the options will be vested on the first anniversary of the vesting commencement date and the remaining 75% of the Shares subject to the options will be vested in 36 monthly installments thereafter, subject to the grantee's continued employment through the applicable vesting date, at an exercise price of HK\$6.64.

- (7) With grant date of March 17, 2020 and vesting commencement date of March 17, 2020 and are exercisable in accordance with the vesting schedule that the Shares subject to the options will be vested on the first anniversary of the vesting commencement date and the remaining 75% of the Shares subject to the options will be vested in 36 monthly installments thereafter, subject to the grantee's continued employment through the applicable vesting date, at an exercise price of HK\$3.616.
- (8) With grant date of April 3, 2020 and vesting commencement date April 3, 2020 and are exercisable in accordance with the vesting schedule that the Shares subject to the options will be vested on the first anniversary of the vesting commencement date and the remaining 75% of the Shares subject to the options will be vested in 36 monthly installments thereafter, subject to the grantee's continued employment through the applicable vesting date, at an exercise price of HK\$3.00.
- (9) With grant date of April 7, 2020 and vesting commencement date April 7, 2020 and are exercisable in accordance with the vesting schedule that the Shares subject to the options will be vested on the first anniversary of the vesting commencement date and the remaining 75% of the Shares subject to the options will be vested in 36 monthly installments thereafter, subject to the grantee's continued employment through the applicable vesting date, at an exercise price of HK\$3.018.
- (10) With grant date of August 18, 2020 and vesting commencement date August 18, 2020 and are exercisable in accordance with the vesting schedule that the Shares subject to the options will be vested on the first anniversary of the vesting commencement date and the remaining 75% of the Shares subject to the options will be vested in 36 monthly installments thereafter, subject to the grantee's continued employment through the applicable vesting date, at an exercise price of HK\$7.184.
- (11) With grant date of January 7, 2021 and vesting commencement date January 7, 2021 and are exercisable in accordance with the vesting schedule that the Shares subject to the options will be vested on the first anniversary of the vesting commencement date and the remaining 75% of the Shares subject to the options will be vested in 36 monthly installments thereafter, subject to the grantee's continued employment through the applicable vesting date, at an exercise price of HK\$5.584.
- (12) With grant date of March 22, 2021 and vesting commencement date March 22, 2021 and are exercisable in accordance with the vesting schedule that the Shares subject to the options will be vested on the first anniversary of the vesting commencement date and the remaining 75% of the Shares subject to the options will be vested in 36 monthly installments thereafter, subject to the grantee's continued employment through the applicable vesting date, at an exercise price of HK\$4.984.
- (13) With grant date of September 23, 2021 and vesting commencement date September 23, 2021 and are exercisable in accordance with the vesting schedule that the Shares subject to the options will be vested on the first anniversary of the vesting commencement date and the remaining 75% of the Shares subject to the options will be vested in 36 monthly installments thereafter, subject to the grantee's continued employment through the applicable vesting date, at an exercise price of HK\$5.05.

- (14) With grant date of March 17, 2022 and vesting commencement date March 17, 2022 and are exercisable in accordance with the vesting schedule that the Shares subject to the options will be vested on the first anniversary of the vesting commencement date and the remaining 75% of the Shares subject to the options will be vested in 36 monthly installments thereafter, subject to the grantee's continued employment through the applicable vesting date, at an exercise price of HK\$3.40.
- (15) With grant date of June 24, 2022 and vesting commencement date June 24, 2022 and are exercisable in accordance with the vesting schedule that the Shares subject to the options will be vested on the first anniversary of the vesting commencement date and the remaining 75% of the Shares subject to the options will be vested in 36 monthly installments thereafter, subject to the grantee's continued employment through the applicable vesting date, at an exercise price of HK\$3.95.
- (16) With grant date of December 1, 2022 and vesting commencement date December 1, 2022 and are exercisable in accordance with the vesting schedule that the Shares subject to the options will be vested on the first anniversary of the vesting commencement date and the remaining 75% of the Shares subject to the options will be vested in 36 monthly installments thereafter, subject to the grantee's continued employment through the applicable vesting date, at an exercise price of HK\$3.47.
- (17) With grant date of May 8, 2023 and vesting commencement date May 8, 2023 and are exercisable in accordance with the vesting schedule that the Shares subject to the options will be vested on the first anniversary of the vesting commencement date and the remaining 75% of the Shares subject to the options will be vested in 36 monthly installments thereafter, subject to the grantee's continued employment through the applicable vesting date, at an exercise price of HK\$2.968.
- (18) With grant date of March 28, 2025 and vesting commencement date March 28, 2025 and are exercisable in accordance with the vesting schedule that the Shares subject to the options will be vested on the first anniversary of the vesting commencement date and the remaining 75% of the shares subject to the options will be vested in 36 monthly installments thereafter, subject to the grantee's continued employment through the applicable vesting date, at an exercise price of HK\$2.48.
- (19) With grant date of November 28, 2025 and vesting commencement date November 28, 2025 and are exercisable in accordance with the vesting schedule that 30% of the Shares subject to the options will be vested on May 1, 2027, 30% of the Shares subject to the options will be vested on May 1, 2028 and the remaining 40% of the Shares subject to the options shall be vested on May 1, 2029, subject to the grantee's continued employment through the applicable vesting date, at an exercise price of HK\$3.38. The vesting of the Share Options are also subject to the achievement of performance targets by the grantee and the Group for the financial years ending December 31, 2026, 2027 and 2028. The performance targets of the grantees at the individual level shall be determined based on the grantee's role. The closing price of the Shares immediately before the date on which the options were granted was HK\$3.26. The fair value of the options is calculated using the Black-Scholes pricing model and the fair value at the date of grant is HK\$2.19.
- (20) As at January 1, 2026 and June 30, 2026, 15,107,033 Shares and 16,267,056 Shares were available for future grant under the scheme mandate of the Post-IPO Share Option Scheme, respectively. No service provider sublimit was set under the Post-IPO Share Option Scheme.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF HUA MEDICINE

(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of Hua Medicine (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 31 to 52, which comprise the condensed consolidated statement of financial position at June 30, 2026 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months then ended, and notes to the condensed consolidated financial statements. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) as issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” as issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

August 20, 2026

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2026

	NOTES	Six months ended June 30,	
		2026 RMB'000 (unaudited)	2025 RMB'000 (unaudited)
Revenue	3	378,904	217,432
Cost of sales		<u>(144,594)</u>	<u>(99,613)</u>
Gross profit		234,310	117,819
Other income	5	6,531	1,254,565
Other gains and losses	6	(5,673)	(1,374)
Selling expenses		(126,889)	(64,155)
Research and development expenses		(66,822)	(65,821)
Administrative expenses		(67,276)	(53,120)
Finance cost	7	<u>(4,376)</u>	<u>(3,968)</u>
(Loss)/profit before tax	8	(30,195)	1,183,946
Income tax expense	9	<u>—</u>	<u>—</u>
(Loss)/profit for the period		<u><u>(30,195)</u></u>	<u><u>1,183,946</u></u>
Other comprehensive income:			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
– Exchange differences on translation of foreign operations		<u>162</u>	<u>154</u>
Other comprehensive income for the period, net of income tax		<u><u>162</u></u>	<u><u>154</u></u>
Total comprehensive (expense) income for the period		<u><u>(30,033)</u></u>	<u><u>1,184,100</u></u>
(LOSS)/EARNINGS PER SHARE	12	RMB	RMB
Basic		(0.03)	1.20
Diluted		<u>(0.03)</u>	<u>1.19</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT JUNE 30, 2026

	NOTES	At June 30, 2026 RMB'000 (unaudited)	At December 31, 2025 RMB'000 (audited)
Non-current assets			
Plant and equipment	13	28,991	30,233
Right-of-use assets	13	74,061	79,840
Intangible assets		22,423	22,589
Trade and other receivables	14	39,902	38,387
Amount due from a director	20	2,230	2,259
		<u>167,607</u>	<u>173,308</u>
Current assets			
Inventories		116,202	121,667
Trade and other receivables	14	158,318	82,471
Bank balances and cash	15	<u>1,072,936</u>	<u>1,092,288</u>
		<u>1,347,456</u>	<u>1,296,426</u>
Current liabilities			
Trade and other payables	16	168,119	161,608
Borrowings	17	215,976	30,610
Lease liabilities		<u>19,124</u>	<u>18,049</u>
		<u>403,219</u>	<u>210,267</u>
Net current assets		<u>944,237</u>	<u>1,086,159</u>
Total assets less current liabilities		<u>1,111,844</u>	<u>1,259,467</u>

		At June 30, 2026 RMB'000 (unaudited)	At December 31, 2025 RMB'000 (audited)
	NOTES		
Non-current liabilities			
Borrowings	17	97,325	220,556
Lease liabilities		21,835	32,458
		<u>119,160</u>	<u>253,014</u>
Net assets		<u>992,684</u>	<u>1,006,453</u>
Capital and reserves			
Share capital	18	7,221	7,221
Treasury shares held in trust	18	(397)	(411)
Reserves		<u>985,860</u>	<u>999,643</u>
Total equity		<u>992,684</u>	<u>1,006,453</u>

The condensed consolidated financial statements on pages 31 to 33 were approved and authorized for issue by the directors of the Company on August 20, 2026 and are signed on its behalf by:

Dr. Li Chen
DIRECTOR

Mr. George Chien Cheng Lin
DIRECTOR

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2026

	Share capital RMB'000	Treasury shares held in trust RMB'000	Share premium RMB'000	Other reserve RMB'000	Share option reserve RMB'000	Translation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At January 1, 2026 (audited)	7,221	(411)	5,955,302	(9,671)	308,296	386	(5,254,670)	1,006,453
Loss for the period (unaudited)	–	–	–	–	–	–	(30,195)	(30,195)
Other comprehensive income for the period (unaudited)	–	–	–	–	–	162	–	162
Total comprehensive expense for the period (unaudited)	–	–	–	–	–	162	(30,195)	(30,033)
Exercise of share options (Note 19 (b)) (unaudited)	–	14	3,288	(14)	–	–	–	3,288
Recognition of equity-settled share-based payment (unaudited)	–	–	–	–	12,976	–	–	12,976
At June 30, 2026 (unaudited)	<u>7,221</u>	<u>(397)</u>	<u>5,958,590</u>	<u>(9,685)</u>	<u>321,272</u>	<u>548</u>	<u>(5,284,865)</u>	<u>992,684</u>
At January 1, 2025 (audited)	7,214	(492)	5,932,404	(9,590)	296,110	(89)	(6,361,023)	(135,466)
Profit for the period (unaudited)	–	–	–	–	–	–	1,183,946	1,183,946
Other comprehensive income for the period (unaudited)	–	–	–	–	–	154	–	154
Total comprehensive income for the period (unaudited)	–	–	–	–	–	154	1,183,946	1,184,100
Exercise of share options (Note 19 (b)) (unaudited)	–	23	5,629	(23)	–	–	–	5,629
Recognition of equity-settled share-based payment (unaudited)	–	–	–	–	4,916	–	–	4,916
At June 30, 2025 (unaudited)	<u>7,214</u>	<u>(469)</u>	<u>5,938,033</u>	<u>(9,613)</u>	<u>301,026</u>	<u>65</u>	<u>(5,177,077)</u>	<u>1,059,179</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2026

	Six months ended June 30,	
	2026	2025
	RMB'000	RMB'000
	(unaudited)	(unaudited)
OPERATING ACTIVITIES		
(Loss)/Profit before tax	(30,195)	1,183,946
Adjustments for:		
Bank interest income	(3,656)	(7,339)
Income from government grants	–	(1,363)
Depreciation of plant and equipment	1,509	5,533
Depreciation of right-of-use assets	8,958	9,749
Amortization of intangible assets	1,791	1,739
Finance cost	4,376	3,968
Share-based payment expense	12,976	4,916
Loss on disposal of plant and equipment	33	–
Net unrealized foreign exchange loss	4,900	1,331
Release of contract liabilities upon termination of service agreement	–	(1,243,499)
Operating cash flows before movements in working capital	692	(41,019)
Increase in trade and other receivables	(76,911)	(30,433)
Decrease in inventories	5,465	485
Decrease in restricted deposits	–	8,907
Increase/(decrease) in trade and other payables	7,960	(22,354)
NET CASH USED IN OPERATING ACTIVITIES	(62,794)	(84,414)
INVESTING ACTIVITIES		
Purchase of plant and equipment	(3,760)	(6,060)
Purchase of intangible assets	(1,053)	–
Payments for rental deposits	(469)	(29)
Refund of rental deposits	681	52
Interest received from bank	3,671	7,296
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(930)	1,259

	Six months ended June 30,	
	2026	2025
	RMB'000	RMB'000
	(unaudited)	(unaudited)
FINANCING ACTIVITIES		
Proceeds from borrowings	70,587	29,853
Repayments of borrowings	(8,452)	(54,000)
Proceeds from exercise of share options	3,721	3,747
Interests paid	(3,623)	(2,973)
Repayments of leases liabilities	(13,092)	(9,260)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	<u>49,141</u>	<u>(32,633)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(14,583)	(115,788)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	1,092,288	1,139,753
Effects of exchange rate changes	(4,769)	(1,177)
CASH AND CASH EQUIVALENTS AT END OF PERIOD, REPRESENTED BY BANK BALANCES AND CASH	<u>1,072,936</u>	<u>1,022,788</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2026

1. GENERAL INFORMATION AND BASIS OF PREPARATION

1.1 General information

Hua Medicine (the “Company”) was established in the Cayman Islands as an exempted company with limited liability on November 10, 2009, and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on September 14, 2018 (the “Listing Date”). The address of the registered office and the principal place of business of the Company are set out in the section headed “Corporate Information” to the interim report. The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as “Group”) are principally engaged in developing and commercialization of a global first-in-class oral drug, Dorzagliatin or HMS5552, for the treatment of Type 2 diabetes.

The functional currency of the Company is Renminbi (“RMB”), which is the same as the presentation currency of the condensed consolidated financial statements.

1.2 Basis of preparation

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

2. ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

Other than changes in accounting policies resulting from application of amendments to IFRS Accounting Standards, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2026 (“Reporting Period”) are the same as those presented in the Group’s annual consolidated financial statements for the year ended December 31, 2025.

2. ACCOUNTING POLICIES (Continued)

Application of amendments to IFRS Accounting Standards

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

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

The application of the amendments to IFRS Accounting Standard 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.

3. REVENUE FROM CONTRACTS WITH CUSTOMERS

	Six months ended June 30,	
	2026	2025
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Timing of revenue recognition		
At a point in time		
Sales of pharmaceutical products	378,884	217,432
Service income	20	–
	<u>378,904</u>	<u>217,432</u>

The amount of revenue recognized for the sales of pharmaceutical products represented the gross selling price less the estimated rebates to customers.

4. OPERATING SEGMENTS

For the purpose of resources allocation and performance assessment, the Group's chief executive officer, being the chief operating decision maker, reviews the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole and hence, the Group has only one reportable segment and no further analysis of this single segment is presented.

Revenue by geographical location:

	Six months ended June 30,	
	2026	2025
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Mainland China	<u>378,904</u>	<u>217,432</u>

5. OTHER INCOME

	Six months ended June 30,	
	2026	2025
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest income	3,656	7,339
Government grants (Note a)	2,875	3,727
– Assets-related grants	–	1,363
– Income-related grants	2,875	2,364
Release of contract liabilities upon termination of service agreement (Note b)	<u>–</u>	<u>1,243,499</u>
	<u>6,531</u>	<u>1,254,565</u>

Note a: The amount mainly represents 1) government grant related to income received as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable; and 2) amortization of subsidies received from the PRC local government authorities to subsidize the purchase of the Group's leasehold improvement, furniture, fixture and equipment.

5. OTHER INCOME (Continued)

Note b: On August 17, 2020, the Group entered into an exclusive promotion service agreement ("Agreement") with Bayer Healthcare Company Limited ("Bayer") under which the Group granted the exclusive promotion rights on dorzagliatin. Pursuant to the Agreement, the Group is entitled to a non-refundable upfront payment and additional milestone payments, while the counterparty receives the exclusive rights to commercialize the product in China and will receive tiered service fee based on the net sales. The Group served a formal notice of termination on the Agreement to Bayer in accordance with the early termination right of the Group agreed in the Agreement with effect from January 1, 2025. As a result, the outstanding contract liabilities upon such termination of RMB1,243,499,000 are recognized as other income immediately.

6. OTHER GAINS AND LOSSES

Other gains and losses mainly represent the foreign exchange gains and losses during the six months ended June 30, 2026 and 2025.

7. FINANCE COST

	Six months ended June 30,	
	2026	2025
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest on lease liabilities	806	985
Interest on borrowings	3,570	2,983
	<u>4,376</u>	<u>3,968</u>

8. (LOSS)/PROFIT BEFORE TAX

(Loss)/profit before tax for the period has been arrived at after charging:

	Six months ended June 30,	
	2026	2025
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Depreciation of plant and equipment	1,509	5,533
Depreciation of right-of-use assets	8,958	9,749
Amortization of intangible assets	1,791	1,739
Total depreciation and amortization	12,258	17,021
Staff cost (including directors' emoluments):		
– Salaries and other benefits	126,589	92,967
– Retirement benefit scheme contributions	9,049	6,594
– Other social security and housing provident fund	11,473	8,456
– Share-based payment	12,976	4,916
	160,087	112,933
Change in amount capitalized in inventories	(1,352)	(1,023)
	158,735	111,910
Auditors' remuneration	900	821
Inventories recognized as cost	111,481	76,048
Inventories recognized as expenses	1,623	662

9. INCOME TAX EXPENSE

The Company was incorporated in the Cayman Islands and is exempted from income tax.

No Hong Kong profit tax was provided for as there was no estimated assessable profit of the Group's Hong Kong subsidiary that was subject to Hong Kong profit tax during the period presented in the condensed consolidated financial statements.

Under the Law of the PRC of Enterprise Income tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the Group's PRC subsidiary is 25% during the period presented in the condensed consolidated financial statements, except for Hua Medicine (Shanghai) Ltd. ("Hua Shanghai"). No PRC Enterprise Income tax was provided for as there was no estimated assessable profit of the Group's PRC subsidiary during the period presented in the condensed consolidated financial statements.

9. INCOME TAX EXPENSE (Continued)

Hua Shanghai has been certified as a “High and New Technology Enterprise” by the Science and Technology Committee of Shanghai and relevant authorities on December 14, 2022 for a term of three years from 2022 to 2025, and registered with the PRC tax authorities for enjoying a reduced 15% EIT rate. The qualification as a High and New Technology Enterprise will be subject to review by the PRC tax authorities every three years. In 2026, Hua Shanghai was granted as a “High and New Technology Enterprise” by the Science and Technology Committee of Shanghai for a term of three years from December 25, 2025 to December 25, 2028, and has registered with the local tax authorities to continue enjoying the reduced 15% EIT rate.

The subsidiary incorporated in the United States are subject to Federal and State Income taxes. The effective combined income tax rate is 21% for the current interim period (six months ended June 30, 2025: 21%).

Deferred tax assets have been recognized only to the extent to offset the deferred tax liabilities. No additional deferred tax assets have been recognized on unused tax losses and other deductible temporary differences due to the unpredictability of future profit streams.

10. LICENSE AGREEMENT

In December 2011, the Group entered into a research, development and commercialization agreement (“GKA Agreement”) with Hoffman-La Roche Inc., and F. Hoffman-La Roche AG (collectively referenced as “Roche”) under which Roche granted the Group an exclusive license of patent rights, know-how and regulatory filings with respect to a compound which is a glucokinase activator to research, develop and commercialize products (“Licensed Product”) in the field of diabetes in the licensed territory (“Licensed Territory”). Pursuant to the GKA Agreement, the Group made US\$2,000,000 non-refundable upfront payment to Roche in 2012.

In 2017, the Group made US\$1,000,000 milestone payment to Roche upon the commencement of clinical trial Phase III in the PRC (excluding Hong Kong and Macau) for the Licensed Product.

In 2021, the Group made US\$1,000,000 milestone payment to Roche upon New Drug Application (“NDA”) filing in the PRC (excluding Hong Kong and Macau) to the National Medical Products Administration.

In 2022, the Group made US\$3,000,000 milestone payments to Roche upon the achievement of development of the Licensed Product through new drug approval in the PRC (excluding Hong Kong and Macau).

The Group is further obligated to make US\$33,000,000 milestone payments upon the achievement of development of the Licensed Product through new drug approval in the Licensed Territory other than the PRC (excluding Hong Kong and Macau). Upon commercialization, the Group is contingently obligated to make US\$15,000,000 milestone payments for the first time when the territory-wide calendar year net sales exceed US\$500,000,000 and US\$40,000,000 milestone payments for the first time when the territory-wide calendar year net sales exceed US\$1,000,000,000. The Group is also obligated to make royalty payments at the applicable incremental royalty rate based on sales of the Licensed Product.

The payments are recognized as intangible assets. For the period ended June 30, 2026, the Group incurred amortization cost of the license agreement of RMB1,396,000 (unaudited) (For the period ended June 30, 2025: RMB1,396,000 (unaudited)).

11. DIVIDENDS

No dividends were paid, declared or proposed during the interim period. The directors of the Company have determined that no dividend will be paid in respect of the interim period.

12. (LOSS)/EARNINGS PER SHARE

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

(Loss)/earnings figures are calculated as follows:

	Six months ended June 30,	
	2026	2025
	RMB'000	RMB'000
	(unaudited)	(unaudited)
(Loss)/earnings for the period attributable to the owners of the Company for the purpose of basic and diluted (loss)/earnings per share	<u>(30,195)</u>	<u>1,183,946</u>

Number of Shares:

	Six months ended June 30,	
	2026	2025
	(unaudited)	(unaudited)
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	997,988,916	984,907,922
Effect of dilutive potential ordinary shares:		
Options	<u>–</u>	<u>7,274,999</u>
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	<u>997,988,916</u>	<u>992,182,921</u>

The computation of diluted loss per share for the six months ended June 30, 2026 did not assume the exercise of share option since their assumed exercise would result in a decrease in loss per share (six months ended June 30, 2025: based on weighted average number of shares assumed to be in issue after taking into account the effect of share options issued by the Company).

13. PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the current interim period, the Group acquired RMB2,067,000 (unaudited) (six months ended June 30, 2025: RMB1,023,000 (unaudited)) of plant and equipment. During the current interim period, there is a loss on disposal of RMB33,000 (unaudited) (six months ended June 30, 2025: there is no disposal of plant and equipment).

During the current interim period, the Group extended the lease terms of several existing lease agreements for one to three years. The Group is required to make fixed monthly or quarterly payments. On date of lease modification, the Group recognized right-of-use assets of RMB3,179,000 (unaudited) (six months ended June 30, 2025: RMB3,295,000 (unaudited)) and lease liabilities of RMB3,179,000 (unaudited) (six months ended June 30, 2025: RMB3,295,000 (unaudited)).

14. TRADE AND OTHER RECEIVABLES

	At June 30, 2026 RMB'000 (unaudited)	At December 31, 2025 RMB'000 (audited)
Trade receivables	144,456	74,830
Prepayments for research and development services	2,285	1,045
Prepayments for acquisition of intangible assets	1,053	–
– non-current	1,053	–
Prepayment for raw materials and manufacture services	28,178	28,178
– current	178	178
– non-current	28,000	28,000
Prepayments for sales and marketing services	532	1,447
Utility and rental deposits	7,167	7,379
– current	130	195
– non-current	7,037	7,184
Value added tax (“VAT”) recoverable	3,271	3,203
– non-current	3,271	3,203
Interest receivables	416	373
Other receivables for considerations of options exercised	21	454
Others	10,841	3,949
– current	10,300	3,949
– non-current	541	–
	<u>198,220</u>	<u>120,858</u>
Analyzed as		
– current	158,318	82,471
– non-current	<u>39,902</u>	<u>38,387</u>
	<u>198,220</u>	<u>120,858</u>

14. TRADE AND OTHER RECEIVABLES (Continued)

The Group allows an average credit period of 60 days to its trade customers. The following is an aging analysis of trade receivables, presented based on invoice dates:

	At June 30, 2026 RMB'000 (unaudited)	At December 31, 2025 RMB'000 (audited)
0-60 days	144,456	74,830

15. BANK BALANCES AND CASH

Bank balances and cash comprise cash held by the Group and short-term bank deposits. The short term bank deposits carry interests at market rates which ranged from 0.00% to 1.20% per annum as of June 30, 2026 (December 31, 2025: from 0.00% to 3.12% per annum).

16. TRADE AND OTHER PAYABLES

	At June 30, 2026 RMB'000 (unaudited)	At December 31, 2025 RMB'000 (audited)
Trade payables	104,142	81,650
Other payables	11,693	11,583
Payroll and bonus payables	38,119	55,076
Construction expenditure	325	2,018
Interest payable	383	436
VAT payable	7,582	4,864
Others	5,875	5,981
	<u>168,119</u>	<u>161,608</u>

The average credit period on purchases of goods/services ranges up to 60 days.

16. TRADE AND OTHER PAYABLES (Continued)

The aging analysis of the trade payables presented based on the invoice date at the end of each reporting period is as follows:

	At June 30, 2026 RMB'000 (unaudited)	At December 31, 2025 RMB'000 (audited)
Uninvoiced or within 30 days	98,047	81,526
31 to 60 days	6,095	124
	<u>104,142</u>	<u>81,650</u>

17. BORROWINGS

During the current interim period, the Group obtained unsecured and unguaranteed new bank loans amounting to RMB70,587,000 (unaudited) (six months ended June 30, 2025: RMB29,853,000 (unaudited)). The Group's variable-rate borrowings carry interest at one year Loan Prime Rate (LPR) minus 0.89%, 0.25% or 0.15%, ranged from 2.11% to 2.85%, and are repayable in instalments over a period of one to three years. The proceeds were used for daily operations.

18. SHARE CAPITAL

The details of the changes of the Company's authorized and issued and fully paid ordinary shares during the six months ended June 30, 2026 are set out as below:

	Authorized number of shares	US\$
Ordinary shares of US\$0.001 each		
At January 1, 2026 (audited) and June 30, 2026 (unaudited)	<u>2,000,000,000</u>	<u>2,000,000</u>

18. SHARE CAPITAL (Continued)

	Issued and fully paid number of shares	US\$	Shown in the condensed consolidated statement of financial position as RMB'000
Ordinary shares of US\$0.001 each			
At January 1, 2026 (audited) and			
June 30, 2026 (unaudited)	<u>1,056,605,016</u>	<u>1,056,605</u>	<u>7,221</u>

The details of the changes of the treasury shares held in trust during the six months ended June 30, 2026 are set out as below:

	Number of treasury shares	US\$	Shown in the condensed consolidated statement of financial position as RMB'000
Treasury shares held in trust at January 1, 2026 (audited) (Note (a))	60,085,384	60,084	411
Option exercised to purchase ordinary shares under the trust (Note (b))	<u>(2,112,120)</u>	<u>(2,112)</u>	<u>(14)</u>
Treasury shares held in trust at June 30, 2026 (unaudited) (Note (a))	<u>57,973,264</u>	<u>57,972</u>	<u>397</u>

18. SHARE CAPITAL (Continued)

Notes:

- (a) On August 26, 2018, the Company entered into a trust deed with The Core Trust Company Limited (the “Trustee”) and HLYY Limited (the “Nominee”), a limited liability company incorporated in the British Virgin Islands and wholly owned by the Trustee, pursuant to which the Trustee has agreed to administer the Pre-IPO Share Incentive Scheme (as defined in Note 20). As of June 30, 2026, 57,973,264 shares of the sum of US\$57,972 (equivalent to RMB397,000) (December 31, 2025: 60,085,384 shares of the sum of US\$60,084 (equivalent to RMB411,000)) are held in trust including 57,973,264 shares (December 31, 2025: 60,085,384 shares) for outstanding options are disclosed in treasury shares since the Company has control over the Nominee.
- (b) During six months ended June 30, 2026, several employees and consultants exercised their right, evidenced by corresponding option agreements under the Company’s Pre-IPO Share Incentive Scheme, to subscribe 2,112,120 ordinary shares of the Company at the average exercise price of HK\$1.74 per share for an aggregate consideration equivalent to RMB3,288,000.

19. SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share option scheme of the Company

On March 5, 2013, the Company adopted a pre-IPO share incentive scheme (the “Pre-IPO Share Incentive Scheme”) and established an employee trust to administer the scheme. The total number of shares may be issued under the Pre-IPO Share Incentive Scheme is 117,000,000 shares of the Company.

On August 26, 2018, the Company adopted a post-IPO share option Scheme (the “Post-IPO Share Option Scheme”). The total number of shares may be issued under the Post-IPO Share Option Scheme and any other share option scheme of the Company shall not in aggregate exceed 10% of the shares in issue on the Listing Date of the Company, representing 105,191,330 shares of the Company.

Under the Pre-IPO Share Incentive Scheme and Post-IPO Share Option Scheme, the directors of the Company may grant options to eligible employees, including the directors of the Company, to subscribe for shares of the Company. The fair value of the services provided by employees are measured at the fair value of options at the grant date. Additionally, the Company may, from time to time, grant share options to individual consultants for settlement in respect of research and development advisory services provided to the Group. The fair value of the services from individual consultants is determined by the fair value of the services received on the services receipt date.

19. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Equity-settled share option scheme of the Company (Continued)

(1) Details of specific categories of options under the Pre-IPO Share Incentive Scheme are as follows:

Categories	Date of grant	Number of options outstanding at June 30, 2026	Exercise price per share
Directors:			
Dr. Li Chen	December 4, 2014 ~ August 26, 2018	10,471,725	US\$0.07 ~ 0.49
Mr. George Chien Cheng Lin	April 3, 2018	25,592,405	US\$0.47
Dr. Yi Zhang	March 25, 2013 ~ June 6, 2018	3,358,320	US\$0.07 ~ 0.47
Employees	March 25, 2013 ~ August 26, 2018	5,336,753	US\$0.07 ~ 0.47
Individual consultants	September 12, 2013 ~ May 11, 2018	1,125,000	US\$0.07 ~ 0.47

(2) Details of specific categories of options under the Post-IPO Share Option Scheme are as follows:

Categories	Date of grant	Number of options outstanding at June 30, 2026	Exercise price per share
Directors:			
Dr. Li Chen	March 8, 2019 ~ November 28, 2025	30,479,000	HK\$2.48~8.866
Mr. George Chien Cheng Lin	March 8, 2019 ~ November 28, 2025	2,200,000	HK\$2.48~8.866
Dr. Yi Zhang	March 8, 2019 ~ November 28, 2025	3,010,000	HK\$2.48~8.866
Employees	September 28, 2018 ~ November 28, 2025	41,925,854	HK\$2.48~8.866
Individual consultants	March 8, 2019 ~ November 28, 2025	350,000	HK\$2.48~8.866

19. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Equity-settled share option scheme of the Company (Continued)

Set out below are details of the movements of the outstanding options granted under the Pre-IPO Share Incentive Scheme and Post-IPO Share Option Scheme during the six months ended June 30, 2026:

Categories	Option type	Outstanding at January 1, 2026	Granted during the period	Exercised during the period	Forfeited during the period	Lapsed during the period	Outstanding at June 30, 2026
Category 1: Directors							
Dr. Li Chen	Pre-IPO Share Incentive Scheme	10,471,725	–	–	–	–	10,471,725
	Post-IPO Share Option Scheme	30,479,000	–	–	–	–	30,479,000
	Subtotal	40,950,725	–	–	–	–	40,950,725
Mr. George	Pre-IPO Share Incentive Scheme	25,592,405	–	–	–	–	25,592,405
Chien Cheng Lin	Post-IPO Share Option Scheme	2,200,000	–	–	–	–	2,200,000
	Subtotal	27,792,405	–	–	–	–	27,792,405
Dr. Yi Zhang	Pre-IPO Share Incentive Scheme	3,358,320	–	–	–	–	3,358,320
	Post-IPO Share Option Scheme	3,010,000	–	–	–	–	3,010,000
	Subtotal	6,368,320	–	–	–	–	6,368,320
	Total Directors	75,111,450	–	–	–	–	75,111,450
Category 2: Employees							
	Pre-IPO Share Incentive Scheme	7,273,873	–	(1,337,120)	–	(600,000)	5,336,753
	Post-IPO Share Option Scheme	43,200,669	–	–	(114,792)	(1,160,023)	41,925,854
	Total Employees	50,474,542	–	(1,337,120)	(114,792)	(1,760,023)	47,262,607
Category 3: Consultants							
	Pre-IPO Share Incentive Scheme	3,247,000	–	(775,000)	–	(1,347,000)	1,125,000
	Post-IPO Share Option Scheme	350,000	–	–	–	–	350,000
	Total Individual consultants	3,597,000	–	(775,000)	–	(1,347,000)	1,475,000
	Total all categories	129,182,992	–	(2,112,120)	(114,792)	(3,107,023)	123,849,057
Exercisable at the end of the period							
		96,137,320	–				95,783,703
Weighted average exercise price (HK\$)							
		4.12	–	1.74	3.26	3.40	4.18

19. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Equity-settled share option scheme of the Company (Continued)

During six months ended June 30, 2026, the Group recognized RMB12,976,000 (unaudited) of share-based payment expense in relation to the grants of the share options (six months ended June 30, 2025: RMB4,916,000 (unaudited)).

The weighted average closing price of the Company's shares on the dates when the options were exercised was HK\$4.18.

20. RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in these condensed consolidated financial statements, the Group has following transactions and balances with related parties:

Relationships	Nature of balances/ transactions	As at		Maximum amount outstanding during the six months ended	
		30/06/2026	31/12/2025	30/06/2026	30/06/2025
		RMB\$'000	RMB\$'000	RMB\$'000	RMB\$'000
Executive director Yi Zhang	Amount due from a director (Note a)	2,230	2,259	2,230	—

Note:

- (a) As one of executive directors, Yi Zhang's personal borrowing has been recognized as amount due from a director, which is repayable in two years. The interest rate is 5.375% per year. As at June 30, 2026, the principal of the loan is RMB2,171,000 (HK\$2,500,000) and the interest receivable is RMB59,000 (HK\$68,000).

The amount are non-trade related and unsecured.

20. RELATED PARTY TRANSACTIONS (Continued)

Compensation of key management personnel

The remuneration of the directors of the Company and other members of key management of the Group during the reporting period were as follows:

	Six months ended June 30,	
	2026 RMB'000 (unaudited)	2025 RMB'000 (unaudited)
Salaries and other benefits	5,071	5,284
Retirement benefit scheme contributions	169	73
Other social insurance	133	135
Share-based payment	3,790	2,321
	<u>9,163</u>	<u>7,813</u>

21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value measurements and valuation processes

There are no financial assets and financial liabilities measured at fair value at the end of June 30, 2026 and December 31, 2025. The directors of the Company consider that the carrying amounts of the Group's financial assets and financial liabilities recorded at amortized cost in the condensed consolidated financial statements approximate their fair values. Such fair values have been determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

22. EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the end of the Reporting Period that require additional disclosure or adjustments.

OTHER INFORMATION

Purchase, sale or redemption of the Company's listed securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares (as defined under the Listing Rules)) during the six months ended June 30, 2026. As of June 30, 2026, the Company did not hold any treasury shares (as defined under the Listing Rules).

Interim dividend

The Board has resolved not to declare any interim dividend for the six months ended June 30, 2026 (June 30, 2025: Nil).

Use of net proceeds from the Global Offering

The Shares were listed on the Stock Exchange on September 14, 2018. The net proceeds from the Global Offering have been applied according to the intentions set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

All net proceeds from the Listing had been fully utilised by end of year 2024 in accordance with the business objectives as disclosed in the Prospectus.

Disclosure of interests

Directors and chief executives' interests and/or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations

As at June 30, 2026, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Long positions in the ordinary Shares:

Name of Director	Nature of interest	Number of Shares ⁽⁸⁾	Approximate percentage of shareholding in the Company ⁽⁷⁾
Li CHEN	Interest of spouse ⁽¹⁾	25,220,690 (L)	2.39%
	Beneficial owner ⁽²⁾	45,518,725 (L)	4.31%
	Interest in controlled corporation ⁽³⁾	10,000,000 (L)	0.95%
George Chien Cheng LIN	Founder and beneficiary of a trust ⁽⁴⁾	3,633,178 (L)	0.34%
	Beneficial owner ⁽²⁾	32,658,522 (L)	3.09%
Robert Taylor NELSEN	Interest in controlled corporation ⁽⁵⁾	125,088,960 (L)	11.84%
	Beneficial owner ⁽⁶⁾	150,000 (L)	0.01%
Yiu Wa Alec TSUI	Beneficial owner ⁽⁶⁾	24,000 (L)	0.00%
Yi ZHANG	Beneficial owner ⁽²⁾	12,743,320 (L)	1.21%

Notes:

- (1) Dr. CHEN is the spouse of Ms. Jane Xingfang HONG. Under the SFO, Dr. CHEN is deemed to be interested in the same number of Shares in which Ms. Jane Xingfang HONG holds an interest.
- (2) Including options for Shares granted pursuant to the Pre-IPO Share Incentive Scheme and/or the Post-IPO Share Option Scheme.
- (3) On 10 April 2019, 100,000 Shares beneficially held by Ms. Jane Xingfang HONG were transferred to Chen Family Investments, LLC in exchange for 1 voting share representing 100% voting right in Chen Family Investments, LLC. Therefore, Ms. Jane Xingfang HONG and her spouse, Dr. CHEN, are deemed to be interested in the 10,000,000 Shares held by Chen Family Investments, LLC.
- (4) The George and Ann Lin 2005 Trust is a family trust set up by Mr. LIN. Therefore, Mr. LIN is deemed to be interested in the Shares held by the George and Ann Lin 2005 Trust.
- (5) ARCH Venture Partners VII, LLC is controlled as to one-third by Mr. Robert Taylor NELSEN and is the general partner of ARCH Venture Partners VII, L.P.. Mr. NELSEN is therefore deemed to be interested in the same number of Shares held by ARCH Venture Fund VII, L.P..
- (6) Shares purchased on the secondary exchange market.
- (7) The approximate percentage of shareholding is calculated based on the issued share capital of the Company as at June 30, 2026.
- (8) The letter "L" denotes the person's long position in the Shares.

Save as disclosed above, as at June 30, 2026, so far as the Directors are aware, none of the Directors or the chief executive of the Company had registered an interest or short position in any Shares, underlying Shares or debentures of the Company that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Stock Exchange.

Substantial shareholders' interests and short positions in the Shares, underlying Shares and debentures of the Company

As at June 30, 2026, the interests and short positions of every person (other than a Director or the chief executive of the Company) who had interests or short positions in the Shares or the underlying Shares, as recorded in the register required to be kept under Section 336 of SFO, were as follows:

Name of Shareholders	Capacity/nature of interest	Number of Shares held ⁽⁵⁾	Approximate percentage of shareholding in the Company ⁽⁶⁾
ARCH Venture Fund VII, L.P. ⁽¹⁾	Beneficial interest	125,088,960 (L)	11.84%
ARCH Venture Partners VII, L.P. ⁽¹⁾	Interest in controlled corporation	125,088,960 (L)	11.84%
ARCH Venture Partners VII, LLC ⁽¹⁾	Interest in controlled corporation	125,088,960 (L)	11.84%
Keith Lawrence CRANDELL ⁽¹⁾	Interest in controlled corporation	125,088,960 (L)	11.84%
Clinton Whitewood BYBEE ⁽¹⁾	Interest in controlled corporation	125,088,960 (L)	11.84%
Venrock Associates V, L.P. ⁽²⁾	Beneficial interest	103,475,595 (L)	9.79%
Venrock Management V, LLC ⁽²⁾	Interest in controlled corporation	103,475,595 (L)	9.79%
HLYY Limited ⁽³⁾	Nominee of a trust	84,368,811 (L)	7.98%
TCT (BVI) Limited ⁽³⁾	Interest in controlled corporation	84,368,811 (L)	7.98%
The Core Trust Company Limited ⁽³⁾	Trustee	84,396,756 (L)	7.99%
Jane Xingfang HONG ⁽⁴⁾	Beneficial interest	19,220,690 (L)	1.82%
	Interest of spouse	45,518,725 (L)	4.31%
	Interest in controlled corporation	10,000,000 (L)	0.95%
	Founder of Trust	6,000,000 (L)	0.57%

Notes:

- To the best of our Directors' knowledge, ARCH Venture Fund VII, L.P. is a Delaware limited partnership established in the United States. The general partner of ARCH Venture Fund VII, L.P. is ARCH Venture Partners VII, L.P., a Delaware limited partnership established in the United States. The general partner of ARCH Venture Partners VII, L.P. is ARCH Venture Partners VII, LLC, a limited liability company incorporated in the United States. ARCH Venture Partners VII, LLC is controlled as to one-third by each of Mr. Robert Taylor NELSEN, our non-executive Director, Mr. Keith Lawrence CRANDELL and Mr. Clinton Whitewood BYBEE. As such, each of ARCH Venture Partners VII, L.P., ARCH Venture Partners VII, LLC, Mr. Robert Taylor NELSEN, Mr. Keith Lawrence CRANDELL and Mr. Clinton Whitewood BYBEE is deemed to be interested in the equity interest held by ARCH Venture Fund VII, L.P. and the ultimate controllers of ARCH Venture Fund VII, L.P. are Mr. Robert Taylor NELSEN, Mr. Keith Lawrence CRANDELL and Mr. Clinton Whitewood BYBEE.

2. To the best of our Directors' knowledge, Venrock Associates V, L.P. is an exempted limited partnership established in the United States. The general partner of Venrock Associates V, L.P. is Venrock Management V, LLC, an exempted limited liability company established in the United States. Venrock Management V, LLC is ultimately controlled by a group of individuals, none of whom controls, directly or indirectly, one-third or more of the voting power at the general meetings of Venrock Management V, LLC or otherwise is deemed to control Venrock Management V, LLC under the SFO.
3. HLYY Limited is 100% owned by TCT (BVI) Limited. TCT (BVI) Limited is 100% owned by The Core Trust Company Limited. HLYY Limited holds the Shares underlying the option and awards granted under the Pre-IPO Share Incentive Scheme.
4. Ms. Jane Xingfang HONG is the spouse of Dr. Li CHEN, who was granted options for 10,471,725 Shares pursuant to the Pre-IPO Share Incentive Scheme and 30,479,000 Share Options granted pursuant to the Share Option Scheme, respectively. Under the SFO, Ms. HONG is deemed to be interested in the same number of Shares in which Dr. CHEN maintains an interest. She also held approximately 2.39% of the voting rights of the Company.

On April 10, 2019, 100,000 Shares beneficially held by Ms. Jane Xingfang HONG were transferred to Chen Family Investments, LLC in exchange for 1 voting share representing 100% voting right in Chen Family Investments, LLC. Therefore, Ms. HONG and her spouse, Dr. CHEN, are deemed to be interested in the 10,000,000 Shares of the Company held by Chen Family Investments, LLC.

On October 13, 2021, 6,000,000 shares were transferred to a discretionary trust set up by Ms. Jane Xingfang HONG; therefore, Ms. HONG is deemed to be interested in the same number of Shares held by the trust.

5. The letter "L" denotes the person's long position in the Shares.
6. The approximate percentage of shareholding is calculated based on the issued share capital of the Company as at June 30, 2026.

Saved as disclosed above, as at June 30, 2026, so far as the Directors are aware, no other persons had registered an interest or short position in any Shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO, or as otherwise notified to the Stock Exchange.

Securities transactions by the Directors

The Company has adopted the Model Code as the guidelines for the Directors' dealings in the securities of the Company since the Listing Date. Specific enquiry has been made of each Director and all Directors have confirmed that they have complied with the applicable standards set out in the Model Code for the six months ended June 30, 2026.

Corporate governance

The Company is committed to maintaining high standard of corporate governance to safeguard the interests of the Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the code provisions of the CG Code as its own code of corporate governance.

The Board is of the view that the Company has complied with all applicable code provisions of the CG Code throughout the six months ended June 30, 2026 except CG code provision B.3.5. According to code provision B.3.5, the issuer should appoint at least one director of a different gender to the nomination committee. Following the appointment of Dr. Yi ZHANG and Mr. Yiu Leung Andy CHEUNG on 25 June 2026, the nomination committee has comprised at least one Director of a different gender and continues to comprise a majority of independent non-executive Directors and in compliance with CG code provision B.3.5. The Board will review the corporate governance structure and practices from time to time and shall make necessary arrangements when the Board considers appropriate.

Changes to information of the Directors

Mr. William Robert Keller was appointed as an independent director of Gland Pharma Limited, a company listed on the Bombay Stock Exchange (stock code: 543245) and the National Stock Exchange of India (stock code: GLAND), with effect from June 15, 2026 to June 14, 2031.

Save as disclosed above, there were no other changes to the information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Review of interim results and interim report

The unaudited condensed consolidated financial results of the Group for the six months ended June 30, 2026 have been reviewed by the Company's auditor, Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

The audit committee of the Company has reviewed and discussed with the management of the Company, the unaudited interim results and the interim report of the Group for the six months ended June 30, 2026, and confirms that the applicable accounting principles, standard and requirements have been complied with, and that adequate disclosures have been made.

DEFINITIONS

In this interim report, the following expressions have the meanings set out below unless the context requires otherwise.

"Board"	the board of Directors
"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"Company"	Hua Medicine (華領醫藥), an exempt limited liability company incorporated under the laws of the Cayman Islands on November 10, 2009 and whose Shares are listed on the Stock Exchange
"Director(s)"	the director(s) of the Company
"Global Offering"	the global offering of the Shares, comprising the Hong Kong public offering of initially 10,476,000 Shares (subject to reallocation) and the international offering of initially 94,280,000 Shares (subject to reallocation and the over-allotment option granted by the Company and exercisable by the stabilizing manager in the Global Offering to require us to allot and issue up to 15,713,000 additional Shares to cover over-allocations in the international offering)
"Group", "our", "we", or "us"	the Company and its subsidiaries
"HK\$", "HKD" or "HK dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
"Post-IPO Share Option Scheme"	the post-IPO share option scheme approved and adopted by the Company on August 26, 2018 for the benefit of any director, employee, adviser or consultant of the Company or any of its subsidiaries
"PRC" or "China"	the People's Republic of China, excluding, for the purposes of this report, Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"Pre-IPO Share Incentive Scheme"	the share incentive scheme approved and adopted by the Company on March 25, 2013 as amended from time to time, for the benefit of any director, employee, adviser or consultant of the Company or any of its subsidiaries

"Prospectus"	the prospectus of the Company dated August 31, 2018 in connection with the Hong Kong public offering of the Shares
"Reporting Period"	six months ended June 30, 2026
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) with nominal value of US\$0.001 each in the share capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"T2D"	Type 2 Diabetes
"US\$" or "U.S. dollars"	United States dollars, the lawful currency of the United States of America
"U.S."	the United States of America