CHINA BIOTECH SERVICES HOLDINGS LIMITED
中國生物科技服務控股有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)
Stock Code: 8037

ANNUAL REPORT **2024**

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS
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Mr. He Xun
Mr. Huang Song

NON-EXECUTIVE DIRECTOR
Ms. Chui Hoi Yam *(resigned on 13 June 2024)*

INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr. Yan Guoxiang
Dr. Guo Yuantao *(appointed on 6 June 2024)*
Dr. Ho Ivan Chun Kit *(retired on 6 June 2024)*
Mr. Qian Hongji

AUDIT COMMITTEE
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Dr. Guo Yuantao *(appointed on 6 June 2024)*
Dr. Ho Ivan Chun Kit *(retired on 6 June 2024)*
Mr. Qian Hongji

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Dr. Guo Yuantao *(appointed on 6 June 2024)*
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Mr. Liu Xiaolin
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Ping An Bank Co., Ltd.
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STOCK CODE
8037

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of China Biotech Services Holdings Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**"), I am pleased to present the annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2024 (the "**2024 Year**") to the shareholders of the Company.

REVIEW OF 2024

2024 was a year of progress and innovation for the Group. Despite the challenging external environment, against the backdrop of profound changes in the global economy and the healthcare industry, the Group adhered to the mission of "completely conquering cancer" and continued its steady steps to implement its mission to innovate and deepen its strategic layout, achieving a number of breakthroughs and further consolidating its leading position in the field of precision medicine and general health. The Group is committed to building an integrated biotechnology service platform for the precision testing of cancer and treatment, and continues to deepen its three core precision medicine business segments, namely the research and development of CAR-T or other innovative cell and gene drugs, BNCT precision radiotherapy, and cancer precision testing services. Through strategic cooperation, independent research and development, international technology licensing cooperation, and clinical transformation, the Group has achieved leapfrog development in the three areas above and has become a leader in advanced cancer treatment technology.

STRATEGIC FINANCING AND RESOURCE INTEGRATION: LAYING A SOLID FOUNDATION FOR DEVELOPMENT

In the 2024 Year, the Group injected strong momentum into business expansion through diversified capital operations and strategic cooperation. 上海隆耀生物科技有限公司 (in English, for identification purpose only, Shanghai Longyao Biotech Company Limited) ("**Shanghai Longyao**"), an non-wholly-owned subsidiary of the Company and 宜興環科園產發股權投資合夥企業(有限合夥) (in English, for identification purpose only, Yixing Huanke Product Development Equity Investment Enterprise (Limited Partnership) entered into a capital injection agreement, pursuant to which the investor agreed to make a capital injection in the amount of RMB48,000,000. The completion of the capital injections took place in February 2024. Shanghai Longyao's self-developed CD20-targeted CAR-T product LY007 Cellular Injection has completed the 12 trials required for the domestic phase I clinical trial and the last case in the clinical trial is currently under review. After the completion of the trial of that case, the domestic phase I clinical trial of the LY007 Cellular Injection will be basically complete.

During the same year, 鵬博(海南)硼中子醫療科技有限公司 (in English, for identification purpose only, Pengbo (Hainan) Medical Technology Co., Ltd.) ("**Pengbo (Hainan)**"), an indirect wholly-owned subsidiary of the Company, successfully obtained a bank loan of RMB50 million. The construction of Pengbo Boao BNCT Hospital has been completed as scheduled, and the installation of the core BNCT equipment has been completed. It was originally planned to be put into operation in December 2024. Affected by the extreme rainstorm weather in Hainan in October 2024, the basement area of the hospital was flooded, resulting in the obstruction of key works such as the power supply system and the installation of medical equipment. In order to ensure the safety and functionality of the hospital, a team of experts was put together at once to conduct a comprehensive inspection of the building structure, equipment, and pipelines, and an emergency restoration plan was set in motion. After evaluation, the overall project needs to be extended. The hospital will strictly control quality and serve the health needs of patients with a more perfect outlook. Pengbo (Hainan) BNCT Hospital is expected to commence operation in the fourth quarter of 2025.

CHAIRMAN'S STATEMENT

The Group actively participates in the integrative construction of the Guangdong-Hong Kong-Macau Greater Bay Area. In April 2024, as one of the first group of invited companies, it signed a memorandum of cooperation with the Hong Kong-Shenzhen Innovation and Technology Park. In November of the same year, it signed a letter of intent in relation to the development of the northern metropolis with the government of the Hong Kong Special Administrative Region, further integrating into the biopharmaceutical industry ecosystem of the Guangdong-Hong Kong-Macau Greater Bay Area. These initiatives demonstrate the high recognition of the development potential of the Group at the capital market and policy level.

THE THREE MAJOR BUSINESS SEGMENTS ACHIEVE COLLABORATIVE BREAKTHROUGHS: INNOVATION DRIVES VALUE

1. **Shanghai Longyao: The research and development of innovative CAR-T drugs leads the revolution in blood tumour treatment**

   As the core force of the Company's research and development of innovative drugs, Shanghai Longyao ushered in a number of milestones in the 2024 Year:

   Technological breakthroughs: Breakthrough clinical data for the LY007 Cellular Injection, a CD20-targeted CAR-T product, were consecutively released at the 2024 American Society of Clinical Oncology (ASCO) Annual Meeting and the 2024 Annual Congress of the American Society of Hematology (ASH). Authoritative experts such as Professor Zhao Weili and Professor Li Jianyong published papers, bringing new hope of cure to patients with relapsed/refractory large B-cell lymphoma (R/R LBCL).

   - **Industry recognition:** In May 2024, it was selected as a "specialized and new small and medium-sized enterprise" of Shanghai Municipal. In September and November 2024, it appeared at top-grade platforms such as the annual meeting of the Chinese Society of Hematology of the Chinese Medical Association and the China Hi-Tech Fair, establishing its leading position in the domestic CAR-T field.

   - **Global layout:** It was invited to present its latest research results in the form of posters at the annual meetings of the ASCO and the ASH in the United States, signifying the entry of the innovative results of Shanghai Longyao into the global frontier track.

2. **Pengbo (Hainan): BNCT technology opens a new era of precision cancer treatment**

   As a pioneer in the application of BNCT technology in the world, it achieved entire-chain breakthroughs in 2024:

   - **Policy and academic dual-wheel drive:** In January, it obtained the approval by the Hainan Provincial Medical Products Administration for the import of medical devices. In February, real-world data of the device were published in the international journal Cancers, verifying its safety and effectiveness. In November, it reached a strategic cooperation with Siemens Healthineers to strengthen the technology ecosystem.

   - **Facility and brand upgrade:** BNCT is reputed as the benchmark of "anti-cancer technology". The company has joined the International Nuclear Medicine Alliance (國際核醫療聯盟) to further promote global nuclear medicine collaboration.

   - It has officially obtained the right to host the Global YBNCT (Young BNCT) Conference 2025.

3. **Testing segment: Deepening the service network and enabling precision medicine**
Relying on Hong Kong's advantage as an international window, it established a joint laboratory with 上海觀合醫藥科技股份有限公司 (Teddy Clinical Research Laboratory (Shanghai) Limited) in March 2024 to commence CRO (Contract research organization) services and strengthen one-stop testing solution capabilities. This cooperation does not only expand the Group's service footprint in the Asia-Pacific region, but also provides high-standard technical support for global clinical trials.

LOOKING FORWARD, 2025 IS A CRITICAL YEAR FOR THE COMPANY'S DEVELOPMENT. BOTH OF THE GROUP'S TWO MAJOR CANCER TREATMENT BUSINESS SEGMENTS WILL ENTER A NEW MILESTONE, WITH OPPORTUNITIES AND CHALLENGES COEXISTING

The Group will strive to achieve substantial progress in the commercialization stage:

1. **Accelerating the commercialization of CAR-T products:** It will promote LY007 Cellular Injection to enter the domestic phase II clinical trial and commercialization cooperation, and strive to achieve breakthroughs by exporting patents overseas.

2. **Ensuring the opening of the BNCT hospitals:** Relying on the policy dividends of Hainan Boao Medical Pilot Zone, it will build an Asian BNCT treatment centre network. It aims to achieve a breakthrough in BNCT equipment sales from zero, develop franchise hospitals, and create a second growth point of revenue.

3. **Deepening the integration of industry, academia, and research:** It will collaborate with institutions such as Huashan Hospital, Shanghai, Jinshazhou Hospital of Guangzhou University of Chinese Medicine, Foshan Fosun Chancheng Hospital, and Peking University Shenzhen Hospital to explore a new model of "integrated diagnosis and treatment".

I firmly believe that, with the multiple opportunities of policy support, technology iteration, and market demand, the Group will embrace cooperation with an even more open attitude and take more solid steps towards the vision of being a "global leading biotechnology service platform".

APPRECIATION

I would like to take this opportunity to express my sincere thanks and gratitude to all our business partners and shareholders for their continuing trust and support in the Group. I would also like to thank all staff and members of the board of Director for their dedicated efforts and contributions to the Group over the past year.

Liu Xiaolin
Chairman and Executive Director

Hong Kong, 28 March 2025

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

During the year ended 31 December 2024 (the "**2024 Year**"), the principal activities of the Group are (i) provision of medical laboratory testing services and health check services in Hong Kong; (ii) provision of tumor immune cell therapy and health management services in the People's Republic of China (the "**PRC**"); (iii) sale and distribution of health related and pharmaceutical products in the PRC and Hong Kong; and (iv) provision of insurance brokerage services.

Turnover

During the 2024 Year, the Group recorded a turnover of approximately HK$70,509,000, representing a significant decrease of approximately 66.74% as compared with that of approximately HK$211,985,000 for the year ended 31 December 2023 (the "**2023 Year**"). The key factor causing this significant drop of revenue in the 2024 Year was the measures taken by the Government of Hong Kong to resume complete normalcy of the society from the COVID-19 pandemic in January 2023 such that all compulsory COVID-19 nucleic acid tests ("**NAT**") services were largely brought to a halt by the end of February 2023. Netting off the tail revenue generated from the provision of the NAT services in the 2023 Year, the year-on-year change of revenue recorded in the 2024 Year was largely stable (revenue recorded in the 2024 Year versus the NAT-adjusted revenue of approximately HK$70,401,000 in the 2023 Year).

Although the management of the Group had taken efforts to launch a number of new medical laboratory testing services and health check services in anticipation of the emergence of the post pandemic time, the overall demand of such segmental services had not come up to targets in the 2024 Year. The fatigued demands and the harsher price competition among peers in the medical laboratory testing services and health check services segment were amongst the main causes for the lower than expected NAT-free revenue in the 2024 Year.

Battered also by the lackluster recovery of local consumption in the post-pandemic time, the overall demand for medical laboratory testing services and health check services was weaker than expected throughout the 2024 Year. The provision of insurance brokerage services was the segment that demonstrated the strongest rebound in turnover during the 2024 Year.

Provision of medical laboratory testing services and health check services

The Group continues to offer a wide spectrum of medical laboratory testing services and quality health check diagnostic services in Hong Kong. The services of this segment were being delivered through two medical laboratories and three health check centres established in Hong Kong.

The turnover of this segment decreased from approximately HK$192,910,000 for the 2023 Year to approximately HK$39,158,000 for the 2024 Year. This marked a year-on-year decrease of 79.70% as compared with the 2023 Year. As all compulsory NAT services were put on halt by the end of February 2023, the year-on-year decrease of NAT-adjusted revenue of this segment for the 2024 Year was 23.71% (revenue recorded for this segment in the 2024 Year versus the NAT-adjusted revenue for this segment of approximately HK$51,326,000 in the 2023 Year).

The downslide of NAT-adjusted revenue recorded for this segment in the 2024 Year was mainly caused by the weaker than expected demand of diagnostic and health check services and the fiercer competition among peers in Hong Kong during the period. On the other hand, PHC Medical Diagnostic Centre Limited ("**PHC**"), one of the core medical diagnostic laboratories of the Group, had implemented a major transformation through automation project (the "**Project**") in the 2024 Year. In cooperation with Abbott Laboratory Limited ("**Abbott**") of Hong Kong, the Project involved the replacement of a material part of PHC's legacy diagnostic system with Abbott's GLP systems Track (the "**GLP Track**") which is an innovative total laboratory automation solution including analyzers, automation track and informatics solution first installed in private medical laboratory in Hong Kong. The site works of the Project started from April 2024 and completed in July 2024. Due to the implementation of the Project, some disruption to the operation of PHC had been suffered during the installation and commissioning of the new automated system. The impact from this disruption of operation caused on the turnover of PHC during the 2024 Year was considered temporary. Upon the completion of the Project, the newly installed GLP Track offered greater flexibility and scalability options through automation to the operation of PHC. With the new system, the management of the Group expects that the daily testing capacity of PHC can be increased by at least five (5) times to approximately 5,000 tests.

Provision of tumor immune cell therapy services

上海隆耀生物科技有限公司 (in English, for identification purpose only, Shanghai Longyao Biotech Company Limited) ("**Shanghai Longyao**"), an indirect non-wholly-owned subsidiary of the Company, is engaged in tumor immune cell therapy and health management services in the PRC. Shanghai Longyao received the approval for initiating a phase I clinical trial (the "**Trial**") on its investigational new drug ("**IND**") named as LY007 Cellular Injection ("**LY007 Injection**") from the National Medical Products Administration of China ("**NMPA**") in January 2021. LY007 Injection is the first CD20-targeted autologous chimeric antigen receptor T-cell ("**CAR-T**") therapy product approved by NMPA for initiating the Trial. LY007 Injection is an IND that carries Shanghai Longyao's patented novel structural design with the OX40 costimulatory molecule expressed independently for purpose of enhancing the natural T-cell activation. It has been classified as a Class 1 IND for the treatment of relapsed/refractory CD20-positive B-cell non-Hodgkin lymphoma ("**B-NHL**"). In January 2022, kick-off meetings of the Trial were convened in 上海交通大學醫學院附屬瑞金醫院 (in English, for identification purpose only, Ruijin Hospital affiliated to Shanghai Jiao Tong University School of Medicine) ("**Ruijin Hospital**") and 江蘇省人民醫院 (in English, for identification purpose only, Jiangsu Province Hospital). The first subject enrolled in the Trial was taken up by the Ruijin Hospital on 1 March 2022 and the same subject had successfully received CAR-T cell infusion on 7 April 2022. As at the date hereof, the screening of qualified subject patients in the low, medium, and high dose groups has been completed. Currently, a total of twelve (12) individuals with B-NHL successfully received reinfusion of LY007 Injection and completed dose limited toxicity ("**DLT**") observation. The cell infusion of the last one subject in the maximum tolerated dose group had been completed in April 2024. It is expected that the comprehensive registration of the Trial for a total thirteen (13) subject patients will be completed by the third quarter of 2025. The preparation work for Phase II clinical trial has been initiated. No turnover from this segment was generated during the 2024 Year.

Sale and distribution of health related and pharmaceutical products

Sale and distribution of health related and pharmaceutical products segment recorded a decrease during the 2024 Year. The turnover of this segment slightly decreased from approximately HK$881,000 for the 2023 Year to approximately HK$686,000 for the 2024 Year. It represented a decrease of approximately 22.13% as compared with that of the 2023 Year. To strengthen the Group's sale of health related and pharmaceutical product segment and to expand the Group's product portfolio, the Group has sourced different medical and health related products and anti-aging products including nicotinamide mononucleotide ("**NMN**") powder for intravenous (IV) infusion, nutritional drips and vitamin C. Also, the Group has expanded its client network to cover a number of medical and beauty centres.

Construction of boron neutron capture therapy ("BNCT") cancer treatment centre

鵬博(海南)硼中子醫療科技有限公司 (in English, for identification purpose only, Pengbo (Hainan) Medical Technology Co., Ltd.) ("**Pengbo (Hainan)**"), an indirect wholly-owned subsidiary of the Company, entered into a site admission and investment agreement (the "**Site Admission Agreement**") with the Hainan Boao Lecheng International Medical Tourism Pilot Zone Administration (the "**Administration**") on 28 February 2022. Pursuant to the Site Admission Agreement, Pengbo (Hainan) has committed to building and to operating a cancer treatment centre (the "**BNCT Centre**") by adoption of the accelerator-based BNCT system (the "**BNCT System**") covering the cyclotron accelerator, dose calculation program and related medical device for BNCT treatment to be procured and supplied by Sumitomo Heavy Industries, Ltd. ("**Sumitomo**"). The BNCT Centre is under construction in Hainan Boao Lecheng International Medical Tourism Pilot Zone of Hainan Free Trade Port (the "**Boao Pilot Zone**").

In June 2022, Pengbo (Hainan) signed a bundle of sales contract, service contract and a memorandum of understanding with Sumitomo in respect of the supply of the BNCT System together with the initial spare parts and the provision of the operation and maintenance services required for commencement of the operation of the BNCT Centre. The construction works of the BNCT Centre began in November 2022.

In December 2022, the BNCT Centre was granted with a 醫療機構執業許可證 (in English, for identification purpose only, the Practice License of Medical Institution) by the Administration for a term of five years until December 2027. On 28 January 2024, the Company obtained the approval by Hainan Provincial Medical Products Administration for the import of BNCT medical devices.

In December 2023, structural construction of the facility was completed. During the 2024 Year, the construction works of the BNCT Centre had been progressing under planned schedule. Arrival of the BNCT system and its peripheral parts in Hainan has completed in February 2024. Installation of the BNCT System started in May 2024. In October 2024, Hainan was severely affected by typhoon "Trami", that caused flooding in Hainan, the PRC. Therefore, the construction works of the BNCT Centre had been significantly impacted. The opening of the BNCT Centre is postponed and it is expected to commence operation in the fourth quarter of 2025. No turnover from this segment was generated during the 2024 Year.

Provision of insurance brokerage services

Provision of insurance brokerage services segment recorded a significant increase in turnover during the 2024 Year. The turnover of this segment increased from approximately HK$18,163,000 during the 2023 Year to approximately HK$30,600,000 for the 2024 Year. It represented an increase of 68.47% as compared with the 2023 Year. The increase was mainly due to the expansion of sales network and channels and an increase in number of high-end customers.

Provision of logistics services

The Group has been providing testing materials and specimens logistics services for local clinics and other corporate clients. The turnover of logistics services had increased markedly from approximately HK$31,000 for the 2023 Year to approximately HK$65,000 for the 2024 Year. It represented an increase by 1.10 times as compared with the 2023 Year due to the increase in demand on testing materials and specimen logistics services.

Gross (loss)/profit and gross (loss)/profit margin

The Group recorded a gross loss of approximately HK$4,940,000 for the 2024 Year, representing a sharp decrease of approximately HK$39,264,000 when compared with a gross profit of approximately HK$34,324,000 in the 2023 Year. Also, the gross loss margin for the 2024 Year was approximately 7.01%, representing a notable decrease of approximately 23.20 percentage points when compared with the gross profit margin of approximately 16.19% for the 2023 Year. The gross loss was mainly attributable to (i) a decrease of the turnover from medical laboratory testing services and health check services segment; and (ii) a one-off write-off of inventories of approximately HK$5,089,000 for the medical laboratory testing services and health check services segment.

Selling and distribution expenses

Selling and distribution expenses for the 2024 Year were approximately HK$11,774,000 (2023 Year: HK$14,610,000), representing a decrease of approximately HK$2,836,000 or 19.41% compared with such expenses for the 2023 Year. The decrease was due to the decrease in staff costs during the 2024 Year.

Administrative expenses

The administrative expenses mainly consisted of staff costs, share-based payment, legal and professional fees, depreciation, research and development costs, and amortisation of intangible assets. The administrative expenses for the 2024 Year were approximately HK$131,450,000, representing a decrease of approximately HK$6,892,000 or 4.98%, as compared with that of approximately HK$138,342,000 for the 2023 Year. The decrease in administrative expenses was primarily due to a reduction in staff costs and depreciation of property, plant, and equipment following the shutdown of the COVID-19 nucleic acid testing facilities.

Impairment loss on intangible assets and right-of-use assets

The Group acquired DVF Holdco (Cayman) Limited ("**DVF**") and its subsidiaries (the "**DVF Group**") in 2015. DVF Group is engaging in provision of laboratory testing services and health check services.

Due to the intensified market competition and weakened consumption sentiments in the medical laboratory testing services and health check services in Hong Kong, revenue of laboratory testing and health check services has experienced lower sales than expected by the management of the Group. The performance of the DVF Group does not meet with the forecast set forth in the business plan and a net loss was recorded. As a result, the business of the DVF Group was considered an indication of impairment of non-current assets, including goodwill, intangible assets, right-of-use assets and property, plant and equipment, attributable to the acquisition of the DVF Group.

The Directors assessed the recoverable amount arising from the DVF Group with reference to the valuations performed by an independent qualified professional valuer on goodwill, intangible assets, right-of-use assets and property, plant and equipment.

The recoverable amount of the cash-generating-unit ("**CGU**") of the DVF Group was determined based on value-in-use. The value-in-use of the CGU of the DVF Group is derived by the application of the discounted cash flows method under income approach. The valuation methodology adopted by the valuer was consistent with those adopted in prior years. The valuation had used cash flow projection based on financial forecast which covered a 5-year period and incorporate therein. The result of the impairment test indicates that the recoverable amount of an asset is less than its carrying amount, a provision for diminution in value and an impairment loss are recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Due to keen competition in medical laboratory testing services and health check services and the underperformance of the DVF Group, the projected 5-year cash flows and certain assumptions such as discount rates used in the valuations have been adjusted to reflect the changes in actual performance of the business. The key assumptions adopted for the valuation of recoverable amount of the DVF Group, based on the past performance and the expectation of market conditions, are as follows:

	2024 Year	2023 Year
Gross profit margin	**36.91%**	37.30%
Long-term growth rate	**2.50%**	3.00%
Discount rate	**16.10%**	18.25%

As at 31 December 2024, the recoverable amount of the DVF Group is approximately HK$13,623,000, which was below its carrying amount.

The goodwill arising from acquisition of the DVF Group had been fully impaired in year 2016. During the 2024 Year, the Group recorded an impairment loss on intangible assets and right-of-use assets arising from the DVF Group of approximately HK$13,374,000 and HK$2,584,000 respectively and were fully impaired. No impairment loss was recognised for property, plant and equipment. As the Directors, with reference to valuations performed by an independent qualified professional valuer, have determined that its fair value less cost of disposal is higher than its carrying amount.

Impairment loss on property, plant and equipment

The Group recorded impairment losses on property, plant, and equipment of approximately HK$52,713,000 in the Year 2024 due to the flooding caused by typhoon "Trami" in October 2024 on the BNCT Centre in Hainan, the PRC.

Post-Flood Damage Assessment

After the flooding occurred, the insurance company and the Group jointly engaged an internationally accredited insurance appraisal agency to conduct a comprehensive assessment and provide preliminary repair cost estimates.

Based on a fee proposal of BNCT System recovery obtained from the BNCT equipment supplier of Pengbo (Hainan) following their onsite inspection to identify the damage, the cost of repair and/or replacement of BNCT equipment is JPY1,052,936,000 (equivalent to approximately HK$52,713,000). As a result, the Group had recorded an impairment loss of approximately HK$52,713,000 in the Year 2024.

Valuation of CGU

Subsequently, the Group engaged an independent valuer to assess the recoverable amount of the CGU associated with Pengbo (Hainan). There is no valuation performed in Year 2023. Details of the valuation for the Year 2024 are set out below.

(i) *Valuation method and reasons for using that method:*

The discounted cash flow model under income approach was adopted as the management of the Group expects the opening of BNCT Centre will be commenced in the fourth quarter of 2025 and generate revenue. Therefore, the income approach has been employed to assess this CGU. The discounted cash flows method indicates the value of a business enterprise based on the present value of the cash flows that the business can be expected to generate in the future. Such cash flows are discounted at a discount rate (the cost of capital) that reflects the time value of money and the risks associated with the cash flows.

The discounted cash flow method is comprised of four key steps:

– estimating future cash flow for a certain discrete projection period;

– discounting these cash flows to present value at a rate of return that considers the relative risk of achieving the cash flows and the time value of money;

– estimating the residual value of cash flows subsequent to the discrete projection period; and

– combining the value of the residual cash flows with the discrete projection period cash flow to indicate the market value.

(ii) *Value of inputs used together with bases and assumptions adopted:*

Six-year cashflow forecast

According to the HKAS 36 "Impairment of Assets" paragraph 134(d)(iii), forecasts of future cash flows for periods longer than five years are generally not available unless explanation of why that longer period is justified. The valuer has adopted a six-year forecast period in alignment with management's expectations as it will reflect the true picture of the operation in the CGU. Details of the key business assumptions and bases are as follows:

Gross profit margin

Gross profit margin is ranging from 13% to 40.7%. It is based on estimated revenue and costs of sales including price of drugs per patient, material costs, staff costs and other indirect costs.

Operating expenses

The operating expenses mainly consist of selling and distribution expenses and administrative expense. The operating expenses are estimated based on business developing plan and expected inflation rate.

Capital expenditure

Capital expenditure includes construction costs and equipment. It is estimated based on contracts and capital commitment as at 31 December 2024.

Tax rate

Pengbo (Hainan) is a company incorporated in the PRC and operated in the PRC. Pengbo (Hainan) had been certified by the relevant PRC authority as high technology enterprises pursuant to the income tax law in the PRC. The assessable profits of Pengbo (Hainan) are subject to PRC Enterprise Income Tax rate of 15%.

Growth rate

The terminal year growth rate of 2% is referenced by the forecasted inflation rate of China where the target business operates.

Weighted average cost of capital ("**WACC**")

WACC represents a weighted average of the after-tax cost of debt and cost of equity. The WACC applied to the forecasted cash flows adequately reflect the nature of the subject CGU and the risk of the underlying cash flows.

The WACC of 12.00% is adopted. The WACC is based on the 3-year average capital structure of comparable companies with statistically significant cost of equity, risk free rate, beta, market risk premium, country risk premium, small size risk premium and other risk premium.

The recoverable amount of the CGU of Pengbo (Hainan) is approximately RMB336,481,000, which exceeds its carrying amount of non-current assets after an impairment of approximately HK$52,713,000 was recorded.

Although the recoverable amount of the CGU of Pengbo (Hainan) is higher than the carrying amount, no reversal of impairment loss of HK$52,713,000 is considered necessary because the management considered the flooding may have caused physical damage to the property, plant and equipment that could affect its operational efficiency and lifespan. In addition, the Directors consider recognising an impairment provision can help ensure that financial statements accurately reflect potential risks and uncertainties. In summary, while the recoverable amount may currently exceed the carrying amount, the provision for impairment loss helps to mitigate risks associated with future uncertainties and potential losses.

Notwithstanding that the impairment loss, the Group is an insurance beneficiary under the insurance covering damages to construction in progress incidental to rainstorm and has received a total of RMB38,000,000 (equivalent to approximately HK$41,148,000) from its insurance claim (of which approximately RMB25,000,000 (equivalent to approximately HK$27,071,000) was received and recognised as other income in Year 2024 and the remaining RMB13,000,000 (equivalent to approximately HK$14,077,000) was received in March 2025).

Finance costs

During the 2024 Year, the Group's interest expenses amounted to approximately HK$16,922,000 (2023 Year: HK$5,311,000). The increase in the finance costs was mainly attributable to additional bank and other borrowings for general working capital of the Group and for the financing the development of the BNCT project; and imputed interest of HK$5,200,000 (2023 Year: Nil) arising from written put option liability.

Loss for the year

The Group recorded a net loss attributable to the owners of the Company of approximately HK$198,146,000 for the 2024 Year (2023 Year: HK$95,447,000). The increase in net loss was mainly attributable to (i) a reduction in revenue stemming from the diminished demand for COVID-19 nucleic acid tests and the intensified market competition of medical laboratory testing services and health check services segment in the post-pandemic era; (ii) a one off write-off of property, plant and equipment and inventories of approximately HK$15,903,000 and HK$5,089,000 respectively in relation to the shutdown of the COVID-19 nucleic acid testing facilities; (iii) a one-off net loss on impairment loss of property, plant and equipment of approximately HK$25,642,000 due to the flooding caused by typhoon "Trami" in October 2024 on the BNCT Centre in Hainan, the PRC; (iv) a one-off deferred loss of convertible bonds issued in 2022 amounting to approximately HK$26,993,000; (v) an impairment loss on intangible assets of approximately HK$13,374,000 arising from medial laboratory testing services and health check service segment; (vi) an increase of approximately HK$4,267,000 in research and development costs from the chimeric antigen receptor T-cell segment; and (vii) an increase in finance costs of approximately HK$11,611,000 arising from additional bank and other borrowings for general working capital of the Group and for financing the development of the BNCT Centre and imputed interest arising from written option liability.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Placing of convertible bonds under general mandate

On 25 March 2024, the Company entered into a placing agreement with Guoyuan Capital (Hong Kong) Limited (the "**Placing Agent**"), pursuant to which the Company had appointed the Placing Agent to place the convertible bonds in the aggregate principal amount of up to HK$88,000,000 on a best effort basis to no less than six (6) placees, who and whose ultimate beneficial owners shall be independent third parties to the Group. Due to the stringent market conditions, the Placing Agent has not been successful in placing the convertible bonds up to 30 April 2024, being the long stop date. Accordingly, the placing agreement has lapsed on 30 April 2024. Details were disclosed in the announcements of the Company dated 25 March 2024, 27 March 2024, 15 April 2024 and 30 April 2024.

Memorandum of understanding signed with The Hong Kong-Shenzhen Innovation and Technology Park Limited

On 18 April 2024, The Hong Kong-Shenzhen Innovation and Technology Park Limited ("**HSITPL**") convened the HSITP Partnership Launching Ceremony following its signing of memorandum of understandings with approximately sixty partner organizations, including the Company. Pursuant to the memorandum of understanding entered into between the Company and HSITPL (collectively the "**Parties**"), the Parties agreed, among other things, to collaborate on the development of the Hong Kong-Shenzhen Innovation and Technology Park (the "**Park**") located at the Lok Ma Chau Loop in the Hetao Shenzhen-Hong Kong Innovation and Technology Cooperation Zone. Details were disclosed in the announcement of the Company dated 18 April 2024.

Placing of existing shares and top-up subscription of new shares under general mandate and use of proceeds

On 20 July 2024, Genius Lead Limited ("**Genius Lead**") entered into a placing agreement (the "**Placing Agreement**") with Mr. Ming Fu, pursuant to which Genius Lead agreed to sell 12,500,000 shares of the Company to Mr. Ming Fu at a price of HK$0.40 per placing share. On 20 July 2024, Genius Lead entered into a top-up subscription agreement (the "**Top-up Subscription Agreement**") with the Company. Pursuant to the Top-up Subscription Agreement, the Company conditionally agreed to allot and issue, and Genius Lead conditionally agreed to subscribe for, 12,500,000 shares of the Company (equivalent to the number of placing shares sold by Genius Lead to Mr. Ming Fu under the placing agreement) at a price of HK$0.40 per top-up subscription share, which represented (i) a discount of approximately 14.89% to the closing price of HK$0.47 per share as quoted on the Stock Exchange on the last trading day prior to the date of the Placing Agreement and the Top-up Subscription Agreement (the "**Last Trading Day**"); (ii) a discount of approximately 13.42% to the average closing price of HK$0.4620 per share of the Company as quoted on the Stock Exchange for the last five trading days up to the Last Trading Day; and (iii) a discount of approximately 10.01% to the average closing price of HK$0.4445 per share of the Company as quoted on the Stock Exchange for the last ten trading days up to the Last Trading Day. The 12,500,000 top-up subscription shares (with an aggregate nominal value of HK$1,250,000) represents (i) approximately 1.30% of the then issued share capital of the Company and (ii) approximately 1.28% of the then issued share capital of the Company as enlarged by the issue of the top-up subscription shares. The net proceeds after deduction of expenses from the Top-up Subscription were approximately HK$4,600,000 to be used for general working capital of the Group. The top-up subscription of new shares took place on 31 July 2024. As at the date of this report, the net proceeds were fully utilised according to the intention previously disclosed. Details were disclosed in the announcements of the Company dated 20 July 2024 and 31 July 2024.

Issuance of convertible bonds under general mandate with existing convertible bonds being surrendered and cancelled and use of proceeds

On 17 December 2024, the Company entered into a subscription agreement with Guoyuan Securities Investment (Hong Kong) Limited (the "**Subscriber**"), pursuant to which the Subscriber subscribed for convertible bonds in the aggregate principal amount of US$6,000,000 (equivalent to approximately HK$47,100,000) (the "**2024 Convertible Bonds**"). Based on the initial conversion price of HK$1.20 per conversion share (subject to adjustments pursuant to the terms and conditions of the 2024 Convertible Bonds, if any) at the exchange rate of HK$7.85 to US$1.00, a maximum number of 39,250,000 conversion shares will be allotted and issued upon exercise of the conversion rights attached to the 2024 Convertible Bonds in full assuming there is no adjustment to the conversion price, which represent approximately 4.02% of the existing issued share capital of the Company and approximately 3.87% of the issued share capital of the Company as enlarged by the issue of the conversion shares. The conversion price represents, among others, a premium of approximately 160.87% over the closing price of HK$0.46 per share as quoted on the Stock Exchange on 17 December 2024, being the date of the subscription agreement. The total subscription amount was settled by the Subscriber by way of set-off on a dollar-to-dollar basis against the principal amount of US$6,000,000 of the convertible bonds issued in 2022 (the "**2022 Convertible Bonds**"). Accordingly, no cash proceeds were received by the Company from the subscription. As to the remaining principal amount of US$4,000,000 of the 2022 Convertible Bonds, the principal amount of US$1,300,000 had been settled on 24 March 2025, and the Company is in discussions with the Subscriber to further extend the repayment period for the remaining balance. The 2024 Convertible Bonds are guaranteed by Pengbo (Hainan), a company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company. Completion of the subscription of the 2024 Convertible Bonds took place on 27 December 2024. Details were disclosed in the announcements of the Company dated 17 December 2024 and 27 December 2024.

Pursuant to the terms and conditions of the 2024 Convertible Bonds, it is an event of default if (i) the controlling shareholder of the Company, namely Genius Lead, ceases to hold 40% or more equity interest directly or indirectly in the Company (unless otherwise agreed by the Subscriber in writing), or (ii) Mr. Liu Xiaolin ("**Mr. Liu**") ceases to be a Director and the chairman of the Board, or (iii) Mr. Liu ceases to hold 40% or more beneficial interest directly or indirectly in the Company (unless otherwise agreed by the Subscriber in writing). As at 31 December 2024 and up to the date of this report, there is no breach of the above terms.

Acquisition and disposal of subsidiaries

Capital Injections into Shanghai Longyao and Grant of Put Option

On 8 December 2023, the Company, Shanghai Longyao (an indirect non-wholly owned subsidiary of the Company) and 宜興環科園產發股權投資合夥企業(有限合夥) (in English, for identification purpose only, Yixing Huanke Product Development Equity Investment Enterprise (Limited Partnership) ("**Yixing Huanke**"), a limited partnership established under the laws of the PRC, entered into a capital injection agreement, pursuant to which (i) Yixing Huanke agreed to make a capital injection to Shanghai Longyao in the amount of RMB48,000,000, of which RMB992,670 shall be used to subscribe for 5.35% equity interest of the enlarged registered capital of Shanghai Longyao and RMB47,007,330 shall be credited as the capital reserves of Shanghai Longyao, (ii) the Company agreed, through a wholly-owned subsidiary to be established in the PRC, to make a capital injection to Shanghai Longyao in the amount of RMB49,960,000, of which RMB1,033,204 shall be used to subscribe for 5.57% equity interest of the enlarged registered capital of Shanghai Longyao and RMB48,926,796 shall be credited as the capital reserves of Shanghai Longyao, (iii) a put option has been granted to Yixing Huanke whereby, upon the occurrence of any redemption event, Yixing Huanke shall be entitled to require Shanghai Longyao to repurchase, or (if Shanghai Longyao fails to repurchase) to require the Company to purchase, all or part of the Yixing Huanke's shareholding in Shanghai Longyao at the put price, and (iv) a call option, exercisable at the discretion of the Company on or before 31 December 2024, has been granted to the Company, pursuant to which the Company may buy all or part of Yixing Huanke's shareholding in Shanghai Longyao.

On the same date, Mr. Liu, the chairman and executive director of the Company, and Yixing Huanke entered into the side letter under which Mr. Liu has undertaken to Yixing Huanke that if Shanghai Longyao fails to repurchase or the Company fails to purchase all of Yixing Huanke's shareholding in Shanghai Longyao at the put price upon the exercise of the put option by Yixing Huanke, Mr. Liu shall purchase such equity interest in accordance with the terms of the capital injection agreement. The completion of the capital injections took place on 24 January 2024. Details were disclosed in the announcements of the Company dated 8 December 2023, 20 December 2023 and 8 January 2024. As of the date of this report, no redemption event in connection with the capital injection has been triggered, and the call option granted to the Company has lapsed without being exercised.

Lapse of the capital injection in and deemed disposal of equity interest in Pengbo (Hainan) Medical Technology Co., Ltd; and grant of the repurchase rights

On 5 August 2024, Pengbo (Hainan), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company, Dynamic Healthcare Holdings Limited ("**Dynamic Healthcare**"), a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company, CBSH Flourish (Hong Kong) BNCT Medical Centre Limited ("**CBSH Flourish**"), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company, Mr. Liu, the chairman and executive director of the Company, the Company and Hubei Weiyou Equity Investment Partnership (Limited Partnership) (湖北惟宥股權投資合夥企業(有限合夥)) ("**Hubei Weiyou**"), a limited partnership established in the PRC entered into a capital injection agreement (the "**Capital Injection Agreement**"), pursuant to which it was conditionally agreed that (i) the registered capital of Pengbo (Hainan) would be increased from RMB150,000,000 (equivalent to approximately HK$162,000,000) to RMB230,969,200 (equivalent to approximately HK$249,446,736); and (ii) Hubei Weiyou agreed to contribute up to RMB242,307,600 (equivalent to approximately HK$261,692,208) into Pengbo (Hainan) to subscribe for 35% of the registered capital of Pengbo (Hainan) in the amount of RMB80,769,200 (equivalent to approximately HK$87,230,736) as enlarged by the increase in the registered capital. Among the contribution amount of RMB242,307,600 (equivalent to approximately HK$261,692,208), RMB80,769,200 (equivalent to approximately HK$87,230,736) would be accounted for as the registered capital of Pengbo (Hainan) with the remaining balance of RMB161,538,400 (equivalent to approximately HK$174,461,472) would stand to the credit of the share premium account.

Before completion of the Capital Injection Agreement, Hubei Weiyou would enter into the offshore warrant subscription agreement with Dynamic Healthcare pursuant to which Dynamic Healthcare shall grant the warrant to Hubei Weiyou at a grant price of US$1 upon completion of the Capital Injection Agreement. The warrant would entitle the holder to subscribe for such number of Class A preference shares of Dynamic Healthcare at an aggregate purchase price of RMB242,307,600 (equivalent to approximately HK$261,692,208) such that the shareholding percentage and shareholder rights of Hubei Weiyou in Dynamic Healthcare shall be consistent with that in Pengbo (Hainan) prior to the exit of Hubei Weiyou from Pengbo (Hainan) after completion of the ODI Registration. The warrant would be exercisable for a period commencing from the grant date until the earlier of (i) the date falling twenty-four (24) months after the grant date; and (ii) one (1) year after the board of Dynamic Healthcare resolved to initiate a public listing on any securities market or a complete acquisition.

However, both the Capital Injection Agreement and the repurchase rights granted thereunder had lapsed on 15 November 2024. Details were disclosed in the announcements of the Company dated 5 August 2024, 3 September 2024, 30 September 2024, 30 October 2024 and 15 November 2024.

Adoption of share award scheme by and subscription of shares in a subsidiary

On 5 August 2024, Pengbo (Hainan) adopted a share award scheme for recognising the contributions made or to be made by certain participants and to provide them with incentives in order to retain them for the continual operation and development of Pengbo (Hainan) and to attract suitable personnel for further development of Pengbo (Hainan). Mr. Li Haifeng, the general partner of Jiabao Zhongzhi (Hainan) Hospital Management Partnership (Limited Partnership) (嘉博眾治(海南)醫院管理合夥企業(有限合夥)) ("**Jiabao Zhongzhi (Hainan)**"), a limited liability partnership established in the PRC, and Ms. Zhao Dan, one of the limited partners of Jiabao Zhongzhi (Hainan), has entered into a trust deed with Pengbo (Hainan) to act as the trustee of the share award scheme.

On 5 August 2024, Jiabao Zhongzhi (Hainan) as subscriber and Dynamic Healthcare entered into a subscription agreement, pursuant to which Jiabao Zhongzhi (Hainan) conditionally agreed to subscribe and Dynamic Healthcare conditionally agreed to issue 4,500 ordinary shares in Dynamic Healthcare, representing 9% of the issued share capital of Dynamic Healthcare as at completion of the subscription agreement, at the aggregate subscription consideration of RMB14,835,164 (equivalent to approximately HK$16,021,977), which shall be settled in cash. The purpose of the entering into of the subscription agreement is to enable Jiabao Zhongzhi (Hainan) to act as a platform of the share award scheme to be awarded to designated participants valuable to Pengbo (Hainan). Up to the date of this report, the subscription is not yet completed. Details were disclosed in the announcement of the Company dated 5 August 2024.

OUTLOOK

In 2024, the local economy had been recovering gradually and the Group had positioned itself well to extend its conventional medical laboratory testing services and health check services to public health screening services for the Hong Kong community.

Although market competition in the medical laboratory testing services and health check services segment had become more intensive in the post-pandemic time, we opted to upgrade our medical laboratories for higher efficiency and capacity. In early 2024, our PHC implemented a cooperation project with Abbott and installed the first customized virtual biochemical immune simulation GLP Track in private medical laboratory in Hong Kong. The system effectively reduces report turnover time, increases testing throughput, processes samples in a fully enclosed system, frees up manpower, reduces human errors, and lays a solid foundation for future testing in line with industry developments. Our laboratory initiated the HOKLAS qualification application process, aiming to obtain HOKLAS qualification by the end of 2025 and participated in government tenders to provide testing services for the Hospital Authority and Department of Health of Hong Kong. Additionally, the Government of Hong Kong announced the establishment of the Hong Kong FDA to attract pharmaceutical companies to undertake clinical trials in Hong Kong. Our Group quickly initiated collaborations with multiple partners to prepare for the launch of contract research organization (CRO) services to local and overseas pharmaceutical companies.

In 2023, following the government's health blueprint, we introduced a series of early health screening tests, including early screening for diabetes, HPV, and colorectal cancer. To seize this opportunity, we have been aggressively seeking cooperations with different medical platforms, insurance companies and corporate entities to promote our healthcare services in Hong Kong and expanding our reach into the Greater Bay Area. At the same time, we have taken keen efforts to strengthen and to broaden our scope of services to cope with the expected demand. For instance, we have introduced several new tests, such as early diabetes screening test, DNA test, etc. On the other hand, we will seek cooperation with the Hong Kong government, medical specialists, non-profit organisations and other institutes to achieve rapid entry into the early screening of colorectal cancer and HPV DNA test market. We also participated in government vaccine programs and provided on-site vaccine services for schools.

MANAGEMENT DISCUSSION AND ANALYSIS

Due to the rising awareness and health concerns of the general public fostered by the pandemic, the growing trend of aging population, larger demand for private medical services and increasing number of life insurance policies, it is expected that demand for health check and related medical services in Hong Kong will continue to grow.

Simultaneously, we have continued the development of our anti-tumor cell therapy products during the past years, and the clinical trials of our CAR-T drug have been progressing as planned. The stage I Trial of the first CD20-targeted investigational new drug, namely LY007 Cellular Injection, began in the first quarter of 2022. The first three testing groups of twelve patients had completed cell infusion treatment in the Trial and we are confident to enroll sufficient patients to participate in the Trial by early 2025. In June 2024, the progress results of the phase I clinical study ("**Phase I Study**") of LY007 Cellular Injection, a novel CD20-targeted autologous chimeric antigen receptor T cell therapy in patients with relapse/refractory B-cell non-Hodgkin lymphoma ("**B-NHL**") had been put up at the 2024 American Society of Clinical Oncology (ASCO) Annual Meeting in the form of poster presentation and put up at the 2024 American Society of Hematology (ASH) in December 2024.

Large B-cell lymphoma ("**LBCL**") is a common sub-type of B-NHL, and the majority of patients can be cured by standard immunochemotherapy regimens. However, approximately 40% of patients still face relapse/refractory dilemmas after first-line treatment. The Phase I Study was conducted to evaluate the safety and tolerability of LY007 Cellular Injection for the treatment of relapse/refractory B-NHL patients. The Phase I Study demonstrated that LY007 Cellular Injection was well tolerated at the dose levels up to 5.0×10^6 cells/kg for patients and showed a favorable dose-response relationship for the treatment of relapse/refractory B-NHL. LY007 Cellular Injection is expected to provide a new treatment option for LBCL patients.

More notably, we have entered into agreements to purchase the BNCT equipment, drug and related services from Sumitomo and Stella Pharma Corporation. We intend to become the first service provider to offer BNCT cancer treatment service to patients in the Greater China region, and aim to introduce and scale up this advanced tumor radiation therapy treatment services to patients in Mainland China, Hong Kong and Macau with unresectable, locally advanced or locally recurrent head and neck cancer.

In addition, the Group has entered into cooperation partnership with several hospitals in the PRC, including but not limited to Huashan Hospital affiliated to Fudan University, Shanghai (上海復旦大學附屬華山醫院), for the provision of treatment services for cancer patients referred by them at the BNCT Centre in Hainan to be opened in the fourth quarter of 2025. Apart from offering BNCT treatment services to cancer patients, the Group will generate revenue in the future through the distribution of BNCT equipment, medicines and its related services, including consultancy services in relation to the design and construction of BNCT Centre, maintenance services for BNCT equipment and the provision of professional training services for medical staff to other hospital operators in Mainland China.

Despite the setback suffered by the unexpected flooding caused by the typhoon "Trami" in October 2024, we are picking up progress on the construction of the BNCT Centre in Boao Pilot Zone. Pengbo (Hainan) has also been granted the medical institution practicing license (醫療機構執業許可證) by the administration of the Boao Pilot Zone. The construction and renovation of the BNCT Centre, followed by installation of BNCT equipment and test run, is targeted to be completed in fourth quarter of 2025.

Moving forward, we will continue to enrich our diagnostic and health checkup business with customized service offerings. We will endeavor to speed up the Trial and the construction of the BNCT Centre and will continue to stay at the forefront of the biomedical field by leveraging on the latest advancements in biomedical research and technology to develop innovative solutions for precision diagnosis and treatment.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group has financed its operations and capital expenditures requirements through (i) internally generated resources; (ii) net proceeds from the placing of new shares under general mandate; and (iii) bank and other borrowings.

Liquidity and Financial Resources

As at 31 December 2024, the Group held cash and bank balances of approximately HK$18,913,000 (31 December 2023: HK$72,087,000), all were principally denominated in Renminbi and Hong Kong dollars. The decrease in cash and bank balances of approximately HK$53,174,000 is mainly due to uses for operational businesses of the Group and the construction of BNCT Centre in Hainan of China.

As at 31 December 2024, the Group had outstanding convertible bonds in principal amount of US$6,000,000 with carrying amount of approximately US$5,304,000 (equivalent to approximately HK$41,635,000 (31 December 2023: US$10,000,000 with carrying amount of approximately US$6,863,000 (equivalent to approximately HK$53,877,000)) which carried a fixed interest rate of 8.25% (31 December 2023: 8.25%) per annum and is repayable on 27 December 2026, and guaranteed by a subsidiary of the Company.

As at 31 December 2024, the Group had (i) secured bank borrowings of approximately RMB12,507,000 (equivalent to approximately HK$13,259,000) (31 December 2023: HK$20,000,000), which carried a floating interest rate (i.e. loan prime rate for 5-year) (2023: i.e. HIBOR plus 1.5%) and is repayable within eight years and jointly guaranteed by Mr. Liu Xiaolin, the chairman and executive director of the Company; and (ii) unsecured bank borrowings of approximately RMB12,000,000 (equivalent to HK$12,721,000) (31 December 2023: Nil), which is guaranteed by the Company and is repayable within one year.

As at 31 December 2024, the Group had loan from controlling shareholder of approximately HK$24,772,000 (31 December 2023: Nil) which carried a fixed interest of 10% per annum and is repayable within one year.

As at 31 December 2024, the Group had secured other borrowings of approximately HK$5,301,000 (equivalent to RMB5,000,000) (31 December 2023: HK$10,963,000 (equivalent to RMB10,000,000)), which carried a fixed interest rate at 6% per annum and is repayable within one year (31 December 2023: two years).

As at 31 December 2024, the Group had unsecured other borrowings of approximately HK$82,640,000 (31 December 2023: Nil), which carried interest ranging from 8.25% to 12% per annum and are repayable within one year.

The increase in the bank and other borrowings were mainly due to the use of additional borrowings by the Group for general working capital and for the development of the BNCT Centre.

As at 31 December 2024, total assets of the Group were approximately HK$529,955,000 (31 December 2023: HK$662,362,000), whereas total liabilities were approximately HK$287,567,000 (31 December 2023: HK$171,636,000). The gearing ratio of the Group, calculated as total liabilities over total assets, was approximately 54.26% (31 December 2023: 25.91%). Current ratio (defined as total current assets divided by total current liabilities) was 0.33 times (31 December 2023: 1.64 times).

Fortstone International (Hong Kong) Limited ("**Fortstone**"), an indirect non-wholly-owned subsidiary of the Company, is a holder of insurance broker licence under the Insurance Ordinance. As an insurance brokerage company, Fortstone is subject to capital and net assets requirement under the Insurance Ordinance. Fortstone shall maintain a minimum net assets value and a minimum paid up share capital of HK$500,000 at all times. Fortstone oversees its compliance with the capital and net assets requirement by monitoring Fortstone's liquid asset and ranking liabilities at all times to ensure they are well above the minimum required level (i.e. HK$500,000). Fortstone has complied with the capital and net assets requirement during the 2024 Year.

Capital Structure

As at 31 December 2024, the total issued share capital of the Company was HK$97,573,115 (2023: HK$96,323,115) divided into 975,731,150 (2023: 963,231,150) ordinary shares of HK$0.10 each.

As mentioned in the section headed "BUSINESS REVIEW" above, the Company completed a placing of existing shares and top-up subscription of new shares in the 2024 Year. The use of net proceeds from the issue of the top-up subscription is as follows:

Intended use	Net proceeds	Utilisation up to 31 December 2024	Remaining balance as at 31 December 2024	Expected timeline for utilising the remaining net proceeds
	HK$'000	HK$'000	HK$'000	
General working capital	4,600	4,600	Nil	N/A

As at the date of this report, the net proceeds were used, according to the intentions previously disclosed by the Company in its announcements dated 20 July 2024 and 31 July 2024 and the Directors were not aware of any material change to the intended use of the net proceeds set forth above.

SIGNIFICANT INVESTMENT HELD AND PERFORMANCE

As at 31 December 2024, the Group's financial assets at fair value through other comprehensive income amounted to approximately HK$43,229,000 (31 December 2023: HK$56,920,000) including one investment in unlisted equity securities (31 December 2023: one investment in unlisted equity securities and one investment in listed equity securities). It mainly consisted an investment of approximately HK$43,229,000 in Pillar Biosciences, Inc. ("**Pillar US**") and Zhengu Dianostics Holdings Limited (together with Pillar US, "**Pillar**") (which represented 8.16% of the total asset of the Group as at 31 December 2024). It is the Group's investment strategy to hold the investments in Pillar as long-term investments for the creation of synergy and long term shareholder value.

(i) Investment in Pillar

As at 31 December 2024, the Group held approximately 3.01% (31 December 2023: 3.01%) of equity interest of Pillar with fair value of HK$43,229,000 (equivalent to US$5,566,000) (31 December 2023: HK$52,204,000 (equivalent to US$6,684,000)) and at an initial investment costs of US$4,999,999 (equivalent to HK$39,208,000). Pillar is a precision testing company for cancer based in Boston, Massachusetts, the United States of America and Shanghai, the PRC. In 2023, Pillar US spun off its Chinese business to Zhengu Diagnostics Holdings Limited. Based on the latest unaudited financial statements of Pillar US for the year ended 31 December 2024, it recorded an unaudited loss of approximately US$17 million. A fair value loss on the Group's investment in Pillar of approximately HK$8,975,000 (2023 Year: fair value loss of approximately HK$17,066,000) has been recognised in other comprehensive income for the 2024 Year. No dividend income was received from Pillar for the 2024 Year. As part of the strategic cooperation between the Group and Pillar, a company has been set up by the parties in Hong Kong, namely Asia Molecular Diagnostic Laboratory Limited ("**AMDL**"). AMDL has established a high-standard molecular biology laboratory at the Hong Kong Science and Technology Park and has been providing NGS precision cancer diagnostic services in Hong Kong. The Group believes that the investment in Pillar will create synergies with the Group's medical laboratory testing services and heath check services.

(ii) Investment in Broncus

During the 2024 Year, proceeds of HK$3,383,000 were received from disposal of investment in Broncus Holding Corporation ("**Broncus**") (a company whose shares are listed on the Main Board of the Stock Exchange with stock code: 2216). Broncus is a company mainly engaged in research and development, and the manufacture and commercialisation of medical device and consumables. No dividend income was received from Broncus for the 2024 Year.

The Group did not hold any other significant investment with a market value that account for more than 5% of the Group's audited total assets as at 31 December 2024.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES

Save as disclosed in the section headed "BUSINESS REVIEW" above, the Group did not have any other material acquisition or disposal of subsidiaries and affiliated companies for the 2024 Year.

OPERATING LEASE COMMITMENTS

Details of operating lease commitments are stated in note 44 to the consolidated financial statements.

CAPITAL COMMITMENTS

Details of capital commitments are stated in note 43 to the consolidated financial statements.

PLEDGED ASSETS

As at 31 December 2024, the Group had pledged bank deposits of approximately HK$14,715,000 (31 December 2023: HK$134,809,000).

The restricted bank deposits denominated in JPY amounting to approximately HK$14,715,000 (equivalent to JPY300,225,000) (31 December 2023: HK$134,809,000 (equivalent to JPY2,490,024,000)) represented deposits pledged to a bank to secure issuance of an irrevocable letter of credit to the BNCT system supplier, Sumitomo Heavy Industries, Ltd.

As at 31 December 2024, the Group had secured bank borrowings of approximately RMB12,507,000 (equivalent to approximately HK$13,259,000), which were secured by a mortgage of Pengbo (Hainan)'s land use rights and the construction-in-progress of the leasehold land of the BNCT Centre in the Hainan Boao Lecheng International Medical Tourism Pilot Zone; and a joint and several liability guarantee provided by Mr. Liu Xiaolin, the chairman and an executive Director of the Company in favour of the bank for banking facilities of RMB50,000,000. As at 31 December 2023, the Group had a secured bank borrowing of approximately HK$20,000,000, which was secured by a legal charge on leasehold land and buildings in Hong Kong with the carrying amounts of approximately HK$11,478,000 and a corporate guarantee executed by a subsidiary in favour of the bank for the banking facilities of HK$25,000,000. The bank borrowing of 2023 was fully repaid during the 2024 Year.

As at 31 December 2024, the Group had bank borrowings of approximately HK$5,301,000 (equivalent to approximately RMB5,000,000) (31 December 2023: Nil), which was guaranteed by the Company.

As at 31 December 2024, the Group had other borrowings of approximately HK$5,301,000 (equivalent to approximately RMB5,000,000) (31 December 2023: HK$10,963,000 (equivalent to approximately RMB10,000,000)), which was secured by a deposit of approximately HK$1,060,000 (equivalent to RMB1,000,000) (31 December 2023: HK$1,096,000 (equivalent to RMB1,000,000)) and plant and machinery and intangible assets with the carrying amount of approximately HK$985,000 (31 December 2023: HK$1,888,000) and HK$33,620,000 (31 December 2023: HK$42,946,000) respectively and guaranteed by the Company.

As at 31 December 2024, the Group had other borrowings of approximately HK$21,202,000 (equivalent to RMB20,000,000) (31 December 2023: Nil), which was secured by 47% shareholding of a subsidiary of the Company and guaranteed by the Company and Mr. Liu Xiaolin, the chairman and executive director of the Company.

CONTINGENT LIABILITIES

As at 31 December 2024, the Group had no material contingent liabilities.

TREASURY POLICY

The Directors will continue to follow a prudent policy in managing the Group's cash balances and maintain a strong and healthy liquidity to ensure that the Group is well placed to take advantage of growth opportunities for the business.

FOREIGN EXCHANGE AND INTEREST RATE EXPOSURE

During the 2024 Year, the business activities of the Group were mainly denominated in Hong Kong dollars and Renminbi. The Group is not exposed to significant foreign exchange risk and has not employed any financial instrument for hedging. When appropriate and at times of interest rate or exchange rate uncertainties or volatility, hedging instruments including interest rate swaps and foreign currency forwards contract will be used by the Group in the management of exposure affecting interest rates and foreign exchange rate fluctuations as appropriate.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2024, the Group had a total of 141 (2023: 162) full time employees which were located in Mainland China and Hong Kong. Total staff costs for the 2024 Year was approximately HK$65,779,000 (2023 Year: HK$92,607,000).

The Group remunerates its employees based on their performance, experience and the prevailing market condition. Performance related bonuses are also granted on a discretionary basis. Other employee benefits include mandatory provident fund, insurance and medical coverage, training (including internal training on the Group's policies and procedures, and paid external training organised by third parties), participation in the share option scheme and share award scheme to provide further incentive and rewards to eligible participants who contribute to the success of the Group.

Provident fund benefits are offered to certain full-time employees through a registered scheme under the Occupational Retirement Schemes Ordinance ("**ORSO**") with the Mandatory Provident Fund exemption. The ORSO scheme is administered by trustees, which are independent, with assets held separately from those of the Group. Under the ORSO scheme, the Group contributes 5% of monthly salaries of employees.

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong (other than those who are covered under ORSO scheme). The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the scheme subject to a maximum of HK$1,500 per month per employee. The employees in the PRC are members of respective state-managed defined contribution retirement benefits scheme operated by the local government. The employer and the employees are obliged to make contributions at a certain percentage of the basic payroll under rules of the schemes. The only obligation of the Group with respect to the retirement benefit schemes is to make the specified contributions.

The total contributions payable to the above schemes by the Group and charged to the consolidated statement of profit or loss and other comprehensive income for the 2024 Year were approximately HK$2,231,000 (2023 Year: HK$2,996,000).

EVENTS AFTER THE REPORTING PERIOD

Details of the significant events after the reporting period are set out in note 46 to the consolidated financial statements.

BIOGRAPHICAL DETAILS OF DIRECTORS

DIRECTORS

Executive Directors

Mr. Liu Xiaolin ("Mr. Liu"), aged 54, has been appointed as a chairman and executive Director since 28 August 2017 and 7 August 2017 respectively. He is also the chairman of the nomination committee and a member of remuneration committee of the Company. Mr. Liu is a vice chairman of the School Council of Nanjing Medical University since November 2018. He possesses over 15 years of experience in investment, equity fund management, and mergers and acquisitions. From January 2003 to January 2008, Mr. Liu was the executive director of Shenzhen Jiuming Investment & Consulting Limited* (深圳市久名投資諮詢有限公司), a company principally engaging in investments. From February 2008 to October 2014, Mr. Liu was a partner and chief mainland China representative in an international private equity fund.

Mr. Liu graduated from The Macau University of Science and Technology in 2005 with a Master degree of Business Administration. He is also a director of a number of subsidiaries of the Company.

Mr. Liu is the sole director of Genius Lead Limited (which holds 529,500,546 shares in the Company) and its holding company, Genius Earn Limited.

Mr. He Xun ("Mr. He"), aged 60, has been appointed as an executive Director on 7 August 2018. Mr. He was appointed as a member of the State Pharmacopoeia Commission of China (國家藥典委員會) from October 2002 to October 2007, and has been a member of the Science and Technology Expert Committee of the Shenzhen Municipal Government (深圳市科技專家委員會) since January 2011. Mr. He was the founding president of Shenzhen Life Science and Biotechnology Association in December 2012. Since February 2016 and May 2017 respectively, he has been appointed as the general manager of Shenzhen Sinobioway Xinpeng Biomedicine Co., Ltd.* (深圳未名新鵬生物醫藥有限公司) and Jiangsu Sinobioway Biomedicine Co., Ltd* (江蘇未名生物醫藥有限公司). From January 2017 to January 2020, he served as the vice president of Beijing Sinobioway Group Co., Ltd.* (北京北大未名生物工程集團有限公司). From January 2018 to January 2020, Mr. He had been appointed as the committee member and investment consultant of Shenzhen Fortune Link Thousand Eagle Growth Equity Investment Fund* (深圳匯富未名千鷹成長股權投資基金合夥企業(有限合夥)), which is principally engaged in trust asset management. Mr. He was an independent non-executive director of Shenzhen Weiguang Biological Products Co., Ltd. (stock code: 002880.SZ), a company listed on the Shenzhen Stock Exchange from January 2019 to December 2021.

Mr. He obtained a Bachelor's degree in chemical engineering and a Master's degree in chemical engineering from Tsinghua University in July 1987 and June 1991 respectively, and subsequently a Master's degree of business administration from the National University of Singapore in August 2001. Mr. He was accredited as a senior pharmaceutical engineer by the Guangdong Province Personnel Office (廣東省人事廳) in November 1999, and a senior engineer in biotechnology by the Shenzhen Human Resources and Social Security Bureau (深圳市人力資源和社會保障局) in August 2021.

Mr. Huang Song ("Mr. Huang"), aged 43, was appointed as a non-executive Director of the Company on 15 September 2017 and was redesignated as an executive Director of the Company on 16 December 2019.

Mr. Huang joined the National Institute of Biological Sciences, Beijing, the PRC, in February 2011 as a postdoctoral research fellow and currently serves as a deputy director of administration and a director of its Synthetic Biology Center (生物文庫中心), where he is mainly responsible for research management and administration. Mr. Huang has published a research paper in relation to endoplasmic reticulum and jointly owns a patent of potential prostate cancer treatment.

Mr. Huang obtained a Bachelor's degree in biological science from Peking University in July 2003 and a Doctor of Philosophy (PhD) degree in integrative biology from Southwestern Graduate School of Biomedical Sciences, the University of Texas Southwestern Medical Center at Dallas in December 2010.

BIOGRAPHICAL DETAILS OF DIRECTORS

Independent non-executive Directors

Mr. Yan Guoxiang ("Mr. Yan"), aged 59, has been appointed as an independent non-executive Director on 7 August 2017. He is also the chairman of the audit committee and remuneration committee of the Company and a member of the nomination committee of the Company. Mr. Yan has over 20 years of experience in accounting and management. From March 2004 to September 2007, Mr. Yan was an accounting department manager of ShineWing Certified Public Accountants. From September 2007 to June 2010, Mr. Yan was an accounting department manager of Pan-China Certified Public Accountants. Mr. Yan was an assistant manager and finance manager of Chongyi Zhangyuan Tungsten Co., Ltd (stock code: 002378.SZ) from July 2010 to January 2012, a company listed on the Shenzhen Stock Exchange. From March 2012 to December 2014, Mr. Yan was a partner of Da Hua Certified Public Accountants. Since 2013, Mr. Yan has been the visiting professor of the accounting school of Jiangxi University of Finance and Economics. From August 2016 to August 2019, Mr. Yan was the general manager of Shenzhen Junxing Information Technology Co., Ltd. Since June 2018, Mr. Yan has been the executive director of Shenzhen Sichen Consulting Service Co. Ltd.* (深圳市士辰諮詢服務有限責任公司). Mr. Yan was the independent non-executive director of MLS Co., Ltd (stock code: 002745.SZ) from July 2010 to September 2016 and Huasu Holdings Co., Ltd. (stock code: 000509.SZ) from March 2014 to April 2017, both of which are companies listed on the Shenzhen Stock Exchange. From November 2015 to November 2021, Mr. Yan was the independent non-executive director of Eaglerise Electric (China) Co., Ltd. (伊戈爾電氣股份有限公司) (stock code: 002922.SZ) and since August 2018, Mr. Yan has been an independent non-executive director of Shenzhen Topway Video Communication Co., Ltd. (stock code: 002238.SZ), both of which are listed on the Shenzhen Stock Exchange. Mr. Yan is also an independent non-executive director and the convenor of the audit committee of Zhuhai Zhanchen New Materials Company Limited* (珠海展辰新材料股份有限公司) since June 2019.

Mr. Yan completed a professional course in financial accounting at Jiangxi Business School* (江西省商業學校) in July 1988 and graduated from Southwest University (西南大學) with a Bachelor's degree in accounting in July 2005. He has been a qualified intermediate financial economist of the PRC since June 1995, a certified public valuer of the PRC since August 1997 and a certified public accountant of the PRC since April 1998.

Dr. Guo Yuantao ("Dr. Guo"), aged 50, has over 20 years of equity research experience in various international investment banks with both sector exposure and macro exposure. Dr. Guo obtained a Bachelor of Arts with a major in International Economics from the School of Economics of Nankai University in 1995, a Master of Arts from the School of Economics of Peking University in 1998, and a Master of Philosophy from the Center of Development Studies and Churchill College of the University of Cambridge in 1999. Dr. Guo obtained her PhD from the Judge Business School and Churchill College of the University of Cambridge. Dr. Guo is the former Chief Strategist and Economist, Head of Equity Research and Managing Director of the China Merchants Securities (Hong Kong) from 2017 to 2023. Prior to joining China Merchants Securities (Hong Kong), Dr. Guo was the former Head of Asia Consumer/Internet/Media Equity, Research and Managing Director of Jefferies (Hong Kong) from 2011 to 2017. Dr. Guo also has extensive international exposure from working as an analyst in the equity research team of HSBC (Hong Kong), Goldman Sachs (Gaohua Beijing) and Goldman Sachs (Singapore). Dr. Guo was accredited as a permanent member of the China Independent Non-Executive Directors Association (中國獨立非執行董事協會) in December 2023. Since 29 August 2024, Dr. Guo has been appointed as an independent non-executive director of Tianneng Power International Limited (stock code: 0819), a company listed on the Stock Exchange,

BIOGRAPHICAL DETAILS OF DIRECTORS

Mr. Qian Hongji ("Mr. Qian"), aged 49, has been appointed as an independent non-executive Director since 2 March 2018. He is also a member of the audit committee of the Company. Mr. Qian is an experienced lawyer with extensive practice in the areas of mergers and acquisitions and other areas of corporate practice. He was a lawyer and partner at Beijing Zhongtong Cecheng Law Office from May 1999 to May 2004, and has since joined Dentons, a law firm in the PRC, in May 2005 where he is currently a senior partner. Mr. Qian had also been the chairman of the board of supervisors of Beijing Tepia Technology Limited* (北京太比雅科技股份有限公司), whose equity securities are being exchanged and quoted on the National Equities Exchange and Quotations (securities code: 838941), from August 2016 to March 2018. Since June 2019, Mr. Qian has been appointed as an independent non-executive director of Hevol Services Group Co. Limited (stock code: 6093), a company listed on the Stock Exchange of Hong Kong Limited.

Mr. Qian graduated with a Bachelor of laws degree from the China Youth University of Political Studies* (中國青年政治學院) in July 1998 and a Juris Master's degree from Peking University in January 2009.

Changes in Information of Directors

Pursuant to Rule 17.50(A)(1) of GEM Listing Rules, the changes in information of Directors of the Company are set out below:

Directors	Details of changes
Dr. Guo Yuantao	Since 29 August 2024, Dr. Guo has been appointed as an independent non-executive director of Tianneng Power International Limited (stock code: 0819), a company listed on the Stock Exchange,

Please refer to the sections headed "Share Option Scheme" and "BENEFITS AND INTERESTS OF DIRECTORS" in notes to the consolidated financial statements for changes in Directors' interests in shares of Company within the meaning of Part XV of the SFO and Directors' emoluments for the year.

CORPORATE GOVERNANCE REPORT

Pursuant to the Rule 18.44(2) of the GEM Listing Rules, the board of Directors (the "**Board**") is pleased to present the corporate governance report for the year ended 31 December 2024 (the "**2024 Year**"). This report highlights the key corporate governance practices of the Company.

CORPORATE GOVERNANCE PRACTICES

The Board believes that corporate governance is essential to the success of the Company. The Board is committed to maintaining corporate governance with high standard and ensuring compliance of the legal and regulatory requirements. The Company has put in place governance practices with emphasis on the integrity, quality of disclosures, transparency and accountability for the shareholders of the Company.

Throughout the 2024 Year, the Company has adopted the principles and code provisions set out in the Corporate Governance Code (the "**CG Code**") as set out in Part 2 of Appendix C1 to the GEM Listing Rules, and has complied with the code provisions in the CG Code, save for the following deviation.

Under Code Provision C.1.6 of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders. Mr. Qian Hongji, an independent non-executive director, was unable to attend the annual general meeting held on 6 June 2024 due to other work arrangement.

COMPLIANCE WITH CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms not less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry with all Directors, the Company confirmed that all Directors have complied with the required standard of dealings and its code of conduct regarding securities transactions by the Directors during the 2024 Year and there is no incident of non-compliance.

BOARD OF DIRECTORS

Composition

As at 31 December 2024, the Board comprises three executive Directors and three independent non-executive Directors as follows:

Executive Directors

Mr. Liu Xiaolin *(Chairman)*
Mr. He Xun
Mr. Huang Song

Non-executive Director

Ms. Chui Hoi Yam *(resigned on 13 June 2024)*

Independent Non-executive Directors

Mr. Yan Guoxiang
Dr. Guo Yuantao *(appointed on 6 June 2024)*
Dr. Ho Ivan Chun Kit *(retired on 6 June 2024)*
Mr. Qian Hongji

The composition of the Board reflects the combination of skills and experience in different areas with different expertise of the Directors to provide independent opinions and implement strategic plans.

The resignation of Ms. Chui Hoi Yam as a non-executive Director and the retirement of Dr. Ho Ivan Chun Kit as an independent non-executive Director respectively was due to her/his other business and/or personal commitments which require more of her/his dedication. Each of them confirmed that she/he did not have any disagreement with the Board and there was no matter in relation to her/his resignation that would need to be brought to the attention of the shareholders of the Company.

Dr. Guo Yuantao, who was appointed as an independent non-executive Director during the 2024 Year, has obtained the legal advice referred to in Rule 5.02D of the GEM Listing Rules on 29 May 2024, and has confirmed that she understood her obligations as a director of the Company.

There is no relationship among members of the Board and the biographical details of the Directors are set out in the section headed "Biographical Details of Directors" of this report.

Directors' Insurance

The Company has arranged appropriate insurance cover in respect of legal action against the Directors in compliance with code provision A.1.8 of the CG Code.

Responsibilities, accountabilities and contributions of the Board and management

The Company is governed by the Board, which is primarily responsible for formulating the overall strategy development of the Group and overseeing management, administration and operation of the Group. The Board should assume responsibility for leadership and control of the Group by directing and supervising its affairs. All Directors should make decisions objectively in the interests of the Company.

The Board reserves the right to make decisions on all major matters relating to (i) monitoring and executing the internal control and risk management; (ii) evaluating the financial performance; (iii) seeking and evaluating of any potential material acquisitions, disposals, investments or transactions; and (iv) approving appointment of Directors and other significant operational matters of the Group including setting the overall strategies and directions for the Group with the aim of developing its business and enhancing return to shareholders.

Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the management of the Group. The Board has reviewed the delegation to management periodically to ensure that they remain appropriate.

The biographical details of the Directors are set out in the section above headed "Biographical Details of Directors" on page 23 to page 25 of this report. Their role and function are published on the websites of the Company and the Stock Exchange. Save as disclosed in this report, none of the Directors has any relationship (including financial, business, and family or other material/relevant relationship) with each other.

All Board committees of the Company are established with defined written terms of reference.

The respective terms of reference of the Audit Committee, the Remuneration Committee and the Nomination Committee have been published on the websites of the Company and the Stock Exchange.

Attendance of Directors at Meetings

The attendance of the Directors at the general meetings of the Company, the meetings of each of the Board, the Audit Committee, the Remuneration Committee, and the Nomination Committee during the 2024 Year are set out below:

Name of Directors	*Notes*	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	General Meeting
Executive Directors						
Mr. Liu Xiaolin		14/14	N/A	2/2	2/2	1/1
Mr. He Xun		14/14	N/A	N/A	N/A	1/1
Mr. Huang Song		12/14	N/A	N/A	N/A	0/1
Non-Executive Director						
Ms. Chui Hoi Yam	*1*	6/6	N/A	N/A	N/A	1/1
Independent non-Executive Directors						
Mr. Yan Guoxiang		14/14	3/3	2/2	2/2	1/1
Dr. Guo Yuantao	*2*	9/9	2/2	N/A	N/A	N/A
Dr. Ho Ivan Chun Kit	*3*	5/5	1/1	2/2	2/2	1/1
Mr. Qian Hongji		14/14	3/3	N/A	N/A	0/1

Note:

1. Ms. Chui Hoi Yam resigned as a non-executive director with effect from 13 June 2024.
2. Dr. Guo Yuantao was appointed as an independent non-executive director with effect from 6 June 2024.
3. Dr. Ho Ivan Chun Kit retired as an independent non-executive director with effect from 6 June 2024.

The Directors have received details of agenda and minutes of committee meetings in advance of and after each Board meeting respectively. The company secretary of the Company ("**Company Secretary**") has distributed relevant documents to the Directors in a timely manner to enable the Directors to make informed decisions on matters to be raised at the Board meeting. All Directors have access to the advices and services of the Company Secretary who is responsible for ensuring the procedures of the Board meetings are complied with, and in consultation with the compliance officer of the Company, advising the Board on compliance matters.

In addition, the Company has maintained a procedure for the Directors to seek independent professional advice, in appropriate circumstances, at the Company's expense in discharging their duties to the Company. Moreover, the Company Secretary have prepared minutes of the Board meetings and kept records of matters discussed and decisions resolved at all Board meetings. The Company Secretary also has kept the minutes of the Board meetings, which are open for inspection at any reasonable time on reasonable notice by any Director.

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

All independent non-executive Directors and non-executive Director are appointed for a specific term of one year.

According to Company's bye-laws, one-third of the Directors are required to retire from office at each annual general meeting, provided that every Director shall be subject to retirement by rotation at least once in every three years. Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of the Company after his/her appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Pursuant to Rule 5.05 of the GEM Listing Rules, the Company must have three independent non-executive Directors; one of them has appropriate professional qualification or accounting or related financial management expertise. The Company confirmed that annual confirmations of independence were received from each of the Company's independent non-executive Directors pursuant to Rule 5.09 of the GEM Listing Rules and all independent non-executive Directors are considered to be independent.

The Company has established the following mechanisms, which is reviewed by the Board on an annual basis, to ensure independent views and input are available to the Board:

Independent non-executive Directors

- independence of independent non-executive Directors of the Company is evaluated against the requirements set out in Rule 5.09 of the GEM Listing Rules.
- annual confirmation from independent non-executive Directors regarding any changes to circumstances which may impair their independence.

Nomination and Appointment

- adopting the board diversity policy when nominating members of the Board.

Board and Committees' Structure

- reviewing the composition of the Board, and the Audit, Remuneration and Nomination Committees for compliance with the CG Code.
- reviewing the relationship among members of the Board, if any.

BOARD COMMITTEES

The Board is responsible for performing the corporate governance duties set out in the Code Provision A.2.1 of the CG Code, including (a) developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board; (b) reviewing and monitoring the training and continuous professional development of Directors and senior management; (c) reviewing the Company's compliance with the Company's policies and practices on compliance with legal and regulatory requirements; (d) developing, reviewing and monitoring the code of conduct; and (e) reviewing the Company's compliance with the CG Code and disclosure in this report.

As part of the corporate governance practices, the Board has established three Board committees, namely, the Audit Committee, the Nomination Committee and the Remuneration Committee, with terms of reference in accordance with the principles set out in the CG Code.

Audit Committee

The Audit Committee is currently composed of three independent non-executive Directors, namely, Mr. Yan Guoxiang (Chairman of the Audit Committee), and Dr. Guo Yuantao and Mr. Qian Hongji as members. The financial results for the 2024 Year have been reviewed by the Audit Committee.

The principal duties of the Audit Committee include, among other matters as listed on the CG Code, the following:

(a) to review the relationship with the external auditor to (i) make recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal; and (ii) review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;

(b) to monitor integrity of the Company's financial statements and annual report and accounts, half-year report and quarterly reports (if any), and review these reports and significant financial reporting judgments contained in them;

(c) to review the Company's financial controls, risk management and internal control systems, discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems, and consider major investigation findings on risk management and internal control matters;

(d) to consider any significant or unusual items that are, or may need to be, reflected in the report and accounts, it should give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditors; and

(e) to review arrangements employees of the Company can use, in confidence, raise concerns about possible improprieties in financial reporting, internal control or other matters, and ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action.

During the 2024 Year, the Audit Committee has three meetings and has performed the above mentioned principal duties and reviewed the Company's interim results, unaudited consolidated financial statements, annual results, annual report, interim report and quarterly reports (if any) and to advise and comments thereon to the Board. The Audit Committee has performed the duties to review the compliance procedures, report on the Company's internal control and risk management, and its other duties under the CG Code. The Audit Committee also met the external auditor twice without the presence of the executive Directors. Besides, there is no disagreement between the Board and the Audit Committee regarding the re-appointment of external auditor.

The Audit Committee is established with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules. The full terms of reference setting out the Audit Committee's authority and its role and responsibilities are available on the websites of the Company (www.cbshhk.com) and the Stock Exchange.

Remuneration Committee

The Remuneration Committee is currently composed of three members, including two independent non-executive Directors, namely Mr. Yan Guoxiang (Chairman of the Remuneration Committee) and Dr. Guo Yuantao and one executive Director and the chairman of the Company, Mr. Liu Xiaolin.

The principal duties of the Remuneration Committee include, among other matters as listed on the CG Code, the following:

(a) making recommendations on the remuneration policy and structure of the Company, and determining the remuneration packages of, all Directors and senior management to the Board for the Board's final determination pursuant to Code Provision E.1.2 of the CG Code; and

(b) establishing a formal and transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration pursuant to Code Provision E.1.2 of the CG Code.

The Remuneration Committee held two meetings during the 2024 Year to perform the above mentioned principal duties.

The following is a summary of work performed by the Remuneration Committee during the 2024 Year:

(a) reviewing and recommending the policy and structure of the remuneration of the Directors and senior management pursuant to Code Provision E.1.2(c)(ii) of the CG Code to the Board;

(b) assessing individual performance of the Directors;

(c) reviewing specific remuneration packages of the Directors with reference to the Board's corporate goals and objectives as well as individual performances;

(d) reviewing and making recommendations to the Board on the appointment letters of each Directors; and

(e) reviewing and/or approving matters relating to share schemes of the Company under Chapter 23 of the GEM Listing Rules.

Details of the Directors' remuneration and five individuals with highest emoluments are set out in notes 15 and 14 to the consolidated financial statements.

The Remuneration Committee is established with written terms of reference in compliance with Rules 5.34 and 5.35 of the GEM Listing Rules. The full terms of reference setting out the Remuneration Committee's authority and its role and responsibilities are available on the websites of the Company (www.cbshhk.com) and the Stock Exchange.

Nomination Committee

The Nomination Committee is currently composed of three members, including two independent non-executive Directors, namely Mr. Yan Guoxiang and Dr. Guo Yuantao and one executive Director and the chairman of the Company, Mr. Liu Xiaolin (Chairman of the Nomination Committee).

The Nomination Committee leads the process and makes recommendations for appointments to the Board, whether as additional appointment or to fill up the casual vacancy of directorship as and when they arise, in the light of the business development and requirements of the Company. In evaluating and selecting candidate(s) for directorship, the Nomination Committee considers the criteria of nomination and appointment of the directors as sets out in the director nomination policy of the Company, which include but not limited to the character and integrity, skills and expertise, professional and educational backgrounds, potential time commitment for the board and/or committee responsibilities, and the elements of the board diversity policy of the Company. If the nomination process yields one or more desirable candidates, the Nomination Committee will rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable). The Nomination Committee will then make recommendation to the Board to appoint the appropriate person among the candidates nominated for directorship. Suitable candidate(s) shall be appointed by the Board in accordance with the bye-laws of the Company and the GEM Listing Rules.

In case of re-appointments of members of the Board at general meetings of the Company, the Nomination Committee will review the overall contribution and service to the Company of the retiring Director and his/her level of participation and performance on the Board, as well as whether the retiring Director continues to meet the nomination and appointment criteria as set out in the director nomination policy of the Company, prior to making recommendations to the Board for its consideration and recommendations to the shareholders of the Company.

The principal duties of the Nomination Committee include, among other matters as listed on the CG Code, the following:

(a) reviewing the structure, size; composition (including the skills, knowledge and experience) and diversity (including but not limited to gender, age, cultural and education background or professional experience or geographical background) of the Board on a regular basis, at least annually, and recommending any changes to the Board;

(b) identifying qualified and suitable individuals to become Board members and selecting and making recommendations to the Board on the selection of individuals nominated for directorships;

(c) assessing independence of the independent non-executive Directors; and

(d) making recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors in particular, the chairman and the chief executive officer of the Company, taking into the Company's corporate strategy and diversity, including but not limited to the proposed candidate's reputation for integrity, qualifications, skills, knowledge and experience that are relevant to the Group's business.

The following is a summary of the work performed by the Nomination Committee during the 2024 Year:

(a) reviewing and evaluating the structure, size and composition (including the skills, knowledge and experience) of the Board to complement the Company's corporate strategy;

(b) reviewing and recommending the re-appointment of the retiring Directors at the annual general meeting of the Company held on 6 June 2024 and the appointment of independent non-executive Director;

(c) assessing independence of the independent non-executive Directors; and

(d) reviewing and recommending the appointment letters of each Directors.

During the 2024 Year, two meetings were held by the Nomination Committee to, among, other thing, review the structure, size, composition and diversity of the board, assess the independence of each of the independent non-executive Directors, and recommend to the Board for approval. The Nomination Committee reviewed the board diversity policy to ensure its effectiveness and considered that the Group has implemented the policy since its adoption.

The full terms of reference setting out the Nomination Committee's authority and its role and responsibilities are available on the websites of the Company (www.cbshhk.com) and the Stock Exchange.

Board Diversity Policy

The Board has adopted a board diversity policy which sets out the approach to achieve diversity on the Board. The Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in supporting the attainment of the Company's strategic objectives and sustainable development. The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy and candidates will be considered against objective criteria, having due regard to the benefits of diversity on the Board.

The Board includes both genders and has a balanced mix of experiences, including business management, business development, industry knowledge, medical, legal, finance, auditing and accounting experiences. Furthermore, the education background of the Directors ranges from biological chemistry, chemical engineering and medical to accountancy, legal and business administration, from education institutions in the PRC, Macau to the United States, the United Kingdom and Singapore. The Company also intends to promote gender diversity when recruiting staff at the mid to senior level so that the Company will have a pipeline of female senior management and potential successors to the Board.

The Nomination Committee is responsible for ensuring the diversity of the Board members, and will review the board diversity policy and its implementation from time to time to monitor its continued effectiveness, including any measurable objectives set for implementing the board diversity policy and the progress on achieving these objectives.

To achieve board diversity, the Company shall ensure that no single gender dominates the Board. As at 31 December 2024, the Board is composed of 1 female Director and 5 male Directors, the Nomination Committee will continue to measure the effectiveness of the diversity policy of the Board.

Gender Diversity in the Workforce

Please refer to page 58 of the Environmental, Social and Governance Report ("**ESG Report**") for the number of female and male employees and the demographic distribution of such employees of the Group (including senior management).

The Group achieved an overall female-male gender ratio of 1.48: 1 for the 2024 Year in Hong Kong and a ratio of 0.55: 1 in the PRC. The overall female-male gender ratio including the PRC and Hong Kong is 1.18: 1. As such, the Group considers it has achieved gender diversity for 2024 Year. The Group will continue to evaluate its gender diversity.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Pursuant to the code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer of the Company should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and the chief executive officer should be clearly established and set out in writing. The position of the chairman is held by Mr. Liu Xiaolin. The responsibilities of the chairman of the Company is to ensure the Board to work effectively and perform its responsibilities, and all key and appropriate issues are discussed by the Board, draw up and approve the agenda for each board meeting and take into accounts, any matters proposed by others Directors for inclusion in the agenda.

As at 31 December 2024 and up to the date of this report, the Company has not appointed a chief executive officer and is looking for a suitable candidate to act as chief executive officer in order to comply with the CG Code. The office and duties of the chief executive officer in respect of the day-to-day management of the Group's business is handled by the executive Directors collectively.

COMPANY SECRETARY

The Company Secretary supports the Board and Board committees by ensuring good information flow within the Board and that Board policy and procedures are followed. The Company Secretary is a full-time employee of the Company and has day-to-day knowledge of the Company's affairs. The Company Secretary is appointed by the Board and reports to the chairman and Directors of the Company. The Company Secretary also plays an essential role in the relationship between the Company and its shareholders, and assists the Board in discharging its obligations to shareholders pursuant to the GEM Listing Rules.

Ms. Wong Miu Shun ("**Ms. Wong**") was appointed as the Company Secretary on 9 October 2017. Ms. Wong graduated from City University of Hong Kong with a Bachelor's degree of business administration (Honours) in accountancy in July 2010. Ms. Wong is a certified public accountant of the Hong Kong Institute of Certified Public Accountants since May 2014, and was certified as a chartered secretary and chartered governance professional by The Hong Kong Chartered Governance Institute in June 2020. Ms. Wong has taken more than 15 hours of relevant professional training to update her skills and knowledge during the 2024 Year.

CONTINUING PROFESSIONAL DEVELOPMENT OF DIRECTORS

Each newly appointed Director should be provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his responsibilities under the relevant statues, laws, rules and regulations.

Directors' training is an ongoing process. During the 2024 Year, the Directors are provided with monthly updates on the Company's performance and position to enable the Board as a whole and each Director to discharge their duties.

Under the code provision C.1.4 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. The Directors are encouraged to participate in continuous professional development.

All Directors participated in continuous professional development by attending training and reviewing the materials relating to the latest development of the GEM Listing Rules and other applicable regulatory requirements during the 2024 Year in order to develop and refresh their knowledge and skills. The Company updates the Directors on the latest developments regarding the GEM Listing Rules and other applicable regulatory requirements from time to time to ensure compliance and enhance their awareness of good corporate governance practices.

During the 2024 Year, the Directors have participated in the following trainings at the Company's expenses:

	Type of trainings	
Name of Directors	**Seminars**	**Reading Materials**
Executive Directors		
Mr. Liu Xiaolin	√	√
Mr. He Xun	√	√
Mr. Huang Song	√	√
Non-executive Director		
Ms. Chui Hoi Yam *(resigned on 13 June 2024)*	√	√
Independent Non-executive Directors		
Mr. Yan Guoxiang	√	√
Dr. Guo Yuantao *(appointed on 6 June 2024)*	√	√
Dr. Ho Ivan Chun Kit *(retired on 6 June 2024)*	√	√
Mr. Qian Hongji	√	√

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board acknowledges its responsibility to prepare financial statements for each financial year.

During the 2024 Year, the Group incurred a loss for the year of approximately HK$251,854,000 and, as of 31 December 2024, the Group had net current liabilities of approximately HK$129,519,000. In addition, as at 31 December 2024, the Group had bank and other borrowings of approximately HK$138,693,000, which are payable within one year. These conditions indicate that a material uncertainty exists that may cast significant doubts on the Group's ability to continue as a going concern, and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. Therefore, the auditor was unable to form an audit opinion on the consolidated financial statements.

After carrying out a detailed review of the cash flow projections of the Group covering a period up to 31 March 2025 and taking into account the implementation of the various measures detailed in note 2 to the consolidated financial statements, the directors are of the opinion that the Group would have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from the date of approval of the consolidated financial statements. Accordingly, the directors are of the opinion that it is appropriate to prepare the consolidated financial statements for the year ended 31 December 2024 on a going concern basis. Except for this, as at 31 December 2024, the directors were not aware of any other material uncertainties relating to any events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.

Please also refer to the section headed "ADDITIONAL INFORMATION AND THE COMPANY'S VIEW AND THE PLAN TO ADDRESS THE DISCLAIMER OF AUDIT OPINION" in the Directors' Report.

Accordingly, the Board has prepared the financial statements of the Company on a going concern basis, the validity of which is dependent on the successful outcomes of these measures, which are subject to significant uncertainties. The Board also acknowledges its responsibility to present a balanced, clear and understandable assessment in the Company's annual, interim and quarterly reports, if any, other inside information announcements and other financial disclosures required under the GEM Listing Rules, and reports to the regulators as well as to include the information required to be disclosed pursuant to statutory requirements.

The above statements, which should be read in conjunction with the independent auditors' report set out from pages 83 to 85 of this annual report, are made with a view to distinguishing for shareholders how the responsibilities of the Directors differ from those of the auditor in relation to the financial statements.

The Directors considered the Group has applied appropriate accounting policies consistently, made judgments and estimates that are prudent and reasonable in accordance with applicable accounting standards.

The interim and annual results and reports were published within the time limits as required under the GEM Listing Rules after the end of the relevant periods to provide stakeholders with transparent and timely financial information.

Risk Management and Internal Control

The management has the responsibility to maintain appropriate and effective risk management and internal control systems and the Board and the Audit Committee has responsibility to review and monitor the effectiveness of the Group's risk management and internal control system covering material controls, including financial, operational and compliance controls on an ongoing basis to ensure that the systems in place are adequate and effective and safeguard the interests of the Company's shareholders and the Group's assets. The Group adopts a risk management system which manages the risk associated with its business and operations. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and they can only provide reasonable, but not absolute, assurance against material misstatements or losses.

The system comprises the following phases:

- Identification: Identify ownership of risks, business objectives and risks that could affect the achievement of objectives.

- Evaluation: Analyse the likelihood and impact of risks and evaluate the risk portfolio accordingly.

- Management: Consider the risk responses, ensure effective communication to the Board and on-going monitor the residual risks.

The Company has in place an internal control system which is compatible with the Committee of Sponsoring Organisations of the Treadway Commission COSO 2013 framework ("**COSO**"). The COSO enables the Group to achieve objectives regarding effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. The components of the COSO are shown as follows:

- Control Environment: A set of standards, processes and structures that provide the basis for carrying out internal control across the Group.

- Risk Assessment: A dynamic and iterative process for identifying and analysing risks to achieve the Group's objectives, forming a basis for determining how risks should be managed.

- Control Activities: Action established by policies and procedures to help ensure that management directives to mitigate risks to the achievement of objectives are carried out.

- Information and Communication: Internal and external communication to provide the Group with the information needed to carry out day-to-day controls.

- Monitoring: Ongoing and separate evaluations to ascertain whether each components of internal control is present and functioning.

In order to enhance the Group's system of handling inside information, and to ensure the truthfulness, accuracy, completeness and timeliness of its public disclosures, the Group also adopts and implements an inside information policy and procedures. Certain reasonable measures have been taken from time to time to ensure that proper safeguards exist to prevent a breach of a disclosure requirement in relation to the Group, which include:

- The access of information is restricted to a limited number of employees on a need-to know basis. Employees who are in possession of inside information are fully conversant with their obligations to preserve confidentiality.

- Confidentiality agreements are in place when the Group enters into significant negotiations.

- The executive Directors are designated persons who speak on behalf of the Company when communicating with external parties such as the media, analysts or investors.

Please refer to the paragraph headed "Anti-corruption" on page 47 under the ESG Report for details on whistleblowing and anti-corruption measures of the Company.

During the 2024 Year, the Group has yet to establish an internal audit function as required under Code Provision D.2.5 of the CG Code because of cost considerations and perceived effectiveness of existing internal controls, and the Group has adopted the practice of engaging an independent professional firm to report on its internal control processes on an annual basis. In addition, the Group will continue to review whether there is a need for an internal audit department at least annually.

During the 2024 Year, the Company engaged an independent professional firm, which has a team of professional staff with relevant expertise (such as certified public accountants), to perform an annual internal audit on the Group, including to conduct a review of the risk management and internal control systems for its business operations and processes of the Group by conducting interviews, walkthroughs and test of operating effectiveness. The review was done on a systematic basis based on the risk assessments of the operations and controls, and covered review of capital expenditure management cycle of the subsidiaries in Hong Kong and the PRC for the 2024 Year. The review plan was approved by the Board and the Audit Committee. The Board and the Audit Committee have also reviewed the resources, staff qualifications and experience, training programs and budget of the independent professional firm and considered they are adequate and sufficient. In addition, there is regular dialogue with the Group's internal and external auditors so that both are aware of the significant factors which may affect their respective scope of work.

The internal control review report for the 2024 Year, issued by the independent professional firm, listed out the findings identified in 2024 Year in regard to the relevant cycles and procedures with recommendations proposed for the Company to further improve its internal control system. No significant deficiency was identified during the review and areas of improvement, if any, have been identified and appropriate measures have been put in place to manage the risks. The Board and the Audit Committee considered the systems effective and adequate throughout the 2024 Year.

The results of the internal control review and follow-up actions taken by the Group have been reported to the Board and the Audit Committee in connection with their annual review on the risk management and internal control systems of the Group in respect of the 2024 Year. Several areas have been considered during the reviews, which included but not limited to (i) the changes in the nature and extent of significant risks since the last annual review, and the Group's ability to respond to changes in its business and the external environment, (ii) the scope and quality of management's ongoing monitoring of risk management and internal control system.

Auditor's remuneration

For the 2024 Year, the payable to RSM Hong Kong in respect of audit services amounted to HK$1,380,000 (2023 Year: HK$1,200,000) and the fee payable to RSM Hong Kong in respect of non-audit services, which included the reporting accountant for major transaction and due diligence, amounted to approximately HK$140,000 (2023 Year: HK$45,000).

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

The Company believes that maintaining a high level of transparency is a key to enhancing investor relations. It is committed to a policy of open and timely disclosure of corporate information to its shareholders and investors.

During the 2024 Year, there was no change in the bye-laws of the Company.

SHAREHOLDERS' COMMUNICATION POLICY

The Company's shareholder communication policy aims to encourage shareholder participation and to promote two-way communication with shareholders of the Company.

The Company updates its shareholders on its latest business developments and financial performance through its corporation communications such as annual reports, interim reports and quarterly reports (if any), notices, announcements and circulars issued in printed form and are available on the Stock Exchange's website at www.hkex.com.hk and the Company's website at www.cbshhk.com in a timely and consistent manner as required by the GEM Listing Rules. The Company's website provides a communication platform to the public and the shareholders.

The Company regards the annual general meeting ("**AGM**") and special general meeting ("**SGM**") as a platform to provide an important opportunity for direct communications between the Board and the shareholders.

Shareholders are encouraged to attend the AGM and other shareholders' meetings. The Company supports the CG Code principle to encourage shareholder's participation.

During the 2024 Year, the Company convened the 2024 AGM on 6 June 2024 and encouraged shareholders' participation in the AGM. The AGM provided a channel for a two-way communication for shareholders to communicate their views on various matters affecting the Company, and for the Company to better solicit and understand the views of its shareholders and stakeholders.

Furthermore, there are direct channels for shareholders to send their enquiries to the Board, as well as to put forward proposals and to convene SGM as detailed under the paragraphs titled "SHAREHOLDERS' RIGHTS" below.

In view of the above, the Company is of the view that the shareholders communication policy for the 2024 Year is effective, and will continue to evaluate and revise its shareholders' communication policy from time to time.

SHAREHOLDERS' RIGHTS

A. Procedures for Shareholders to Convene a Special General Meeting

SGMs of the Company shall be convened in accordance with bye-law 58 of the bye-laws of the Company, on the requisition of one or more shareholders of the Company holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings.

Such requisition shall be made in writing to the Board or the Company Secretary at the Company's head office and principal place of business in Hong Kong (currently at Suites 1904-05A, 19/F, Sino Plaza, 255-257 Gloucester Road, Causeway Bay, Hong Kong), for the purpose of requiring a SGM to be called by the Board for the transaction of any business or resolution specified in such requisition.

Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may convene such meeting in accordance with the provisions of Section 74(3) of the Bermuda Companies Act 1981, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

B. Procedures for putting enquiries to the Board

Shareholders may send their enquiries and concerns to the Board by addressing them to the Company Secretary by mail to the Company's principal place of business in Hong Kong, which is currently at Suites 1904-05A, 19/F, Sino Plaza, 255-257 Gloucester Road, Causeway Bay, Hong Kong. The Company Secretary is responsible for forwarding communications relating to matters within the Board's direct responsibilities to the Board and communications relating to ordinary business matters, such as suggestions and inquiries, to the Directors.

C. Procedures for Putting Forward Proposals by Shareholders at Shareholders' Meetings

Shareholders may put forward a resolution to be considered at a SGM. The requirements and procedures are set out above in the paragraph headed "Procedures for the Shareholders to Convene a Special General Meeting".

DIVIDEND POLICY

The Board has approved and adopted a dividend policy on 25 March 2019 ("**Dividend Policy**"). The Dividend Policy allows the shareholders of the Company to participate in the Company's profits by provision of dividends whilst preserving the Company's liquidity to capture future growth opportunities.

According to the Dividend Policy, the Board shall consider the following factors, among others, before proposing and declaring dividends:

(i) the Group's operation and financial performance;

(ii) the Group's capital requirements and future funding needs;

(iii) the liquidity conditions of the Group;

(iv) the availability of reserves of the Company and each of the members of the Group;

(v) any restriction on payment of dividends;

(vi) the general economic conditions and other internal and external factors that may have an impact on the business or financial performance and position of the Group; and

(vii) any other factors that the Board may consider relevant.

The declaration of dividends by the Company is also subject to the compliance with applicable laws and regulations, including the laws of Bermuda, the GEM Listing Rules, bye-laws of the Company and any applicable laws, rules and regulations. The Dividend Policy will be reviewed from time to time by the Board and may adopt changes as appropriate at the relevant time. There can be no assurance that dividends will be paid in any particular amount for any given period.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

REPORTING SCOPE

The Group is fully committed to environmental protection, social responsibility and is equipped with the strictest corporate governance. In pursuant to the requirements of the Environmental, Social and Governance Reporting Guide ("**Environmental, Social and Governance Reporting Guide**") in Appendix C2 of the Rules Governing the Listing of Securities on GEM (the "**GEM Listing Rules**") of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), we have prepared the *2024 Environmental Social and Governance* ("**ESG**") *Report* (thereafter "**ESG Report**") in accordance with the mandatory disclosure requirements and the "comply of explain" provisions as set out in Appendix C2 of the GEM Listing Rules, covering business segments principally in (i) provision of medical laboratory testing services and health check services in Hong Kong; ii) provision of tumor immune cell therapy and healthy management services in the People's Republic of China (the "**PRC**"); (iii) sale and distribution of health related pharmaceutical products in the PRC and Hong Kong; and (iv) provision of insurance brokerage services.

The scope of this report will cover the Group's initiatives on introducing the concept of ESG to our employees and clients, putting them into practices to our daily operations since 2016 and disclosing results as a year-end summary over the 2024 Year. It is also the intention of our management to provide an overview of the Group's strategy in managing ESG-related issues, driving for ESG initiatives throughout the Group, and communicating our ESG performance with our stakeholders. Our ESG report presents our environmental performance data to provide an overarching summary of our ESG performance during the past year, including comparison with previous years to better illustrate our ESG performance trends. Unless otherwise stated, the methodology used for the quantification of the above metrics was consistent with those used in the Group's pervious reports to allow for performance comparison.

The contents presented in this report should allow various stakeholders, including the management to review and refine the Group's ESG policies in order to drive better ESG outcomes for the upcoming years.

BOUNDARY AND REPORTING PERIOD

The reporting boundary shall cover our operation in the Group's core business units of which it has financial control. This includes the Hong Kong head office as well as the group's subsidiaries operating in Hong Kong and Mainland China. There is no significant change in boundary and scope of this report from the Group's 2023 Environmental, Social and Governance Report.

Our reporting period shall cover the dates from **1 January 2024** to **31 December 2024** (both days inclusive) (the "**2024 Year**").

ESG GOVERNANCE STRUCTURE

The Board takes the lead and provides direction to management by instituting ESG policies and initiatives, setting goal and targets, supervising their implementation and monitoring ESG performance. The business and functional departments of the Group assist the implementation of relevant strategies and the effectiveness of the ESG policies. The Board continues to explore ways to further strengthen the ESG governance of the Group. The Board reviews ESG affairs regularly, including environmental protection, employment and labour practices, operation practices, and community investment, and implements appropriate measures to enhance the ESG performance of the Group.

The Board believes that sound environmental, social and governance structure is important for continued sustainability and development of the Group. The Group is willing to take more responsibilities for the society with a view to balancing the stakeholders' interest.

MANAGEMENT OF ESG TOPICS

To provide clear guidance to our employees on the proper management approach of ESG-related topics, the Group has developed an ESG Policy which sets out the principles adopted by the Group to operate in a manner that provides a positive contribution to the environment and the society that it operates in. The policy is applicable to all directors, officers and employees of the Company, and external stakeholders such as subcontractors are also encouraged to follow the policy to demonstrate industry best practices.

The Group's ESG policy details the key responsibilities of the Group with respect to environmental and social issues, in addition to commitments for addressing the needs of individual stakeholder Groups, such as external stakeholders, employees, and the community.

The ESG Policy is used as the framework for the Group's regular review of its ESG performance, through performance monitoring using KPIs and performing stakeholder engagement to collect feedback to assist the Group's continuous improvement in ESG performance.

The Group's management views ESG performance as essential to the Group's sustainable success and holds regular ESG evaluation meetings to discuss latest developments in ESG, stakeholder expectations and the Group's ESG performance. This ensures the management team maintains up-to-date knowledge and awareness regarding emerging market trends and allows proactive management of ESG risks which may have an impact to the Group's business operations. This includes the use of scenario planning to gain an understanding of key ESG risk factors, which are incorporated into our company risk management process for close monitoring. In addition to management of ESG risks, the Group also actively seeks opportunities to integrate sustainability into our business operations.

STAKEHOLDER ENGAGEMENT

The Group is dedicated to minimizing the negative influence on the environment, to promoting our employees' well-being and to contributing to the community.

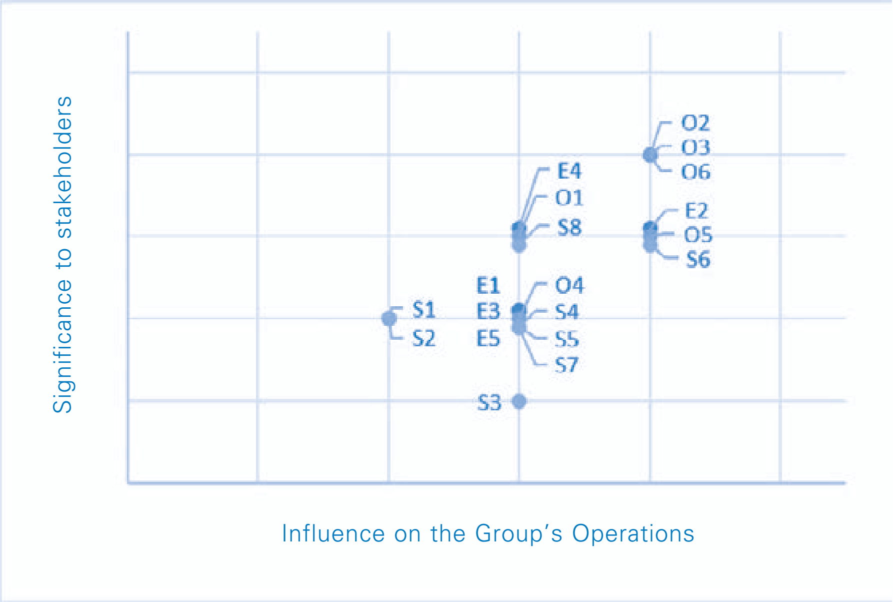
To ensure that the Group has adequately addressed the various aspects of ESG associated with its operation, it has consulted both internal and external stakeholders about its potential impacts. The Group understands the importance of maintaining good relationship with stakeholders of different backgrounds, and thus included a wide list of parties as consultation targets.

The below table presents key stakeholders of the Group as well as the methods of communication adopted by the Group to communicate with them through a variety of engagement channels during the year.

Stakeholder Type	Stakeholders	Expectations and Concerns	Engagement Channels
Internal Stakeholders	Employees	• Staff salary and benefits • Health and safety of working environment • Training and career development	• Training • Performance Review and Interviews • Internal announcements and publications • Suggestion Box
	Shareholders	• Corporate governance • Business compliance • Return on investment	• Press Releases and Announcements • Annual Meeting • Annual and Interim Reports • Company website
	Customers	• Customer rights protection • Quality and safety of products and services	• After-sales services • Customer feedback through forms, email and hotline
External Stakeholders	Suppliers	• Fair procurement process • Quality of goods • Timely payment for supplied goods/services	• Site visit • Supplier feedback forms
	Government and Regulatory Authorities	• Compliance with laws and regulations • Sustainable development	• Supervision on compliance with local laws and regulations • Routine reports to regulatory authorities
	Community	• Community involvement • Protection of local environment	• Community activities • Subsidies and charitable donations

MATERIALITY ASSESSMENT

The Group performed a materiality assessment of various ESG topics to identify and evaluate the concerns and interests of the Group's internal and external stakeholders, such as customers, investors, employees, suppliers and the government. The findings of the assessment are presented in a materiality matrix, as shown below:



Legend		
E1 Energy Management	O1 Customer Satisfaction	S1 Anti-discrimination
E2 Environmental Compliance	O2 Product Quality Management	S2 Child Labour and Forced Labour Management
E3 Greenhouse Gas Management	O3 Product Sales and Labelling	S3 Community Relations
E4 Waste Management	O4 Raw Materials Management	S4 Diversity and Equal Opportunity
E5 Wastewater Management	O5 Supplier Management	S5 Employee Communication
	O6 Anti-Corruption	S6 Occupational Safety and Health
		S7 Talent Management
		S8 Training and Development

During the 2024 Year, the Group continued to maintain an open and transparent dialogue with its stakeholders through, among others, diversified communication channels including staff meetings, annual general meeting and customers services channel. The Group has obtained a better understanding of their expectation on ESG-related matters for the enhancement of a better alignment between business development and sustainability strategy.

Through regular communication and interaction with both internal and external stakeholders, the Group can better identify and prioritise the ESG issues, therefore maintaining a balance between its business practices and sustainability while addressing stakeholders' needs and expectations.

The Group will continuously improve the ESG performance to meet the expectation of stakeholders. In the future, the Group will continue and expand stakeholders engagement to enhance the materiality assessment through diversified communication channels.

Overview of Compliance with Relevant Laws and Regulations

During the 2024 Year, the Company has complied with the following non-exhaustive list of rules and regulations in its business activities:

Environmental

During the 2024 Year, the Company has complied with the following rules and regulations relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste:

- Air Pollution Control Ordinance (Chapter 311 of the Laws of Hong Kong)
- Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong)
- Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong)
- Waste Disposal (Chemical Waste) (General) Regulation (Chapter 354C of the Laws of Hong Kong)
- Waste Disposal (Clinical Waste) (General) Regulation (Chapter 354O of the Laws of Hong Kong)

Social and Employment

During the 2024 Year, the Company has complied with the following rules and regulations (i) relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare; (ii) relating to preventing child and forced labour; and (ii) relating to providing a safe working environment and protecting employees from occupational hazards:

- Employment Ordinance (Chapter 57 of the Laws of Hong Kong)
- Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong)
- Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong)
- Sex Discrimination Ordinance (Chapter 480 of the Laws of Hong Kong)
- Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong)
- Disability Discrimination Ordinance (Chapter 487 of the Laws of Hong Kong)
- Family Status Discrimination Ordinance (Chapter 527 of the Laws of Hong Kong)
- Race Discrimination Ordinance (Chapter 602 of the Laws of Hong Kong)
- Immigration Ordinance (Chapter 115 of the Laws of Hong Kong)

Product Responsibility

During the 2024 Year, the Company has complied with the following rules and regulations relating to health and safety, advertising, labelling and privacy matters relating to its products and services provided:

- Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong)
- Trade Descriptions Ordinance (Chapter 362 of the Laws of Hong Kong)
- Food Safety Ordinance (Chapter 612 of the Laws of Hong Kong)
- Competition Ordinance (Chapter 619 of the Laws of Hong Kong)
- Supplementary Medical Professions Ordinance (Chapter 359 of the Laws of Hong Kong)
- Medical Laboratory Technologists (Registration and Disciplinary Procedure) Regulations (Chapter 359A of the Laws of Hong Kong)
- Radiographers (Registration and Disciplinary Procedure) Regulation (Chapter 359H of the Laws of Hong Kong)
- Radiation Ordinance (Chapter 303 of the Laws of Hong Kong)
- Radiation (Control of Radioactive Substances) Regulations (Chapter 303A of the Laws of Hong Kong)
- Radiation (Control of Irradiating Apparatus) Regulations (Chapter 303B of the Laws of Hong Kong)
- Medical Registration Ordinance (Chapter 161 of the Laws of Hong Kong)

Anti-corruption

During the 2024 Year, the Company has complied with the following rules and regulations relating to bribery, extortion, fraud and money laundering:

- Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong)
- Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Chapter 615 of the Laws of Hong Kong)
- United Nations (Anti-Terrorism Measures) Ordinance (Chapter 575 of the Laws of Hong Kong)
- Drug Trafficking (Recovery of Proceeds) Ordinance (Chapter 405 of the Laws of Hong Kong)
- Organized and Serious Crimes Ordinance (Chapter 455 of the Laws of Hong Kong)

ENVIRONMENT

Impact Awareness

The Group understands the importance of having strong environmental awareness for our operations. As a company focused in providing services in precision diagnosis and cellular therapeutics, we recognize that our business activities can potentially cause significant impacts to the environment. We strive to minimize our environmental footprint by implementing sustainable practices in our R&D, medical testing, and cancer precision diagnosis operations. This includes reducing our energy consumption, minimizing waste generation, and managing our water usage. Additionally, we aim to source materials and equipment from environmentally responsible vendors, and we encourage our employees to adopt eco-friendly practices in their work and personal lives. We are committed to being a responsible corporate citizen and doing our part to protect the environment for future generations.

The Group understands that the Board play a critical role in leading our ESG efforts and driving impact awareness. We recognize that ESG considerations are essential for the long-term success of our business and we are in progress of setting a dedicated ESG committee to monitor our progress and develop strategies to help us achieve our ESG goals. Additionally, our board members actively engage with stakeholders to understand their concerns and incorporate their feedback into our ESG initiatives. We believe that strong board leadership is key to promoting ESG awareness throughout our organization and inspiring others to take action on these critical issues.

Environment Policies

The Group understands the importance of environmental protection, recognises the potential environmental impacts associated with our operational activities, and strives to minimise our impacts. While we aim to generate revenue for our shareholders, as well as providing high quality products and professional services to our customers, the Group established sets of **Environmental Policy** to ensure compliance with all applicable laws and regulatory requirements in both the PRC and Hong Kong. Our policies also set the direction, and as a guideline for our employees, on best managing our environment impacts on the local environment according to different activities throughout our operations. The key features of our environmental policies include:

- Monitoring of compliance with all applicable environmental laws, standards and regulations;
- Developing a culture of environmental protection among staff members;
- Promoting public awareness of environmental sustainability issues through resource conservation in the context of operations;
- Seeking continual improvement in the efficient use of energy and other natural resources; and
- Employing the best practices as listed out in "Green Measures for Offices".

Due to the nature and the regional coverage of our business, it is important for us to identify and manage environmental impacts attributable to our operational activities to minimise these impacts where possible. Awareness programme on environmental protection is also promoted internally throughout our operations. We encourage our clients to work together with us to continuously improve environmental protection.

Climate-related Issues

The Group recognises the increasing importance of climate topics to sustainable business operations and the Group has developed a set of internal policies to establish the process for identifying material impacts of climate-related risks to the Group's business. The Group performs regular reviews on the regulatory and sector trends to identify potential risk factors which have a material impact to the Group's operations. They include monitoring of new policies related to environmental performance, energy consumption, and carbon emissions. In addition, trends and strategies commonly adopted by our industry peers are also monitored to ensure that the Group remains alert of best practices when developing climate management strategies.

Due to the business nature of the Group, we do not expect physical risks associated with climate-change to have a significant impact on our business model and our value chain. However, with the global trend of GHG reduction, the transition to cleaner electricity and more stringent environmental regulations is anticipated to increase the operating costs, such as electricity prices, in the upcoming years. To mitigate this potential risk, we have developed strategies and targets to reduce our environmental footprint, which will be elaborated in the following sections of the report. However, the scale of such potential impact is not anticipated to cause a material impact to the Group's financial performance. The Group will remain alert on such issues and include any new observations in subsequent reports.

Use of Resources

As an environmental-friendly company, the Group is actively persuading the culture of "Green Office" and the smart consumption of natural resources, and particularly on energy and paper saving.

Measures such as adopting an Energy Conservation and Efficiency Policy and practices in offices and the adoption of green technologies in our operations, were successfully implemented throughout Year 2024. Details can be found as below:

Energy Saving Measures:

- Energy equipment with "Energy Efficient Label" is included as part of the procurement process selection criteria, and shall be adopted as far as possible;
- Good working space practices, such as setting the air conditioners to 25.5ºC, are encouraged for a comfortable and energy-efficient working environment; and
- Energy-conservation practices on utilising electronic devices are adopted throughout working premises, such as electronic appliances shall be switched off or set into energy saving mode when idle.

Paper Saving Measures

- E-documentation platform is promoted in our offices (i.e. email) to reduce paper waste;
- Marketing materials, such as greeting cards, shall be sent by electronic means as much as possible; and
- The proper use of papers, such as double-sided printing or copying, is encouraged whenever it is appropriate.

Water Conservation Policy

Although water consumption is not significant for the Group's operations, and the Group did not encounter any difficulties in sourcing water supply, we encourage our staff to be cautious of water consumption during daily operations.

Air Emission

In Hong Kong and the Pearl River Delta, key air pollutants from human activity include: nitrogen oxides ("**NOx**"), sulphur oxides ("**SOx**") and respiratory suspended particles ("**RSP**", also known as Particulate Matter ("**PM**")). The primary sources of these atmospheric air pollutants include emissions from motor vehicles, marine vessels, power plants as well as local industrial and commercial processes. The Group operates private cars and consumes Towngas as part of its operations and the associated air emissions have been identified and evaluated. Air emissions are evaluated based on statistics associated with fossil fuel consumption and vehicle usage. The amount of air emissions produced by the Group during the reporting period included 6.1 kg of NOx, 0.14 kg of SOx, and 0.45 kg of particulate matter (514.8 kg, 0.76 kg and 47.77 kg respectively in 2023). The Group's air emissions have reduced significantly during the year 2024 due to reduced consumption of diesel by trucks for goods transport.

Air emissions are calculated based on the quantity of fossil fuels consumed during the reporting period, using emission factors provided in Appendix 2: Reporting Guidance on Environmental KPIs in How to Prepare an ESG Report published by the Stock Exchange.

Other than emissions discussed above, the Group has not been involved in any other combustion process, industrial or heavy transportation activities that could lead to other direct air emissions to the atmosphere.

Greenhouse Gas Emissions

The Group recognizes that greenhouse gas (GHG) emissions is an important metric for environmental performance, hence it is one of our long-term goals to reduce the amount of greenhouse gas emissions associated with our operations. The Group's main source of greenhouse gas emissions originate from its electricity consumption.

The Group estimated its greenhouse gas emissions for the reporting period through the use of data associated with electricity and fossil fuel consumption. To convert energy consumption figures into equivalent greenhouse gas emissions, emission factors obtained from utility invoices, along with reputable third-party references (including electricity & gas consumption data and associated carbon intensity factors), were used in the calculation. In addition to the quantity of carbon dioxide (CO_2) emissions, it is to be noted that the greenhouse gas emission calculations also consider the global warming contribution associated with other emitted substances, including methane (CH_4) and nitrous oxide (N_2O), whose impacts are expressed in equivalent quantities of carbon dioxide (CO_2e) to determine the cumulative environmental impact of Group's operations with respect to global warming.

The total Scope 1&2 greenhouse gas emissions associated with the Group's operations during the reporting period was estimated to be 394 tCO_2e. The reduction in the Group's Scope 1&2 emissions is mainly associated with reduced medical diagnostic operations at our business units, which leads to less consumption of electricity and diesel.

In addition to Scope 1&2 emissions from fuel and electricity consumption, the Group has also collected indirect greenhouse gas emission data from Scope 3 emissions. This includes emissions associated with paper disposal, fresh water processing and business air travel. The Group intends to gradually enhance the coverage of Scope 3 emissions disclosure in the upcoming years and is in process of developing suitable methodologies.

During the reporting period, no violations were recorded with respect to relevant environmental laws and regulations.

WASTE MANAGEMENT

Hazardous Waste

The Group's operation in Hong Kong includes a laboratory testing facility and a clinical product packaging line, where operation activities inevitably contribute to the generation of clinical waste. A Waste Management Policy was developed to provide guidance on the proper handling and management of generated clinical waste, and to ensure compliance with legal requirements of *Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong) and Waste Disposal (Clinical Waste) (General) Regulation (Chapter 354O of the Laws of Hong Kong).*

The Group places a strong emphasis on the industry-specific clinical waste matter and has formed strict policies addressing its management. We have our Management of Clinical Waste policy in place to ensure the proper disposal of such clinical wastes.

Furthermore, the Group had formed the Laboratory Safety Committee to ensure the laboratories were being operated in accords to safety procedures. It is also the duty of the committee to manage clinical waste that includes and is not limited to the following:

- Segregate clinical waste from other waste streams and prevent clinical waste from entering and contaminating the disposal chain of municipal solid waste
- Package and label clinical waste properly to enable easy identification, including information on the source of generation to ensure proper handling
- Provide safe and secure temporary storage area for clinical waste
- Collection of clinical waste by licensed clinical waste collectors for disposal
- Record keeping
- Staff safety training for handling of clinical waste

Leak-proof containers were utilised to contain laboratory waste, ensuring they were impermeable to moisture and prevented from tearing or rupture under normal handling. Containers would only be filled below the warning line, indicating 70% and 80% of their maximum volume, before sealing to avoid spillage. Containers awaiting disposal are stored in well-ventilated areas within the premise, used solely for the storage of clinical waste.

In regards to clinical waste disposal, the Group had hired clinical waste contractors to collect and dispose of clinical waste safely and legally. Upon review, the Group is not aware of any non-compliant activities in respect to our hazardous waste and its handling procedures.

The Group recognises its achievements for the past consecutive years and seeks to maintain this clean record on hazardous waste handling.

Non-Hazardous Waste

For non-hazardous waste, the Group kept a close working relationship with employees to promote waste reduction. Measures such as paper recycling, and the appropriate use of recycled paper were encouraged in workplaces. In addition, the Group took the initiative further by driving towards a paper-less working environment. Staff were encouraged to work and communicate through emails and e-format documents instead of paper copies. During the reporting period, the total paper consumption across the Group was about 0.2 tonnes.

Waste	**Annual Production**	
	2024	2023
Hazardous Waste	**3.78 tonnes**	128.4 tonnes
Non-Hazardous Waste	**224.0 tonnes**	423.3 tonnes
Wastewater	**3,048 m^3**	11,556 m^3

During this reporting period, hazardous and non-hazardous waste disposal processes were handled by authorized waste-handling parties, and were performed in compliance with regulatory requirements.

The Group's generation of hazardous waste declined significantly during the 2024 Year due to reduced medical diagnostics activity at our business units.

Due to reduced construction activities as compared to the previous year, the Group's wastewater generation decreased significantly during the 2024 Year.

During the reporting period, the Group utilized 0.18 tonnes of packaging materials.

Environmental Targets

To guide our employees to achieve reductions towards a cleaner and greener environment, the Group has set a set of 5-year environmental targets in 2021. The Board will review the progress made against the targets on an annual basis, in particular, across the core businesses in PRC and Hong Kong.

Energy Consumption	**3% Reduction in 5 years**
GHG Reduction	**3% Reduction in 5 years**
Air Emission	**1% Reduction in 5 years**
Waste Generated	**3% Reduction in 5 years**
Office Paper Consumption	**3% Reduction in 5 years**

Due to the fluctuations in the scale of business operations and associated environmental performance in during recent years, the Group will consider re-baselining its environmental KPIs to allow for more consistent performance tracking. Additionally, the shift in service scope may lead to changes in GHG emissions profiles, necessitating a comprehensive review of current practices. The Group is committed to identifying opportunities for reducing its carbon footprint while enhancing sustainability across its new service offerings.

Summary

The consolidated data with respect to key performance indicators (KPIs) regarding emissions and resource consumption associated with the Group during the reporting period is summarized below:

Environmental KPIs			
Category	**Unit**	**2024**	2023
Energy Consumption			
Total Energy Consumption	GJ	**2,903**	7,204
Petrol Consumption	GJ (L)	**320 (9,247)**	33 (956)
Diesel Consumption	GJ (L)	**15 (400)**	1,801 (46,553)
Electricity Consumption	GJ (kWh)	**2,568 (713,319)**	5,370 (1,491,709)
Towngas Consumption	GJ	**0**	0
Total Consumption Intensity	GJ/1000 HKD revenue	**0.041**	0.034
Greenhouse Gas Emissions			
Total Greenhouse Gas (GHG) Emissions	t CO_2e	**394**	843
Scope 1 – Direct Emissions	t CO_2e	**26.1**	131.5
Carbon Dioxide (CO_2) Emissions	t	**22.9**	123.9
Methane (CH_4) Emissions	kg	**2.3**	3.7
Nitrous Oxide (N_2O) Emissions	kg	**10.2**	24.3
Scope 2 – Energy Indirect Emissions	t CO_2e	**339**	647
Scope 3 – Other Indirect Emissions	t CO_2e	**28.8**	63.7
Fresh Water Processing	t CO_2e	**4.7**	10.1
Paper Waste Disposed at Landfills	t CO_2e	**2.6**	5.6
Employee Business Travel	t CO_2e	**21.6**	48.0
Total Greenhouse Gas (GHG) Emissions Intensity	t CO_2e/1000 HKD revenue	**0.00559**	0.00398
Air Emissions			
Nitrogen Oxides (NOx) Emissions	kg	**6.1**	514.8
Sulphur Oxides (SOx) Emissions	kg	**0.14**	0.76
Particulate Matter Emissions	kg	**0.45**	47.8
Waste Management			
Total Hazardous Waste Produced	t	**3.78**	128.4
Total Non-Hazardous Waste Produced	t	**224.0**	423.3
Total Hazardous Waste Intensity	kg/1000 HKD revenue	**0.00005**	0.606
Total Non-Hazardous Waste Intensity	kg/1000 HKD revenue	**0.00318**	2.00
Total Wastewater Generation	m^3	**3,048**	11,556
Use of Resources			
Total Water Consumption	m^3	**5,112**	11,556
Total Water Consumption Intensity	m^3/1000 HKD revenue	**0.072**	0.054
Packaging Materials			
Plastics	t	**0**	1.32
Paper boxes	t	**0.18**	0.16
Total	t	**0.18**	1.48

SOCIAL

The business of the Group spreads across several industrial sectors, involving a large number of great individuals working with us. Offering our staff with competitive compensation, while treating them with equality and fairness, and complying with laws and regulations have always been part of the Group's guidance principles. The Group will monitor and improve in areas as needed, and will continue to grow sustainably and in a socially-responsible manner.

Employment

As a socially-responsible company, the Group understands that the success of all companies depends largely on the quality of their **People**. The Group recognizes the contribution from its capable workforce and the success that they bring, and their works of excellence must be well-compensated. The Group offers competitive renumeration and benefits schemes to its staff to retain and to procure best talents to match with our long-term organizational growth.

Specific recruitment processes are adopted by the Group businesses to ensure the recruitment of staff members with appropriate qualifications and skills.

Remuneration Committee

The Remuneration Committee was set up to enable the Group to attract, retain, and motivate talented employees that are essential to the success of the Group. The principal duties of the Remuneration Committee include: (a) making recommendations on the **Remuneration Policy** and structure of the Group, and determining the remuneration packages of all Directors and senior management to the Board for the Board's final determination and (b) establishing transparent procedures for developing such **Remuneration Policy** and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration.

The Group's management regularly reviews remuneration packages of employees, implements targeted performance assessment and makes necessary adjustments according to the prevailing market and industry trends, inflation, and both corporate and employee performance in the previous year. Remuneration package is also related to both the position value and employee performance, which will be assessed by targets and Key Performance Indicators that were assigned accordingly to their positions in order to attract, retain and promote talents.

Health and Safety

The Group considers the safety of our employee as one of our greatest concerns. Our **Safety Manual** is carefully developed to promote the awareness of operation safety, and to drive for the best practices in our premises. We strive to maintain a high level of occupational safety and health standard, and to provide a safe and comfortable working environment to our employees.

The Group strictly complies with *Occupational Safety and Health Ordinance (Chapter 509 of the laws of Hong Kong)*, and no work-related injuries nor lost days were recorded during the reporting period.

Hong Kong

The Group's Safety Policy has strict guidelines on laboratory conduct to ensure a safe working environment. Procedures were developed on classification of various types of hazardous materials into specific risk groups, along with proper management in the workspace (i.e. chemicals, regent, equipment, etc.). Appropriate handling measures are assigned to each family of substances according to their risk levels, and details can be found as below:

1. Strict compliance with ISO 15189:2012 and the Safety Manual, which specifies the basic rules for safety practices in the laboratory.

2. A Laboratory Safety Committee has been established, supervising laboratory safety performance, identifying safety issues, providing relevant safety procedures and arranging trainings to employees.

3. Thorough safety check-up carried out for laboratory units and surrounding areas once every two years.

4. Provision of suitable protective equipment to employees when handing potential hazardous materials.

Shanghai

One of the Group's primary subsidiaries, Shanghai Longyao, which also operates in compliance with our safety culture, has developed a comprehensive procedure for handling of biological wastes, as detailed below:

1. Biological wastes are segregated into respective categories prior to collection, including infectious wastes, pathological wastes, medical waste and chemical waste. Containers used for hazardous waste must be carefully examined for any potential damages or leakages prior to use, to minimize the occurrence of personnel exposure.

2. Wastes potentially containing high-risk agents such as bacterial cultures and toxic venoms should be adequately sterilized by autoclave or by chemical treatment at the production source prior to collection.

3. To reduce the risks of overfilling, containers for collecting medical wastes and sharps are only used up to 75% of their overall volume.

4. Temporary storages of medical waste are set to allow short-term placement of potentially hazardous substances prior to subsequent disposal by authorized agencies. Holding in temporary storages are limited to 2 days maximum, with the storage designed to protect against leakages, and from extreme temperatures/humidity.

In 2024, the Group had no material non-compliance with relevant standards, laws, rules and regulations relating to providing a safe working environment and protecting employees from occupational hazards.

Health and Safety KPIs	For each of the years ended 31 December 2022, 2023 and 2024	
Types	Number	Rate%
Work-related fatalities	0	0
Lost days due to work injury	0	0

Training and Developments

The Group views employees as one of its greatest assets. High-caliber talents equipped with professional training are vital to sustain our success. The Group encourages employees to learn continuously, not only to ensure they perform well at their jobs, but also for their personal growth and career development.

The Group's management has developed specific Training Policy for employees, including:

- Ensure that employees are supported and equipped with necessary knowledge and skillset to meet the changing demands of the Group and its service users so that the Group achieves its strategic objectives;

- Facilitate employee development and personal development through assisting them to broaden, deepen and thereby further enhance their existing skill base; and

- Provide a working environment, where continuous learning and development take place that help staff gaining on-job fulfilment, increase motivation and enhance staff retention.

Collaboration with external education institutes is also set up to provide internal training courses on various subjects. Training courses are tailored specifically to the needs of our operations and are structured to enhance and develop required skill set for our staff.

During the reporting period, the Group provided various training opportunities for its employees covering key topics relevant to the Group's operations, including:

- Orientation and Onboarding
- Skills Development
- Leadership and Soft Skills
- Safety and Compliance
- Upskilling and Reskilling

The Group's training statistics for 2024 is presented in the table below:

	By Gender		By Category		
	Male	Female	Senior Management	Middle Management Staff	Other Staff
% Employees Trained	35%	22%	35%	29%	27%
Average Training Hours	5.3	2.6	5.0	3.9	3.4

Newly-recruited employees of the Group are provided with orientation training to equip them with essential knowledge, which covers topics such as:

- company's structure and mission;

- employee's contribution toward business success and objectives; and

- company's guidelines, procedures, etc.

Equal Opportunities, Diversity and Anti-Discrimination

Employees Composition/Equal Opportunities

The Group's Human Resource Policy and Procedures are designed and implemented in compliance with applicable laws and requirements. Each regional or local management team is responsible for maintaining its HR policies, covering areas such as compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare, such as medical examination schemes, voluntary provident fund scheme and other allowances.

Being an equal employment opportunity employer, the Group hires people with suitable qualifications, experience, skills, potential, performance and knowledge for a job specification. The Group does not discriminate against person regardless of sex, marital status, family status, pregnancy, disability, age, sexual orientation, race and color, descent, ethnic, nationality and religion.

Staff should observe the requirements of *Sex Discrimination Ordinance (Cap 480 of the Laws of Hong Kong), Disability Discrimination Ordinance (Cap 487 of the Laws of Hong Kong), Family Status Discrimination Ordinance (Cap 527 of the Laws of Hong Kong) and Race Discrimination Ordinance (Cap 602 of the Laws of Hong Kong)* and their respective related Code of Practice. Staff who engages any act or conduct of discrimination, vilification, or sexual harassment will be subject to disciplinary proceedings.

Employees with workplace concern or queries would be referred to the Administration and Human Resources Department, and all cases will be thoroughly investigated and treated in the strictest confidence basis.

The Group stipulated the terms in the employment contract about the working hours, rest and leave entitlement, and protection against unfair or unreasonable dismissal. The Group also instituted an eight-hour working day and five-day working week system.

Labour Standards

The Group does not tolerate the involvement of forced and child labour in its operations, and strictly abides with laws and regulations relating to labour employment and contracts. The Group's employment policy clearly stipulates that applicants should be at least 18 years of age, and employment of child labour is prohibited. Necessary measures are taken during the recruitment process to verify the age of job applicants, and background checks will be conducted for every new employee for confirming the details concerning the identity of candidates. In case any child/forced labour is identified within the Group's operation, the employee will be removed from their working position to ensure their safety and wellbeing.

During the reporting period, the Group had no known material instances of non-compliance with relevant employment and labour practices laws and regulations.

Employee Demographics

As for the end of this this reporting period, the Group has 141 full-time employees and 7 part-time employees. During the reporting period, the overall turnover rate for full-time employees across the Group was 30%. A breakdown of our employee demographics is presented in the following tables.

Employment Type	No. of Staff for 2024 Year	Staff Turnover Rate (%)
Full Time	141	32%
Part-time	7	26%

Region	Gender	No. of Staff for 2024 Year	Staff Turnover Rate (%)
The PRC	Male	22	29%
	Female	12	69%
Hong Kong	Male	46	34%
	Female	68	20%

Gender	No. of Staff for 2024 Year	Staff Turnover Rate (%)
Male	68	32%
Female	80	29%

Age Group	No. of Staff for 2024 Year	Staff Turnover Rate (%)
Under 30	15	86%
31 to 50	74	27%
Over 50	59	17%

Supplier Management

Hong Kong

The Group has strict policy on procurement process of supplies consumed during operations. Quality Managers are assigned to be responsible for ensuring the quality of the products are up to the Group's requirement. Reagents and equipment will only be purchased from reliable vendors which are ISO accredited, reputable, reliable in provision of safety services, cost-effective and responsive to our requests, etc.. Revision and re-evaluation of our list of suppliers are conducted annually to ensure that our evaluation of our approved suppliers remains up to date. Should any consumables or reagents is found to be defective or considered substandard, a request for replacement of the defective products will be made to the supplier, and such incidents may be recorded in our supplier evaluation system for subsequent consideration.

Shanghai

In line with the supplier management standards set by the Group, Shanghai Longyao adopts an assessment matrix to evaluate the suitability of its suppliers, covering the following aspects:

- Supplier Survey
- Product Quality Agreement
- Storage Conditions
- Product Quality Standards
- Analysis of product quality
- Certification (including licenses and registration documents)
- GMP certificate

Where required, on-site assessment/reassessment of suppliers will be performed to thoroughly evaluate the supplier. An on-site assessment team will be assembled, featuring specialists in various disciplines, including quality management, production, materials, packaging, manufacturing equipment and laboratory systems. All of the Group's suppliers are subjected to the same requirements.

Risk Management in Supply Chain

The Group has implemented comprehensive supply chain policies to identify, assess, and manage environmental and social risks associated with our operations. These policies ensure we operate as a responsible business to environment and society.

Key aspects of our supply chain policies include:

- Supplier Selection: We conduct thorough due diligence on potential suppliers, to evaluate their environmental and social performance, and ensuring they adhere to the Group's organization's sustainability standards and values.

- Risk Assessment: Regularly evaluating environmental and social risks in our supply chain, including factors such as waste management, carbon emissions, labor practices, and human rights, allows us to proactively address potential issues.

- Performance Review: We carry out routine review of our suppliers to ensure compliance with our supplier policies and standards, and to identify areas of improvements.

- Continuous Improvement: Our policies are regularly reviewed and updated to address the continuously evolving requirements and to incorporate best practices.

Sustainable Procurement Policy

To demonstrate our commitment to achieve carbon reduction across our supply chain, we encourage the procurement of products with better environmental performance. Where feasible, we prioritize the selection products and services associated with lower environmental impact, such as higher energy efficiency, reduced waste generation and lower carbon emissions.

Our staff are also encouraged to maintain up-to-date knowledge on latest industry trends to help ensure procurement processes adequately consider the varying levels of environmental performances in the supply chain.

Supplier Distribution

The geographic distribution of the Group's suppliers is presented in the table below:

Region	Supplier Count
Hong Kong	73
China	28
Japan	2
USA	2
Korea	1

The vast majority of the Group's suppliers are from Asia, particularly Hong Kong and Mainland China. The Group encourages the use of local/regional suppliers where feasible to help minimize environmental impacts associated with long distance transportation.

Quality Assurance

Hong Kong

In 2020, the Group's medical laboratory and health check centres have obtained College of American Pathologists qualification. The Group strives to continue its efforts in assuring the highest quality standards of its products. To achieve this, the performance of our operational items, such as our Quality Management System, Organisation and management are regularly assessed.

Comprehensive internal audits are conducted regularly for close monitoring, and findings will be documented in a formal report format for record purpose. Furthermore, the results of the audit shall be reviewed by the Laboratory Supervisor, and subsequently reported to the senior management regularly for continuous improvement.

In addition, our diagnostic centre business has been accepted by the Hong Kong Accreditation Service as a HOKLAS Accredited Laboratory of Category S, and meeting the requirements of ISO 15189:2012.

Shanghai

A "Procedure of Quality Risk Management" has been developed for the purpose of quality assurance and control of potential risk factors that may negatively impact product quality. A systematic risk assessment is adopted to identify potential causes of product quality risk, estimate their occurrence likelihood and severity of such incidents. For each identified potential risk factor, existing safeguards are identified and evaluated to see whether the residual risk is considered acceptable. Where required, risk mitigation measures will be proposed for consideration by management.

Additionally, a number of common assessment tools for risk management have been employed, including Failure Modes, Effect and Criticality Analysis (FMECA), Fault Tree Analysis (FTA) and Hazard & Operability (HAZOP) Studies. Used in tandem, the assessments provide the management with opportunities to minimize quality risk and develop strategies for continuous improvement.

Customer complaints are reviewed and investigated so that the quality of the Group's services and products are kept at optimum levels. In case any of the Group's products/services is identified to be below quality requirements established with the Group, suitable measures including recalls will be carried out by the Group to ensure that the Group's reputation will remain unharmed.

Product Responsibility KPIs	Quantity	Rate (%)
Total products sold or shipped subject to recalls for safety and health reasons	0	0
Number of products and service related complaints received	0	0

Data Protection

The Group has strictly complied with Personal Data (Privacy) Ordinance (Chapter 486 of the laws of Hong Kong) in Hong Kong and all other relevant data protection principles within the industry.

At the laboratories, the Group's **Confidentiality Policy** ensures that the personal information of examinees is carefully handled and stored properly. Stored personal particulars are only accessible to authorized employees, and it shall not be released to any third-party companies unless a consent agreement is reached or upon the request from the doctor.

Furthermore, unless authorisation was granted by the examinee or the request of the examinee's doctor, patients' reports shall not be released to any external party, including the examinee's family members.

Intellectual Property Rights

Intellectual property rights are crucial for the Group's business operations. The Group makes use of trademark, copyright, and other laws relevant to intellectual property, such as confidentiality agreements with our business partners and suppliers for protection of intellectual property rights.

The Group's employees are required to obtain authorization from the Group for any disclosure of the Group's confidential information to external parties.

During the 2024 Year, the Group complied with relevant laws and regulations such as the Trade Descriptions Ordinance (Chapter 362 of the Laws of Hong Kong), and the Consumer Protection Law, by ensuring that there are no false and misleading messages in our advertisements and promotion activities. During the 2024 Year, the Group did not identify any material non-compliance of the laws and regulations related to the quality of products and services.

Anti-Corruption

The Group is strictly complying with all legal requirements against corruption, and is fully committed to restricting all forms of illegal activities, including corruption, without exception. Staff are requested to understand and work with us to safeguard the Group throughout their daily operation, to prohibit and prevent money laundering activities. Policies have also been developed by the Group's businesses to provide guidance on measures to be adopted by employees against bribery and corruption.

To maintain transparency and promote integrity and accountability, the Group established whistleblowing channels for reporting inappropriate conducts and other suspicious irregular activities which are identified to be against relevant internal policies and guidelines, including but not limited to malpractices in the workplace and financial crimes, through official channels. Reports are directly escalated to the head of the department or Administration & Human Resources Department for evaluation. Reported incidents are thoroughly investigated and if necessary, passed to the Audit Committee to make recommendations to board of directors depending on severity. In case of possible criminal offense, it will be passed to Audit Committee, which will seek legal advice and carry out the necessary discipline actions if any misconducts are identified. Striving to ensure the effectiveness of the whistle-blowing procedures and protect the whistle-blowers from any form of retaliation or repercussions, the Whistleblowing Policy contains confidentiality provisions.

In order to strengthen our employees' understanding on the topic of anti-corruption, regular internal trainings are organized, which feature case studies and recommended measures to avoid situations which may be associated with non-compliance activities. A working guideline on **Anti-Corruption Measures** has been prepared by the Group, and made available for full access to all of its employees.

During 2024, the Group was unaware of any action that non-compliance with laws and regulations relating to corruption, bribery, extortion, fraud and money laundering. This includes, but not limited to the Prevention of Bribery Ordinance (Cap.201). Also, the Group was not involved in any legal cases regarding corruption during the reporting period.

Anti-corruption KPIs	Quantity	Rate (%)
Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period	0	0

Community

Community Investment

The Group is committed to supporting the public by means of social participation and contribution in order to better understand the needs of the communities in which the Company operates in and to take into consideration its activities on the communities' interests. The Group encourages employees' active participation in serving the local community, and we take the lead in making donations to various charity organisations.

During 2024, there were no financial or other volunteering contributions from the Group. The Group acknowledges the importance of being an integral part of the communities that it operates in and remain committed to providing a positive impact moving forwards. The Group is actively exploring new partnerships and initiatives that align with its values and the needs of local communities.

The Group will continue its efforts in community services, encourage employees' participation in volunteering activities, and dedicate resources for further contributions in the future.

DIRECTORS' REPORT

The Directors are pleased to present their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2024 (the "**2024 Year**").

PLACE OF INCORPORATION AND PRINCIPAL PLACE OF BUSINESS

The Company was incorporated and registered as an exempted company in Cayman Islands under the Company Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 5 June 2003 and duly continued in Bermuda as an exempted company under the laws of Bermuda. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

The head office and the principal place of business of the Company in Hong Kong is Suites 1904-05A, 19/F, Sino Plaza, 255-257 Gloucester Road, Causeway Bay, Hong Kong.

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors are aware that the Group is exposed to various risks, including some which are specific to the Group or the industries in which the Group operates. The Directors have established a policy to ensure that significant risks which may adversely affect the Group, are identified, reported, monitored, and managed on a continuous basis.

The Group has identified the following key risks that are considered to be significant to the Group, which may adversely and/or materially affect the Group's businesses, financial conditions, results of operations and growth prospects. Key risks relating to the Group's businesses and to the industries in which the Group operates are including but not limited to:

(a) Competition

The industries that the Group operate are highly competitive. Areas of competition include production costs, price competition, marketing campaign, customer services and distribution network. If the Group does not respond timely to cope with the market conditions, it would affect the consumer demand for the Group's products and services, the reputation of the Group and the Group's financial performance.

The Group has been consistently monitoring its competitors, markets and industries and will adjust its business strategy to adopt changes in business environment.

(b) Financial Risk

The Group is exposed to financial risks, including foreign currency risk, price risk, credit risk, interest rate risk and liquidity risk. The Group actively and regularly reviews and manages its capital structure to maintain a balance between shareholder return and a sound capital position. Adjustments are made, when necessary, to maintain an optimal capital structure in light of changes in economic conditions.

(c) Technology

The Group is dependent on information technology systems and networks, including the internet and third-party hosted services for the Group's operation, including laboratory management, sales and distribution, ordering and purchases, inventory management and financial reporting. Any material disruption or slowdown of information technology systems, including a disruption or slowdown caused by failure to successfully upgrade the Group's systems, system failures, viruses or cyber-attacks could cause a loss of data or operation interruption. Therefore, the Group will continually monitor and implement, if necessary, relevant information technology systems and networks so as to keep up with the pace of technological progression. The Group has adequate back-up procedures and recovery strategies in place in order to reduce the level of severity of the breakdown of information technology systems.

(d) Macro-economic environment

The downturn of macro-economy has negative impact on the business environment. Health related and pharmaceutical products and services may not be considered as necessity for customers which may result in reduced demand and order for the Group's products from the customers or distributors.

The Group will closely monitor of any such changes of economic environment and adjust the product diversification plan and marketing strategies as well as overall business plan under different market conditions.

(e) Employees

The Group's success and ability to grow depends largely on its ability to attract, train, retain, and motivate highly skilled and qualified managerial, sales, marketing, administrative, operating, and technical personnel. The loss of key personnel could materially and adversely affect the Group's prospects and operations. The Group considered that staff turnover is not avoidable. The Group has adopted the successive plans of key management staff in order to tackle the potential loss of human knowledge and maintaining business continuity.

(f) Regulatory and operational compliance

The Group operates in markets and industries which require compliance with numerous regulations, including but not limited to, (i) the Competition Ordinance (Chapter 619 of the laws of Hong Kong); (ii) Employment Ordinance (Chapter 57 of the laws of Hong Kong) in Hong Kong; (iii) Trade Descriptions Ordinance (Chapter 362 of the laws of Hong Kong) in Hong Kong; (iv) Food Safety Ordinance (Chapter 612 of the laws of Hong Kong); (v) Insurance Ordinance (Chapter 41 of the Laws of Hong Kong), and the applicable regulations, guidelines, policies and licence terms issued or promulgated under or in connection with these statutes. In addition, the GEM Listing Rules also apply to the Group.

The failure to be responsive to changes to such regulations may adversely affect the Group's reputation, operations and financial performance. In order to mitigating the risk of non-compliance of the aforesaid regulations, the Group seeks to ensure compliance with these requirements through various measures such as implementing internal controls and approval procedures, conducting staff trainings and obtaining legal advices.

IMMEDIATE AND ULTIMATE HOLDING COMPANY

The Company's immediate and ultimate holding company is Genius Lead Limited ("**Genius Lead**"), a company incorporated in Samoa with limited liability and Genius Earn Limited ("**Genius Earn**"), a company incorporated in the British Virgin Islands with limited liability, respectively.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are (i) provision of medical laboratory testing services and health check services in Hong Kong; (ii) provision of tumor immune cell therapy and health management services in the PRC; (iii) sale and distribution of health related and pharmaceutical products in the PRC and Hong Kong; and (iv) provision of insurance brokerage services.

DIRECTORS' REPORT

RESULTS AND DIVIDENDS

The results of the Group for the 2024 Year are set out in the consolidated statement of profit or loss and other comprehensive income on page 86 to 87. The state of affairs of the Group and the Company at that date are set out in the consolidated statement of financial position on page 88 and note 31(a) to the consolidated financial statements of this report respectively.

The Board does not recommend the payment of a dividend for 2024 Year (year ended 31 December 2023 ("**2023 Year**"): Nil).

SEGMENT INFORMATION

An analysis of the principal activities and geographical locations of operations of the Group for the 2024 Year is set out in note 10 to the consolidated financial statements.

CHARITABLE DONATIONS

During the 2024 Year, the Group made charitable donations amounting to approximately HK$Nil (2023 Year: HK$105,000).

MAJOR CUSTOMERS AND SUPPLIERS

For the 2024 Year, the percentages of turnover and purchases attributable to the Group's major customers and suppliers are set out below:

Turnover	
The largest customer	19.72%
Five largest customers in aggregate	39.83%
Purchases	
The largest supplier	23.17%
Five largest suppliers in aggregate	62.87%

For the 2024 Year, the percentage of the Group's revenue from insurance brokerage services attributable to the Group's largest customer was approximately 19.72% (2023: from provision of medical laboratory testing services and health check service 31.23%), while the percentage of the Group's aggregate revenue from insurance brokerage services and provision of medical laboratory testing services and health check services attributable to the five largest customers was approximately 39.83% (2023: 50.03%).

For the 2024 Year, the percentage of the Group's purchases from the largest supplier was approximately 23.17% (2023: approximately 18.53%), while the percentage of the Group's purchases from the five largest suppliers accounted for approximately 62.87% (2023: approximately 70.84%).

As far as the Directors are aware, neither the Directors nor their respective close associates (as defined in the GEM Listing Rules) nor any shareholders (which to the knowledge of Directors own more than 5% of the Company's issued share capital) had any interest in the five largest customers or suppliers of the Group.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the 2024 Year are set out in note 30 to the consolidated financial statements.

EQUITY-LINKED AGREEMENTS

Details of the equity-linked agreements entered into by the Company during the year or subsisting at the end of the year are set out below:

(a) Placing of existing shares and top-up subscription of new shares under general mandate

Please refer to the sub-section headed "placing of existing shares and top-up subscription of new shares under general mandate and use of proceeds" under the section headed "BUSINESS REVIEW" of the section headed "MANAGEMENT DISCUSSION AND ANALYSIS" of this annual report.

The placing and top-up subscription represents a good opportunity for the Company to broaden its shareholders' base and raise additional funds at a reasonable cost to facilitate the future growth and development of its business.

(b) Convertible bonds

Please refer to the sub-sections headed "Placing of convertible bonds under general mandate" and "Issuance of convertible bonds under general mandate with existing convertible bonds being surrendered and cancelled and use of proceeds" under the section headed "BUSINESS REVIEW" of the section headed "MANAGEMENT DISCUSSION AND ANALYSIS" of this annual report.

The Board has considered it beneficial to strengthen the capital base of the Group through the issue of the convertible bonds in preparation for the Group's long-term development and further strengthening of financial position of the Group. The issue of the convertible bonds will provide an opportunity for the Company, if the conversion rights attached to the convertible bonds are exercised, to enlarge and strengthen its capital base and also broaden its shareholders base by the introduction of new investor.

(c) Share option scheme

The Company adopted a share option scheme on 6 June 2024 for the purpose of enabling the Group to grant share options to selected participants as incentives or rewards for their contribution to the Group.

During the 2024 Year, no share options was granted.

The details of the share option scheme of the Company are set out in the section headed "Share Option Scheme" in this report and note 40(a) to the consolidated financial statements.

(d) Share award scheme

The Company adopted a share award scheme on 18 August 2021 for the purpose of enabling the Group to award shares to selected participants as incentives or rewards for their contribution to the Group.

During the 2024 Year, no shares were purchased by the trustee. No shares were awarded by the Company under the share award scheme.

The details of the share award scheme of the Company are set out in the section headed "Share Award Scheme" in this report and note 40(b) to the consolidated financial statements.

RESERVES

Details of the movements in the reserves of the Group and the Company during the 2024 Year are set out in the consolidated statement of changes in equity on page 89 and in note 31(b) to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES

For the 2024 Year, the Company's reserves available for distribution to shareholders of the Company are set out in note 31(b) to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the 2024 Year are set out in note 19 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive right under the Company's bye-laws and there was no restriction against such rights under the laws of Bermuda.

EVENTS AFTER THE REPORTING PERIOD

Details of the Group's events after the reporting period are set out in note 46 to the consolidated financial statements.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out in the financial summary on pages 177 to 178 of this report. This summary does not form part of the audited consolidated financial statements.

BUSINESS REVIEW

The business review, including (i) review of the business of the Group during the 2024 year; (ii) particulars of important events affecting the Group that have occurred since the end of the 2024 Year; (iii) key financial and business performance indicators; (iv) discussion on the Group's likely future business development; and (v) principal risks and uncertainties faced by the Group are set out in the section headed "MANAGEMENT DISCUSSION AND ANALYSIS" on pages 6 to 22 of this report. These discussions form part of this report of the Directors.

ENVIRONMENTAL POLICIES AND PERFORMANCE

As a responsible corporate citizen, the Group recognises the importance of good environmental stewardship. The Group implemented green policies to raise energy efficiency and minimise energy consumption. For details, please refer to the section headed "ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT" on pages 42 to 62 of this report.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group recognises the importance of compliance with applicable laws and regulations and the risk of non-compliance with such requirements. The Group has implemented system and allocated staff resources to ensure ongoing compliance with applicable laws, rules and regulations. The Company and its subsidiaries operating in Hong Kong and the PRC are subject to requirements under various laws and regulations. For subsidiaries operating in Hong Kong, applicable laws and regulations include, among others, Trade Descriptions Ordinance (Cap. 362 of the Laws of Hong Kong), Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong), the Competition Ordinance (Cap. 619 of the Laws of Hong Kong), Employment Ordinance (Cap. 57 of the Laws of Hong Kong), Insurance Ordinance (Cap. 41 of the Laws of Hong Kong) and the applicable regulations, guidelines, policies and licence terms issued or promulgated under or in connection with these statutes. In addition, GEM Listing Rules apply to the Company. For subsidiaries operating in the PRC, applicable laws and regulations include, among others, Administrative Measures on Foreign Investments in Commercial Sector (外商投資商業領域管理辦法), Law on Environmental Impact Assessment of the PRC (中華人民共和國環境影響評價法), Law on Wholly Foreign Owned Enterprises of the PRC (中華人民共和國外資企業法) and Administrative Regulations on Company Registration of the PRC (中華人民共和國公司登記管理條例). During the 2024 Year and up to the date of this report, save as disclosed in this report, the Group has compiled with the relevant laws and regulations that have significant impact on the Group in Hong Kong and the PRC.

RELATIONSHIP WITH KEY STAKEHOLDERS

The Company is committed to operating in a sustainable manner while balancing the interests of various stakeholders including the Group's employees, customers, suppliers and the community.

Employees

The Group recognises the value and importance of its employees and the Group has been devoting resources in staff training and review of their development.

Providing a work environment that is free from all forms of discrimination, the Group has devised an integrated human capital strategy to recruit, develop and motivate employees, making sure that employees are provided with competitive remuneration package, appropriate training and development opportunities and their performance goals are aligned with the Group's business objectives.

In the 2024 Year, there were no known reports of any incidence of discrimination by the employees. Management and staff at all levels are responsible to ensure all employees are working in compliance with the statutory requirements, arrange adequate resources to fulfil the safety requirements and carry out training and supervision.

Customers

The Group is committed to provide safe and high-quality products and services to its customers. A customer complaint handling mechanism is in place to receive, analyse and handle complaints and make recommendations on remedies with the aim of improving quality of the Group's services and products and maintaining established relationship with customers.

Suppliers

The Group has developed long-standing relationships with a number of suppliers. The Group selects the suppliers in a prudent manner and requires them to satisfy certain assessment criteria including track records, financial strength, reputation and ability to deliver the products on time and quality standards.

For approved suppliers, evaluations are carried out annually regarding their performance, and records are maintained. In case of any inferior or substandard raw materials received, suppliers are informed and requests regarding replacements are raised immediately.

Community

The Company will continue to contribute to the harmonious society through social contributions and participations in public service activities. For details, please refer to the section headed "ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT" on pages 42 to 62 of this annual report.

DIRECTORS' REPORT

DIRECTORS

The Directors during the 2024 Year and up to the date of this report were:

Executive Directors

Mr. Liu Xiaolin *(Chairman)*
Mr. He Xun
Mr. Huang Song

Non-Executive Director

Ms. Chui Hoi Yam *(resigned on 13 June 2024)*

Independent Non-executive Directors

Mr. Yan Guoxiang
Dr. Guo Yuantao *(appointed on 6 June 2024)*
Dr. Ho Ivan Chun Kit *(retired on 6 June 2024)*
Mr. Qian Hongji

The reason of each resignation or retirement of Director is set out on page 27 of this report.

Pursuant to bye-law 83(2) of the bye-laws of the Company, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director so appointed shall hold office until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election.

In addition, pursuant to bye-law 84(1) of the bye-laws of the Company, at each AGM one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years. The retiring Directors shall be eligible for re-election. Mr. Liu Xiaolin and Mr. Yan Guoxiang will retire and, being eligible, offer themselves for re-election at the forthcoming AGM.

DIRECTORS' BIOGRAPHIES

Biographical details of the Directors of the Company are set out on pages 23 to 25 of this report.

DIRECTORS' SERVICE CONTRACTS

All of the Directors are subject to retirement by rotation and re-election at the AGM of the Company in accordance with the Company's bye-laws and the GEM Listing Rules.

All Directors have entered into service contracts with the Company for a term of one year.

None of the Directors who are proposed for re-election at the forthcoming AGM has a service contract with the Company which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Other than the related party transaction disclosed in note 45 to the consolidated financial statements, no Director and no entity connected with a Director had any material interest, either directly or indirectly, in any transactions, arrangements and contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party subsisting during or at the end of the 2024 Year.

CONTRACTS BETWEEN THE COMPANY AND ITS CONTROLLING SHAREHOLDERS

No contract of significance, whether for provision of services or otherwise, between the Company of any of its subsidiaries and the controlling shareholder of the Company or any of its subsidiaries subsisted at any time during the 2024 Year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the 2024 Year.

COMPETING INTERESTS

None of the Directors, the controlling shareholder of the Company nor their respective associates (as defined in the GEM Listing Rules) had any interest in a business, apart from the business of the Group, which competes or may compete, either directly or indirectly, with the business of the Group during the 2024 Year.

EMOLUMENT POLICY

The emolument policy of the Directors and senior management of the Group is set up by the remuneration committee of the Board on the basis of their merits, qualifications and competences. The emoluments of the Directors are decided by the Board on the recommendation of the remuneration committee of the Board, having regard to market competitiveness, individual performance and achievement. The Company has adopted a share option scheme and a share award as an incentive to Directors and eligible participants. Details of the scheme are set out in note 40 to the consolidated financial statements.

Pursuant to code provision E.1.5 of the CG Code, the remuneration of the senior management of the Company for the 2024 Year by bands is as follows:

Emoluments bands	Number of individuals
HK$Nil to HK$1,000,000	0
HK$1,000,001 to HK$1,500,000	2
HK$1,500,001 to HK$2,000,000	1
HK$2,000,001 to HK$2,500,000	1

Further particulars in relation to Directors' remuneration and the five individuals with highest emoluments are set out in notes 15 and 14 to the consolidated financial statements.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2024, the interests and short positions of each of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong (the "**SFO**")) as recorded in the register required to the be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

(i) Long position in shares of the Company

Name of Director	Capacity and nature of interest	No. of shares held	Approximate percentage *(Note a)*
Mr. Liu Xiaolin ("**Mr. Liu**")	Interest of a controlled corporation	529,500,546 *(Note b)*	54.27%
	Beneficial owner	1,092,000	0.11%
		530,592,546	54.38%

Notes:

(a) As at 31 December 2024, the total number of the issued shares of the Company was 975,731,150 ordinary shares of HK$0.10 each of the Company.

(b) Genius Lead is the registered and beneficial owner of these shares of the Company, and Genius Lead is wholly-owned by Genius Earn, which is in turn wholly-owned by Mr. Liu. As such, Mr. Liu is deemed to be interested in the shares of the Company held by Genius Lead.

(ii) Long position in shares of associated corporation

Name of Director	Name of associated corporation	Nature of interest	No. of shares held in associated corporation	Approximate percentage
Mr. Liu	Genius Earn	Beneficial owner	1	100%
	Genius Lead	Interest of a controlled corporation	1	100%

Save as disclosed above, as at 31 December 2024, none of the Directors nor chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 of the GEM Listing Rules.

NOTIFIABLE INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES

As at 31 December 2024, the following person or entity (other than a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Long position in shares and underlying shares

Name of Shareholder	Capacity and nature of interest	No. of shares held	Approximate percentage *(Note a)*
Genius Earn *(Note b)*	Interest of a controlled corporation	529,500,546	54.27%
Genius Lead *(Note b)*	Beneficial owner	529,500,546	54.27%
Richlane Ventures Limited *(Note c)*	Beneficial owner	58,000,000	5.94%
Ko Chun Shun Johnson ("**Mr. Ko**") *(Note c)*	Interest of controlled corporations	95,545,000	9.79%

Notes:

(a) As at 31 December 2024, the total number of the issued shares of the Company was 975,731,150 ordinary shares of HK$0.10 each of the Company.

(b) Genius Lead is wholly-owned by Genius Earn. As such, Genius Earn is deemed to be interested in the shares of the Company held by Genius Lead under the SFO.

(c) Richlane Ventures Limited is wholly-owned by Mr. Ko. As such, Mr. Ko is deemed to be interested in the 58,000,000 shares of the Company held by Richlane Ventures Limited. The remaining 37,545,000 shares of the Company in which Mr. Ko is deemed to be interested are held by other companies controlled by Mr. Ko.

Save as disclosed above, as at 31 December 2024, no other person or entity (other than a Director or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

2014 Share Option Scheme

The share option scheme adopted by the Company on 26 May 2014 ("**2014 Share Option Scheme**") was expired on 26 May 2024. All outstanding share option granted under the 2014 Share Option Scheme prior to its expiration would continue to be valid and exercisable. No further share options can be granted under the 2014 Share Option Scheme from the date of its expiration.

Details of movements in the Company's share options granted under the 2014 Share Option Scheme during the 2024 Year are set out as follows:

			Number of shares over which options are exercisable						
Category/ Name of Grantees	Date of grant	Exercise price per share (HK$)	Balance as at 1 January 2024	Granted during the 2024 Year	Exercised during the 2024 Year	Lapsed during the 2024 Year	Cancelled during the 2024 Year	Balance as at 31 December 2024	Exercise period
Directors									
Mr. He Xun	2 September 2020	2.00	3,220,000	–	–	3,220,000	–	–	*Note 1*
Ms. Chui Hoi Yam	6 January 2023	1.45	5,000,000	–	–	5,000,000	–	–	*Note 3*
Sub-total			**8,220,000**	**–**	**–**	**8,220,000**	**–**	**–**	
Service Providers									
Consultant									
Dr. Zhai Pu	26 November 2020	2.00 to 2.20	1,670,000	–	–	1,670,000	–	–	*Note 2*
Sub-total			**1,670,000**	**–**	**–**	**1,670,000**	**–**	**–**	
Total			**9,890,000**	**–**	**–**	**9,890,000**	**–**	**–**	

Notes:

1. The share options were granted on 2 September 2020. The closing price of the shares immediately before the date of grant was HK$1.55 per share. The share options are exercisable to subscribe for (i) 3,220,000 shares from 2 September 2022 to 1 September 2023 for share options vested from 2 September 2020 to 1 September 2022; and (ii) 3,220,000 shares from 2 September 2023 to 1 September 2024 for share options vested from 2 September 2020 to 1 September 2023.

2. The share options were granted on 26 November 2020. The closing price of the shares immediately before the date of grant was HK$1.34 per share. The share options are exercisable to subscribe for (i) 1,665,000 shares from 26 November 2022 to 25 November 2023 at exercise price of HK$2.10 for share options vested from 26 November 2020 to 25 November 2022; and (ii) 1,670,000 shares from 26 November 2023 to 25 November 2024 at exercise price of HK$2.20 for share options vested on from 26 November 2020 to 25 November 2023.

3. 5,000,000 share options were granted to Ms. Chui Hoi Yam on 6 January 2023. There is no performance target and no claw back mechanism in respect of the share options granted to Ms. Chui Hoi Yam. The closing price of the shares on the date of grant was HK$1.10 per share and the average closing price for the five business days immediately preceding the date of grant was HK$1.13 per share. The closing price of the shares immediately before the date of grant was HK$1.13.

   The share options are valid for a period of four years commencing from the date of grant until the end of the end of the respective exercisable periods, among which (i) 33.33% (1,665,000 share options) will vest from 6 January 2023 to 5 January 2024 and become exercisable from 6 January 2024 to 5 January 2025; (ii) 33.33% (1,665,000 share options) will vest from 6 January 2023 to 5 January 2025 and become exercisable from 6 January 2025 to 5 January 2026; and (iii) 33.34% (1,670,000 share options) will vest from 6 January 2023 to 5 January 2026 and become exercisable from 6 January 2026 to 5 January 2027.

   Ms. Chui resigned as a director of the Company with effect from 13 June 2024. The share options granted to her lapsed on the same date. Ms. Chui remains as a consultant to the Group.

4. The service provider sublimit would be 9,632,311 shares, representing approximately 1% of the total number of shares in issue (excluding treasury shares) on the date of approval of the 2024 Share Option Scheme.

During the 2024 Year, no share options granted under the 2014 Share Option Scheme have been exercised. There were no outstanding share options under the 2014 Share Option Scheme as at 31 December 2024.

2024 Share Option Scheme

(1) Purpose and Participants

Pursuant to an ordinary resolution passed by the shareholders of the Company on 6 June 2024, the Company adopted a new share option scheme (the "**2024 Share Option Scheme**") for the purpose of providing incentives to eligible participants (including employee participants, related entity participants and service providers as defined under Rule 23.03A(1) of the GEM Listing Rules) in order to promote the development and success of the business of the Group. The principal terms of the 2024 Share Option Scheme were set out below and disclosed in the Company's circular dated 14 May 2024.

During the 2024 Year and up to the date of this report, no share options were granted under the 2024 Share Option Scheme.

(2) Total Number of Shares Available for Issue

The total number of Shares which may be issued in respect of all options which may be granted at any time under the 2024 Share Option Scheme together with options and awards which may be granted under any other schemes of the Company shall not exceed 96,323,115 Shares, being 10% of the Shares in issue (excluding treasury shares) as at the adoption date of the 2024 Share Option Scheme (the "**Scheme Mandate Limit**").

Within the Scheme Mandate Limit, the total number of Shares which may be issued in respect of all options which may be granted at any time under the 2024 Share Option Scheme together with options and awards which may be granted under any other share schemes for the time being of the Company to service providers shall not exceed 9,632,311 Shares, being 1% of the Shares in issue (excluding treasury shares) as at the adoption date of the 2024 Share Option Scheme (the "**Service Provider Sublimit**").

No share options have been granted under the 2024 Share Option Scheme. Accordingly, as at 31 December 2024, share options to subscribe for up to 96,323,115 Shares (representing approximately 9.87% of the issued Shares as at the date of this report) were available for issue under the Scheme Mandate Limit, and share options to subscribe for up to 9,632,311 Shares were available for issue under the Service Provider Sublimit.

(3) Maximum Entitlement of Participants

The total number of shares of the Company issued and to be issued in respect of all options and awards granted to all eligible participants under the 2024 Share Option Scheme and any other schemes of the Company in any 12-month period shall not exceed 1% of the Shares in issue, unless separately approved by the Shareholders in a general meeting.

(4) Exercise and Vesting Period

The period within which the share options may be exercised by the grantee in respect of the share options granted under the 2024 Share Option Scheme and the vesting period of such share options, subject to all applicable laws and the GEM Listing Rules, will be set out in the offer letter issued by the Company to the eligible participants. The exercise period shall not go beyond the day immediately prior to the 10th anniversary of the offer date. Save in certain prescribed circumstances in which the Board may in its discretion accelerate the vesting dates, an option must be held for a minimum of 12 months before it can be exercised.

(5) Acceptance

The offer letter may be accepted by an eligible participant within such time as may be specified in the offer letter (which shall not be later than 21 days from the offer date) and the share option in respect of the number of shares of the Company in respect of which the offer was so accepted will be deemed to have been granted on the offer date. A nominal consideration of HK$1.00 is payable on acceptance of the grant of an option.

(6) Basis of Determining the Exercise Price

The exercise price for shares of the Company on the exercise of share options under the 2024 Share Option Scheme as determined by the Board, subject to any adjustments made pursuant to the applicable laws and the GEM Listing Rules, shall be no less than the highest of: (i) the closing price of the shares of the Company as stated on the Stock Exchange's daily quotations sheet on the offer date; (ii) the average closing prices of the shares of the Company as stated on the Stock Exchange's daily quotations sheets for the five business days immediately preceding the offer date; and (iii) the nominal value of a Share.

(7) Remaining Life of the Scheme

The 2024 Share Option Scheme of the Company, which was adopted on 6 June 2024, shall remain in force for a period of 10 years commencing on the date of its adoption. The remaining life of the 2024 Share Option Scheme will expire on 5 June 2034.

SHARE AWARD SCHEME

(1) Purpose of the Share Award Scheme and Participants

The Company operates the Share Award Scheme for the purpose of providing incentives and rewards to eligible participants (including employees, officers, directors and consultants of the Group) who contribute to the success the Group's operation. The principal terms of the Share Award Scheme are set out below and in note 40(b) to the consolidated financial statements.

During the 2024 Year, the trustee of the Share Award Scheme did not subscribe for any new shares of the Company, receive any existing shares of the Company from any shareholder of the Company or purchase any shares of the Company on the market and no shares of the Company were awarded by the Company under the Share Award Scheme.

As at 31 December 2024, 7,038,000 shares of the Company were held by the trustee.

(2) Total Number of Shares Available for Issue

Under the Share Award Scheme, the Company shall not make any further grant of award which will result in the number of shares of the Company granted under the Share Award Scheme exceeding 96,323,115 Shares, being 10% of the total number of issued shares of the Company as at the adoption date of the Share Award Scheme on 18 August 2021.

Since the adoption of the Share Award Scheme and up to 31 December 2023, 582,000 shares were awarded under the Share Award Scheme. No shares were awarded during the 2024 Year. Accordingly, at the beginning and the end of the 2024 Year, 95,741,115 shares (representing approximately 9.81% of the issued Shares as at the date of this report) were available for grant under the Share Award Scheme.

(3) Maximum Entitlement of Participants

The maximum entitlement of each participant under the Share Award Scheme shall not exceed 1% of the total number of issued shares of the Company as at 18 August 2021, the adoption date of the Share Award Scheme.

(4) Vesting and Conditions

The Board may from time to time while the Share Award Scheme is in force and subject to all applicable laws and the GEM Listing Rules, determine such vesting criteria and conditions or periods for the awards to be vested. All of such vesting criteria and conditions (if any) and periods (including the vesting date) shall be set out in the relevant award letter issued to each selected participant.

(5) Basis of Determining the Purchase Price

The Board may at any time during the term of the Share Award Scheme direct and procure the trustee to subscribe for new shares of the Company or to receive existing shares of the Company from any shareholder of the Company or purchase existing shares of the Company (either on-market or off-market) at such range of purchase price as the Board may direct or authorise, subject to compliance with the applicable laws and the GEM Listing Rules.

(6) Remaining life of the Scheme

The Share Award Scheme shall be valid and effective for a term of 10 years commencing on the adoption date. The remaining life of the Share Award Scheme will expire on 17 August 2031.

OTHER INFORMATION ABOUT SHARE SCHEMES

The total number of shares of the Company that may be issued in respect of the share options and share awards granted under the 2014 Share Option Scheme, the 2024 Share Option Scheme and the Share Award Scheme of the Company during the 2024 Year is 9,890,000. The dilutive effect of such share options and share awards is 1.01%, being the number of shares of the Company that may be issued divided by the weighted average number of shares of the Company for the same period.

Under the 2014 Share Option Scheme, the 2024 Share Option Scheme and Share Award Scheme, save as disclosed in this report, there are no:

(i) participants with options and awards granted that is in excess of the 1% individual limit;

(ii) options and awards granted and to be granted to any related entity participant or service provider in any 12-month period exceeding 0.1% of the relevant class of shares in issue; and

(iii) options or awards that are granted to other employee participants, related entity participants and service providers, that are required to be disclosed pursuant to Rule 23.07 of the GEM Listing Rule.

Saved for the 2014 Share Option Scheme, the 2024 Share Option Scheme and the Share Award Scheme, neither the Company nor its subsidiaries had any other Share Option Scheme or Share Award Scheme during the year ended 31 December 2024.

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

Saved for the 2014 Share Option Scheme, the 2024 Share Option Scheme and the Share Award Scheme, during the 2024 Year and at the end of the 2024 Year, the Company, its holding company, or any of its subsidiaries or fellow subsidiaries had not been and was not a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the 2024 Year.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES

Save as disclosed in the section headed "BUSINESS REVIEW" in "MANAGEMENT DISCUSSION AND ANALYSIS", the Group did not have any other material acquisition or disposal of subsidiaries, associates and joint ventures for the 2024 Year.

RELATED PARTY AND CONNECTED TRANSACTIONS

During the 2024 Year, the adoption of share award scheme by and subscription of shares in a subsidiary as referred to in the section headed "BUSINESS REVIEW" of the section headed "MANAGEMENT DISCUSSION AND ANALYSIS" of this annual report constituted connected transactions of the Company given that Mr. Li Haifeng, who is a director of CBSH Flourish, is a connected person of the Company at the subsidiary level. Pursuant to Rule 20.99 of the GEM Listing Rules, the transactions contemplated thereunder are subject to reporting and announcement but are exempted from the circular, independent financial advice and independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. Particulars were previously disclosed in the announcement of the Company dated 5 August 2024.

Other than that, the Company had not entered into any connected transaction during the 2024 Year which is required to be disclosed under the GEM Listing Rules.

Related party transactions entered into by the Group during the 2024 Year are disclosed in note 45 to the consolidated financial statements.

Other than the related party transaction disclosed in note 45 to the consolidated financial statements, no transactions, arrangements, contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party, and in which a Director or his connected entity had a material interest, whether directly or indirectly, were entered into or subsisted at the end of the reporting period or at any time during the 2024 Year.

None of the related party transactions entered into during the 2024 Year as disclosed in note 45 to the consolidated financial statements constituted a connected transaction or continuing connected transaction, except for the remuneration of directors as referred to in note 45(b) to the consolidated financial statements (which were fully exempt connected transactions pursuant to Rule 20.93 of the GEM Listing Rules).

CORPORATE GOVERNANCE

Principal corporate governance practices as adopted by the Company are set out in the section headed "Corporate Governance Report" set out on pages 26 to 41 of this report.

RETIREMENT BENEFITS SCHEMES

Details of the Group's retirement benefits schemes in operation for the 2024 Year are set out in note 16 to the consolidated financial statements.

CONFIRMATION OF INDEPENDENCE

Each of the independent non-executive Directors has submitted a written statement to the Stock Exchange confirming their independence. The Company has received from each of the independent non-executive Directors an annual confirmation of his/her independence and the Board considers that all the independent non-executive Directors to be independent and meet the requirements set out in Rule 5.09 of the GEM Listing Rules as at the date of this report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company has maintained the prescribed public float under the GEM Listing Rules.

TAX RELIEF

The Company is not aware of any relief from taxation available to the shareholders of the Company by reason of their holding of the shares of the Company. Intending holders and investors of the Company's shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications (including tax relief) of subscribing for, purchasing, holding, disposing of or dealing in the shares of the Company.

It is emphasized that none of the Company or its directors or officers will accept any responsibility for any tax effect on, or liabilities of, holders of shares in the Company resulting from their subscription for, purchase, holding, disposal of or dealing in such shares of the Company.

INDEMNITY PROVISIONS

Bye-law 164(1) of the Company's Bye-laws provides that the Directors or other officers of the Company shall be indemnified and secured harmless out of the assets of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty provided that the indemnity shall not be extended to any matter in respect of any fraud or dishonesty which may be attached to the relevant Director or officer of the Company.

Directors liability insurance is in place for the directors of the Company and its subsidiaries in respect of potential costs and liabilities arising from claims that may be brought against the directors. The relevant provisions in the Company's bye-laws and the Directors' liability insurance were in force during the financial year ended 31 December 2024 and as of the date of this report for the benefit of one or more persons who were the Directors or then Directors of the Company or of the associated company of the Company.

ADDITIONAL INFORMATION AND THE COMPANY'S VIEW AND THE PLAN TO ADDRESS THE DISCLAIMER OF AUDIT OPINION

For the 2024 Year, the Board wishes to draw the attention of the shareholders of the Company to the disclaimer of audit opinion (the "**Disclaimer**") made by the auditor of the Company. Among all concerns brought up by the auditor of the Company, the Disclaimer is primarily made to flag up the Group incurred a loss for the year of approximately HK$251,854,000 and, as of 31 December 2024, the Group had net current liabilities of approximately HK$129,519,000. In addition, as at 31 December 2024, the Group had bank and other borrowings of approximately HK$138,693,000, which are payable within one year. These conditions indicate that a material uncertainty exists that may cast significant doubts on the Group's ability to continue as a going concern, and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. Therefore, the auditor was unable to form an audit opinion on the consolidated financial statements.

Regarding the Company's ability to continue as a going concern, the Board has reviewed a cashflow forecast covering a period up to 31 March 2025 and taken into account the implementation of a number of measures including but not limited to those set out in note 2 to the consolidated financial statements, which are aimed to improve its liquidity and financial position, such as:

(1) The Group has obtained extension on repayment of other borrowings of approximately HK$75,588,000 after the end of the reporting period.

(2) The management will continue to negotiate with banks for renewing banking facilities.

    As at 31 December 2024, the Group had bank borrowings of approximately HK$25,981,000 of which approximately HK$13,259,000 is payable within eight years. The banking facilities included a repayable on demand clause and the bank borrowings were classified as current liability. Up to the date of this report, the Group has complied with the covenants and based on the latest communications with the banks, the Directors are not aware of any intention of the banks to withdraw their bank facilities or require early repayment of the loans. The Directors believe that the existing bank facilities will be renewed when their current terms expire given the good track records and relationships the Group has with the banks. Further, a bank borrowing of RMB4,000,000 (equivalent to approximately HK4,240,000) is under renewal with bank and it is expected that the renewal will be completed in May 2025.

(3) The Directors are under negotiation with banks and financing lease companies to obtain additional funds in order to finance the settlement of its existing financial obligations and future operating and capital expenditures.

Examples include the following:

- The Group has obtained an other borrowing of HK$6,000,000 after the end of the reporting period.
- On 21 March 2025, Shanghai Longyao entered into a finance lease agreement and obtained lease proceeds of RMB7,000,000 (equivalent to approximately HK$7,421,000).
- The controlling shareholder of the Company and/or his associate advanced loans of approximately HK$7,500,000 to the Company in March and April 2025.
- Under the coordination of the Hainan Provincial Government, the Group has applied for a loan in the total amount of RMB200,000,000 from two major state-owned financial capital investment management or financial asset management companies. The application is currently under internal review of these two companies.
- The Group has recently applied for an equipment mortgage loan from a bank in the PRC. The loan amount is expected to be RMB30,000,000. It is awaiting the evaluation and formal proposal of the banks.
- The Group has also submitted information to two banks in the PRC for the purpose of applying for equipment finance lease and loan facility and is awaiting the evaluation and formal proposal of the banks.

(4) The Board will seek opportunities to realise the investment in Pillar in order to reallocate resources to support the operation and continuing growth of the Group. The Group is proactively seeking potential purchasers of its investment in Pillar. As at the date of this report, no agreement has been entered into by the Group for such intended disposal.

(5) The Board will actively seek further fund raising alternatives including placing of shares and issue of convertible bonds of the Company and capital injection of its subsidiaries to increase the Group's equity and to support the continuing growth of the Group.

On 25 February 2025, Pengbo (Hainan) entered into a letter of intent with Shenzhen BGI Songhe Biotechnology No. 1 Private Venture Capital Investment Fund Partnership (Limited Partnership) (深圳市華大松禾生科一號私募創業投資基金合夥企業(有限合夥)) in relation to the intended investment in Pengbo (Hainan). The investor is conducting due diligence on Pengbo (Hainan) and the proposed investment is for the amount of RMB30,000,000. The proposed investment is currently expected to be completed in or around May 2025.

Also, on 27 February 2025, Pengbo (Hainan) and Hubei Weiyou entered into a capital injection agreement, pursuant to which Hubei Weiyou conditionally agreed to make a capital injection of RMB50,000,000 to Pengbo (Hainan). Details were disclosed in the announcements of the Company dated 25 February 2025 and 27 February 2025 respectively. As disclosed in the announcement of the Company dated 31 March 2025, the transaction to subscribe for the registered capital of RMB16 million at the second installment has been terminated and as such, Pengbo (Hainan) will complete the registration of Hubei Weiyou's subscription for the registered capital of RMB666,667 at the first installment.

The Group has also started negotiation with a private equity investment firm specializing in investments in the healthcare and biotechnology sectors on its proposed investment of RMB60,000,000 in Pengbo (Hainan). It is currently expected that a binding agreement for the proposed investment will be entered into in or around June 2025.

(6) The Board will continue to implement operational measures including control of costs and capital expenditure aiming at improving the Group's working capital. These measures include, among other things, to streamline business processes, optimize resources allocation, and enhance overall efficiency. The Group will continue to monitor the effectiveness of these operational measures.

The Board attaches great importance to the funding requirement of the Company. The Board will make it a priority of its work to ensure the stability of the capital chain of the Company and promote the smooth commencement of our projects, and actively takes a series of effective measures, which have made some progress by now.

Since the emergence of the liquidity tightness, the Board has acted swiftly and proactively commenced multi-party interaction with various financial institutions such as private equity funds and banks. Through active communication and negotiation, we have successfully obtained bank credit and loans of RMB50 million and have signed a letter of intent relating to equity investment with Shenzhen BGI Songhe Biotechnology No. 1 Private Venture Capital Investment Fund Partnership (Limited Partnership)* (深圳市華大松禾生科一號私募創業投資基金合夥企業(有限合夥)), which plans to inject funds into the BNCT project of Pengbo (Hainan). At the same time, we are expediting the financing-related matters with various financial institutions, banks, trusts, and parent funds to introduce long-term loans and equity investments, which will effectively resolve the funding requirements of the construction of the Hainan BNCT hospital project and provide sufficient funding safeguards for subsequent development.

In terms of the capital market, the Company actively seeks financing options such as placing of shares and issue of convertible bonds. In December 2024, the Company completed the extension of US$6 million of convertible bonds, obtaining more time and space for the capital flow of the Company. In addition, Shanghai Longyao is conducting a second round of financing for its CAR-T cell therapy and is actively exploring commercialisation plans to achieve the commercialization of the LY007 CAR-T cellular product under development and further increase the development funds of the Group.

The potential amount of financing being negotiated with the various financial institutions and funds, once obtained, can cover the existing current liabilities of the Group companies, and the Hainan BNCT project can complete and commence operation. The above is all in the stages of due diligence and agreement negotiation. Since it takes time for negotiation and due diligence, it is expected that they will be finalised successively and funds will be available in the next two months.

The Directors have reviewed the impact of the Disclaimer on the Group and considers that it does not significantly affect the Group's operation subject to the successful and continued implementation of such measures as above and obtaining equity fund raising alternative and borrowings. Accordingly, the Directors are of the opinion that it is appropriate to prepare the consolidated financial statements for the year ended 31 December 2024 on a going concern basis. Except for this, as at 31 December 2024, the Directors were not aware of any other material uncertainties relating to any events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.

The Audit Committee has reviewed the Disclaimer for the 2024 Year and acknowledged its basis. The Audit Committee has also reviewed and agreed with the Board's position as outlined above. There was no disagreement between the Audit Committee and the management regarding the Disclaimer and the Company's plan to address it.

Should the above-mentioned be successfully executed and there are no other material adverse changes to the business operation and financial conditions of the Group, the Board expects that the Disclaimer will be removed in the financial year ending 31 December 2025.

INDEPENDENT AUDITOR

There were no other changes of auditor of the Company in the past three years.

The consolidated financial statements of the Group for the 2024 Year have been audited by RSM Hong Kong, who will retire and be eligible to offer themselves for re-appointment. A resolution will be submitted to the forthcoming annual general meeting to reappoint auditor and to fix their remuneration.

On behalf of the Board

China Biotech Services Holdings Limited
Liu Xiaolin
Chairman and Executive Director

Hong Kong, 28 March 2025

INDEPENDENT AUDITOR'S REPORT

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TO THE SHAREHOLDERS OF CHINA BIOTECH SERVICES HOLDINGS LIMITED
(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

Disclaimer of Opinion

We were engaged to audit the consolidated financial statements of China Biotech Services Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 86 to 176 which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statement have been properly prepared in compliance with the disclosure requirements of the Companies Ordinance.

Basis for Disclaimer Opinion

Material Uncertainties Related to Going Concern

We draw attention to note 2 in the consolidated financial statements, which indicates that the Group incurred a net loss of approximately HK$251,854,000 during the year ended 31 December 2024 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK$129,519,000. Its current liabilities included borrowings and lease liabilities amounting to approximately HK$138,693,000 and approximately HK$5,711,000 respectively while cash and cash equivalents amounted to approximately HK$18,913,000 only. These events and conditions, along with other matters as set forth in note 2 to the consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

Basis for Disclaimer Opinion – *Continued*

Material Uncertainties Related to Going Concern – *Continued*

The directors of the Company have undertaken various measures to improve the Group's liquidity and financial position, which are set out in note 2 to the consolidated financial statements. As at the date of approval of these consolidated financial statements, the implementation of these measures is still in process. The validity of the going concern assumption on which the consolidated financial statements have been prepared depends on the successful and favorable outcome of these measures taken by the Directors of the Company, including (i) the successful completion of the capital injections in the Company's indirect wholly owned subsidiary, Pengbo (Hainan) Medical Technology Co., Ltd; and (ii) successfully obtaining other alternative financing and borrowings.

As a result of these multiple uncertainties and in view of the significance of the extent of the uncertainties relating to ongoing availability of finance to the Group, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves about the appropriateness of the use of going concern basis of accounting in the preparation of the consolidated financial statements. Should the Group fail to achieve the above-mentioned measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying amounts of its assets to their recoverable amounts, to provide for any further liabilities that might arise, and to reclassify non-current assets and liabilities as current assets and liabilities respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

Responsibilities of Directors and Audit Committee for the Consolidated Financial Statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountant (the "**HKICPA**") and the disclosure requirements of the Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee assists the directors in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and to issue an auditor's report. This report is made solely to you, as a body, in accordance with the term of our 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. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

We are independent of the Gorup in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our ethical responsibilities in accordance with the Code.

The engagement partner on the audit resulting in this independence auditor's report is Ms. Leung Wan Yi Winnie.

RSM Hong Kong
Certified Public Accountants
28 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	**2024** **HK$'000**	2023 HK$'000
Revenue	*8*	**70,509**	211,985
Cost of sales		**(75,449)**	(177,661)
Gross (loss)/profit		**(4,940)**	34,324
Other income, gains/(losses)	*9*	**5,800**	(3,989)
Allowance for impairment loss on financial assets, net	*6(c)*	**(684)**	(5,057)
Selling and distribution expenses		**(11,774)**	(14,610)
Administrative expenses		**(131,450)**	(138,342)
Loss from operations		**(143,048)**	(127,674)
Finance costs	*11*	**(16,922)**	(5,311)
Fair value (loss)/gain on convertible bonds	*33*	**(24,156)**	18,336
Share of loss of a joint venture		**–**	(7,678)
Loss on disposal of joint venture		**–**	(2)
Impairment loss on right-of-use assets		**(2,584)**	(3,484)
Impairment loss on property, plant and equipment	*19*	**(52,713)**	(16,186)
Impairment loss on intangible assets		**(13,374)**	–
Loss on deregistration of a subsidiary	*41(a)*	**–**	(26)
Loss before tax		**(252,797)**	(142,025)
Income tax credit	*12*	**943**	1,319
Loss for the year	*13*	**(251,854)**	(140,706)
Loss for the year attributable to:			
Owners of the Company		**(198,146)**	(95,447)
Non-controlling interests		**(53,708)**	(45,259)
		(251,854)	(140,706)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 HK$'000	2023 HK$'000
Loss for the year		**(251,854)**	(140,706)
Other comprehensive loss after tax:			
Item that will not be reclassified to profit or loss:			
Fair value change of financial assets at fair value through other comprehensive income ("**FVTOCI**")	*25*	**(10,308)**	(26,022)
Item that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(6,820)**	(7,525)
Other comprehensive loss for the year, net of tax		**(17,128)**	(33,547)
Total comprehensive loss for the year		**(268,982)**	(174,253)
Total comprehensive loss for the year attributable to:			
Owners of the Company		**(214,971)**	(128,538)
Non-controlling interests		**(54,011)**	(45,715)
		(268,982)	(174,253)
Loss per share	*18*		
Basic and diluted (cents)		**(20.5)**	(9.9)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2024

	Note	2024 HK$'000	2023 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	*19*	**219,341**	100,535
Right-of-use assets	*20*	**15,996**	23,680
Goodwill	*21*	**103,894**	107,181
Intangible assets	*22*	**34,944**	57,644
Investment in a joint venture	*24*	**–**	–
Financial assets at FVTOCI	*25*	**43,229**	56,920
Deposit and prepayment	*27*	**49,456**	55,236
		466,860	401,196
Current assets			
Inventories	*26*	**3,971**	9,274
Trade and other receivables	*27*	**25,416**	39,636
Loan and interest receivables	*28*	**–**	–
Tax recoverable		**80**	5,360
Pledged bank deposits	*29*	**14,715**	134,809
Bank and cash balances	*29*	**18,913**	72,087
Total current assets		**63,095**	261,166
TOTAL ASSETS		**529,955**	662,362
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	*30*	**97,573**	96,323
Other reserves	*32*	**167,369**	366,431
		264,942	462,754
Non-controlling interests		**(22,554)**	27,972
Total equity		**242,388**	490,726
LIABILITIES			
Non-current liabilities			
Convertible bonds	*33*	**41,635**	–
Derivative financial liabilities	*33*	**6,002**	–
Lease liabilities	*34*	**1,793**	5,727
Written put option liability	*35*	**40,480**	–
Deferred tax liabilities	*36*	**5,043**	6,442
		94,953	12,169
Current liabilities			
Trade and other payables	*37*	**48,093**	57,152
Convertible bonds	*33*	**–**	53,877
Derivative financial liabilities	*33*	**–**	3,916
Lease liabilities	*34*	**5,711**	9,829
Borrowings	*38*	**138,693**	30,963
Current tax liabilities		**117**	3,730
Total current liabilities		**192,614**	159,467
TOTAL EQUITY AND LIABILITIES		**529,955**	662,362

Approved by the Board of Directors on 28 March 2025 and are signed on its behalf by:

Liu Xiaolin
Director

He Xun
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

	Attributable to owners of the Company											
	Share capital HK$'000	Share premium HK$'000	Share-based payments reserve HK$'000 *(note 32b(i))*	Special reserve HK$'000 *(note 32b(ii))*	Shares held under share award scheme HK$'000	Other reserves HK$'000 *(Note 32b(iii))*	Financial assets at FVTOCI reserve HK$'000 *(Note 32b(iv))*	Foreign currency translation reserve HK$'000 *(Note 32b(v))*	Accumulated losses HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2023	96,323	490,692	8,809	212,948	(2,985)	6,488	8,022	(7,710)	(209,912)	602,675	223,845	826,520
Total comprehensive loss for the year	–	–	–	–	–	–	(26,022)	(7,069)	(95,447)	(128,538)	(45,715)	(174,253)
Transfer upon deregistration of a subsidiary	–	–	–	–	–	–	–	–	–	–	(13)	(13)
Purchase of shares under share award scheme *(note 40(b))*	–	–	–	–	(4,185)	–	–	–	–	(4,185)	–	(4,185)
Share granted under share award scheme *(note 40(b))*	–	–	–	–	548	–	–	–	–	548	–	548
Share-based payments *(note 40(a))*	–	–	1,886	–	–	–	–	–	–	1,886	–	1,886
Lapse of share options *(note 40(a))*	–	–	(4,193)	–	–	–	–	–	4,193	–	–	–
Capital injection from non-controlling interests	–	–	–	–	–	–	–	–	–	–	5,855	5,855
Dividend paid *(note 17)*	–	–	–	–	–	–	–	–	(9,632)	(9,632)	–	(9,632)
Dividend paid to non-controlling shareholders of a subsidiary	–	–	–	–	–	–	–	–	–	–	(156,000)	(156,000)
Change in equity for the year	–	–	(2,307)	–	(3,637)	–	(26,022)	(7,069)	(100,886)	(139,921)	(195,873)	(335,794)
At 31 December 2023	96,323	490,692	6,502	212,948	(6,622)	6,488	(18,000)	(14,779)	(310,798)	462,754	27,972	490,726
At 1 January 2024	**96,323**	**490,692**	**6,502**	**212,948**	**(6,622)**	**6,488**	**(18,000)**	**(14,779)**	**(310,798)**	**462,754**	**27,972**	**490,726**
Total comprehensive loss for the year	**-**	**-**	**-**	**-**	**-**	**-**	**(10,308)**	**(6,517)**	**(198,146)**	**(214,971)**	**(54,011)**	**(268,982)**
Transfer upon disposal	**-**	**-**	**-**	**-**	**-**	**-**	**32,329**	**-**	**(32,329)**	**-**	**-**	**-**
Share-based payments *(note 40(a))*	**-**	**-**	**304**	**-**	**-**	**-**	**-**	**-**	**-**	**304**	**-**	**304**
Lapse of share options *(note 40(a))*	**-**	**-**	**(6,806)**	**-**	**-**	**-**	**-**	**-**	**6,806**	**-**	**-**	**-**
Deemed disposal of shares of subsidiaries	**-**	**-**	**-**	**-**	**-**	**12,115**	**-**	**-**	**-**	**12,115**	**3,975**	**16,090**
Dividend paid to non-controlling shareholders of a subsidiary	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(490)**	**(490)**
Shares issued under placing	**1,250**	**3,750**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**5,000**	**-**	**5,000**
Less: Share issued expenses	**-**	**(260)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(260)**	**-**	**(260)**
Changes in equity for the year	**1,250**	**3,490**	**(6,502)**	**-**	**-**	**12,115**	**22,021**	**(6,517)**	**(223,669)**	**(197,812)**	**(50,526)**	**(248,338)**
At 31 December 2024	**97,573**	**494,182**	**-**	**212,948**	**(6,622)**	**18,603**	**4,021**	**(21,296)**	**(534,467)**	**264,942**	**(22,554)**	**242,388**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 HK$'000	2023 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(252,797)**	(142,025)
Adjustments for:			
Finance costs	*11*	**16,922**	5,311
Interest income	*9*	**(464)**	(3,742)
Dividend income	*9*	**–**	(23)
Loss on deregistration of a subsidiary	*41(a)*	**–**	26
Loss on disposal of joint venture		**–**	2
Depreciation of property, plant and equipment	*19*	**6,128**	36,448
Depreciation of right-of-use assets	*20*	**7,208**	10,884
Fair value loss/(gain) on convertible bonds	*33*	**24,156**	(18,336)
Amortisation of intangible assets	*22*	**8,080**	8,248
Loss/(gain) on disposal of property, plant and equipment	*9*	**108**	(322)
Equity-settled share-based payments	*40(a)*	**304**	1,886
Write-down of inventories		**5,089**	11,671
Allowance for impairment loss on financial assets, net	*6(c)*	**684**	5,057
Impairment loss on right-of-use assets		**2,584**	3,484
Impairment loss on property, plant and equipment		**52,713**	16,186
Impairment loss on intangible assets		**13,374**	–
Written off on property, plant and equipment	*9*	**15,903**	1,521
Gain on termination of leases		**(2,350)**	(71)
Share of loss in a joint venture		**–**	7,678
Operating cash flows before working capital changes		**(102,358)**	(56,117)
Decrease/(increase) in inventories		**214**	(2,220)
(Increase)/decrease in trade and other receivables		**(33,742)**	724,975
Decrease in loan and interest receivables		**–**	1,440
Decrease in trade and other payables		**(17,402)**	(232,893)
Cash (used in)/generated from operations		**(153,288)**	435,185
Income taxes refund/(paid)		**1,398**	(243,463)
Net cash (used in)/generated from operating activities		**(151,890)**	191,722

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	**2024** **HK$'000**	2023 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash outflow on deregistration a of subsidiary	*41(a)*	**–**	(39)
Net cash inflow on disposal of a joint venture		**–**	7,140
Interest received		**464**	3,742
Dividend income		**–**	23
Proceeds from disposal of property, plant and equipment		**38**	372
Proceeds from disposal of financial assets FVTOCI		**3,383**	–
Purchases of property, plant and equipment	*19*	**(51,651)**	(59,413)
Placement of restricted bank deposits		**–**	(6,253)
Net cash used in investing activities		**(47,766)**	(54,428)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		**(26,891)**	–
Borrowings raised		**103,582**	31,053
Repayment of lease liabilities		**(9,029)**	(11,196)
Net proceeds from shares placing		**4,740**	–
Insurance costs of convertible bonds		**(610)**	–
Proceeds from capital injection of a subsidiary		**52,337**	–
Repurchase of shares under share award scheme		**–**	(3,637)
Interest paid		**(5,865)**	(6,387)
Decrease in pledged bank deposits		**30,032**	–
Dividend paid to non-controlling shareholders of a subsidiary		**(490)**	(156,000)
Dividend paid	*17*	**–**	(9,632)
Net cash generated from/(used in) financing activities		**147,806**	(155,799)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(51,850)**	(18,505)
Effect of foreign exchange rate changes		**(1,324)**	(2,178)
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**72,087**	92,770
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		**18,913**	72,087
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Bank and cash balances	*29*	**18,913**	72,087

1. GENERAL INFORMATION

China Biotech Services Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") was incorporated and registered as an exempted company in Cayman Islands under the Company Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 5 June 2003. On 29 August 2013, the Company deregistered in the Cayman Islands and duly continued in Bermuda as an exempted company under the laws of Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The address of its principal place of business in Hong Kong is Suites 1904-05A, 19/F, Sino Plaza, 255-257 Gloucester Road, Causeway Bay, Hong Kong. The Company's shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company is an investment holding company. The principal activities of its subsidiaries are (i) provision of medical laboratory testing services and health check services in Hong Kong; (ii) provision of tumor immune cell therapy and health management services in the People's Republic of China (the "**PRC**"); (iii) sale and distribution of health related and pharmaceutical products in the PRC and Hong Kong; and (iv) provision of insurance brokerage services.

In the opinion of the directors of the Company, Genius Lead Limited, a company incorporated in Samoa with limited liability, is the immediate holding company, Genius Earn Limited, a company incorporated in the British Virgin Islands ("**BVI**") with limited liability, is the ultimate holding company and Mr. Liu Xiaolin ("**Mr. Liu**") is the ultimate controlling party of the Company.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). HKFRS Accounting Standards comprise Hong Kong Financial Reporting Standards ("**HKFRS**"); Hong Kong Accounting Standards ("**HKAS**"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange and with the disclosure requirements of the Companies Ordinance (Cap. 622).

The HKICPA has issued certain new and revised HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

2. BASIS OF PREPARATION – *Continued*

The Group incurred a loss of approximately HK$251,854,000 during the year ended 31 December 2024 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK$129,519,000. As at 31 December 2024, the Group had total borrowings and lease liabilities of approximately HK$138,693,000 and approximately HK$5,711,000 respectively, while the Group had cash and cash equivalents of approximately HK$18,913,000. These circumstances indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern, and therefore that it maybe unable to realise its assets and discharge its liabilities in the normal course of business.

Nevertheless, the Directors of the Company had adopted the going concern basis in preparing these consolidated financial statements of the Group based on the measures including but not limited to the following:

(i) The Group is in progress to implement operational plans to control costs and generate sufficient operating cash flows to meet its current and future obligations;

(ii) As described in the Company's announcement dated 25 February 2025, the Company entered into a strategic cooperation framework agreement with Shenzhen BGI Technology Co., Ltd.* (深圳華大基因科技有限公司) ("**Shenzhen BGI Technology**"); and Pengbo (Hainan) Medical Technology Co., Ltd.* (鵬博(海南)硼中子醫療科技有限公司) ("**Pengbo (Hainan)**"), an indirect wholly-owned subsidiary of the Company, entered into a letter of intent on investment with Shenzhen BGI Songhe Biotechnology No. 1 Private Venture Capital Investment Fund Partnership (Limited Partnership)* (深圳市華大松禾生科一號私募創業投資基金合夥企業(有限合夥)) (the "**Investor**") in relation to the Investor's intended investment in Pengbo (Hainan). The Investor will invest RMB20 million to RMB30 million to subscribe for newly issued registered capital of Pengbo (Hainan). As at the date of approval of these consolidated financial statements, the capital injection is still in progress;

(iii) As described in the Company's announcement dated 27 February 2025, Pengbo (Hainan), Dynamic Healthcare Holdings Limited, CBSH Flourish (Hong Kong) BNCT Medical Centre Limited, the Company and Hubei Weiyou Equity Investment Partnership (Limited Partnership)* (湖北惟宥股權投資合夥企業(有限合夥)) ("**Hubei Weiyou**") entered into the capital injection agreement, pursuant to which it is conditionally agreed that Hubei Weiyou agreed to contribute up to RMB50,000,000 (equivalent to approximately HK$54,000,000) into Pengbo (Hainan) to subscribe for 10% of the registered capital of Pengbo (Hainan). As at the date of approval of these consolidated financial statements, the capital injection is still in progress;

(iv) the Group will actively seek other alternative financing and borrowings to finance the settlement of its existing financial obligations and future operating and capital expenditures. As at the date of approval of these consolidated financial statements, the Group has obtained a other borrowing of approximately HK$6 million. As at the date of approval of these consolidated financial statements, the negotiation for other additional financing and borrowings is still in progress; and

(v) the Group has also been actively negotiating with the lenders on extension of other borrowings. As at the date of approval of these consolidated financial statements, the lenders has agreed to the extension of other borrowings of approximately HK$75,588,000 which were originally due in 2025.

2. BASIS OF PREPARATION – *Continued*

The Directors of the Company have estimated the Group's cash requirements by preparing a Group cashflow forecast for the next twelve months from 31 December 2024. The directors of the Company are of the opinion that the Group has sufficient working capital for its present requirements, that is for 12 months ending 30 December 2025. Accordingly, the directors of the Company are of the view that it is appropriate to adopt the going concern basis in preparing these consolidated financial statements.

However, material uncertainties exist as to whether the Group will be able to continue as a going concern which would depend upon the following:

(i) successful completion of the capital injections in Pengbo (Hainan); and

(ii) successfully obtaining other alternative financing and borrowings.

Should the Group fail to achieve the above-mentioned plans and measures, it may be unable to operate as a going concern in the foreseeable future, adjustments would have to be made to write down the carrying value of the Group's assets to their recoverable amounts, to provide for any further liabilities that might arise, and to reclassify non-current assets and liabilities as current assets and liabilities respectively. The effect of these adjustments has not been reflected in these consolidated financial statements.

3. ADOPTION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS

(a) Application of new and revised HKFRS Accounting Standards

The Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Hong Kong Interpretation 5 ("**HK Int 5**") (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments and interpretation listed above did not have any material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3. ADOPTION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS – *Continued*

(b) Revised HKFRS Accounting Standards in issue but not yet effective

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of new standards and amendments to standards and interpretation, which are not effective for the year ended 31 December 2024 and which have not been adopted in these financial statements. The Group has not early applied the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 21 and HKFRS 1 – Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7 – Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18 – Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19 – Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to HK Int 5 – Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA

The directors of the Company are in the process of making an assessment of what the impacts of these new standards, amendments to standards and interpretation are expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

4. MATERIAL ACCOUNTING POLICY INFORMATION

These consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. certain financial instruments that are measured at fair value).

The preparation of financial statements in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

The material accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill and any accumulated foreign currency translation reserve relating to that subsidiary.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

4. MATERIAL ACCOUNTING POLICY INFORMATION – *Continued*

(a) Consolidation – *Continued*

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

(b) Separate financial statements

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment loss, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale). Cost includes direct attributable costs of investments. The results of subsidiaries are accounted for by the Company on the basis of dividend received or receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(c) Business combination and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The consideration transferred in a business combination is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and any contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are, with limited exceptions, measured at their acquisition-date fair values.

The excess of the sum of the consideration transferred over the Group's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the sum of the consideration transferred is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Group.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the sum of the consideration transferred in a business combination to calculate the goodwill.

The non-controlling interests in the subsidiary are initially measured at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

4. MATERIAL ACCOUNTING POLICY INFORMATION – *Continued*

(c) Business combination and goodwill – *Continued*

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("**CGUs**") or groups of CGUs that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. Goodwill impairment reviews are undertaken annually, or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to its recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is the Company's presentation and functional currency. Other than those subsidiaries established in the People's Republic of China ("**PRC**") whose functional currency of the principal operating subsidiaries of the Group is Renminbi ("**RMB**"), the functional currency of other subsidiaries is HK$. The directors consider that choosing HK$ as the presentation currency best suits the needs of the shareholders and investors.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the company initially recognises such non-monetary assets or liabilities. Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION – *Continued*

(d) Foreign currency translation – *Continued*

(iii) Translation on consolidation

The results and financial position of all foreign operations (none of which has the currency of hyperinflationary economy) that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

- Income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

- All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(e) Property, plant and equipment

Property, plant and equipment, including building, are held for use in the production or supply of goods or services, or for administrative purposes (other than properties under construction as described below), and are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Leasehold improvements	Over the shorter of the lease term or 3-5 years
Land and buildings	Over the shorter of the lease term or 20 years
Motor vehicles	3-10 years
Furniture, fixtures and office equipment	1-10 years
Plant and machinery	3-20 years

4. MATERIAL ACCOUNTING POLICY INFORMATION – *Continued*

(e) Property, plant and equipment – *Continued*

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Construction in progress represents buildings under construction and plant and equipment pending installation, and is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(f) Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) The Group as lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are primarily laptops and office furniture. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. Lease payments to be made under reasonably certain extension options are also included in the measurement of the lease liability. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method.

Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

4. MATERIAL ACCOUNTING POLICY INFORMATION – *Continued*

(f) Leases – *Continued*

(i) The Group as lessee – *Continued*

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing, and

- makes adjustments specific to the lease, e.g. terms, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the group entities use that rate as a starting point to determine the incremental borrowing rate.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("**lease modification**") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

4. MATERIAL ACCOUNTING POLICY INFORMATION – *Continued*

(f) Leases – *Continued*

(ii) The Group as a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

(g) Other intangible assets

(i) Internally-generated intangible assets – Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Development costs that are attributable to the design and testing of identifiable and unique e-business platform controlled by the Group are recognized only if all of the following conditions are met:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- Management intends to complete the intangible asset and use or sell it
- There is ability to use or sell the intangible asset;
- It can be demonstrated how the intangible asset will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available;
- The expenditure attributable to the intangible asset during its development can be reliably measured.

Internally generated intangible assets are stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over their estimated useful lives. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

(ii) Intangible assets acquired separately – brand name, customer relationship, patents and non-competition agreements

Brand name and non-competition agreements with indefinite useful lives are not amortised. The customer relationship and patents are stated at cost less accumulated amortisation and impairment loss. Amortisation is calculated on a straight-line basis over their estimated useful lives of 10 years.

4. MATERIAL ACCOUNTING POLICY INFORMATION – *Continued*

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. The costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Contract liabilities

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue. A contract liability would also be recognised if the group has an unconditional right to receive consideration before the Group recognizes the related revenue. In such cases, a corresponding receivable would also be recognised.

(j) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION – *Continued*

(k) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Debt investments

Debt investments held by the Group are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.

- FVTOCI – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

- FVTPL if the investment does not meet the criteria for being measured at amortised cost or FVTOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

Equity investments

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVTOCI, are recognised in profit or loss as other income.

4. MATERIAL ACCOUNTING POLICY INFORMATION – *Continued*

(l) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method less allowance for credit losses.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement. Cash and cash equivalents are assessed for expected credit losses ("**ECL**").

(n) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRS Accounting Standards. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(o) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless, at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the reporting period.

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification at the reporting date.

4. MATERIAL ACCOUNTING POLICY INFORMATION – *Continued*

(p) Written put option liability

The Group has a written put option over the equity of a subsidiary which permits the holder to put their shares in the subsidiary back to the Group at an agreed price on specified dates. The amount that may become payable under the option on exercise is initially recognised at the present value of the redemption amount within 'written put option liability' with a corresponding charge directly to equity within 'other reserves".

The liability is subsequently accreted through finance charges up to the redemption amount that is payable at the date at which the option first becomes exercisable. In the event that the option expires unexercised, the liability is derecognised with a corresponding adjustment to equity.

(q) Convertible loans

Convertible loans which entitle the holder to convert the loans into equity instruments, other than into a fixed number of equity instruments at a fixed conversion price, are regarded as combined instruments consisting of a liability and a derivative component. At the date of issue, the fair value of the derivative component is determined using an option pricing model; this amount is carried as a derivative liability that is subsequently measured at fair value through profit or loss until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the liability component and is carried as a liability at amortised cost using the effective interest method until extinguished on conversion or redemption. The liability component is classified as a current liability when the conversion option, which is classified as a liability derivative, can be exercised at the option of the holders at any time or within 12 months from the end of reporting date.

Transaction costs are apportioned between the liability and derivative components of the convertible loans based on the allocation of proceeds to the liability and derivative components on initial recognition. The portion related to the derivative component is expensed immediately.

If the notes are converted, the shares issued are measured at fair value and any difference between the fair value of shares issued and the carrying amounts of the derivatives and liability components are recognised in profit or loss. If the notes are redeemed, any difference between the amount paid and the carrying amounts of both components is recognised in profit or loss.

(r) Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(s) Equity instruments

An equity instrument is any contract that evidence a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(t) Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period.

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

4. MATERIAL ACCOUNTING POLICY INFORMATION – *Continued*

(u) Revenue and other income

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Revenue from the sales of health related and pharmaceutical products is recognised when control of the products has transferred, being when the products are delivered to the customers, no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Revenue from medical laboratory testing services and health check services is recognised at a point of time when the test services and health check services is completed.

Revenue from tumor immune cell therapy services is recognised over time when the services are provided.

Revenue from insurance brokerage services is recognised at the point when the insurance policy becomes effective in accordance with the commission terms of the underlying agreements entered into with insurance policy issuers.

Revenues from the logistic services are recognised when the performance obligation is satisfied over time as services are rendered and payment is generally due upon delivery of the shipments and issuance of the invoice to the customers.

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

Bank interest income is recognised on a time-proportion basis using the effective interest method.

Dividend income is recognised when the shareholders' rights to receive payment are established.

(v) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

The Group operates various post-employment schemes, including defined contribution pension plans.

4. MATERIAL ACCOUNTING POLICY INFORMATION – *Continued*

(v) Employee benefits – *Continued*

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits, and when the Group recognises restructuring costs and involves the payment of termination benefits.

(w) Share-based payments

Share options scheme

The Group issues equity-settled share-based payments to certain directors and consultant.

Equity-settled share-based payments to directors are measured at the fair value (excluding the effect of non-market based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Equity-settled share-based payments to consultant is measured at the fair value of the services rendered or, if the fair value of the services rendered cannot be reliably measured, at the fair value of the equity instruments granted. The fair value is measured at the date the Group receives the services and is recognised as an expense.

Share award scheme

The fair value is measured at the grant date of the shares and is recognised in equity in the share-based payments reserve. The number of shares expected to vest is estimated based on the vesting criteria and conditions or periods set out in the relevant award letter determined by the Board. The estimates are revised at the end of each reporting period and adjustments are recognised in profit or loss and the share-based payment reserve.

Where shares are forfeited prior to the vesting date due to a failure by the employee to satisfy the service conditions, any expenses previously recognised in relation to such shares are reversed on the effective date of the forfeiture.

Where the Company's shares are issued to or acquired from the market by the Company's share award trust under the share award scheme, the total fair value of shares issued or total consideration of shares acquired from the market (including any directly attributable incremental costs) is presented as 'shares held for Share Award Scheme' and deducted from total equity. Upon vesting, the related costs of the vested shares for share award scheme issued or purchased from the market are credited to 'shares held for share award scheme', with a corresponding decrease in share-based payment reserve for the Share Award Scheme.

4. MATERIAL ACCOUNTING POLICY INFORMATION – *Continued*

(x) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asses. Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(y) Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

Government grants that become receivable 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 recognised in profit or loss in the period in which they become receivable.

(z) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of transaction does not give rise to equal taxable and deductible temporary differences.

4. MATERIAL ACCOUNTING POLICY INFORMATION – *Continued*

(z) Taxation – *Continued*

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint arrangements, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to right-of-use assets and lease liabilities separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends either to settle its current tax assets and liabilities on a net basis, or to realise the asset and settle the liability simultaneously.

(aa) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

Value in use is the present value of the estimated future cash flows of the asset/cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/cash-generating unit whose impairment is being measured.

4. MATERIAL ACCOUNTING POLICY INFORMATION – *Continued*

(ab) Impairment financial assets

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the cash-generating unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

The Group recognises a loss allowance for ECL on investments in debt instruments that are measured at amortised cost or at FVTOCI, trade and other receivables, loan and interest receivables, pledged bank deposits and bank and cash balances. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

4. MATERIAL ACCOUNTING POLICY INFORMATION – *Continued*

(ab) Impairment financial assets – *Continued*

***Significant increase in credit risk** – Continued*

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(i) the financial instrument has a low risk of default,

(ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and

(iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of "performing". Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

4. MATERIAL ACCOUNTING POLICY INFORMATION – *Continued*

(ab) Impairment financial assets – *Continued*

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is generally more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the counterparty;
- a breach of contract, such as a default or past due event;
- the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION – *Continued*

(ab) Impairment financial assets – *Continued*

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

(ac) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(ad) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

5. CRITICAL JUDGEMENT AND KEY ESTIMATES

In applying the Group's accounting policies, which are described in note 4, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

(a) Going concern basis

In the process of applying the Group's accounting policies, apart from those involving estimates, management has prepared the consolidated financial statements on the assumption that the Group will be able to operate as a going concern in the coming year, which is a critical judgement that has the most significant effect on the amounts recognised in the financial statements. The assessment of the going concern assumption involves making a judgement by the directors of the Company, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The directors of the Company consider that the Group has the ability to continue as a going concern and the major events or conditions, which may give rise to business risks, that individually or collectively may cast significant doubt upon the going concern assumption are set out in Note 2 to the consolidated financial statements.

(b) Consolidation of entity with less than 50% equity interest holding

Although the Group owns less than 50% of the equity interest in Sunrise Diagnostic Centre Limited ("**SDCL**"), it is treated as a subsidiary because the Group is able to control the relevant activities of SDCL as a result of the shareholders' agreement between the Group and the other shareholders of SDCL.

(c) Business model assessment

Classification and measurement of financial assets depends on the results of the solely payments of principal and interest ("**SPPI**") and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or FVTOCI that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

5. CRITICAL JUDGEMENT AND KEY ESTIMATES – *Continued*

Critical judgements in applying accounting policies – *Continued*

(d) Significant increase in credit risk

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. HKFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

(e) Determining the lease term

In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation.

Generally, periods covered by an extension option in other properties leases have not been included in the lease liability because the Group could replace the assets without significant cost or business disruption. See note 20 for further information.

The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. During the current financial year, no lease term has been reassessed.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash-generating unit to which the assets belongs. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

Further, the cash flows projections, growth rate and discount rate are subject to greater uncertainties in the current year due to the change in business environment of the Group's operations and volatility in financial markets.

The carrying amount of property, plant and equipment and right-of-use assets as at 31 December 2024 were approximately HK$219,341,000 (2023: HK$100,535,000) and approximately HK$15,996,000 (2023: HK$23,680,000) respectively. Provision for impairment loss of HK$52,713,000 (2023: HK$16,186,000) and HK$2,584,000 (2023: HK$3,484,000) was recognised on property, plant and equipment and right-of-use assets respectively during the year. Details of the impairment loss calculation are provided in notes 19 and 20 to the consolidated financial statements.

5. CRITICAL JUDGEMENT AND KEY ESTIMATES – *Continued*

Key sources of estimation uncertainty – *Continued*

(b) Impairment of goodwill and intangible assets

Determining whether goodwill and intangible assets are impaired requires an estimation of the fair value less cost to disposal or value in use of the cash-generating unit to which goodwill and intangible assets have been allocated. The calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than the expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further impairment loss may arise.

Furthermore, the estimated cash flows and discount rate are subject to higher degree of estimation uncertainties in the current year due to the change in business environment of the Group's operations and volatility in financial markets, including potential disruptions of the Group's insurance brokerage operations.

The carrying amount of goodwill at the end of the reporting period was approximately HK$103,894,000 (2023: HK$107,181,000). No provision of impairment loss was recognised during the year (2023: same). Details of the impairment loss calculation are provided in note 21 to the consolidated financial statements.

The carrying amount of intangible assets at the end of the reporting period was approximately HK$34,944,000 (2023: HK$57,644,000). Provision of impairment loss amounting approximately HK$13,374,000 was recognised during the year (2023: Nil). Details of the impairment loss calculation are provided in note 22 to the consolidated financial statements.

(c) Impairment of trade receivables and loan and interest receivables

The Group uses practical expedient in estimating ECL on trade receivables using a provision matrix. The provision rates are based on aging of debtors as groupings of various debtors taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. Due to the change in business environment of the Group's operations and volatility in the financial markets, the Group has increased the expected loss rates in the current year as there is higher risk that a prolonged volatility or disruptions in energy, financial, foreign currency or commodity markets could led to increased credit default rates. The information about the ECL and the Group's trade receivables are disclosed in note 6(c).

As at 31 December 2024, the carrying amount of trade receivables and loan and interest receivables is approximately HK$7,033,000 and HK$Nil respectively (net of allowance for impairment loss of HK$4,093,000 and HK$10,316,000 respectively) (2023: approximately HK$19,764,000 and HK$Nil respectively (net of allowance for impairment loss of HK$3,409,000 and HK$10,316,000 respectively)).

5. CRITICAL JUDGEMENT AND KEY ESTIMATES – *Continued*

Key sources of estimation uncertainty – *Continued*

(d) Allowance for slow-moving inventories

Allowance for slow-moving inventories is made based on the ageing and estimated net realisable value of inventories. The assessment of the allowance amount involves judgement and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and allowance charge/write-back in the period in which such estimate has been changed. No allowance for slow-moving inventories has been provided for the year ended 31 December 2024 (2023: Nil).

(e) Fair value of derivative component

As disclosed in note 33 to the consolidated financial statements, the fair value of the derivative component of the convertible bonds at the date of issue and the end of the reporting period were determined using option pricing models. Application of option pricing models requires the Group to estimate the prominent factors affecting the fair value, including but not limited to, the expected life of the derivative component, the expected volatility of the share prices of the Company and the potential dilution in the share prices of the Company. Where the estimation of these factors is different from those previously estimated, such differences will impact the fair value gain or loss on the derivative component in the period in which such determination is made.

The carrying amount of the derivative financial component as at 31 December 2024 was HK$6,002,000 (2023: HK$3,916,000).

(f) Fair value measurement of financial investment

In the absence of quoted market prices in an active market, the Group has engaged independent professional qualified valuers to estimate the fair value of the Group's financial assets at FVTOCI as at 31 December 2024.

The financial assets at FVTOCI as at 31 December 2024 was approximately HK$43,229,000 (2023: HK$56,920,000).

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, price risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities HK$, United States Dollars ("**US$**") and RMB. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise. The foreign currency risk is not significant to the Group.

(b) Price risk

The Group is exposed to equity price risk mainly through its investment in equity securities. The management manages this exposure by maintaining a portfolio of investments with different risk and return profiles. The Group's equity price risk is mainly concentrated on equity securities quoted on the Stock Exchange.

The sensitivity analyses below have been determined based on the exposure to equity price risk at the end of the reporting period.

If equity prices had been 5% higher/lower (2023: 5% higher/lower):

- Total comprehensive income for the year ended 31 December 2024 would decrease/increase by approximately HK$Nil (2023: HK$236,000). This is mainly due to the changes in fair value of financial assets at FVTOCI.

(c) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group's exposure to credit risk arising from cash and cash equivalents and derivative financial assets is limited because the counterparties are banks and financial institutions with high credit-rating assigned by international credit-rating agencies, for which the Group considers to have low credit risk.

Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 90 days from the date of billing. Debtors with balances that are more than 3 months past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

6. FINANCIAL RISK MANAGEMENT – *Continued*

(c) Credit risk – *Continued*

Trade receivables – *Continued*

The Group has concentration of credit risk as 13% (2023: 24%) and 37% (2023: 70%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals.

The Group measures loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables, as at 31 December 2024 and 2023:

	2024		
	Expected loss rate %	**Gross carrying amount HK$'000**	**Loss allowance HK$'000**
Current (not past due)	**0.1%**	**6,453**	**5**
1 to 30 days past due	**0.4%**	**248**	**1**
31 to 60 days past due	**0.9%**	**227**	**1**
61 to 90 days past due	**–**	**37**	**–**
More than 90 days past due	**7.3%-100%**	**4,161**	**4,086**
		11,126	**4,093**

	2023		
	Expected loss rate %	Gross carrying amount HK$'000	Loss allowance HK$'000
Current (not past due)	0.1%	11,121	11
1 to 30 days past due	0.5%	834	4
31 to 60 days past due	0.5%	1,112	6
61 to 90 days past due	0.5%	2,148	11
More than 90 days past due	7.7%-100%	7,958	3,377
		23,173	3,409

Expected loss rates are based on actual loss experience over the past 1 year. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

6. FINANCIAL RISK MANAGEMENT – *Continued*

(c) Credit risk – *Continued*

Trade receivables – *Continued*

Movement in the loss allowance for trade receivables during the year is as follows:

	2024 HK$'000	2023 HK$'000
At 1 January	**3,409**	4,544
Allowance/(reversal) of impairment losses recognised for the year, net	**684**	(1,135)
At 31 December	**4,093**	3,409

Loan and interest receivables

The Group measures loss allowance under HKFRS 9 ECL model. The measure of ECL is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data, collateral values, credit rating of customers and adjusted by forward-looking information.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial assets is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The key inputs used for measuring ECL are:

- Probability of default (PD);
- Loss given default (LGD); and
- Exposure at default (EAD)

These figures are generally derived from historical data and they are adjusted to reflect forward-looking information.

6. FINANCIAL RISK MANAGEMENT – *Continued*

(c) Credit risk – *Continued*

Loan and interest receivables – *Continued*

Elements of the ECL models that are considered accounting judgements and estimates include:

- The Group's estimation of probabilities of default to individual customers;
- The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment;
- Development of ECL models, including the various formulas and the choice of inputs over determination of the period over which the entity is exposed to credit risk based on the behavioural life of the credit exposures, loss given default and collateral recovery of the credit exposures; and
- Determination of associations between macroeconomic scenarios and, economic inputs, such as delinquency ratios and collateral values, and the effect on probabilities of default, exposures at default and losses given default.

It is the Group's policy to regularly review its model in the context of actual loss experience and adjust when necessary.

The Group categorises the credit quality of its loans receivable and interest receivables according to 3 different stages under the ECL model:

- Stage 1: financial assets without significant increase in credit risk since initial recognition where loss allowance is calculated based on 12-month ECL
- Stage 2: financial assets with significant increase in credit risk since initial recognition where loss allowance is calculated based on lifetime ECL
- Stage 3: credit impaired assets where loss allowance is calculated based on lifetime ECL

6. FINANCIAL RISK MANAGEMENT – *Continued*

(c) Credit risk – *Continued*

Loan and interest receivables – *Continued*

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- Significant deterioration in external market indicators of credit risk for a particular financial instrument;
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- An actual or expected significant deterioration in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor; and
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

The Group collects performance and default information about its credit risk exposures and analyses all data collected and estimates the remaining lifetime PD of exposures and how these are expected to change over time. The factors taken into account in this process include macro-economic data such as delinquency rate.

The Group uses different criteria to determine whether credit risk has increased significantly and the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due unless the Group has reasonable and supportable information that demonstrates otherwise.

6. FINANCIAL RISK MANAGEMENT – *Continued*

(c) Credit risk – *Continued*

Loan and interest receivables – *Continued*

Significant increase in credit risk – Continued

The Group has controls and procedures in place to identify when the credit risk of an asset improves and the definition of significant increase in credit risk is no longer met. When this is the case the asset may move back to stage 1 from stage 2, subject to payments being up to date and the ability of the borrower to make future payments on time.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- Probable bankruptcy entered by the borrowers; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the issuer or the counterparty;
- A breach of contract, such as a default or past due event;
- The lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider;
- It is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

6. FINANCIAL RISK MANAGEMENT – *Continued*

(c) Credit risk – *Continued*

***Loan and interest receivables** – Continued*

Incorporation of forward-looking information

The Group uses forward-looking information that is available without undue cost or effort in its assessment of significant increase of credit risk as well as in its measurement of ECL.

Credit risk exposure

The Group applies the general approach to provide for ECL prescribed by HKFRS 9 on its loans receivable and interest receivables. The Group has taken into account the probability of default and loss given default with reference to the historical delinquency ratio of loans, collateral values, credit rating of customers and current and forward-looking information on macroeconomic factors.

Movement in the loss allowance for financial assets at amortised cost during the year is as follows:

	HK$'000
At 1 January 2023	4,124
Impairment losses recognised for the year	6,192
At 31 December 2023 and 1 January 2024	10,316
Impairment losses recognised for the year	**–**
At 31 December 2024	**10,316**

(d) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the participation in supplier finance arrangements with banks and the raising of loans to cover expected cash demands, subject to approval by the Directors of the Company when the borrowing exceed certain predetermined level of authority.

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

As disclosed in Note 38, one of the Group's banking facilities are subject to the fulfillments of covenants. These covenants relate to the Group's financial covenants which are tested periodically, as are commonly found in lending arrangements with financial institutions. If the Group were to breach these covenants, the related loans would become payable on demand. As at 31 December 2024, all of the borrowings of the Gorup are classified as current liabilities.

Up to the date of these consolidated financial statements, there are no indications that the Group would have difficulties complying with the above covenants when they will be next tested.

6. FINANCIAL RISK MANAGEMENT – *Continued*

(d) Liquidity risk – *Continued*

The maturity analysis based on contractual undiscounted cash flows of the Group's non-derivative financial liabilities is as follows:

	On demand or within 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Total contractual undiscounted cash flows HK$'000	Carrying amount HK$'000
At 31 December 2024					
Trade and other payables	**46,107**	**–**	**–**	**46,107**	**46,107**
Borrowings	**138,693**	**–**	**–**	**138,693**	**138,693**
Convertible bonds	**3,821**	**51,051**	**–**	**54,872**	**41,635**
Lease liabilities	**5,959**	**1,702**	**140**	**7,801**	**7,504**
Written put option liability	**–**	**–**	**59,036**	**59,036**	**40,480**
	194,580	**52,753**	**59,176**	**306,509**	**274,419**
At 31 December 2023					
Trade and other payables	56,720	–	–	56,720	56,720
Borrowings	30,963	–	–	30,963	30,963
Convertible bonds	85,156	–	–	85,156	53,877
Lease liabilities	10,390	5,474	395	16,259	15,556
	183,229	5,474	395	189,098	157,116

(e) Interest rate risk

The Group's cash flow interest rate risk primarily relates to its cash held in securities trading accounts with stock brokers, bank and other borrowings, and bank deposit.

At 31 December 2024, if interest rates had been 100 basis points higher/lower with all other variables held constant, consolidated loss after tax for the year would have been approximately HK$112,000 (2023: HK$1,309,000) lower/higher, arising mainly as a result of higher/lower interest income on its bank and cash balance, cash held in securities trading accounts with stock brokers, and bank and other borrowings.

(f) Categories of financial instruments at 31 December

	2024 HK$'000	2023 HK$'000
Financial assets:		
Financial assets at amortised cost	**106,509**	240,703
Financial assets at FVTOCI:		
– Equity instrument	**43,229**	56,920
Financial liabilities:		
Derivative financial liabilities	**6,002**	3,916
Financial liabilities at amortised cost	**274,419**	157,116

(g) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

7. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

(a) Disclosures of level in fair value hierarchy at 31 December 2023 and 2024:

Description	**Fair value measurements using: Level 1**		**Fair value measurements using: Level 3**	
	2024 HK$'000	2023 HK$'000	**2024 HK$'000**	2023 HK$'000
Recurring fair value measurements:				
Financial assets				
Financial assets at FVTOCI:				
Unlisted equity securities	**–**	–	**43,229**	52,204
Listed securities in Hong Kong	**–**	4,716	**–**	–
Total	**–**	4,716	**43,229**	52,204
Financial liabilities				
Derivatives	**–**	–	**6,002**	3,916

7. FAIR VALUE MEASUREMENTS – *Continued*

(b) Reconciliation of assets measured at fair value based on level 3:

Description	Financial assets at FVTOCI HK$'000	Derivative financial liabilities HK$'000
At 1 January 2023	69,270	(22,252)
Fair value loss recognised in other comprehensive income	(17,066)	–
Fair value gain recognised in profit or loss	–	18,336
At 31 December 2023 and 1 January 2024	**52,204**	**(3,916)**
Fair value loss recognised in other comprehensive income	**(8,975)**	**–**
Derecognition and fair loss of convertible bonds	**–**	**3,144**
Derivate component upon issuance of 2024 Convertible Bonds	**–**	**(5,230)**
At 31 December 2024	**43,229**	**(6,002)**

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 December 2024 and 2023:

The Group's financial controller is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The financial controller reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the financial controller and the Board of Directors at least twice a year.

7. FAIR VALUE MEASUREMENTS – *Continued*

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 December 2024 and 2023 – *Continued*:

For level 3 fair value measurements, the Group will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

Level 3 fair value measurements							
					Effect on fair value for	Fair value	
			Range		increase of	2024 HK$'000	2023 HK$'000
Description	Valuation technique	Unobservable inputs	2024	2023	inputs	Assets/(Liabilities)	
Private equity investments classified as financial assets at FVTOCI	Discounted cash flows	Weighted average cost of capital	**14% – 16%**	15% – 16%	Increase	**43,229**	52,204
		Growth rate	**2% – 2.5%**	2.5% – 3%	Increase		
		Discount for lack of marketability	**15.8%**	23.6%	Increase		
Derivative: option component of convertible bonds	Binomial option pricing model	Expected volatility	**95.6%**	68%	Increase	**(6,002)**	(3,916)
		Discount rate	**15.0%**	5.5%	Increase		

8. REVENUE

Disaggregation of revenue from contracts with customers by major products or services line for the year is as follows:

	2024 HK$'000	2023 HK$'000
Revenue from contracts with customers within the scope of HKFRS 15:		
Provision of medical laboratory testing services and health check services	**39,158**	192,910
Sale and distribution of health related and pharmaceutical products	**686**	881
Provision of insurance brokerage services	**30,600**	18,163
Provision of logistic services	**65**	31
	70,509	211,985

8. REVENUE – *Continued*

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and the geographical regions:

For the year ended 31 December	Provision of medical laboratory testing services and health check services		Sale and distribution of health related and pharmaceutical products		Provision of insurance brokerage services		Provision of logistic services		Total	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Primary geographical markets										
– Hong Kong	**39,156**	192,897	**686**	881	**30,600**	18,163	**65**	31	**70,507**	211,972
– The PRC except Hong Kong	**2**	13	**–**	–	**–**	–	**–**	–	**2**	13
Segment revenue	**39,158**	192,910	**686**	881	**30,600**	18,163	**65**	31	**70,509**	211,985
Timing of revenue recognition										
Products and services transferred at a point in time	**39,158**	192,910	**686**	881	**30,600**	18,163	**–**	–	**70,444**	211,954
Products and services transferred over time	**–**	–	**–**	–	**–**	–	**65**	31	**65**	31
Total	**39,158**	192,910	**686**	881	**30,600**	18,163	**65**	31	**70,509**	211,985

9. OTHER INCOME, GAINS/(LOSSES)

	2024	2023
	HK$'000	HK$'000
Interest income	**464**	3,742
Dividend income	**–**	23
Government grants *(note)*	**545**	64
(Loss)/gain on disposal of property, plant and equipment	**(108)**	322
Loss on written-off of property, plant and equipment	**(15,903)**	(1,521)
Net foreign exchange loss	**(11,152)**	(7,255)
Compensation income *(note 19)*	**27,071**	–
Gain on early termination of lease	**2,350**	–
Service income received from non-controlling interests	**2,533**	–
Others	**–**	636
	5,800	(3,989)

Note: During the year ended 31 December 2024, the government grants mainly related to the high-technology enterprise subsidies received from the PRC government and Hong Kong Government.

10. SEGMENT INFORMATION

The Group has five operating segments as follows:

Medical and health related services	–	provision of medical laboratory testing services and health check services
Immunotherapy	–	provision of tumor immune cell therapy and health management services
Pharmaceutical products	–	sale and distribution of health related and pharmaceutical products
Insurance brokerage	–	insurance brokerage services
BNCT	–	provision of boron neutron capture therapy treatment services
Others	–	provision of logistic services

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

The Group's other operating segments include provision of logistic services. None of these segments meets any of the quantitative thresholds for determining reportable segments. The information of these other operating segments is included in the 'others' column.

The accounting policies of the operating segments are the same as those described in note 4 to the consolidated financial statements. Segment profits or losses do not include other income, gain/(losses) excluding loss on disposal of property, plant and equipment, loss on written-off of property, plant and equipment and compensation income, unallocated administrative expenses, fair value loss on convertible bonds, gain on fair value change of derivative financial instrument, loss on deregistration of a subsidiary, share of loss of a joint venture, finance costs, loss on disposal of joint venture and income tax credit. Segment assets do not include the unallocated bank and cash balances, tax recoverable and financial assets at FVTOCI. Segment liabilities do not include borrowings, current and deferred tax liabilities, written put option liability, convertible bonds and derivative financial liabilities. Segment non-current assets do not include financial instruments.

The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at current market prices.

10. SEGMENT INFORMATION – *Continued*

Information about operating segment profit or loss, assets and liabilities:

	Medical and health related services HK$'000	Immunotherapy HK$'000	Pharmaceutical products HK$'000	Insurance brokerage HK$'000	BNCT HK$'000	Others HK$'000	Total HK$'000
Year ended 31 December 2024							
Revenue from external customers	39,158	–	686	30,600	–	65	70,509
Intersegment revenue	455	–	532	–	–	76	1,063
Segment (loss)/profit	(100,150)	(47,963)	(734)	1,752	(33,652)	(720)	(181,467)
Other income, gain/(losses)							(5,260)
Finance costs							(16,922)
Fair value loss on convertible bonds							(24,156)
Unallocated corporate expenses							(24,992)
Loss before tax							(252,797)
Income tax credit							943
Loss for the year							(251,854)
As at 31 December 2024							
Segment assets	26,525	137,127	887	10,310	272,889	34	447,772
Unallocated corporate assets							82,183
Total assets							529,955
Segment liabilities	15,827	3,510	20	1,803	18,050	122	39,332
Unallocated corporate liabilities							248,235
Total liabilities							287,567

10. SEGMENT INFORMATION – *Continued*

Information about operating segment profit or loss, assets and liabilities: – Continued

	Medical and health related services HK$'000	Immunotherapy HK$'000	Pharmaceutical products HK$'000	Insurance brokerage HK$'000	BNCT HK$'000	Others HK$'000	Total HK$'000
Year ended 31 December 2023							
Revenue from external customers	192,910	–	881	18,163	–	31	211,985
Intersegment revenue	164	–	1,692	–	–	3,709	5,565
Segment (loss)/profit	(55,468)	(42,167)	(1,328)	999	(6,985)	(6,030)	(110,979)
Other income, gain/(losses)							(3,989)
Finance costs							(5,311)
Gain on fair value change of derivative financial instruments							18,336
Share of loss of a joint venture							(7,678)
Loss on disposal of a joint venture							(2)
Loss on deregistration/disposal of subsidiaries							(26)
Unallocated corporate expenses							(32,376)
Loss before tax							(142,025)
Income tax credit							1,319
Loss for the year							(140,706)
As at 31 December 2023							
Segment assets	92,553	150,583	1,448	9,653	138,240	73	392,550
Unallocated corporate assets							269,812
Total assets							662,362
Segment liabilities	35,615	6,473	3,091	996	23,260	172	69,607
Unallocated corporate liabilities							102,029
Total liabilities							171,636

10. SEGMENT INFORMATION – *Continued*

Other segment information

Other segment information for the year ended 31 December 2024:

	Medical and health related services HK$'000	Immunotherapy HK$'000	Pharmaceutical products HK$'000	Insurance brokerage HK$'000	BNCT HK$'000	Others HK$'000	Total HK$'000
Capital expenditures	**969**	**41**	**–**	**–**	**197,897**	**7**	**198,914**
Amortisation of intangible assets	**–**	**8,080**	**–**	**–**	**–**	**–**	**8,080**
Depreciation of property, plant and equipment	**5,065**	**1,023**	**–**	**–**	**9**	**31**	**6,128**
Depreciation of right-of-use assets	**3,963**	**–**	**101**	**192**	**247**	**2,705**	**7,208**
Written off of plant and equipment	**15,903**	**–**	**–**	**–**	**–**	**–**	**15,903**
Allowance for impairment loss on financial assets, net	**684**	**–**	**–**	**–**	**–**	**–**	**684**
Loss on disposal of property, plant and equipment	**108**	**–**	**–**	**–**	**–**	**–**	**108**
Write-down of inventories	**5,089**	**–**	**–**	**–**	**–**	**–**	**5,089**
Impairment loss on right-of-use assets	**2,584**	**–**	**–**	**–**	**–**	**–**	**2,584**
Impairment loss on intangible assets	**13,374**	**–**	**–**	**–**	**–**	**–**	**13,374**
Impairment loss on property, plant and equipment	**–**	**–**	**–**	**–**	**52,713**	**–**	**52,713**

Other segment information for the year ended 31 December 2023:

	Medical and health related services HK$'000	Immunotherapy HK$'000	Pharmaceutical products HK$'000	Insurance brokerage HK$'000	BNCT HK$'000	Others HK$'000	Total HK$'000
Capital expenditures	806	198	–	–	58,404	5	59,413
Amortisation of intangible assets	–	8,248	–	–	–	–	8,248
Depreciation of property, plant and equipment	34,998	1,387	5	–	–	58	36,448
Depreciation of right-of-use assets	5,689	1,019	303	121	252	3,500	10,884
(Reversal of allowance)/allowance for impairment loss on financial assets, net	(1,135)	–	–	–	–	6,192	5,057
Impairment loss on right-of-use assets	3,484	–	–	–	–	–	3,484
Impairment loss on property, plant and equipment	16,186	–	–	–	–	–	16,186
Write-down of inventories	11,671	–	–	–	–	–	11,671

10. SEGMENT INFORMATION – *Continued*

Geographical information

The Group's revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	Revenue		Non-current assets	
	2024	2023	**2024**	2023
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**70,507**	211,972	**27,173**	66,984
The PRC except Hong Kong	**2**	13	**396,458**	277,292
	70,509	211,985	**423,631**	344,276

Revenue from major customers:

Revenue from customers contributing over 10% of the total revenue of the Group is as follows:

	2024	2023
	HK$'000	HK$'000
Provision of medical and health related services segment		
Customer A	**N/A***	66,194
Insurance brokerage segment		
Customer B	**13,903**	N/A*

* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

11. FINANCE COSTS

	2024	2023
	HK$'000	HK$'000
Interest expenses on lease liabilities	**638**	843
Interest on other borrowings	**5,040**	62
Interest on bank borrowing	**1,690**	11
Interest on written put option liability	**5,200**	–
Effective interest on convertible bonds	**4,354**	4,395
	16,922	5,311

12. INCOME TAX CREDIT

Income tax has been recognised in profit or loss as follows:

	2024 HK$'000	2023 HK$'000
Current tax		
Hong Kong Profits Tax	**269**	223
Over-provision in prior years	**–**	(305)
	269	(82)
Deferred tax *(note 36)*	**(1,212)**	(1,237)
	(943)	(1,319)

Under the two-tiered Profits Tax regime, the first HK$2 million of profits of the qualifying group entity established in Hong Kong will be taxed at 8.25%, and profits above that amount will be subject to the tax rate of 16.5%. The profits of the group entities not qualifying for the two-tiered Profit Tax rate regime will continue to be taxed at a rate of 16.5%.

Under the Law of the PRC Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, has been provided at a rate of 25% (2023: 25%).

A subsidiary of the Group in the PRC had been certified by the relevant PRC authorities as high technology enterprises pursuant to the Income Tax Law in the PRC, the subsidiary was subjected to EIT rate of 15% (2023: 15%).

Tax charge on profits assessable elsewhere has been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

The reconciliation between the income tax credit and the product of loss before tax multiplied by the respective applicable tax rate is as follows:

	2024 HK$'000	2023 HK$'000
Loss before tax	**(252,797)**	(142,025)
Tax at the respective applicable tax rates	**(35,697)**	(21,992)
Tax effect of share of results of a joint venture	**–**	1,267
Tax effect of income that is not taxable	**(6,928)**	(1,045)
Tax effect of expenses that are not deductible	**21,466**	4,391
Tax effect of temporary differences not recognised	**(4,217)**	4,645
Tax effect of tax losses not recognised	**24,811**	12,107
Tax effect of utilisation of tax losses not previously recognised	**(315)**	(378)
Over-provision in prior years	**–**	(305)
Tax concession	**(63)**	(9)
Income tax credit	**(943)**	(1,319)

13. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging/(crediting) the following:

	2024 HK$'000	2023 HK$'000
Amortisation of intangible assets	**8,080**	8,248
Depreciation of property, plant and equipment	**6,128**	36,448
Depreciation of right-of-use assets	**7,208**	10,884
Interest on written put option liabilities	**5,200**	–
Loss/(gain) on disposal of property, plant and equipment	**108**	(322)
Loss on written-off of property, plant and equipment	**15,903**	1,521
Fair value loss/(gain) on convertible bonds	**24,156**	(18,336)
Operating lease charges		
– Office premises and warehouses	**1,665**	3,624
Staff costs including directors' remuneration		
– Salaries, bonuses and allowances	**63,244**	87,903
– Equity-settled share-based payments	**304**	1,708
– Retirement benefits scheme contributions	**2,231**	2,996
	65,779	92,607
Research and development cost	**33,309**	29,042
Auditor's remuneration		
– Audit services	**1,380**	1,200
– Non-audit services	**140**	45
	1,520	1,245
Cost of inventories sold	**37,405**	37,775
Write-down of inventories (included in cost of sales)	**5,089**	11,671
Allowance for impairment loss on financial assets, net	**684**	5,057
Impairment loss on right-of-use assets	**2,584**	3,484
Impairment loss on property, plant and equipment	**52,713**	16,186
Impairment loss on intangible assets	**13,374**	–

14. EMPLOYEE BENEFITS EXPENSE

	2024 **HK$'000**	2023 HK$'000
Employee benefits expense:		
Salaries, bonuses and allowances	**63,244**	87,903
Equity-settled share-based payments	**304**	1,708
Retirement benefit scheme contributions *(note 16)*	**2,231**	2,996
	65,779	92,607

Five highest paid individuals

The five highest paid individuals in the Group during the year included one (2023: two) directors whose emoluments are reflected in the analysis presented in note 15. The emoluments of the remaining four (2023: three) individual is set out below:

	2024 **HK$'000**	2023 HK$'000
Salaries, bonuses and allowances	**6,418**	4,440
Retirement benefit scheme contributions	**197**	54
	6,615	4,494

The emoluments fell within the following bands:

	Number of individuals	
	2024	2023
HK$1,000,001 to HK$1,500,000	**2**	2
HK$1,500,001 to HK$2,000,000	**1**	1
HK$2,000,001 to HK$2,500,000	**1**	–
	4	3

No incentive payment for joining the Group or compensation for loss of office was paid or payable to any of the five highest paid individuals during the years ended 31 December 2024 and 2023.

15. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

For the year ended 31 December 2024, the remuneration of every director is set out below:

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking					
	Fees HK$'000	Salaries and allowances HK$'000	Discretionary bonuses HK$'000	Share-based payments HK$'000	Employer's contribution to a retirement benefit scheme HK$'000	Total HK$'000
Executive Directors						
Mr. Liu	3,000	986	–	–	18	4,004
Mr. He Xun	621	–	–	–	–	621
Mr. Huang Song	600	–	–	–	–	600
Non-executive Director						
Ms. Chui Hoi Yam *(note i)*	272	–	–	304	–	576
Independent Non-executive Directors						
Mr. Yan Guoxiang	240	–	–	–	–	240
Mr. Qian Hongji	240	–	–	–	–	240
Dr. Ho Ivan Chun Kit *(note ii)*	104	–	–	–	–	104
Dr. Guo Yuantao *(note iii)*	137	–	–	–	–	137
	5,214	986	–	304	18	6,522

15. BENEFITS AND INTERESTS OF DIRECTORS – *Continued*

(a) Directors' emoluments – *Continued*

For the year ended 31 December 2023, the remuneration of every director is set out below:

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking					
	Fees HK$'000	Salaries and allowances HK$'000	Discretionary bonuses HK$'000	Share-based payments HK$'000	Employer's contribution to a retirement benefit scheme HK$'000	Total HK$'000
Executive Directors						
Mr. Liu	3,000	1,714	–	275	18	5,007
Mr. He Xun	635	–	–	422	–	1,057
Mr. Huang Song	580	–	–	–	–	580
Ms. Chui Hoi Yam *(note i)*	–	–	–	–	–	–
Non-executive Director						
Ms. Chui Hoi Yam *(note i)*	600	–	–	1,286	–	1,886
Independent Non-executive Directors						
Mr. Yan Guoxiang	240	–	–	–	–	240
Mr. Qian Hongji	240	–	–	–	–	240
Dr. Ho Ivan Chun Kit	240	–	–	–	–	240
	5,535	1,714	–	1,983	18	9,250

Notes:

(i) Ms. Chui Hoi Yam was re-designated from her position as executive director to non-executive director on 30 June 2023 and resigned on 13 June 2024.

(ii) Dr. Ho Ivan Chun Kit retired as an independent non-executive director following the conclusion of the annual general meeting on 6 June 2024.

(iii) Dr. Guo Yuantao was appointed as independent non-executive director in the annual general meeting on 6 June 2024.

None of the directors waived or agreed to waive any emoluments paid by the Group and no incentive payment for joining the Group or compensation for loss of office was paid or payable to any director during the years ended 31 December 2024 and 2023.

(b) Directors' retirement benefits and termination benefits

None of the directors received or will receive any retirement benefits or termination benefits during the year (2023: Nil).

15. BENEFITS AND INTERESTS OF DIRECTORS – *Continued*

(c) Consideration provided to third parties for making available directors' service

During the year ended 31 December 2024, the Company did not pay consideration to any third parties for making available directors' services (2023: Nil).

(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

During the year ended 31 December 2024, there are no loans, quasi-loans and other dealing arrangements in favour of directors, controlled bodies corporate by and controlled entities with such directors (2023: Nil).

(e) Directors' material interests in transactions, arrangements or contracts

Except as disclosed in Note 45, no other significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

16. RETIREMENT BENEFIT SCHEMES

Provident fund benefits are offered to certain fulltime employees through a registered scheme under Occupational Retirement Scheme Ordinance ("**ORSO**"). The ORSO scheme is administered by trustees, which are independent, with assets held separately from those of the Group. Under the ORSO scheme, the Group contributes 5% of monthly salaries of employees.

The Group operates a mandatory provident fund scheme (the "**MPF Scheme**") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong (other than those who are cover under ORSO scheme). The Group's contributions to the MPF Scheme are calculated at 5% of the salaries and wages subject to a monthly maximum amount of contribution of HK$1,500 per employee and vest fully with employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries established in the PRC are members of a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of the employees' basic salaries and wages to the central pension scheme to fund the retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of these subsidiaries. The only obligation of these subsidiaries with respect to the central pension scheme is to meet the required contributions under the scheme.

The Group's contributions to the MPF Scheme and the central pension scheme in the PRC (collectively, the "**Defined Contribution Schemes**") vest fully and immediately with the employees. Accordingly, (i) for each of the two years ended 31 December 2023 and 2024, there was no forfeiture of contributions under the Defined Contribution Schemes; and (ii) there were no forfeited contributions available for the Group to reduce its existing level of contributions to the Defined Contribution Schemes as at 31 December 2024.

17. DIVIDENDS

	2024 **HK$'000**	2023 HK$'000
2022 Final of HK$0.01 each per ordinary share	**–**	9,632

The directors of the Company did not recommend payment of any final dividend for the year ended 31 December 2024 (2023: Nil).

18. LOSS PER SHARE

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

	2024 **HK$'000**	2023 HK$'000
Loss		
Loss for the year for the purpose of calculating basic/diluted loss per share	**(198,146)**	(95,447)

	2024 **'000**	2023 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic/diluted loss per share	**968,491**	963,231

The weighted average numbers of ordinary shares used as denominators in calculating the basic and diluted loss per share are the same.

The computation of the diluted loss per share did not assume the exercise of the Company's outstanding share options as the exercise price of those share options was higher than the average market prices of the shares for the year ended 31 December 2024 and 2023.

The computation of the diluted loss per share did not assume the conversion of the Company's convertible bonds since its exercise had anti-dilute effect that would result in a decrease in loss per share for the year ended 31 December 2024 and 2023.

19. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Land and buildings HK$'000	Motor vehicles HK$'000	Furniture, fixtures and office equipment HK$'000	Plant and machinery HK$'000	Construction in progress HK$'000	Total HK$'000
Cost							
At 1 January 2023	16,768	15,211	1,072	11,706	170,294	5,879	220,930
Additions	128	–	–	432	449	58,404	59,413
Disposal of subsidiaries	–	–	–	(3)	–	–	(3)
Written off	(1,596)	–	–	(1,566)	(3,037)	–	(6,199)
Disposals	–	–	(615)	(104)	(1,111)	–	(1,830)
Exchange differences	(5)	–	(13)	(12)	(185)	(647)	(862)
At 31 December 2023 and 1 January 2024	**15,295**	**15,211**	**444**	**10,453**	**166,410**	**63,636**	**271,449**
Additions	**400**	**–**	**–**	**404**	**320**	**197,790**	**198,914**
Written off	**(4,684)**	**–**	**–**	**(5,293)**	**(147,551)**	**–**	**(157,528)**
Disposals	**–**	**–**	**–**	**(284)**	**–**	**–**	**(284)**
Exchange differences	**(9)**	**–**	**(15)**	**(18)**	**(210)**	**(6,249)**	**(6,501)**
At 31 December 2024	**11,002**	**15,211**	**429**	**5,262**	**18,969**	**255,177**	**306,050**
Accumulated depreciation							
At 1 January 2023	11,462	3,242	711	6,951	102,491	–	124,857
Charge for the year	2,587	491	49	1,840	31,481	–	36,448
Disposal of subsidiaries	–	–	–	(3)	–	–	(3)
Written off	(1,596)	–	–	(1,507)	(1,578)	–	(4,681)
Disposals	–	–	(615)	(71)	(1,091)	–	(1,777)
Impairment loss	2,623	–	–	–	13,563	–	16,186
Exchange differences	(3)	–	(3)	(6)	(104)	–	(116)
At 31 December 2023 and 1 January 2024	**15,073**	**3,733**	**142**	**7,204**	**144,762**	**–**	**170,914**
Charge for the year	**184**	**491**	**48**	**970**	**4,435**	**–**	**6,128**
Written off	**(4,684)**	**–**	**–**	**(3,482)**	**(133,459)**	**–**	**(141,625)**
Disposals	**–**	**–**	**–**	**(138)**	**–**	**–**	**(138)**
Impairment loss	**–**	**–**	**–**	**–**	**–**	**52,713**	**52,713**
Exchange differences	**(5)**	**–**	**(6)**	**(3)**	**(163)**	**(1,106)**	**(1,283)**
At 31 December 2024	**10,568**	**4,224**	**184**	**4,551**	**15,575**	**51,607**	**86,709**
Carrying amount							
At 31 December 2024	**434**	**10,987**	**245**	**711**	**3,394**	**203,570**	**219,341**
At 31 December 2023	222	11,478	302	3,249	21,648	63,636	100,535

At 31 December 2024, the carrying amount of property, plant and equipment pledged as security for the Group's borrowings amounted to HK$204,555,000 (2023: HK$13,366,000).

19. PROPERTY, PLANT AND EQUIPMENT – *Continued*

In October 2024, BNCT equipment located at Hainan Province, the PRC was damaged during rainstorm. Accordingly, an impairment loss of approximately RMB48,680,000 (equivalent to approximately HK$52,713,000) was recognised for the respective construction in progress for the year ended 31 December 2024. The Group is an insurance beneficiary for coverage against damages to construction in progress incidental to rainstorm and the related compensation will be recognised only when the compensation becomes available. The Group received approximately RMB25 million (equivalent to approximately HK$27,071,000) from insurance claim during the year ended 31 December 2024 which was recognised as compensation income (note 9).

During the year ended 31 December 2023, the Group assessed the recoverable amount was determined based on its fair value less cost of disposal and as a result an impairment loss was recognised amounting of HK$16,186,000 in respect of the leasehold improvement and plant and machinery.

20. RIGHT-OF-USE ASSETS

	Land use rights in the PRC HK$'000	Leased properties HK$'000	Total HK$'000
At 1 January 2023	12,780	20,002	32,782
Additions	–	6,550	6,550
Depreciation	(252)	(10,632)	(10,884)
Termination of leases	–	(868)	(868)
Impairment loss	–	(3,484)	(3,484)
Exchange differences	(360)	(56)	(416)
At 31 December 2023 and 1 January 2024	**12,168**	**11,512**	**23,680**
Additions	**–**	**4,293**	**4,293**
Depreciation	**(246)**	**(6,962)**	**(7,208)**
Termination of leases	**–**	**(1,771)**	**(1,771)**
Impairment loss	**–**	**(2,584)**	**(2,584)**
Exchange differences	**(396)**	**(18)**	**(414)**
At 31 December 2024	**11,526**	**4,470**	**15,996**

Lease liabilities of HK$7,504,000 (2023: HK$15,556,000) are recognised with related right-of-use assets of HK$4,470,000 (2023: HK$11,512,000) as at 31 December 2024. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

At 31 December 2024, the carrying amount of land use rights in the PRC pledged as security for the Group's bank borrowings amounted to HK$11,526,000 (2023: HK$Nil).

20. RIGHT-OF-USE ASSETS – *Continued*

	2024 **HK$'000**	2023 HK$'000
Depreciation expenses on right-of-use assets	**7,208**	10,884
Interest expense on lease liabilities (included in finance cost)	**638**	843
Expenses relating to short-term lease (included in cost of goods sold, selling and distribution expenses, and administrative expenses)	**1,665**	3,624

Details of total cash outflow for leases is set out in note 41(c).

For both years, the Group leases various offices, clinics, labs and warehouses for its operations. Lease contracts are entered into for fixed term of 1 year to 3 years, but may have extension and termination options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Some leases include an option to renew the lease for an additional period after the end of the contract term. Where practicable, the Group seeks to include such extension options exercisable by the Group to provide operational flexibility. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. If the Group is not reasonably certain to exercise the extension options, the future lease payments during the extension periods are not included in the measurement of lease liabilities.

During the year, the Group has no leases contracts with the extension options.

21. GOODWILL

	2024 **HK$'000**	2023 HK$'000
Cost		
At 1 January	**136,830**	139,732
Exchange differences	**(3,287)**	(2,902)
At 31 December	**133,543**	136,830
Accumulated impairment		
At 1 January and 31 December	**29,649**	29,649
Carrying amount		
At 31 December	**103,894**	107,181

21. GOODWILL – *Continued*

Goodwill acquired in a business combination is allocated, at acquisition, to the CGUs that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated as follows:

	2024 **HK$'000**	2023 HK$'000
Provision of medical laboratory testing services and health related services:		
– DVF Holdco (Cayman) Limited ("**DVF**") acquired in 2015 ("**CGU A**")	**–**	–
Provision of tumor immune cell therapy, immune cell storage and health management services:		
– Shanghai Longyao Biotech Company Limited ("**Shanghai Longyao**") acquired in 2019 ("**CGU B**")	**96,403**	99,690
Provision of insurance brokerage services:		
– Fortstone International (Hong Kong) Limited ("**Fortstone**") acquired in 2019 ("**CGU C**")	**7,491**	7,491
	103,894	107,181

The recoverable amounts of the CGUs have been determined on the basis of the higher of its fair value less costs of disposal and its value in use using discounted cash flow method. The key assumptions for the discounted cash flow method are those regarding the discount rates, growth rates and budgeted gross margin and turnover during the period. The Group estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on long-term average economic growth rate of the geographical area in which the businesses of the CGUs operate. Budgeted gross margin and turnover are based on past practices and expectations on market development.

CGU A is engaging in provision of laboratory testing services and health check services. The valuation had used cash flows projection based on financial budgets approved by management which covered a 5-year period and incorporated therein. The growth rate used by the Group to prepare the cashflow forecast from CGU A is 2.5%, this rate does not exceed the average long-term growth rate for the relevant markets. The discount rate used to discount the forecast cash flow was 16% (2023: 18%).

The key assumptions for the value in use were those regarding the discount rate, growth rate and budgeted gross margin, which had been determined based on the development trend of the industry and budgeted revenue, which had been determined based on the management's expectation for the industry development of CGU A.

As at 31 December 2024, the recoverable amount of the CGU A is determined based on value-in-use calculation. The recoverable amount of the CGU A is approximately HK$13,623,000 (2023: HK$33,719,000). No impairment loss was recognised to goodwill as goodwill has fully impaired as at 31 December 2023. Due to the intensifying competition and losing dependence from a major customer in the medical laboratory testing services and health check services in Hong Kong which have direct impacts on the revenue and profitability, the recoverable amount of this CGU A is lower than its carrying amount as at 31 December 2024. An impairment loss of approximately HK$13,374,000 and approximately HK$2,584,000 on intangible assets and right-of-use assets were recognised for the year ended 31 December 2024 respectively.

21. GOODWILL – *Continued*

The Group prepares cash flow forecasts for CGU B engaging in provision of tumor immune cell therapy and health management service. The recoverable amount for CGU B was determined based on fair value less cost of disposal calculated by using discounted cash flow technique, covering the most recent financial budgets approved by the directors for the next eight years with residual period using the growth rate of 2%. The rate used to discount the fair value less cost of disposal is 18.7% (2023: 17.5%), which reflects specific risks relating to CGU B. The fair value less cost of disposal of CGU B is estimated by an independent professional qualified valuer and classified as level 3 measurement.

The key assumptions for the fair value less cost of disposal calculation were those regarding the discount rate, growth rate and budgeted gross margin, which had been determined based on the development trend of the industry and budgeted revenue, which had been determined based on the management's expectation for the industry development of CGU B. The recoverable amount of the CGU B is approximately HK$204,297,000 (2023: HK$198,733,000). A 6.4% underperformance against forecast sales growth rates would reduce the headroom in CGU B to nil but would not result in an impairment charge.

For CGU C engaging in insurance brokage service, the recoverable amount was determined based on its value in use by using the discounted cash flow method. The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the directors for the next five years with the residual period using the growth rate of 2.5%. This rate does not exceed the average long-term growth rate for the relevant markets. The rate used to discount the forecast cash flows from CGU C is 19.85% (2023: 19.10%).

The key assumptions for the value in use were those regarding the discount rate, growth rate and budgeted gross margin, which had been determined based on the development trend of the industry and budgeted revenue, which had been determined based on the management's expectation for the industry development of CGU C.

As at 31 December 2024, the recoverable amount of the CGU C is determined based on value-in-use calculation. The recoverable amount of the CGU C is approximately HK$20,522,000 (2023: HK$19,927,000). A 10.8% underperformance against forecast sales growth rates would reduce the headroom in CGU C to nil but would not result in an impairment charge.

22. INTANGIBLE ASSETS

	Customer relationship HK$'000	Brand name HK$'000	Patents HK$'000	Non-competition agreement HK$'000	Total HK$'000
Cost					
At 1 January 2023	12,247	34,915	84,183	1,324	132,669
Exchange differences	–	–	(2,381)	–	(2,381)
At 31 December 2023 and 1 January 2024	**12,247**	**34,915**	**81,802**	**1,324**	**130,288**
Exchange differences	**–**	**–**	**(2,697)**	**–**	**(2,697)**
At 31 December 2024	**12,247**	**34,915**	**79,105**	**1,324**	**127,591**
Accumulated amortisation and impairment losses					
At 1 January 2023	12,247	21,541	31,568	–	65,356
Amortisation for the year	–	–	8,248	–	8,248
Exchange differences	–	–	(960)	–	(960)
At 31 December 2023 and 1 January 2024	**12,247**	**21,541**	**38,856**	**–**	**72,644**
Amortisation for the year	**–**	**–**	**8,080**	**–**	**8,080**
Impairment loss	**–**	**13,374**	**–**	**–**	**13,374**
Exchange differences	**–**	**–**	**(1,451)**	**–**	**(1,451)**
At 31 December 2024	**12,247**	**34,915**	**45,485**	**–**	**92,647**
Carrying amount					
At 31 December 2024	**–**	**–**	**33,620**	**1,324**	**34,944**
At 31 December 2023	–	13,374	42,946	1,324	57,644

The average remaining amortisation period of patents are 5 years (2023: 6 years) and the customer relationship had been fully amortised.

For the brand name and non-competition agreement, they have no foreseeable limit to the period over which are expected to generate net cash flow for the Group. The directors considered that they have an indefinite useful life because it is expected to contribute to net cash flows indefinitely. They will not be amortised until its useful life is determined to be finite. Instead, they will be tested for impairment annually and whenever there is an indication that it may be impaired.

The Group carried out reviews of the recoverable amount of its non-current assets in 2024, CGU A, CGU B and CGU C (referred to notes 21 to the consolidated financial statements) having regard to the market conditions of the Group's products. Customer relationship and brand name are attributed to CGU A. Patent is attributed to CGU B and non-competition agreement is attributed to CGU C. No impairment loss of goodwill was recognised for the year ended 31 December 2024 and 2023. An impairment loss amounting to approximately HK$13,374,000 was provided for intangible assets for the year ended 31 December 2024 (2023: Nil).

At 31 December 2024, two patents with aggregated carrying amount of HK$33,620,000 (2023: HK$42,946,000) were pledged as security for the Group's other borrowings.

23. INVESTMENTS IN SUBSIDIARIES

Particulars of the principal subsidiaries as at 31 December 2024 are as follows:

Name	Place of incorporation and kind of legal entity	Principal country of operation	Particular of issued share capital	Percentage of ownership interest/ voting power/ profit sharing		Principal activities
				Direct	Indirect	
Best Global Group Limited	BVI, limited liability company	Hong Kong	Ordinary shares US$1	100%	–	Investment holding
Grande Fortune International Limited	BVI, limited liability company	Hong Kong	Ordinary shares US$1	100%	–	Investment holding
Gain Yield Holdings Limited	Samoa, limited liability company	Hong Kong	Ordinary shares US$110	100%	–	Investment holding
Master Glory Enterprises Corporation	BVI, limited liability company	Hong Kong	Ordinary shares US$10,000	–	100%	Investment holding
Keyun Limited	BVI, limited liability company	Hong Kong	Ordinary shares US$1	100%	–	Investment holding
Asia Molecular Diagnostics Limited	Hong Kong, limited liability company	Hong Kong	Ordinary shares HK$1,000	–	97%	Provision of medical diagnostic services
Asia Molecular Diagnostics Laboratory Limited	Hong Kong, limited liability company	Hong Kong	Ordinary shares US$2,500,000	–	77.6%	Provision of medical diagnostic services
China Biology Services Group Limited	Hong Kong, limited liability company	Hong Kong	Ordinary shares HK$1	–	100%	Investment holding
Ferran Finance Limited	Hong Kong, limited liability company	Hong Kong	Ordinary shares HK$1	–	100%	Inactive
Fortstone	Hong Kong, limited liability company	Hong Kong	Ordinary shares HK$3,000,000	–	51%	Provision of insurance brokerage services
Genezone International Health Management Limited	Hong Kong, limited liability company	Hong Kong	Ordinary shares HK$110,100	–	90.09%	Provision of coordination of healthcare providers services

23. INVESTMENTS IN SUBSIDIARIES – *Continued*

Name	Place of incorporation and kind of legal entity	Principal country of operation	Particular of issued share capital	Percentage of ownership interest/ voting power/ profit sharing Direct	Indirect	Principal activities
Genezone Pharmaceutical Limited	Hong Kong, limited liability company	Hong Kong	Ordinary shares HK$100	–	96%	Sales and distribution of health related and pharmaceutical products
PHC Biomedicine Logistics Limited	Hong Kong, limited liability company	Hong Kong	Ordinary shares HK$1	–	97%	Provision of logistic services
PHC Medical Diagnostic Centre Limited	Hong Kong, limited liability company	Hong Kong	Ordinary shares HK$198,000	–	97%	Provision of medical laboratory testing services and health check services
Premier MediCare Services Limited	Hong Kong, limited liability company	Hong Kong	Ordinary shares HK$500,002	–	97%	Provision of health check services
SDCL	Hong Kong, limited liability company	Hong Kong	Ordinary shares HK$100	–	40% *(note)*	Provision of medical laboratory testing services
T. F. Industries Limited	Hong Kong, limited liability company	Hong Kong	Ordinary shares HK$1	–	97%	Property investment
Victory Medical Laboratory Limited	Hong Kong, limited liability company	Hong Kong	Ordinary shares HK$1,000	–	97%	Provision of medical laboratory testing services and health check services
Shanghai Longyao	The PRC, limited liability company	The PRC	Registered capital RMB18,556,159	–	66.26%	Provision of tumor immune cell therapy and health management services
Longyao Biotech (Yixing) Company Limited	The PRC, limited liability company	The PRC	Registered capital RMB80,000,000	–	66.26%	Provision of tumor immune cell therapy and health management services

23. INVESTMENTS IN SUBSIDIARIES – *Continued*

Name	Place of incorporation and kind of legal entity	Principal country of operation	Particular of issued share capital	Percentage of ownership interest/ voting power/ profit sharing		Principal activities
				Direct	Indirect	
Shengke (Yixing) Biotech Company Limited	The PRC, limited liability company	The PRC	Registered capital RMB49,960,000	–	100%	Provision of tumor immune cell therapy and health management services
Shenzhen Genezone Biotech Services Company Limited*	The PRC, limited liability company	The PRC	Registered capital RMB20,000,000	–	100%	Provision of health management services
Pengbo (Hainan)	The PRC, limited liability company	The PRC	Registered capital RMB150,000,000	–	100%	Provision of Boron Neutron Capture Therapy ("**BNCT**")

Note: Although the Group owns less than 50% of the equity interest in SDCL, it is able to gain power over than 50% of the voting right by virtue of agreement with another shareholder. Consequently, the Group consolidates SDCL.

* The English name of the subsidiary is used for identification purpose only. The official name of this entity is in Chinese.

The above list contains the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group.

23. INVESTMENTS IN SUBSIDIARIES – *Continued*

The following table shows information on the subsidiary that have non-controlling interests ("**NCI**") material to the Group. The summarised financial information represents amounts before inter-company eliminations.

Name	**SDCL**	
	2024	2023
Principal place of business/country of incorporation	**Hong Kong/Hong Kong**	
% of ownership interests/voting rights held by NCI	**60%/40%**	60%/40%
	HK$'000	HK$'000
At 31 December:		
Non-current assets	**–**	19,273
Current assets	**611**	63,564
Non-current liabilities	**–**	(1,379)
Current liabilities	**(1,146)**	(21,058)
Net (liabilities)/assets	**(535)**	60,400
Accumulated NCI	**(321)**	36,240
Year ended 31 December:		
Revenue	**1,157**	141,655
Loss	**(60,935)**	(50,428)
Total comprehensive income	**(60,935)**	(50,428)
Loss allocated to NCI	**(36,561)**	(30,257)
Dividends paid to NCI	**–**	(156,000)
Net cash (used in)/generated from operating activities	**(38,827)**	265,815
Net cash generated from investing activities	**383**	9,936
Net cash used in financing activities	**(1,212)**	(262,012)
Net (decrease)/increase in cash and cash equivalents	**(39,656)**	13,739

24. INVESTMENT IN A JOINT VENTURE

On 18 June 2023, the Group entered into an agreement with Sure Metro Limited to dispose of its 51% equity interest in a joint venture, Hong Kong Medical Test Centre Limited, at a total cash consideration of HK$8,540,000, and resulted in a loss of approximately HK$2,000. The transaction was completed on 20 November 2023.

25. FINANCIAL ASSETS AT FVTOCI

	2024 HK$'000	2023 HK$'000
Unlisted equity securities at fair value		
As at 1 January	**52,204**	69,270
Fair value loss	**(8,975)**	(17,066)
As at 31 December	**43,229**	52,204
Listed securities in Hong Kong		
As at 1 January	**4,716**	13,672
Proceed from disposal	**(3,383)**	–
Fair value loss	**(1,333)**	(8,956)
As at 31 December	**–**	4,716
	43,229	56,920
Analysed as:		
Non-current assets	**43,229**	56,920

Equity securities which are not held for trading and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

Financial assets at FVTOCI are denominated in the following currencies:

	2024 HK$'000	2023 HK$'000
HK$	**–**	4,716
US$	**43,229**	52,204
	43,229	56,920

26. INVENTORIES

	2024 HK$'000	2023 HK$'000
Finished goods	**3,971**	9,274

27. TRADE AND OTHER RECEIVABLES

	2024 HK$'000	2023 HK$'000
Trade receivables	**11,126**	23,173
Allowance for impairment loss	**(4,093)**	(3,409)
	7,033	19,764
Rental and other deposits	**51,822**	3,231
Other receivables	**14,012**	10,798
Prepayments	**1,991**	61,065
Cash held in securities trading accounts with stock brokers	**14**	14
	67,839	75,108
Total trade and other receivables	**74,872**	94,872
Analysis as:		
Current assets	**25,416**	39,636
Non-current assets	**49,456**	55,236
	74,872	94,872

At 31 December 2024, the carrying amount of other receivables pledged as security for the Group's other borrowings amounted to approximately HK$1,060,000 (equivalent to RMB1,000,000) (2023: HK$1,096,000 (equivalent to RMB1,000,000)).

The Group generally allows an average credit period of 90 days (2023: 90 days) for its pharmaceutical products customers, laboratory testing and health check services customers and logistic service customers and 30 days (2023: 30 days) for its insurance brokerage services customers. Each customer has a maximum credit limit. For new customers, payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

The aging analysis of trade receivables based on the invoice date, and net of allowance, is as follows:

	2024 HK$'000	2023 HK$'000
0 to 90 days	**6,447**	11,110
91 to 180 days	**510**	4,072
181 to 365 days	**68**	4,492
Over 365 days	**8**	90
	7,033	19,764

As at 31 December 2024, an aggregate allowance was made for estimated irrecoverable trade receivables of approximately HK$4,093,000 (2023: HK$3,409,000).

27. TRADE AND OTHER RECEIVABLES – *Continued*

As of 31 December 2024, trade receivables of approximately HK$586,000 (2023: HK$8,654,000) were past due but not impaired. These related to a number of independent customers for whom there had no recent history of default. The aging analysis of these trade receivables past due but not impaired is as follows:

	2024	2023
	HK$'000	HK$'000
Less than 90 days	**510**	4,072
91 to 275 days	**68**	4,492
Over 275 days	**8**	90
	586	8,654

The carrying amounts of the Group's trade receivables are denominated in HK$.

28. LOAN AND INTEREST RECEIVABLES

The maturity profile of loan and interest receivables at the reporting date is analysed by the remaining periods to their contractual maturity dates as follows:

	2024	2023
	HK$'000	HK$'000
Loan and interest receivables	**10,316**	10,316
Allowance for impairment loss	**(10,316)**	(10,316)
	–	–

The carrying amounts of the loan and interest receivables are denominated in HK$.

All loan and interest receivables carried a fixed rate from 8% to 10% per annum, unsecured and are repayable with fixed terms agreed with the customers.

29. PLEDGED BANK DEPOSITS/BANK AND CASH BALANCES

As at 31 December 2024, the Group had pledged bank deposits of approximately HK$14,715,000 (2023: HK$134,809,000).

The restricted bank deposits denominated in JPY amounting to approximately HK$14,715,000, equivalent to JPY300,225,000 (2023: HK$134,809,000, equivalent to JPY2,490,024,000) represented deposits pledged to a bank to secure issuance of an irrevocable letter of credit to the BNCT system supplier, Sumitomo Heavy Industries, Ltd ("**Sumitomo**").

As at 31 December 2024, the bank and cash balances of the Group denominated in RMB and USD amounted to approximately HK$11,141,000 (2023: HK$3,115,000) and HK$7,000 (2023: HK$290,000) respectively. Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

30. SHARE CAPITAL

		2024		2023	
	Note	**Number of shares ’000**	**HK$’000**	Number of shares ’000	HK$’000
Authorised:					
At 31 December		**2,000,000**	**200,000**	2,000,000	200,000
Issued and fully paid:					
At 1 January		**963,231**	**96,323**	963,231	96,323
Placing of shares *(note)*		**12,500**	**1,250**	–	–
At 31 December		**975,731**	**97,573**	963,231	96,323

Note:

On 20 July 2024, Genius Lead Limited (“**Genius Lead**”) entered into a placing agreement with Mr. Ming Fu, pursuant to which Genius Lead agreed to sell 12,500,000 shares of the Company to Mr. Ming Fu at a price of HK$0.40 per placing share.

On 20 July 2024, Genius Lead entered into a top-up subscription agreement (the “**Top-up Subscription Agreement**”) with the Company. Pursuant to the Top-up Subscription Agreement, an aggregate of 12,500,000 shares have been allotted and issued to Genius Lead at the placing price of HK$0.40 per placing shares. The top-up subscription of new shares took place on 31 July 2024.

The net proceeds after deduction of expenses from the Top-up Subscription were approximately HK$4,600,000 to be used for general working capital of the Group.

The Group’s objectives when managing capital are to safeguard the Group’s ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy-back shares, raise new debts, redeem existing debts or sell assets to reduce debts. The Group monitors capital on the basis of the debt-to-equity ratio. This ratio is calculated as net debt divided by total equity. Net debt comprises lease liabilities, convertible bond, written put option liability and borrowings. Total equity comprises all components of equity (i.e. share capital, non-controlling interest and other reserves).

The debt-to-adjusted capital ratios at 31 December 2024 and at 31 December 2023 were as follows:

	2024 HK$’000	2023 HK$’000
Total debt	**228,312**	100,396
Less: cash and cash equivalents	**(18,913)**	(72,087)
Net debt	**209,399**	28,309
Total equity	**242,388**	490,726
Debt-to-adjusted capital ratio	**86.39%**	5.77%

The increase in debt-to-equity ratio during 2024 resulted primarily from increase of total debt due to the addition of borrowings, written put option liability and decrease of total equity arising from the loss for the year.

The externally imposed capital requirements for the Group are: (i) in order to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the shares; and (ii) to meet financial covenants attached to the interest-bearing borrowings.

30. SHARE CAPITAL – *Continued*

The Group receives a report from the share registrars monthly on substantial share interests showing the non-public float and it demonstrates continuing compliance with the 25% limit throughout the year. As at 31 December 2024, 35.83% (2023: 35.01%) of the shares were in public hands.

Breaches in meeting the financial covenants would permit the bank to immediately call borrowings. There have been no breaches in the financial covenants of any interest-bearing borrowing for the years ended 31 December 2024 and 2023.

31. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	2024	2023
	HK$'000	HK$'000
Non-current assets		
Investments in subsidiaries	**1,361**	1,361
Right-of-use assets	**1,312**	2,886
	2,673	4,247
Current assets		
Prepayments and other receivables	**1,628**	1,489
Amount due from subsidiaries	**309,872**	357,608
Bank and cash balances	**1,820**	23,110
	313,320	382,207
Non-current liabilities		
Convertible bonds	**41,635**	–
Derivative financial liabilities	**6,002**	–
Lease liabilities	**–**	1,421
	47,637	1,421
Current liabilities		
Accruals and other payables	**9,865**	2,199
Convertible bonds	**–**	53,877
Derivative financial liabilities	**–**	3,916
Other borrowings	**31,400**	20,000
Amount due to subsidiaries	**20,879**	31,569
Lease liabilities	**1,421**	1,614
Financial guarantee liabilities	**3,044**	–
	66,609	113,175
Net current assets	**247,711**	269,032
NET ASSETS	**201,747**	271,858
Capital and reserves		
Share capital	**97,573**	96,323
Reserves	**104,174**	175,535
TOTAL EQUITY	**201,747**	271,858

31. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY – *Continued*

(b) Reserve movement of the Company

	Share premium HK$'000	Share-based payments reserve HK$'000	Special reserve HK$'000	Shares held under share awarded scheme HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2023	490,692	8,809	212,948	(2,985)	(351,079)	358,385
Total comprehensive loss for the year	–	–	–	–	(171,467)	(171,467)
Share granted under Share Award Scheme	–	–	–	548	–	548
Share-based payments	–	1,886	–	–	–	1,886
Lapse of share options	–	(4,193)	–	–	4,193	–
Dividend paid	–	–	–	–	(9,632)	(9,632)
Shares purchased under Share Award Scheme	–	–	–	(4,185)	–	(4,185)
At 31 December 2023 and 1 January 2024	490,692	6,502	212,948	(6,622)	(527,985)	175,535
Total comprehensive loss for the year	**–**	**–**	**–**	**–**	**(75,155)**	**(75,155)**
Share-based payments	**–**	**304**	**–**	**–**	**–**	**304**
Lapse of share options	**–**	**(6,806)**	**–**	**–**	**6,806**	**–**
Shares issued under placing	**3,750**	**–**	**–**	**–**	**–**	**3,750**
Less: Share issued expenses	**(260)**	**–**	**–**	**–**	**–**	**(260)**
At 31 December 2024	**494,182**	**–**	**212,948**	**(6,622)**	**(596,334)**	**104,174**

As at 31 December 2024, the aggregate amount of reserves of the Company available for distribution to owners of the Company was approximately HK$104,174,000 (2023: HK$175,535,000). The distributable reserves which include the Company's share premium, special reserve and accumulated losses, under the Companies Act 1981 of Bermuda, are distributable to owners of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company is still able to pay its liabilities as they become due or the realisable value of its assets would thereby become less than its liabilities.

32. RESERVES

(a) Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(b) Nature and purpose of reserves

(i) Share-based payment reserve

The share option reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees and consultants of the Group recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 4(w) to the consolidated financial statements.

(ii) Special reserve

Special reserve of approximately HK$212,948,000 (2023: HK$212,948,000) was recorded after setting off the capital reduction and the cancellation of the share premium with the accumulated losses as at the date of the change of the domicile and the capital reorganisation of the Company which became effective on 28 August 2013 and 19 September 2013 respectively.

(iii) Other reserves

Other reserves represent the initial recognition of the written put option liability and recognition of gain on the deemed disposal of share of subsidiaries (note 35).

(iv) Financial assets at FVTOCI reserve

The financial assets at FVTOCI reserve comprises the cumulative net change in the fair value of financial assets as held at the end of the reporting period and is dealt with in accordance with the accounting policy in note 4(k) to the consolidated financial statements.

(v) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 4(d) to the consolidated financial statements.

33. CONVERTIBLE BONDS

On 20 December 2022, the Company issued convertible bonds ("**2022 Convertible Bonds**") at the issue price of US$10,000,000 (equivalent to approximately HK$77,800,000) (equal to 100 per cent of the principal amount of the convertible bonds). The bonds are convertible at the option of the bondholders into ordinary shares at the initial conversion price of HK$1.45 per conversion share (subject to adjustments pursuant to the terms and conditions of the 2022 Convertible Bonds, if any) and at the exchange rate of HK$7.85 to US$1.00, and on this basis a maximum number of 54,137,931 conversion shares of the Company will be allotted and issued upon exercise of the conversion rights attached to the 2022 Convertible Bonds in full assuming there is no adjustment to the conversion price. The 2022 Convertible Bonds carry interest at a rate of 8.25% per annum, which is payable half-yearly in arrears on 20 June and 20 December. The maturity date of the 2022 Convertible Bonds is two years from issue date.

The rate of exchange to be used for any particular date where US dollars are converted to HK dollars or vice versa shall be at the rate of US$1.00 to HK$7.85, provided that, if the average exchange of the Telegraphic Transfer Bank Buy and the Telegraphic Transfer Bank Sell as quoted on the website of the Hongkong and Shanghai Banking Corporation Limited on the business day immediately prior to such date is at the rate of US$1.00 to HK$7.85001 or more, the rate of exchange to be used for any particular date shall be at the rate of US$1.00 to HK$7.85; and provided further that if the subscriber exercises its conversion right attached to the 2022 Convertible Bonds, the exchange rate for the purpose of conversion will be the rate of US$1.00 to HK$7.85, and that the Company shall pay the subscriber in cash at the time of conversion in an amount resulting from the difference between such rate and at the rate of US$1.00 to HK$7.85.

US$5,000,000 of the total subscription amount for the 2022 Convertible Bonds was satisfied by the bondholder by surrendering the convertible bonds issued in 2020 (the "**2020 Convertible Bonds**") with a total outstanding principal amount of US$5,000,000 to the Company upon which the 2020 Convertible Bonds were cancelled and the Company paid all accrued and unpaid interest on the 2020 Convertible Bonds, and the balance of the total subscription amount for the 2022 Convertible Bonds was satisfied by the bondholder paying US$4,965,000 (being the total subscription amount of the 2022 Convertible Bonds of US$10,000,000, minus US$5,000,000, and minus the costs to be borne by the Company) in cash to the Company. In addition, upon cancellation of the 2020 Convertible Bonds on 30 December 2022, the share charge over 264,750,273 shares held by Genius Lead Limited in favour of the bondholder and the guarantees given by Mr. Liu Xiaolin and Genius Lead Limited in respect of the Company's obligations under the 2020 Convertible Bonds were fully released and discharged.

On 17 December 2024, the Company and the bondholder entered into the subscription agreement under which the Company agreed to redeem US$4,000,000 (approximately HK$31,400,000) of the principal amount of the 2022 Convertible Bonds.

33. CONVERTIBLE BONDS – *Continued*

On 27 December 2024, the Company issued convertible bonds ("**2024 Convertible Bonds**") in the aggregate principal of US$6,000,000 (equivalent to approximately HK$47,100,000), which shall be settled by the way of set-off on a dollar-to-dollar basis against the principal amount of US$6,000,000 of the 2022 Convertible Bonds. The 2024 Convertible Bonds are convertible at the option of the bondholders into ordinary shares at the initial conversion price of HK$1.20 per conversion share (subject to adjustments pursuant to the terms and conditions of the 2024 Convertible Bonds, if any) and at the exchange rate of HK$7.85 to US$1.00, and on this basis a maximum number of 39,250,000 conversion shares of the Company will be allotted and issued upon exercise of the conversion rights attached to the 2024 Convertible Bonds in full assuming there is no adjustment to the conversion price. The 2024 Convertible Bonds carry interest at a rate of 8.25% per annum, which is payable half-yearly in arrears on 20 June and 20 December. The maturity date is two years from issue date. The 2024 Convertible Bonds are guaranteed by one of the Group's subsidiaries, Pengbo (Hainan).

The modification which amended the initial conversion price to HK$1.20 per conversion share was considered to be a substantial modification of the 2022 Convertible Bonds and accordingly the original 2022 Convertible Bonds were derecognised and the 2024 Convertible Bonds were recognised as a new financial liability. Fair value loss on the deferred "day 1" losses on 2022 Convertible Bonds of approximately HK$26,993,000 was recognised in profit or loss during the year ended 31 December 2024.

The rate of exchange to be used for any particular date where US dollars are converted to HK dollars or vice versa shall be at the rate of US$1.00 to HK$7.85, provided that, if the average exchange of the Telegraphic Transfer Bank Buy and the Telegraphic Transfer Bank Sell as quoted on the website of the Hongkong and Shanghai Banking Corporation Limited on the business day immediately prior to such date is at the rate of US$1.00 to HK$7.85001 or more, the rate of exchange to be used for any particular date shall be at the rate of US$1.00 to HK$7.85; and provided further that if the subscriber exercises its conversion right attached to the 2024 Convertible Bonds, the exchange rate for the purpose of conversion will be the rate of US$1.00 to HK$7.85, and that the Company shall pay the subscriber in cash at the time of conversion in an amount resulting from the difference between such rate and at the rate of US$1.00 to HK$7.85.

33. CONVERTIBLE BONDS – *Continued*

The issue of convertible bonds have been split between the liability and derivative components and the movements during the year are as follows:

	HK$'000
Liability component at 1 January 2023	55,796
Interest expenses	4,395
Interest paid	(6,314)
Liability component at 31 December 2023 and 1 January 2024	53,877
Interest expenses	**4,354**
Interest paid	**(3,238)**
Deferred "day 1" losses recognised on the 2022 Convertible Bonds	**26,993**
Reclassified to borrowings	**(31,400)**
Reclassified to accruals	**(3,418)**
Derecognised the 2022 Convertible Bonds	**(47,100)**
Issuance of the 2024 Convertible Bonds	**47,407**
Derivative component	**(5,230)**
Transaction cost related to liability component	**(610)**
Liability component at 31 December 2024	**41,635**

	Liabilities HK$'000
Derivative component at 1 January 2023	22,252
Fair value gain for the year	(18,336)
Derivative component at 31 December 2023 and 1 January 2024	**3,916**
Derecognition and fair value loss of convertible bonds	**(3,144)**
Derivative component upon issuance of 2024 Convertible Bonds	**5,230**
Derivative component at 31 December 2024	**6,002**

The interest charged for the year is calculated by applying an effective interest rate of 15.0% (2023: 5.46%) to the liability component for the period since issuance date of 27 December 2024 (2023: 30 December 2023).

As of the initial recognition of the 2024 Convertible Bonds, the directors of the Company, with the assistance of an external valuer, estimated that the fair value of the 2024 Convertible Bonds as at 27 December 2024 to be approximately HK$47,407,000 by using the discounting cash flow method and binomial option pricing model to measure the liability component and derivative component respectively.

The directors of the Company estimated that the fair value of the liability component of the 2024 Convertible Bonds as at 31 December 2024 to be approximately HK$42,211,000 (2023: HK$80,848,000). This fair value has been estimated by discounting the future cash flows at the market interest rate and classified as level 3 fair value measurement.

33. CONVERTIBLE BONDS – *Continued*

The derivative financial asset and derivative financial liability are embedded in the convertible bonds, which is the call option and the conversion option respectively. Each derivative component is measured at its fair value at the date of issue and at the end of each reporting period. The fair values are estimated using Binomial Option Pricing Model (level 3 fair value measurement). The key assumptions adopted are as follows:

	31 December 2024	31 December 2023
Weighted average share price (HK$)	**0.51**	0.77
Weighted average exercise price (HK$)	**1.20**	1.45
Expected volatility	**95.55%**	67.64%
Expected life	**1.99**	1
Risk free rate	**3.29%**	3.97%
Expected dividend yield	**Nil**	Nil

34. LEASE LIABILITIES

	Minimum lease payments		**Present value of minimum lease payments**	
	2024 HK$'000	2023 HK$'000	**2024 HK$'000**	2023 HK$'000
Within one year	**5,959**	10,390	**5,711**	9,829
In the second to fifth years, inclusive	**1,842**	5,869	**1,793**	5,727
	7,801	16,259	**7,504**	15,556
Less: Future finance charges	**(297)**	(703)	**N/A**	N/A
Present value of lease obligations	**7,504**	15,556	**7,504**	15,556
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(5,711)**	(9,829)
Amount due for settlement after 12 months			**1,793**	5,727

The weighted average incremental borrowing rates applied to lease liabilities range from 3% to 5.13% (2023: 4.75% to 15.7%).

Minimum lease payments are denominated in HK$ and RMB, amount of approximately HK$7,523,000 (2023: HK$15,407,000) and HK$278,000 (2023: HK$852,000) respectively.

35. DEEMED DISPOSAL AND WRITTEN PUT OPTION LIABILITY

On 8 December 2023, the Company, Shanghai Longyao and 宜興環科園產發股權投資合夥企業(有限合夥) (in English, for identification purpose only, Yixing Huanke Product Development Equity Investment Enterprise (Limited Partnership) (the "**Yixing Huanke**") entered into a capital injection agreement (the "**Capital Injection Agreement**"), pursuant to which, the Yixing Huanke had agreed to acquire approximately 5.35% effective shareholding in Shanghai Longyao through capital injection to Shanghai Longyao in the amount of RMB48,000,000.

As part of the Capital Injection Agreement, Yixing Huanke was granted a put option ("**Put Option**"), whereby Yixing Huanke can request the Shanghai Longyao to repurchase all Yixing Huanke's equity interest in Shanghai Longyao at its discretion under certain conditions at an exercise price of RMB48,000,000 (equivalent to approximately HK$51,337,000) plus 6.0% interest per annum. The capital injection was completed on 24 January 2024. As a result of this transaction, a put option liability of approximately RMB33,383,000 (equivalent to approximately HK$36,247,000) is recognised in the consolidated financial statement based on the present value of the exercise price of RMB48,000,000 plus 6% interest rate per annum, and on the assumption that the Put Option will be redeemable at 31 December 2027.

Upon the completion of the capital injection, Shanghai Longyao remains as a subsidiary of the Group.

The Group was deemed to have disposed of approximately 1.87% of Shanghai Longyao from 68.13% to 66.26% (the "**Deemed Disposal**"). A gain of approximately RMB44,297,000 (equivalent to approximately HK$48,097,000) from the Deemed Disposal was recognised within equity in "other reserve".

A written put option liability of approximately RMB33,383,000 (equivalent to approximately HK$36,247,000) was initially recognised at its fair value in the consolidated statement of financial position, with a corresponding entry of the same amount recognised within equity "other reserve". Its fair value is based on the present value of the exercise price of RMB48,000,000 (equivalent to approximately HK$52,337,000) plus 6% interest rate per annum, by applying a discount rate of 15.79%, and on the assumption that the put option will be redeemable at 31 December 2027. The written put option liability was denominated in RMB and classified under non-current liabilities.

Gain on the Deemed Disposal is calculated as follows:

	As at 24 January 2024 HK$'000
Proceeds received from the capital injection	**52,337**
Less: recognition of non-controlling interest	**(4,021)**
Gain on the Deemed Disposal	**48,316**

35. DEEMED DISPOSAL AND WRITTEN PUT OPTION LIABILITY – *Continued*

Set out below is the summary of the impact on other reserves in respect of the Deemed Disposal and the written put option liability:

	HK$'000
Gain on the Deemed Disposal	**48,316**
Initial recognition of the written put option liability	**(36,247)**
	12,069

In the consolidated cash flow statement, net cash inflow from Deemed Disposal of approximately HK$52,337,000 represents proceeds received from the Subscription.

The movement for the issuance of written put option during the year are as follows:

	2024 **HK$'000**	2023 HK$'000
At 1 January	**–**	–
Issuance of written put option	**36,247**	–
Interest on written put option liability	**5,200**	–
Exchange difference	**(967)**	–
At 31 December	**40,480**	–

36. DEFERRED TAX

The following are the deferred tax liabilities recognised by the Group.

	Accelerated tax depreciation HK$'000
At 1 January 2023	7,892
Credit to profit or loss for the year *(note 12)*	(1,237)
Exchange differences	(213)
At 31 December 2023 and 1 January 2024	6,442
Credit to profit or loss for the year *(note 12)*	**(1,212)**
Exchange differences	**(187)**
At 31 December 2024	**5,043**

At the end of the reporting period, the Group has unused tax losses of approximately HK$435,960,000 (2023: HK$238,361,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. For the year ended 31 December 2024, included in unrecognised tax losses are losses of approximately HK$82,676,000, HK$36,703,000, HK$43,683,000, HK$5,283,000, HK$28,594,000, HK$15,014,000, HK$25,691,000, HK$5,293,000, HK$14,550,000 and HK$15,575,000 that will expire in 2034, 2033, 2032, 2031, 2030, 2029, 2028, 2027, 2026 and 2025 respectively. Other tax losses may be carried forward indefinitely.

37. TRADE AND OTHER PAYABLES

	2024 HK$'000	2023 HK$'000
Trade payables	**7,353**	5,787
Accruals	**20,353**	23,100
Receipt in advance	**1,986**	432
Other payables	**18,401**	27,833
	48,093	57,152

The aging analysis of trade payables based on the date of invoice date, is as follows:

	2024 HK$'000	2023 HK$'000
0 to 90 days	**4,883**	5,187
91 to 180 days	**1,549**	21
181 to 365 days	**166**	24
Over 365 days	**755**	555
	7,353	5,787

The carrying amounts of the Group's trade payables are denominated in HK$ amount of approximately HK$7,353,000 (2023: HK$5,787,000).

38. BORROWINGS

	2024 HK$'000	2023 HK$'000
Bank borrowings	**25,981**	20,000
Other borrowings	**87,940**	10,963
Loan from controlling shareholder	**24,772**	–
	138,693	30,963

The borrowings is repayable within one year.

(a) The carrying amounts of the Group's borrowings are denominated in the following currencies:

	HK$ HK$'000	RMB HK$'000	US$ HK$'000	Total HK$'000
2024				
Bank borrowings	**–**	**25,981**	**–**	**25,981**
Other borrowings	**9,000**	**47,540**	**31,400**	**87,940**
Loan from controlling shareholder	**–**	**22,983**	**1,789**	**24,772**
	9,000	**96,504**	**33,189**	**138,693**
2023				
Bank borrowings	20,000	–	–	20,000
Other borrowings	–	10,963	–	10,963
	20,000	10,963	–	30,963

38. BORROWINGS – *Continued*

(b) The average interest rates of the Group's borrowings at 31 December were as follows:

	2024	2023
Bank borrowings	**LPR less 0.45% or 3.45% – 3.85%**	1.5% p.a. over HIBOR
Other borrowings	**6% – 12%**	6%
Loan from controlling shareholder	**10%**	N/A

Bank and other borrowings, and loan from controlling shareholder of approximately HK$125,434,000 (2023: HK$10,963,000) are arranged at fixed interest rates and no exposure to fair value interest rate risk of the Group.

Bank borrowings of HK$13,259,000 (2023: HK$20,000,000) are arranged at floating interest rates, thus exposing the Group to cash flow interest rate risk during the year ended 31 December 2024.

(c) The details of pledged assets and collaterals to the Group's borrowings are as follows:

As at 31 December 2024, bank borrowing of HK$13,259,000 are secured by a charge over the Group's construction in progress (note 19) and land use rights in the PRC (note 20). As at 31 December 2023, bank borrowings of HK$20,000,000 are secured by a charge over the Group's property (note 19).

Other borrowings of HK$5,301,000 (2023: HK$10,963,000) are secured by a charge over the Group's property (note 19), other receivables (note 27), intangible assets (note 22).

(d) The details of loan covenants of the Group's borrowing are as follows:

Certain Group's banking facilities are subject to the fulfillment of covenants. Some of those relating to the Group's financial metrics which are tested periodically, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the related borrowings would become payable on demand.

The Group has complied with the financial covenants of its borrowing facilities during the year ended 31 December 2024 (2023: Same).

Among other loans, an amount of US$4,000,000 (equivalent to approximately HK31,400,000) represents the sum payable upon the maturity of the 2022 Convertible Bonds as detailed in note 33. The Company and the Bondholder have mutually agreed to extend the repayment of the principal amount of US$4,000,000 of the 2022 Convertible Bonds to 27 January 2025. Based on the nature and repayment terms, management has reclassified this amount to "Borrowings".

39. RETIREMENT BENEFIT OBLIGATIONS

Obligation to pay LSP under Hong Kong Employment Ordinance (Chapter 57)

Hong Kong employees that have been employed continuously for at least five years are entitled to long service payments in accordance with the Hong Kong Employment Ordinance under certain circumstances. These circumstances include where an employee is dismissed for reasons other than serious misconduct or redundancy, that employee resigns at the age of 65 or above, or the employment contract is of fixed term and expires without renewal. The amount of LSP payable is determined with reference to the employee's final salary (capped at HK$22,500) and the years of service, reduced by the amount of any accrued benefits derived from the Group's contributions to MPF scheme or ORSO plan (see Note 16), with an overall cap of $390,000 per employee. Currently, the group does not have any separate funding arrangement in place to meet its LSP obligation.

In June 2022, the Government gazetted the Amendment Ordinance, which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset the LSP. The Abolition will officially take effect on the Transition Date (i.e., 1 May 2025). Separately, the Government of the HKSAR is also expected to introduce a subsidy scheme to assist employers for a period of 25 years after the Transition Date on the LSP payable by employers up to a certain amount per employee per year.

Under the Amendment Ordinance, the Group's mandatory MPF contributions, plus/minus any positive/negative returns, after the Transition Date can continue to be applied to offset the pre-Transition Date LSP obligation but are not eligible to offset the post-Transition Date LSP obligation. On the other hand, the accrued benefits derived from the Group's voluntary contributions made pre-, on or post-transition can continue to be used to offset pre– and post-transition LSP. Furthermore, the LSP obligation before the Transition Date will be grandfathered and calculated based on the last monthly wages immediately preceding the Transition Date and the years of service up to that date.

The Group has determined that the Amendment Ordinance primarily impacts the Group's LSP liability with respect to Hong Kong employees that participate in MPF Scheme. The Amendment Ordinance has no material impact on the Group's LSP liability with respect to employees that participate in the Group's ORSO plans.

40. SHARE-BASED PAYMENTS

(a) Equity-settled share option scheme

The share option scheme adopted by the Company on 26 May 2014 ("**2014 Share Option Scheme**") was expired on 26 May 2024 and a new share option scheme ("**2024 Share Option Scheme**") was approved to be adopted by the shareholders of the Company on 6 June 2024. The 2024 Share Option Scheme will remain in force for 10 years from that date, unless otherwise terminated earlier by shareholders in a general meeting. As a result, the Company can no longer grant any further options under the 2014 Share Option Scheme.

The purpose of the 2024 Share Option Scheme is to provide incentive to the eligible participants, in order to promote the development and success of the business of the Group. The 2024 Share Option Scheme will give the eligible participants an opportunity to have a personal take in the Company and will help motivate the eligible participants in optimising their performance and efficiency and attract and retain the eligible participants whose contributions are important to the long-term growth of the Group. The eligible participants are employee participants, related entity participants and service providers. The 2024 Share Option Scheme became effective on 6 June 2024 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The total number of shares which may be issued upon exercise of all share options (excluding share options which have lapsed) to be granted under the 2024 Share Option Scheme together with options and awards which may be granted under any other schemes of the Company must not in aggregate exceed 10% of the shares in issue on 6 June 2024 being the date of adoption of the 2024 Share Option Scheme. The maximum number of shares issuable under share options to each eligible participant in the 2024 Share Option Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of shares options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 21 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than 10 years from the date of the grant of the share options subject to the provision for early termination thereof.

Unless the directors otherwise determined and stated in the offer to a grantee, a grantee is not required to achieve any performance targets before any options granted under the Share Option Scheme can be exercised. Save for certain prescribed circumstances in which the Board may in its discretion accelerate the vesting dates, a grantee is required to hold an option for a minimum of 12 months before it can be exercised.

The exercise price of the share options is determinable by the directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of the offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares on the date of the offer, when applicable.

Share options do not confer rights on the holder to dividends or to vote at shareholders' meetings.

40. SHARE-BASED PAYMENTS – *Continued*

(a) Equity-settled share option scheme – *Continued*

Details of the specific categories of options are as follows:

Date of grant	Vesting period	Exercise period	Exercise price HK$	Number of share options
Directors and Consultants:				
2 September 2020	2 September 2020 to 1 September 2021	2 September 2021 to 1 September 2022	2.00	3,220,000
2 September 2020	2 September 2020 to 1 September 2022	2 September 2022 to 1 September 2023	2.00	3,220,000
2 September 2020	2 September 2020 to 1 September 2023	2 September 2023 to 1 September 2024	2.00	3,220,000
26 November 2020	26 November 2020 to 25 November 2021	26 November 2021 to 25 November 2022	2.00	1,665,000
26 November 2020	26 November 2020 to 25 November 2022	26 November 2022 to 25 November 2023	2.10	1,665,000
26 November 2020	26 November 2020 to 25 November 2023	26 November 2023 to 25 November 2024	2.20	1,670,000
6 January 2023	6 January 2023 to 5 January 2024	6 January 2024 to 5 January 2025	1.45	1,665,000
6 January 2023	6 January 2023 to 5 January 2025	6 January 2025 to 5 January 2026	1.45	1,665,000
6 January 2023	6 January 2023 to 5 January 2026	6 January 2026 to 5 January 2027	1.45	1,670,000
				19,660,000

If the options remain unexercised after a period of 4 years from the date of grant, the options expire. Options are forfeited if the employee leaves the Group.

40. SHARE-BASED PAYMENTS – *Continued*

(a) Equity-settled share option scheme – *Continued*

Details of the movement of share options during the year are as follows:

	2024		2023	
	Number of share options	**Weighted average exercise price HK$**	Number of share options	Weighted average exercise price HK$
Outstanding at the beginning of the year	**9,890,000**	**1.76**	14,515,000	1.83
Expired during the year	**(4,890,000)**	**2.07**	(9,625,000)	1.86
Granted during the year	**–**	**N/A**	5,000,000	1.45
Lapsed (other than expired) during the year	**(5,000,000)**	**1.45**	–	N/A
Outstanding at the end of the year	**–**		9,890,000	
Exercisable at the end of the year	**–**		9,890,000	1.76

No options outstanding at the end of the year (2023: the options outstanding have a weighted average remaining contractual life of 1.9 years) and no exercise prices (2023: range from HK$1.45 to HK$2.20).

These fair values were calculated using the Binomial option pricing model. The inputs into the model are as follows:

	2 September 2020	**26 November 2020**	**6 January 2023**
Weighted average share price (HK$)	1.53	1.43	1.1
Weighted average exercise price (HK$)	2.00	2.10	1.45
Expected volatility	38.77% – 60.78%	40.52% – 54.91%	65.42% – 77.83%
Expected life	4 years	4 years	4 years
Risk free rate	0.26% – 0.28%	0.12% – 0.24%	3.70% – 4.01%
Expected dividend yield	Nil	Nil	Nil

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous four years. The expected life used in the model has been adjusted, based on the Group's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

40. SHARE-BASED PAYMENTS – *Continued*

(a) Equity-settled share option scheme – *Continued*

Share options granted to consultants were incentives for helping the Group expand its business network, acquire and explore new business projects and opportunities. The fair value of such benefit could not be estimated reliably and as a result, the fair value is measured by reference to the fair value of share options granted.

The Group recognised the total expense of approximately HK$304,000 for the year ended 31 December 2024 (2023: HK$1,886,000) in relation to the share options granted by the Company.

(b) Share award scheme

The Company operates a share award scheme (the "**Share Award Scheme**") for the purpose of providing incentives and rewards ("**Award Shares**") to selected participants who contribute to the success of the Group's operations. Selected participants include the employees, officers, directors and consultants of the Company and the Company's subsidiaries. The Share Award Scheme became effective on 18 August 2021 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

Pursuant to the rules of the Share Award Scheme, the Company shall not make any further grant of Award Shares which will result in the number of shares granted under the Share Award Scheme exceeding 10% of the total number of issued Shares as at 18 August 2021. The maximum number of Award Shares that may be granted under the Share Award Scheme to a Selected Participant shall not exceed 1% of the total number of issued Shares as at 18 August 2021.

A trust is constituted by the trust deed entered by the Company and a trustee appointed (the "**Trustee**") to service the Share Award Scheme.

The Board may, from time to time, select any eligible person to participate in the Share Award Scheme, make an offer to the selected participants and grant Award Shares to such selected participants which are to be satisfied by (i) the new Shares to be subscribed by the Trustee under the Company's available general mandate on the relevant grant date or under a specific mandate approved or to be approved by the shareholders; or (ii) the existing Shares received by the Trustee from any shareholder of the Company; or (iii) purchased by the Trustee in the open market (either on-market or off-market) as directed by the Board.

The Board may, from time to time, subject to all applicable laws, determine vesting criteria and conditions or periods for the Award Shares to be vested.

The Trustee shall not exercise the voting rights in respect of any shares held by it under the Share Award Scheme.

During the year ended 31 December 2024, no shares were purchased by the Trustee. No shares were awarded by the Company under the Share Award Scheme.

During the year ended 31 December 2023, the Trustee purchased an aggregate of 5,295,000 shares of the Company with consideration of approximately HK$4,185,000 on the Stock Exchange for the purpose of the Share Award Scheme.

During the year ended 31 December 2023, the Board has awarded 582,000 Shares to six participants with consideration of approximately HK$355,020 on 15 September 2023.

41. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Deregistration of a subsidiary

During the year ended 31 December 2023, 南京隆耀生物科技有限公司 ("**南京隆耀**"), an indirectly owned subsidiary of the Group, was deregistered. In this regard, the Group fully lost its control of 68.13% interest in this subsidiary.

Assets and liabilities of 南京隆耀 as the date of deregistration (i.e. 2 February 2023) were as follows:

	HK$'000
Property, plant and equipment	1
Bank and cash balances	39
Net assets disposed of	40
Release of translation reserve	(1)
Carrying amount of non-controlling interests disposed	(13)
Loss on deregistration of a subsidiary	(26)
Total consideration satisfied by cash	–
Net cash inflow arising on disposal:	
Cash consideration received	–
Cash and cash equivalents disposed of	(39)
	(39)

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	1 January 2024 HK$'000	**Entering into new bonds/ leases HK$'000**	**Cash flows HK$'000**	**Interest expenses HK$'000**	**Exchange difference HK$'000**	**Non-cash transaction HK$'000 (note 41(d))**	**31 December 2024 HK$'000**
Convertible bonds *(note 33)*	**53,877**	**46,797**	**(3,238)**	**4,354**	**–**	**(60,155)**	**41,635**
Borrowings *(note 38)*	**30,963**	**–**	**76,691**	**–**	**(361)**	**31,400**	**138,693**
Lease liabilities *(note 34)*	**15,556**	**4,293**	**(9,029)**	**638**	**(20)**	**(3,934)**	**7,504**
	100,396	**51,090**	**64,424**	**4,992**	**(381)**	**(32,689)**	**187,832**

	1 January 2023 HK$'000	Entering into new bonds/ leases HK$'000	Cash flows HK$'000	Interest expenses HK$'000	Exchange difference HK$'000	Non-cash transaction HK$'000 (note 41(d))	31 December 2023 HK$'000
Convertible bonds *(note 33)*	55,796	–	(6,314)	4,395	–	–	53,877
Borrowings *(note 38)*	5,641	–	30,980	73	124	(5,855)	30,963
Lease liabilities *(note 34)*	20,347	6,550	(11,196)	843	(49)	(939)	15,556
	81,784	6,550	13,470	5,311	75	(6,794)	100,396

41. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS – *Continued*

(c) Total cash outflow for leases

Amounts included in the cash flow statements for leases comprise the following:

	2024 HK$'000	2023 HK$'000
Within operating cash flows	**2,303**	4,467
Within financing cash flows	**9,029**	11,196
	11,332	15,663

These amounts relate to the following:

	2024 HK$'000	2023 HK$'000
Lease rental paid	**11,332**	15,663
Payments for right-of-use assets	**–**	–
	11,332	15,663

(d) Major non-cash transactions

During the year ended 31 December 2024, US$6,000,000 (equivalent to fair value of 2024 Convertible Bonds approximately HK$47,100,000) of the total subscription amount from 2024 Convertible Bonds was satisfied by the bondholder by way of set-off on a dollar-to-dollar basis against the amount of US$6,000,000 of the 2022 Convertible Bonds.

On the same date, the Group and the Bondholder have mutually agreed to extend the repayment of the principal amount of US$4,000,000 together with all unpaid interest accrued of the 2022 Convertible Bonds to 27 January 2025. Based on the nature and repayment terms, management has reclassified US$4,000,000 principal portion to "Borrowings" and unsettled interest of HK$3,418,000 was reclassified to "Accruals".

Additions to right-of-use assets during the year of HK$4,293,000 (2023: HK$6,550,000) were financed by leases liabilities.

Additions of construction in progress during the year of HK$92,027,000 (2023: HK$Nil) and HK$55,236,000 (2023: HK$Nil) were set off by pledged bank deposits and prepayment respectively.

During the year ended 31 December 2023, the borrowings with principal of RMB5,000,000 (equivalent to approximately HK$5,639,000) with accrued interest in a total of RMB191,425 (equivalent to HK$216,000) were settled by allotment and issue of shares of a subsidiary of the Company, which represents 0.64% equity share of the subsidiary.

42. CONTINGENT LIABILITIES

As at 31 December 2024, the Group did not have any significant contingent liabilities.

43. COMMITMENTS

Capital commitments contracted for at the end of the reporting period but not yet incurred are as follows:

	2024 **HK$'000**	2023 HK$'000
Property, plant and equipment	**122,560**	208,295

44. OPERATING LEASE ARRANGEMENTS

The Group as lessee regularly entered into short-term leases for its office, staff quarter and car park. As at 31 December 2024, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed in note 20, and the outstanding lease commitments relating to short-term leases for office is approximately HK$76,000 (2023: HK$79,000).

45. RELATED PARTY TRANSACTIONS

(a) In addition to those related party transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with its related parties during the year:

	2024 **HK$'000**	2023 HK$'000
Service fee charged by a non-controlling shareholder of a subsidiary	**–**	54
Service income received from a non-controlling shareholder of a subsidiary	**2,533**	–
Loan interest expenses paid to the ultimate controlling party of the Company	**1,068**	–
Purchase of equipment, consumables, and kits for performing COVID-19 nucleic acid testing from a non-controlling shareholder of a subsidiary	**–**	10,501
Purchase of kits for performing lung and colon cancel testing from a non-controlling shareholder of a subsidiary	**21**	159
Purchase of kits and subcontract service for performing lung and colon cancer testing from related parties of a non-controlling shareholder of a subsidiary	**129**	135
Maintenance fee charged by a related party under common ultimate control of a non-controlling shareholder of a subsidiary	**–**	338

45. RELATED PARTY TRANSACTIONS – *Continued*

(b) The remuneration of directors and other members of key management during the year was as follows:

	2024	2023
	HK$'000	HK$'000
Short-term benefits	**6,200**	7,249
Equity-settled share-based payments	**304**	1,983
Retirement benefits scheme contributions	**18**	18
	6,522	9,250

(c) The ultimate holding company has guaranteed bank and other borrowings made to the Group totalling approximately HK$33,923,000 as at 31 December 2024 (2023: Nil).

(d) Mr. Liu Xiaolin, the beneficial owner and executive director of the Group, has provided personal guarantee to secure bank and other borrowings to the Group amounting approximately HK$34,461,000 (2023: Nil).

(e) One (2023: Two) subsidiaries of the Group have guaranteed bank borrowings made to the Company totalling approximately HK$5,301,000 (2023: HK$20,000,000) at 31 December 2024.

(f) The Company granted 5,000,000 share options to a director during the year ended 31 December 2023 which are exercisable from 6 January 2024 to 5 January 2027 at an exercise price of HK$1.45 each.

46. EVENTS AFTER THE REPORTING PERIOD

(a) On 27 February 2025, three subsidiaries of the Group, the Company and Hubei Weiyou Equity Investment Partnership (Limited Partnership) (the "**Hubei Weiyou**") entered into a capital injection agreement, pursuant to which it is conditionally agreed that (i) the registered capital of Pengbo (Hainan) would be increased from RMB150,000,000 to RMB166,666,667; and (ii) Hubei Weiyou agreed to contribute up to RMB50,000,000 into Pengbo (Hainan) to subscribe for 10% of the registered capital of Pengbo (Hainan) in amount of RMB16,666,667 as enlarged by the increase in the registered capital.

(b) As disclosed in note 19, the Group is an insurance beneficiary covering the damages to construction site in Hainan, the PRC incidental to rainstorm happened during the year ended 31 December 2024. The Group received RMB25,000,000 (equivalent to HK$27,071,000) from insurance claim as compensation income and has an ongoing insurance claim for the remaining loss as at 31 December 2024 which will be recognised only when the compensation becomes receivable. On 20 March 2025, the Group successfully received the final compensation of RMB13,000,000 (equivalent to HK$14,077,000) from the insurance company.

FIVE YEAR FINANCIAL SUMMARY

Results

	For the ended 31 December				
	2020 HK$'000	2021 HK$'000	2022 HK$'000	2023 HK$'000	**2024** **HK$'000**
Turnover	655,792	623,761	1,851,532	211,985	**70,509**
Cost of sales	(316,710)	(265,741)	(750,575)	(177,661)	**(75,449)**
Gross profit/(loss)	339,082	358,020	1,100,957	34,324	**(4,940)**
Net loss/(gain) on financial assets at fair value through profit or loss	(47)	489	2,707	–	**–**
Other income, gains/(losses)	5,817	225	4,639	(3,989)	**5,800**
Allowance for impairment loss on financial assets, net	(1,145)	(251)	(1,714)	(5,057)	**(684)**
Selling and distribution expenses	(11,848)	(11,724)	(13,726)	(14,610)	**(11,774)**
Administrative expenses	(132,489)	(157,081)	(241,156)	(138,342)	**(131,450)**
Profit/(loss) from operations	199,370	189,678	851,707	(127,674)	**(143,048)**
Finance costs	(6,498)	(6,543)	(3,495)	(5,311)	**(16,922)**
(Loss)/gain on disposal/deregistration of subsidiaries	(1,948)	–	1,696	(26)	**–**
Loss on disposal of a joint venture	–	–	–	(2)	**–**
Gain on fair value change of contingent consideration	5,494	2,141	23,658	–	**–**
Loss on extension and redemption of convertible bonds	–	(2,687)	(3,707)	–	**–**
Gain/(loss) on fair value change of convertible bonds and derivative financial instrument	6,384	(1,921)	(1,137)	18,336	**(24,156)**
Share of loss of a joint venture	–	–	(4,180)	(7,678)	**–**
Impairment loss on goodwill	–	–	(1,716)	–	**–**
Impairment loss on intangible assets	–	–	–	–	**(13,374)**
Impairment loss on property, plant and equipment	–	–	–	(16,186)	**(52,713)**
Impairment loss on right-of-use assets	–	–	–	(3,484)	**(2,584)**
Profit/(loss) before tax	202,802	180,668	862,826	(142,025)	**(252,797)**
Income tax (expense)/credit	(35,179)	(48,096)	(157,258)	1,319	**943**
Profit/(loss) for the year	167,623	132,572	705,568	(140,706)	**(251,854)**
Profit/(loss) for the year attributable to:					
Owners of the Company	30,170	19,385	258,087	(95,447)	**(198,146)**
Non-controlling interests	137,453	113,187	447,481	(45,259)	**(53,708)**
Profit/(loss) for the year	167,623	132,572	705,568	(140,706)	**(251,854)**

FIVE YEAR FINANCIAL SUMMARY

Assets and liabilities

	As at 31 December				
	2020	2021	2022	2023	**2024**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Total assets	904,121	706,782	1,470,491	662,362	**529,955**
Total liabilities	(392,016)	(240,887)	(643,971)	(171,636)	**(287,567)**
Total equity	512,105	465,895	826,520	490,726	**242,388**
Non-controlling interests	(168,774)	(70,497)	(223,845)	(27,972)	**22,554**
Equity attributable to owners of the Company	343,331	395,398	602,675	462,754	**264,942**