中 生 北 控 生 物 科 技 股 份 有 限 公 司

BIOSINO BIO-TECHNOLOGY AND SCIENCE INCORPORATION

(Incorporated in the People's Republic of China with limited liability) (Stock Code : 8247)

2024 Annual Report

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors (the "Directors") of Biosino Bio-Technology and Science Incorporation (the "Company", together with its subsidiaries, the "Group") collectively and individually accept full responsibilities, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading or deceptive; and (2) there are no other matters the omission of which would make any statement herein or this report misleading.*

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CORPORATE INFORMATION

PRC OFFICE

No. 27 Chaoqian Road
Science and Technology Industrial Park
Changping District
Beijing, PRC

HONG KONG OFFICE

66th Floor
Central Plaza, 18 Harbour Road
Wanchai, Hong Kong

WEBSITE

http://www.zhongsheng.com.cn

BOARD OF DIRECTORS

Executive Directors
Mr. Wu Lebin *(Chairman)*
Mr. Chen Peng *(President)*
Mr. Chen Zhengyong *(Vice Chairman)* (re-designated from a non-executive Director on 13 December 2024)

Non-executive Directors
Mr. Yang Peng *(Vice Chairman)*
Dr. Gao Guangxia
Mr. Li Zhonghua

Independent Non-executive Directors
Mr. Lu Qi
Prof. Shen Jiangang
Prof. Shen Zuojun
Dr. He Xin (appointed on 28 June 2024)

SUPERVISORS

Dr. Shen Sheng
Ms. Ren Junhe
Mr. Li Jifeng (resigned on 28 June 2024)
Mr. Fan Hua (appointed on 28 June 2024)

AUDIT COMMITTEE

Mr. Lu Qi *(Chairman)*
Prof. Shen Jiangang
Prof. Shen Zuojun
Dr. He Xin (appointed on 28 June 2024)

REMUNERATION COMMITTEE

Prof. Shen Zuojun *(Chairman)*
Mr. Lu Qi
Prof. Shen Jiangang
Dr. He Xin (appointed on 28 June 2024)

NOMINATION COMMITTEE

Mr. Lu Qi *(Chairman)*
Prof. Shen Jiangang
Prof. Shen Zuojun
Mr. Wu Lebin
Dr. He Xin (appointed on 28 June 2024)

CHIEF EXECUTIVE

Mr. Chen Peng *(President)*

COMPANY SECRETARY

Mr. Tung Woon Cheung Eric *CPA, CPA (U.S.)*

QUALIFIED ACCOUNTANT

Mr. Cheng King Yin *CPA, CFA*

AUTHORISED REPRESENTATIVES

Mr. Wu Lebin
Mr. Tung Woon Cheung Eric

COMPLIANCE OFFICER

Mr. Wu Lebin

AUDITORS

BDO Limited

LEGAL ADVISERS

As to Hong Kong law
Loong & Yeung Solicitors

HONG KONG H SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

Bank of Beijing
Agricultural Bank of China Limited
Bank of China (Hong Kong) Limited

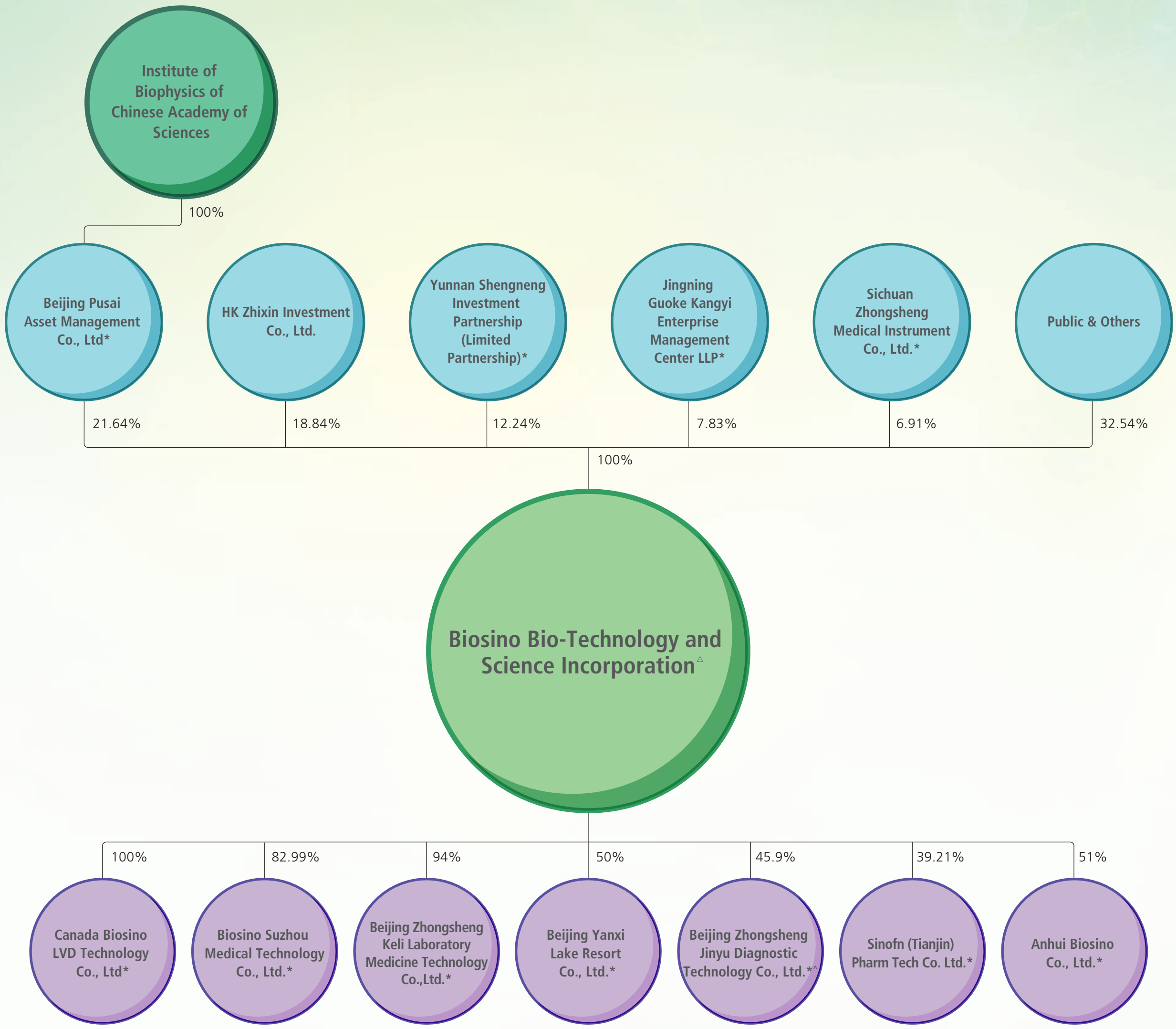
INFORMATION OF H SHARES

Place of listing:	GEM
Stock code:	8247
Number of H shares issued:	64,286,143 H shares
Nominal value:	RMB1.00 per H share
Stock short name:	Biosino Bio-Tec

GROUP PROFILE

GROUP STRUCTURE

As at 31 December 2024



* For identification purpose only

△ The H shares of Biosino Bio-Technology and Science Incorporation are listed on GEM of the Stock Exchange

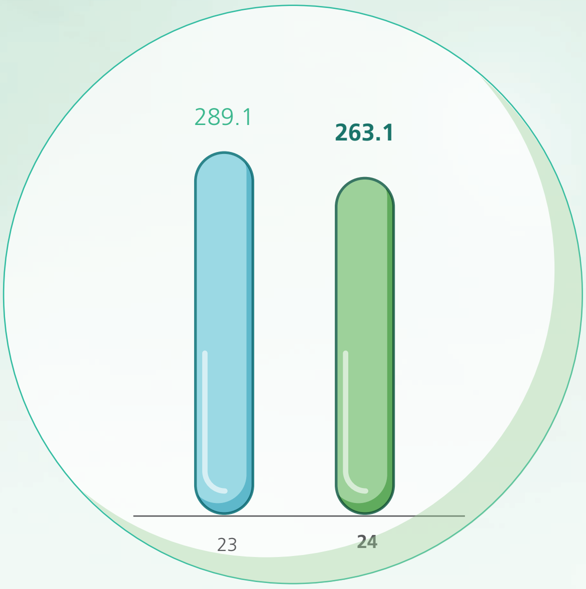
^ The shares of Beijing Zhongsheng Jinyu Diagnostic Technology Co., Ltd. are quoted on the NEEQS (the National Equities Exchange and Quotations System or The New Third Board*)

FINANCIAL HIGHLIGHTS

- Revenue for the year amounted to approximately RMB263.1 million, representing a decrease of approximately 9.0% from that of last year.
- Loss for the year amounted to approximately RMB56.9 million as compared to approximately RMB19.2 million of last year.
- The Board does not propose to declare any dividend for the year ended 31 December 2024 (2023: nil).

1. REVENUE FOR THE YEAR

(RMB million)



2. LOSS FOR THE YEAR

(RMB million)

EXECUTIVE DIRECTOR'S STATEMENT

RIDE THE TIDE AND EMBARK ON A NEW JOURNEY

DEAR SHAREHOLDERS,

It is with great pleasure that, on behalf of the board of Directors (hereinafter referred to as the "Board"), I hereby present to all shareholders of the Company (the "Shareholders") the annual results of the Group for the year ended 31 December 2024 (hereinafter referred to as the "Year" or the "Reporting Period").

DIVIDENDS

Taking into account of the Group's financial condition, cash flow and capital requirements as well as maintaining a sustainable business development in the future, the Board does not recommend the payment of any dividend for the financial year ended 31 December 2024 (2023: Nil).

BUSINESS REVIEW

The past year of 2024 was undoubtedly an extraordinary year for the Group. On behalf of the Board, I would like to express my sincerest gratitude and highest respect to our Shareholders for their consistent trust, to our partners for their support and cooperation, and to every employee for their dedicated efforts and valuable contribution.

Looking back on 2024, the In Vitro Diagnostics ("IVD") industry has experienced profound changes. As the COVID-19 testing business has gradually come to an end and although regular medical services fully resumed domestically, the market landscape had already quietly shifted. Due to the accelerated process of IVD centralised procurement and the continued expansion of implementation scope, centralised procurement and sales of medical consumables have been widely adopted, and product sales prices slumped as a result. Although centralised procurement has boosted sales growth, it was not enough to offset the revenue decline resulting from falling prices. At the same time, ongoing tightening of cost-control policies under the national medical insurance system further compressed the Company's profit margins.

However, opportunities often arise in times of crisis. With the accelerated aging of the population, the incidence of chronic diseases continues to climb up, and the demand for disease detection is growing. The government's increased investment in the health sector has fueled the development of the industry with impetus. Technological innovation has opened up broad prospects for the IVD industry. With keen market insights and resolute decision-making, the Company has been moving forward steadily in the complex and volatile market environment.

In the face of numerous challenges, all people in the Company were united in their determination and endeavour, achieving remarkable results in 2024. At the business level, despite the fluctuations in revenue from our principal businesses due to centralised procurement and medical insurance cost control, we have always adhered to quality and made every effort to consolidate our market position of traditional biochemical diagnostic products. By optimising the product structure and improving product quality, we have minimised the impact of unfavourable factors and succeeded in stabilising a certain market share.

In terms of product research and development ("R&D") and innovation, we continued to increase investment and actively deployed products in multiple channels, laying a solid foundation for future business growth. In terms of internal management, we strengthened internal control, optimised the production process, and strived to reduce costs. Through refined management, the overall operational efficiency of the Company has been improved significantly, with initial success in broadening sources of revenue and reducing expenditure. I hereby once again express my sincere appreciation to all employees, who are the most valuable assets and mainstays of the Company.

Based on its deep insight into industry trends, the Company has formulated a clear and definite development strategy. Looking forward, the IVD industry enjoys broad prospects with fierce competition. With the advancement of science and technology, intelligence and precision will become important directions for the development of the industry. Emerging technologies such as genetic diagnosis and liquid biopsy will gradually become mature, providing more powerful support for early diagnosis and personalised treatment of diseases. Meanwhile, with continuous improvement in people's health awareness, the development of IVD products will be accelerated in the direction of miniaturisation, home use, and point-of-care testing ("POCT"). To this end, in terms of product R&D, we will further increase investment in emerging technologies and accelerate the pace of R&D and launch of new products. We will strengthen cooperation with scientific research institutions and universities to enhance innovation capabilities, continuously optimise management processes and attract talents to build an efficient innovation team.

Finally, I would like to once again express my sincere thanks to everyone for your unwavering support and selfless dedication to the Company throughout 2024. Let us continue to work hand in hand in the new year to achieve even greater success, and to contribute our wisdom and strength to the advancement of the IVD industry and the protection of human health!

ACKNOWLEDGEMENT

On behalf of the Board, I would like to take this opportunity to express our sincere appreciation to all Shareholders for their continued guidance and support and to thank all of our employees for their longstanding dedication and commitment to their duties.

By order of the Board

Chen Zhengyong
Director

Beijing, the PRC
31 March 2025

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

(I) Business Environment

Biochemical Diagnostics Business has experienced a significant revenue decline due to the impact of centralised procurement. However, measures like product structure optimisation and cost-cutting have, to a certain extent, mitigated the pressure on performance. As for regular biochemical diagnostic reagents, the Company made more efforts to increase market penetration in primary medical institutions, thereby boosting sales. For high-end biochemical diagnostic reagents, the Company maintained market competitiveness by virtue of technological innovation and product upgrades. On the other hand, the immunodiagnostics business maintained its growth momentum, which was mainly attributable to the Company's continuous R&D investments and marketing efforts in a series of products for tumor markers, infectious diseases, etc., resulting in a more rapid growth in sales revenue. For the expanding IVD product portfolio, such as flow cytometry instruments and reagents and molecular diagnostic products, it is in the market incubation and promotion stage, with insignificant but promising revenue scales. The high-end scientific research for the SinoCyte flow cytometer released by the Company has been sold to some research institutions and high-end medical institutions. As the market recognition enhances and the scale of application expands, the sales of the SinoCyte flow cytometer are expected to bring significant revenue growth to the Company in the future. In terms of molecular diagnostic products, multiple projects are at clinical trial stage, and they are expected to become new growth drivers of the Company after receiving the approval for marketing.

During the Year, the Company invested approximately RMB33.4 million in R&D. Our diagnostic system products, including "Biosino Fully Automatic Sample Processing System（中生北控全自動樣品處理系統）" and "Biosino AutoProSample A960 & BioCyte Fully Automatic Flow Cytometry Workstation（中生 AutoProSample A960 & BioCyte 全自動流式工作站）", were approved for marketing. The Company has nine new products that have been registered or has applied for registration, including "Adiponectin Test Kit (Latex Immunoturbidimetry Method)". The Company has renewed the registration of 116 products, including "r-Glutamyltransferase Test Kit (GCANA Substrate Method)". In addition, the Company obtained a total of seven product patents, including "test kit for the simultaneous detection of mycoplasma pneumoniae/chlamydia pneumoniae/new coronavirus/respiratory syncytial virus/Influenza A virus/Influenza B virus", and completed the renewal of four trademarks, including "ZHONG YA" and "biosino". The industry standards "Calibrators for Biochemical Analysis" and "Glucose Determination Kit (Enzyme Method)", of which the Company had participated in the drafting, were formally published.

(a) Competitive Landscape

In 2024, competition in the IVD industry reached a new high, with a large number of companies entering in, causing keen competition for market share. In the biochemical diagnostics sector, the Company faced a double-click attack from both domestic and overseas established enterprises and new entrants. Some domestic enterprises leveraged cost advantages and convenience of localised services to rapidly capture the low- to mid-end market, while internationally renowned enterprises maintained their dominance in the high-end market with advanced technologies and strong brand influence. For example, in terms of the sales of liver function items covered by the centralised procurement policy, the Company not only had to compete fiercely with domestic price-competitive enterprises, but also needed to address the leading edge of international enterprises in terms of technological innovation and product quality, which undoubtedly increased the difficulty of market expansion.

(b) ***Policy Impact***

Impact of Centralised Procurement: In 2024, the full implementation of centralised procurement of medical consumables had a profound effect on the Company's operation. Due to the centralised procurement of liver function items, product selling price decreased significantly. In such case, it was hard to make up for the loss from price cuts despite an increase in sales volume. For instance, the average price of some key biochemical diagnostic reagents covered by centralised procurement dropped by 30% to 40%, severely squeezing profit margins. Meanwhile, revenue from biochemical diagnostic products declined at multiple sales outlets of the Company across the country. The double squeeze on prices and profits caused a significant drag on overall revenue.

Medical Insurance Cost Control: With the ongoing implementation of the national medical insurance cost control policies, medical institutions now focus more on cost-effectiveness when purchasing IVD products. This requires the Company to optimise its cost structure and enhance product quality and service standards, in order to meet the procurement needs of medical institutions in the context of medical insurance cost control. Additionally, the reform of medical insurance payment methods also had an impact on the reimbursement scope and ratio of the Company's products. Therefore, it is necessary for the Company to enhance communication and cooperation with the health insurance authority, in an effort to ensure that the products can be successfully incorporated into the medical insurance payment scope and to strive for a more favorable reimbursement policy.

(c) ***Changes in Market Demand***

Post-pandemic Adjustment: The shift in COVID-19 control policies led to a sharp decline in the needs of nucleic acid testing, resulting in obvious changes in the market demand structure of the IVD industry. The revenue growth from the Company's pandemic-related nucleic acid testing business vanished rapidly, and there was a need to refocus on market demand for regular diagnostic products. However, the slower-than-expected recovery in demand for regular diagnostics and changes in patient behavior and procurement patterns of medical institutions have brought new challenges to the Company's product promotion.

Growing Demand for Chronic Disease Products: The acceleration of population aging and rising chronic disease incidence are driving up demand for chronic disease diagnostic related IVD products. Although the Company has certain product deployment in diagnostic reagents for detecting chronic diseases, such as diabetes and cardiovascular diseases, there is still a gap in market promotion and innovation compared to the demand growth. For example, in the diabetes diagnostic reagent market, the Company's products are slow to gain market share despite increasing market demand, which requires further optimisation of product performance and enhancement of marketing efforts.

(II) The Company's Counter Measures

(a) ***Product Strategy***

Consolidating Traditional Products: The Company remains committed to maintaining the quality advantage of its traditional biochemical diagnostic products and has increased investment in R&D to optimize product performance. Through technological improvements, the stability and accuracy of biochemical diagnostic reagents have been significantly enhanced, further strengthening our customer base among hospitals and other medical institutions. For example, by optimising the formula of some core biochemical diagnostic reagents, their stability in clinical use has been significantly improved, which has reduced test errors and enhanced their competitiveness in the market.

Expanding IVD Product Portfolio: The Company strengthened the layout of multi-pipeline products, focusing on flow cytometry instruments and reagents, chemiluminescent instruments and reagents, and molecular diagnostic products etc. The Company has released high-end scientific research for the SinoCyte flow cytometer, which possesses advanced technical performance and can meet the testing needs of research institutions and high-end medical institutions. At the same time, we accelerated the R&D of chemiluminescent reagents and molecular diagnostic products. At present, a number of projects are at the clinical trial stage, which are expected to bring new revenue stream for the Company in the future.

(b) Operation and Management Strategy

Optimisation of Internal Control: The Company improved internal control management, comprehensively streamlined internal processes, and strictly managed each process. Through the establishment of a more comprehensive process management system, we have refined the management of various aspects, such as product R&D, production and sales, to effectively improve operational efficiency. For example, we introduced an advanced production management system in the production process to achieve automated process monitoring and optimisation, thus shortening production cycles and reducing costs.

Cost Control: The Company optimised the production process, and reduced production costs. As a result of technological upgrades and equipment updates, production efficiency increased, while raw material consumption and the rate of waste products decreased. Also, we have strengthened our procurement management, established long-term and stable cooperation relationships with suppliers, and reduced procurement costs through centralised procurement process and price-bargaining. For example, for raw material procurement, we entered into long-term cooperation agreements with key suppliers. By doing so, the procurement prices of some raw materials were reduced by approximately 10% to 15%.

(c) Marketing Strategy

Enhancing Customer Relationships: The Company strengthened communication and cooperation with hospitals and other medical institutions, learned about customer needs, and provided them with tailored solutions accordingly. A professional customer service team has been established to respond to customer feedback in a timely manner, and customer satisfaction has increased. For example, one-stop services, including equipment maintenance, staff training and technical support, have been offered to large hospitals, which increased customer loyalty to the Company's products.

Expanding Market Channels: The Company actively expanded domestic and international market channels and participated in various industry exhibitions and academic conferences to enhance its brand awareness. In domestic market, we enhanced our collaboration with primary medical institutions to promote product penetration in the lower-tier market. In overseas market, we partnered with local distributors to gradually increase product exports. For example, in Southeast Asia, through cooperation with local renowned distributors, we successfully launched some biochemical diagnostic reagents to the local market, with a steady growth in sales.

FINANCIAL REVIEW

Operating Revenue

During the Year, the operating revenue was approximately RMB263.1 million, representing a decrease of approximately 9.0% as compared with that of approximately RMB289.1 million for the year ended 31 December 2023 (the "Previous Year" or "2023"), which was mainly attributable to reduced market demand and falling product prices resulting from the impact of industry-wide centralised procurement.

Gross Profit and Gross Profit Margin

The gross profit during the Year was approximately RMB108.4 million, representing a decrease of approximately 14.9% as compared with that of approximately RMB127.4 million for the Previous Year and the gross profit margin was approximately 41.2% (2023: approximately 44.1%).

Selling and Distribution Expenses

During the Year, selling and distribution expenses were approximately RMB56.2 million, representing a decrease of approximately 4.7% as compared with that of approximately RMB59.0 million for the Previous Year.

Administrative Expenses

During the Year, administrative expenses were approximately RMB50.4 million, representing a decrease of approximately 2.1% as compared with that of approximately RMB51.5 million for the Previous Year.

R&D Expenses

During the Year, the total R&D expenses amounted to approximately RMB33.4 million, representing a decrease of approximately 6.7% when compared with that of approximately RMB35.8 million for the Previous Year.

Finance Costs

The finance costs were approximately RMB9.3 million, which increased by approximately 45.3% when compared with that of approximately RMB6.4 million for the Previous Year, mainly due to the increase in the cost of loans.

Impairment Losses on Financial Assets and Other Assets

The Group incurred impairment losses on financial assets of approximately RMB6.5 million (2023: RMB0.7 million) and impairment losses on other assets of approximately RMB13.0 million (2023: RMB0.6 million) during the Year, which were mainly due to a relatively weak market environment and actual sales performance falling short of expectations.

Loss for the Year

As a result, loss for the Year amounted to approximately RMB56.9 million, as compared to approximately RMB19.2 million for the Previous Year. The increase in loss was mainly attributable to the decline in revenue and gross profit, as well as the increase in impairment losses on financial assets and other assets.

Loss Attributable to Owners of the Parent

During the Year, loss attributable to owners of the parent of the Company was approximately RMB42.5 million, as compared to approximately RMB11.6 million for the Previous Year.

PRODUCTION FACILITIES

The Company owns two self-constructed plant complexes, covering a total area of approximately 37.17 mu. Both complexes have passed the examination and acceptance and repair and reconstruction stages and are in normal use. Among which, Plant Complex No.1, with a gross floor area of approximately 11,000 square metres, is mainly used for office, research and development, production of biochemical reagents and other purposes, Plant Complex No.2, with a gross floor area of approximately 5,000 square metres (with five storeys above ground), is mainly used as the production facilities for diagnostic reagents, comprising warehouse, workshops, laboratories and offices. The production facilities of each of its subsidiaries are either leased for use or constructed pursuant to relevant laws and regulations and those facilities currently are all in normal operating conditions.

FUTURE PROSPECTS

(I) Industry Trend Judgment

Scientific and Innovation-driven Development: Continued technological advancements will spur more technologic innovations in the IVD industry. For example, the application of artificial intelligence technology in diagnostic data analysis and the development of microfluidic technology in miniaturised diagnostic devices will drive the development of IVD products towards greater precision, speed and convenience. The Company will keep up with the trend of technological innovation and increase its investment in R&D in related fields, with a view to enhancing the technological sophistication and market competitiveness of its products.

Accelerating Market Consolidation: Faced with fierce competition and pressure from relevant policies, the IVD industry will experience accelerated consolidation. Large enterprises will enlarge the scale of their operation and increase market share through mergers and acquisitions ("M&A") and cooperation, while small enterprises will seek survival through differentiated competition and technological innovation. The Company should pay much attention to industry consolidation opportunities and carry out strategic M&A or cooperation in a timely manner, so as to optimise the resource allocation and enhance the overall strength of the Company.

Huge Potential in the Primary Care Market: As the state continuously improves the primary medical and health services system, the demands for IVD products in the primary care market will continue to increase. The Company should leverage its product cost-effective advantages and local service capabilities to further explore the primary care market, regarding it as an important direction for future business growth.

(II) Company Development Plan

Product R&D and Innovation: The Company will continue to increase R&D investment, accelerate product upgrades and R&D of new products, and focus on registration and approval of chemiluminescent reagents and molecular diagnostic products to ensure that the products can be launched on the market on time. Also, the Company will strengthen cooperation with research institutes and universities to carry out researches on cutting-edge technologies and to lay plans for future emerging technology areas, such as POCT (point-of-care testing) products and gene sequencing-related products.

Market Expansion: In domestic market, we will further maintain and expand the hospital client base, especially enhancing the cooperation with the primary medical institutions and privately run hospitals. We will strive to increase the market share of our products by providing quality products and superior services. In overseas market, we will formulate more proactive overseas expansion strategies, and further explore the emerging markets such as Southeast Asia, Africa and Latin America, thereby gradually enhancing international recognition and market share of the Company's products.

Operation and Management Enhancement: The Company will continue to optimise internal management processes to improve operational efficiency, enhance cost control, and reduce production costs and operating expenses. It will also improve the performance evaluation system to fully mobilise the enthusiasm and creativity of employees. Meanwhile, the Company will strengthen risk management by establishing a sound risk warning mechanism to effectively cope with various risks such as market competition and policy changes.

Strategic Cooperation and M&A: The Company will proactively seek strategic cooperation and M&A opportunities to achieve resource sharing and complementary advantages through cooperation with upstream and downstream enterprises and enterprises with complementary technologies or market resources. Additionally, the Company will commence M&A activities in a timely manner to rapidly expand its scale and business scope and enhance its market position and comprehensive competitiveness in the IVD industry.

CAPITAL STRUCTURE

During the Year, the change of capital structure of the Company as compared with that of the Previous Year is as follows:

	2024	2023
	RMB'000	RMB'000
Cash and bank balances	**68,213**	63,410
Short-term loans	**143,665**	140,737
Long-term loans	**4,556**	1,980
Net debt	**80,008**	79,307
Net debt equity ratio	**46%**	34%

LIQUIDITY AND FINANCIAL POSITION

The Group generally financed its operations with internally generated cash flows, bank and other borrowings and capital contributions from the Shareholders. As at 31 December 2024, the net debt increased by approximately RMB0.7 million year-on-year as compared with that of the Previous Year.

FOREIGN CURRENCY RISK

The Group's businesses are mostly located in the PRC and most transactions are conducted in RMB, except that the Group occasionally purchases equipment and some IVD reagent products from overseas countries for resale in the PRC and there are administrative expenses incurred by the Canadian subsidiary. A small amount of cash denominated in Hong Kong dollar ("HK$") is placed in bank accounts in Hong Kong for payment of miscellaneous expenses such as professional fees incurred in Hong Kong.

PLEDGE OF ASSETS OF THE GROUP

As at 31 December 2024, certain buildings with a net carrying amount of approximately RMB19.8 million and prepaid land lease payments with a net carrying amount of approximately RMB2.2 million were pledged to Beijing Zhongguancun Guarantee Technology Financing Guarantee Co., Ltd. ("Zhongguancun Guarantee") to secure two loans of the Group. One of the bank loans, with a principal amount of RMB28.9 million, was granted by Bank of Beijing Co., Ltd. and is scheduled to mature between January and December 2025. The other loan, with a principal amount of RMB50 million, was granted by Industrial Bank Co., Ltd. and is also due between January to December 2025. Certain buildings with a net carrying amount of RMB18.2 million were pledged to a third party as a security for the Group to obtain a bank loan of RMB10 million from China Construction Bank and another bank loan of RMB10 million from Industrial and Commercial Bank of China.

As of 31 December 2024, certain machinery with net carrying amounts of approximately RMB0.7 million were pledged to third parties to secure two loans granted to the Company which amounted to RMB4.8 million in aggregate. The loans will be due between January and March 2027.

CONTINGENT LIABILITIES

At the end of the Year, contingent liabilities not provided for in the financial statements were as follows:

	2024	2023
	RMB'000	RMB'000
Counter-guarantees given to a security company in connection with loans	**2,000**	10,000

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this annual report, there was no significant investments held, material acquisitions and disposals of subsidiaries and associates by the Company during the Year. The Group will make every endeavor to keep abreast of the changing market conditions, proactively identify investment opportunities in order to broaden the revenue base of the Group, enhance its future financial performance and profitability. Moreover, the Group will seek generic strategic expansions through acquisition(s) of suitable target(s). We are confident in the future and committed to continuous growth of the Company.

EMPLOYEES

On 31 December 2024, the Group had a total of 499 full-time employees (2023: 537 employees) based in Hong Kong and the PRC. Total staff costs of the Group (including remuneration of the Directors and the supervisors of the Company) for the Year amounted to approximately RMB103 million (2023: RMB99 million). The Group determines the emoluments of its staff and the Directors based on their qualifications and experience, performance and market rates, so as to maintain the remuneration of its staff and the Directors at a competitive level. The Group participates in various defined contribution retirement plans and insurance schemes in compliance with its statutory obligations under the laws and regulations of the PRC and Hong Kong. The Board believes that employees are one of the most valuable assets of the Group who contribute significantly to the success of the Group. The Group recognises the importance of training of its staff and hence provides regular training for the Group's staff members to enhance their technical and product knowledge.

Other than the company secretary and qualified accountant, the remaining employees of the Group are stationed in China.

CORPORATE GOVERNANCE REPORT

INTRODUCTION

The Board is committed to high standard of corporate governance with a view to safeguarding the interests of the Shareholders and achieving accountability as the Group recognises the importance of maximising Shareholders' value through effective corporate governance procedures.

CORPORATE GOVERNANCE PRACTICE

The Company had applied the principles and all the applicable code provisions (the "Code Provisions") as set out under the Corporate Governance Code (the "CG Code") contained in Appendix C1 to the GEM Listing Rules during the Reporting Period and up to the date of this report. The Directors will periodically review the Company's corporate governance policies and will propose any amendment, if necessary, to ensure compliance with the Code Provisions from time to time.

During the Reporting Period and up to the date of this report, the Company had complied with all the applicable Code Provisions of the CG Code, except for Code Provision D.2.5 of the CG Code as explained below:

Code Provision D.2.5 states that the Company should have an internal audit function. Based on the size and simple operating structure of the Group as well as the internal control processes, the Group decided not to set up an internal audit department for the time being. However, the Board has put in place adequate measures to perform the internal audit function in relation to different aspects including (i) the Board has established formal arrangements to apply financial reporting and internal control principles in accounting and financial matters to ensure compliance with the GEM Listing Rules and all relevant laws and regulations and (ii) the Company engaged an external consultant to perform an internal review on the scope determined by the audit committee of the Company. The Company considers that the existing organization structure and close supervision by the management and the abovementioned engagement of the external consultant can maintain sufficient risk management and internal control of the Group. The Board will review the need to set up an internal audit function from time to time and may set up an internal audit team if the need arises.

THE BOARD OF DIRECTORS

The Board comprises the following members during the Reporting Period:

Executive Directors:
Mr. Wu Lebin
Mr. Chen Peng
Mr. Chen Zhengyong *(re-designated from a non-executive Director on 13 December 2024)*

Non-executive Directors:
Mr. Li Zhonghua
Dr. Gao Guangxia
Mr. Yang Peng

Independent Non-executive Directors:
Mr. Lu Qi
Prof. Shen Jiangang
Prof. Shen Zuojun
Dr. He Xin *(appointed on 28 June 2024)*

In compliance with Rule 5.02D of the revised GEM Listing Rules, Dr. He Xin, who was appointed as a Director on 28 June 2024, obtained the legal advice referred to in the said Rule 5.02D on 7 June 2024, and she has confirmed that she understood her obligations as a Director.

Each of the Directors (including the non-executive Directors and independent non-executive Directors) has entered into a service contract or letter of appointment with the Company for a term of three years, but is subject to retirement by rotation at the Company's annual general meeting in accordance with the articles of association of the Company (the "Articles of Association"). The Board is mainly accountable to the owners of the parent. It is also in charge of the management, business, strategy, annual, interim and quarterly results, risk management, major acquisitions, disposals and capital transactions and other major operational and financial aspects of the Group. Major corporate matters that are specifically delegated by the Board to the management include the preparation of annual, interim and quarterly accounts for Board approval before public reporting, execution of business strategies and initiatives adopted by the Board, implementation of adequate internal control systems and risk management procedures and compliance with relevant statutory requirements, rules and regulations.

No corporate governance committee has been established and the Board is delegated with the corporate governance functions.

The Board, in carrying out its corporate governance functions, is responsible for (a) developing and reviewing the Company's policies and practices on corporate governance; (b) reviewing and monitoring the training and continuous professional development of Directors and senior management; (c) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements; (d) developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and Directors; and (e) reviewing the Company's compliance with the CG Code and disclosure in this corporate governance report.

Details of backgrounds and qualifications of the Chairman and the other Directors are set out in the Report of the Directors. All Directors have given sufficient time and attention to the affairs of the Group. Each executive Director has sufficient experience, knowledge and execution ability to hold the position so as to carry out his or her duties effectively and efficiently. There is no relationship among the members of the Board.

During the Reporting Period, the Chairman and/or Mr. Chen Zhengyong (re-designated from a non-executive Director to an executive Director on 13 December 2024) kept a close relationship with all Directors to ensure steady exchange of information with them in the course of operation and decision-making.

The executive Directors are in charge of different areas of duty. They are mainly responsible for the management of the Group's day-to-day operations such as production, operation and financial management, as well as research, technique and international relations of the Company.

All non-executive Directors are independent of the management and are in possession of solid experience in the business of the industry. These non-executive Directors provided significant advice and contribution to the development of the Company during the Reporting Period.

To ensure that independent views and input are available to the Board, the Company has established mechanisms including (i) strengthening the independent non-executive Directors' recruitment process to include criteria such as each candidates' available time commitments and qualification; (ii) reviewing the number of independent non-executive Directors on an annual basis; (iii) performing additional assessment or evaluation of independent non-executive Directors' contribution; and (iv) engage external independent professional advisors to assist performance of directors' duties. The Board reviews the implementation and effectiveness of the above mechanisms on an annual basis.

During the Report Period, the Board performed the following duties:

(a) developed and reviewed the Company's policies and practices on corporate governance and made recommendations to the Board;

(b) reviewed and monitored training and continuous professional development of the Directors and senior management;

(c) reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements;

(d) developed, reviewed and monitored the code of conduct and compliance manual of the employees and Directors;

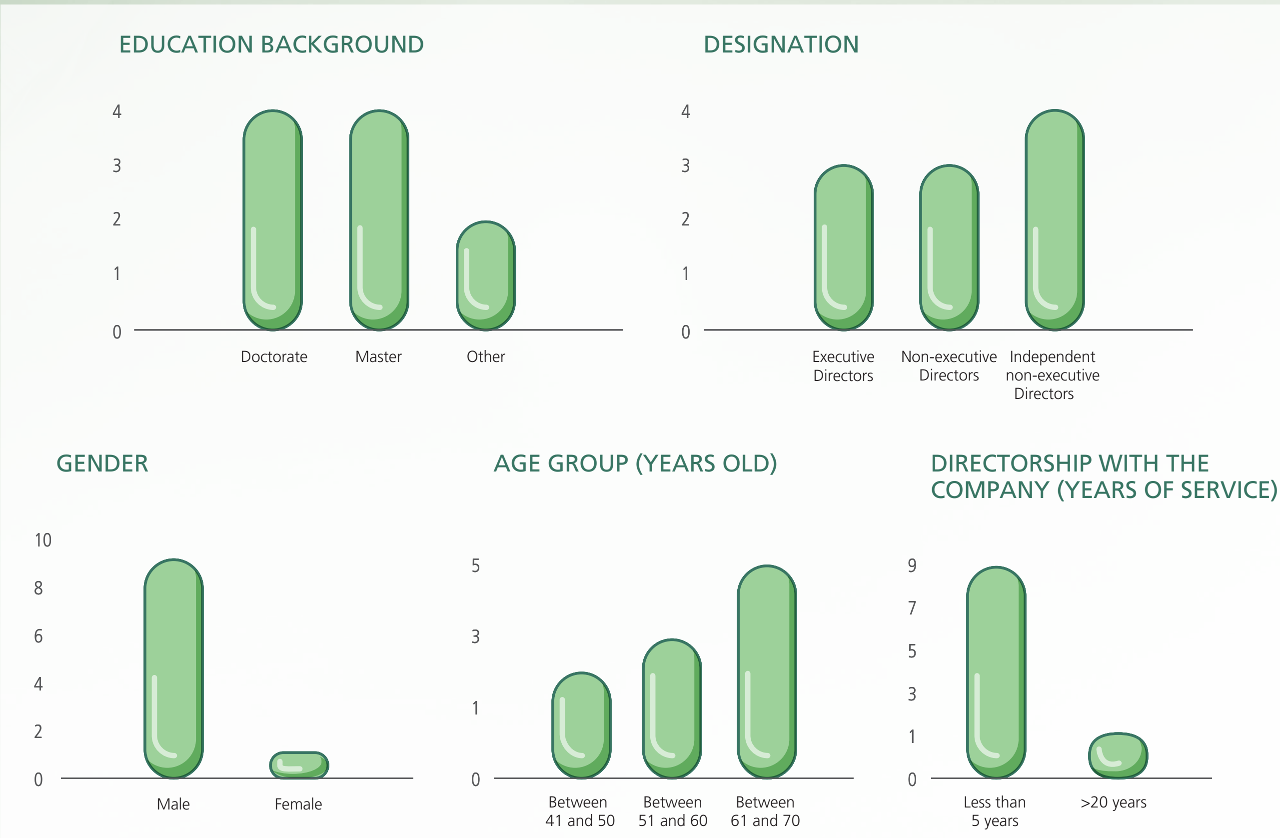
(e) reviewed whether an internal audit function is needed; and

(f) reviewed the Company's compliance with the CG Code and endorsed the annual corporate governance report.

CORPORATE GOVERNANCE REPORT

The Board fulfilled the minimum requirement of appointing at least one-third of the members of the Board as independent non-executive Directors. They have professional knowledge and extensive experience in science and technology, medical science and economics, which also conforms with the requirement of having one independent non-executive Director with appropriate qualification on professional accounting or financial management expertise. They are able to fully represent the interests of the Shareholders. The Board has received an annual confirmation of independence from each independent non-executive Director. The Company considers all of them to be independent from the Company in accordance with the guidelines set out in Rule 5.09 of the GEM Listing Rules as at the date of this report.

The Board's composition as at the date of this report under diversified perspectives is summarised as follows:



In 2024, the Board held a total of five meetings. The average attendance rate of Directors of the Company reached 96%. The details of the attendance rate of the Board and respective Directors are as follows:

Date of meeting	Total number of Directors	Number of Directors present	Attendance rate
7 March 2024	9	9	100%
27 March 2024	9	9	100%
14 June 2024	9	9	100%
13 September 2024	10	10	100%
13 December 2024	10	8	80%

Name of Directors	Number of meetings attended
Mr. Wu Lebin	4/5
Mr. Chen Zhengyong	5/5
Mr. Chen Peng	4/5
Mr. Yang Peng	5/5
Mr. Li Zhonghua	5/5
Dr. Gao Guangxia	5/5
Prof. Shen Zuojun	5/5
Mr. Lu Qi	5/5
Prof. Shen Jiangang	5/5
Dr. He Xin *(appointed on 28 June 2024)*	2/2

ANNUAL GENERAL MEETING AND EXTRAORDINARY GENERAL MEETING HELD IN 2024

The annual general meeting and extraordinary general meeting of the Company were held on 28 June 2024 and 17 October 2024 respectively in Beijing, PRC. Details of the Directors' attendance records of the meetings are as follows:

Name of Directors	Number of meetings attended
Mr. Wu Lebin	2/2
Mr. Chen Zhengyong	2/2
Mr. Chen Peng	2/2
Mr. Yang Peng	2/2
Mr. Li Zhonghua	2/2
Dr. Gao Guangxia	2/2
Prof. Shen Zuojun	1/2
Mr. Lu Qi	2/2
Prof. Shen Jiangang	1/2
Dr. He Xin *(appointed on 28 June 2024)*	1/1

CHAIRMAN AND PRESIDENT

The positions of the Chairman and the president of the Group, are currently held by Mr. Wu Lebin and Mr. Chen Peng, respectively, with clear distinction in responsibilities.

As the Chairman, Mr. Wu Lebin is responsible for the approval and supervision of the overall strategies and policies of the Group, approval of annual budgets and business plans, evaluation of the Company's performance and overseeing of the management. The other executive Directors are responsible for the day-to-day operations of the Group.

Mr. Chen Peng, being the president, is responsible for the day-to-day operations of the Group, implementation of business strategies, targets and plans formulated and adopted by the Board, and assuming accountability to the Board for the overall operation of the Group.

Since both of Mr. Wu Lebin and Mr. Chen Peng have been detained by the mainland Chinese relevant authorities in November 2024, Mr. Chen Zhengyong, the Vice Chairman and an executive Director, has been performing Mr. Wu Lebin's responsibilities and duties within the Group, while Mr. Liu Jianzhong, the finance director of the Company, has been performing Mr. Chen Peng's responsibilities and duties within the Group.

DIRECTORS' SECURITIES TRANSACTIONS

The Group has adopted a model code of conduct for dealing in the Company's securities by Directors, which was formulated in accordance with Rules 5.48 to 5.67 of the GEM Listing Rules for the purpose of setting out the standards adopted by the Company for assessing the conduct of Directors in their dealings in the securities of the Company. Any violation of this code will be regarded as a violation of the GEM Listing Rules. The Company has confirmed, after making specific enquiries with the Directors, that all Directors have complied with the required standard of dealings as set out in the model code of conduct in relation to securities dealings by directors throughout the Reporting Period.

BOARD COMMITTEES

The Board has established three Board committees, namely remuneration committee (the "Remuneration Committee"), nomination committee (the "Nomination Committee") and audit committee (the "Audit Committee") to oversee the particular aspect of the Company's affairs. The Board committees are provided with sufficient resources to discharge their duties.

REMUNERATION COMMITTEE

The Remuneration Committee was established in accordance with the Code Provisions of the CG Code with written terms of reference. The main duties of the Remuneration Committee are the determination of specific remuneration packages of all executive Directors, including benefits in kind, pension rights and compensation payments, any compensation payable for loss or termination of their office or appointment and making recommendations to the Board on the remuneration of non-executive Directors. The Remuneration Committee should consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the Group and feasibility of performance based remuneration.

The Remuneration Committee consists of four members, namely, Prof. Shen Zuojun, Mr. Lu Qi, Prof. Shen Jiangang and Dr. He Xin, with Prof. Shen Zuojun currently serves as the chairman of the Remuneration Committee.

The Remuneration Committee performed the following duties during the Year:

- reviewed and made recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on the procedures for developing remuneration policy;
- assessed the performance of executive Directors; and
- reviewed and made recommendations to the Board on the remuneration of all Directors.

The Remuneration Committee meets regularly to determine, with delegated responsibility from the Board, the policy for the remuneration packages of individual Directors and senior management and assess the performance of executive Directors and senior management of the Company and approve terms of executive Directors's service contracts, if any. During the Reporting Period, the Remuneration Committee met two times and the individual attendance of each member is set out below:

Name of Directors	**Number of meetings attended**
Prof. Shen Zuojun	2/2
Mr. Lu Qi	2/2
Prof. Shen Jiangang	2/2
Dr. He Xin *(appointed on 28 June 2024)*	0/0

The Remuneration Committee has adopted the model under Code Provision E.1.2(c)(ii) for making recommendations to the Board on the remuneration packages of individual executive Directors and senior management.

REMUNERATION OF SENIOR MANAGEMENT

The remuneration of the members of the senior management by band for the year ended 31 December 2024 is set out below:

Remuneration bands	Number of person(s)
RMB1,000,000 and under	7
RMB1,000,001 and RMB2,000,000	2

Further particulars regarding Directors' remuneration and the five highest paid employees are set out in notes 8 and 9 to the financial statements, respectively.

NOMINATION COMMITTEE

The Nomination Committee was established on 20 March 2012. The Nomination Committee is responsible for, including but not limited to, reviewing the structure, size, composition and diversity (including without limitation, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) of the Board and making recommendation to the Board on selection of candidates for directorships. In addition, the Nomination Committee is also responsible for (including but not limited to) (i) reviewing the policy for the nomination of Directors and to make disclosure of the summary of nomination policy in annual report of the Company annually; (ii) identifying individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships, having due regard for the board diversity policy and nomination policy of the Company; (iii) assessing the independence of the independent non-executive Directors; (iv) making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the chief executive officer; and (v) reviewing the board diversity policy as appropriate and making recommendations on any required changes to the Board for consideration and approval and monitor its implementation so as to ensure its effectiveness and make disclosure of its summary and the progress of its implementation in the corporate governance report.

The Board has adopted the board diversity policy (the "Board Diversity Policy") and the nomination policy (the "Nomination Policy") which are summarised below in this corporate governance report. Under the Board Diversity Policy, all Board appointments will be based on merit and candidates will be considered against selection criteria based on a range of diversity perspectives, which would include but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service.

The Nomination Committee consists of five members, namely Mr. Lu Qi, Prof. Shen Zuojun, Mr. Wu Lebin, Prof. Shen Jiangang and Dr. He Xin where Mr. Lu Qi currently serves as the chairman of the Nomination Committee.

The Nomination Committee held three meetings during the Year and performed the following duties:

– reviewed the structure, size and composition (including the skills, knowledge and experience) of the Board;

– assessed the independence of the independent non-executive Directors;

– reviewed re-appointments of the Directors;

– reviewed succession planning for Directors;

– nominated Board candidates for election/re-election by Shareholders at the annual general meeting; and

– reviewed the implementation with measurable targets, progress and effectiveness of the Nomination Policy and the Board Diversity Policy.

In carrying out its functions, the Nomination Committee met three times during the Reporting Period and prior to the publication of this report. The attendance record of the said meetings is set out as follows:

Name of Directors	**Number of meetings attended**
Mr. Lu Qi	3/3
Prof. Shen Zuojun	3/3
Mr. Wu Lebin	2/3
Prof. Shen Jiangang	3/3
Dr. He Xin *(appointed on 28 June 2024)*	1/1

Nomination Policy

The Board has adopted the Nomination Policy on 8 January 2019 in relation to the nomination, appointment, re-appointment of new Directors and the nomination procedures of the Company, which provides that in evaluating and selecting any candidate for directorship, the Nomination Committee shall consider the candidates' character and integrity, professional qualifications, skills, knowledge and experience, independence, diversity on the Board, willingness to devote adequate time to discharge duties as a Board member and such other criteria that are appropriate to the business of the Company.

Under the Nomination Policy, new Directors are nominated under the following procedures:

(i) if the Nomination Committee determines that an additional or replacement Director is required, it will utilise multiple channels for identifying suitable Director candidates, including referral from Directors, Shareholders, management, advisors of the Company and external executive search firms; and

(ii) having interviewed a list of potential candidates compiled from different sources, the Nomination Committee will select candidates and make recommendation based on the selection criteria and such other factors that it considers appropriate for consideration by the Board. The Board has the final authority on determining suitable candidate for appointment.

Under the Nomination Policy, existing Directors are re-elected under the following procedures:

(i) where a retiring Director, being eligible, offers himself for re-election, the Nomination Committee will consider and, if it is appropriate as considered by the Nomination Committee, the Nomination Committee will make a recommendation to the Board for its consideration and approval for re-election at a general meeting; and

(ii) a circular containing the requisite information on such retiring Director will be sent to Shareholders prior to a general meeting in accordance with the GEM Listing Rules.

Under the Nomination Policy, new Directors are nominated by Shareholders under the following procedures:

(i) any Shareholder who wishes to nominate a person to stand for election as a Director at a general meeting must lodge with the company secretary of the Company after the day on which the notice of the Shareholders' general meeting is despatched and at least 7 days prior to the date of such meeting: (a) a written nomination of the candidate, (b) a written confirmation from such candidate of his/her willingness to stand for election and (c) biographical details of such candidate as required under Rule 17.50(2) of the GEM Listing Rules; and

(ii) a supplementary circular will be sent to all of the Shareholders with particulars of the proposed candidate.

Board Diversity Policy

The Board has adopted the revised Board Diversity Policy on 8 January 2019 in relation to the nomination and appointment of new Directors, which provides that the selection of Board candidates shall be based on a range of diversity perspectives with reference to the Company's business model and specific needs, including but not limited to gender, age, race, language, cultural background, educational background, industry experience and professional experience.

The Board had achieved gender diversity under Rule 17.104 of the GEM Listing Rules in 2024 by appointing a female Director. The Board also recognises the importance of diversity at the workforce level. As at 31 December 2024, the gender ratio of the workforce of the Group (including senior management) was 52:48 male to female. The Group will continue to attach importance to the training for female talents and provide them with long-term development opportunities.

AUDIT COMMITTEE

The Company established the Audit Committee on 10 February 2006 in accordance with the requirements of the GEM Listing Rules.

The duties of the Audit Committee include (but not limited to):

1. supervising the accounting and financial reporting procedures and reviewing the financial statements of the Group;

2. studying carefully all the proceedings proposed by the qualified accountant, compliance officers and auditors of the Group;

3. examining and monitoring the risk management and internal control systems of the Group and other major financial matters; and

4. reviewing the relevant work of the Group's external auditors.

Members of the Audit Committee possess high sense of responsibilities. They have contributed their time and efforts to ensure efficient operation and objectivity of the Board.

The Audit Committee met once every quarter during the Reporting Period and prior to the publication of this report to review the reporting of financial statements and other information to Shareholders, the effectiveness and objectivity of the internal control process and reviewed all the quarterly, half-yearly and annual results. The Audit Committee also provides an important link between the Board and the Company's auditors in matters that arise within the scope of its terms of reference and continues to review the independence and objectivity of the auditors.

During the Reporting Period, three Audit Committee meetings were held and the individual attendance of each member is set out below:

Name of Directors	**Number of meetings attended**
Mr. Lu Qi	3/3
Prof. Shen Zuojun	3/3
Prof. Shen Jiangang	3/3
Dr. He Xin *(appointed on 28 June 2024)*	2/2

The Audit Committee consists of four members, namely Mr. Lu Qi, Prof. Shen Zuojun, Prof. Shen Jiangang and Dr. He Xin, of which Mr. Lu Qi currently serves as the chairman of the Audit Committee.

For the Reporting Period, the Audit Committee performed the following duties:

(i) reviewed the Group's annual results for 2023 and the Group's interim results for 2024;

(ii) reviewed the audit plans and findings of the external auditor;

(iii) reviewed the internal control, risk management and financial matters pursuant to its terms of reference; and

(iv) made recommendation to the Board on the re-appointment of the external auditor and its remuneration.

The Audit Committee will also meet with the auditor annually in the absence of management to discuss matters relating to any issues arising from audit and any other matters the auditor may wish to raise.

COMPANY SECRETARY

Mr. Tung Woon Cheung Eric, the company secretary of the Company, supports the Chairman, the Board and the Board committees by ensuring good information flow and that Board policy and procedures are followed. Mr. Tung advises the Board on corporate governance matters and facilitates the induction and professional development of the Directors. The company secretary is an employee of the Company and is appointed by the Board. Although the company secretary reports to the Chairman and the president of the Company, all Directors may call upon him for advice and assistance at any time in respect to their duties and the effective operation of the Board and Board committees. The company secretary also plays an essential role in the relationship between the Company and its Shareholders, including assisting the Board in discharging its obligations to Shareholders pursuant to the GEM Listing Rules.

Mr. Tung has confirmed that he has taken not less than 15 hours of relevant professional training during the financial year.

CHANGE IN AUDITORS IN PRECEDING 3 YEARS

As disclosed in the announcement of the Company dated 13 September 2024 and the circular of the Company dated 27 September 2024 in relation to the change of auditors, Ernst & Young Hua Ming LLP and Ernst & Young have resigned as the PRC auditors and the international auditors of the Company, respectively, with effect from 13 September 2024. On the same date, the Board proposed to engage BDO China Shu Lun Pan Certified Public Accountants LLP and BDO Limited as the PRC auditors and the international auditors of the Company, respectively (the "Auditors Appointment"). The Auditors Appointment was approved by the Shareholders at the extraordinary general meeting of the Company held on 17 October 2024.

AUDITORS' REMUNERATION

The Audit Committee is responsible for considering the appointment of the external auditors and reviewing any non-audit services performed by the external auditors, including whether such non-audit services could lead to any potential material adverse impact on the Group. For the year ended 31 December 2024, auditors' remuneration for audit services is approximately RMB1,277,000.

DIRECTORS' AND AUDITORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors' responsibilities for the financial statements and the responsibilities of the external auditors to the Shareholders are set out on pages 54 to 56.

The Directors have confirmed that the preparation of the Group's financial statements is in compliance with the relative regulations and applicable accounting standards. As at 31 December 2024, the Board was not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern and accordingly prepared the accounts on the going concern basis. The Directors also promise that the Group's financial statements will be distributed in due course.

DIVIDEND POLICY

The Board has adopted the "Dividend Policy" on 8 January 2019 in recommending dividends, to allow the Shareholders to participate in the Company's profits and enable the Company to retain adequate reserves for future growth, which provides that subject to the approval of the Shareholders and requirement of the relevant law, the Company shall pay annual dividends to the Shareholders if the Group is profitable, operations environment is stable and there is no significant investment or commitment made by the Group.

DIRECTORS' INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

An induction package covering the Group's businesses and the statutory and regulatory obligations of a director of a listed company is provided to each newly appointed director, if any. The Group also provides briefings and other trainings to develop and refresh the directors' knowledge and skills, and updates all directors on the regulatory requirements as necessary. During the Reporting Period, materials relating to various amendments to the GEM Listing Rules as well as new guidance letters and listing decisions were distributed to the Directors as part of their continuous professional development trainings. All Directors confirmed that they have complied with the Code Provision C.1.4 of the CG Code.

Directors	**Attended training courses/Reviewed training materials**
Mr. Wu Lebin	✔
Mr. Chen Zhengyoug	✔
Mr. Chen Peng	✔
Mr. Yang Peng	✔
Mr. Li Zhonghua	✔
Dr. Gao Guangxia	✔
Prof. Shen Zuojun	✔
Mr. Lu Qi	✔
Prof. Shen Jiangang	✔
Dr. He Xin *(appointed on 28 June 2024)*	✔

INTERNAL CONTROL AND RISK MANAGEMENT

The Board has the responsibility to maintain appropriate and effective internal control and risk management systems in order to safeguard the interest of the Group and the Shareholders, review and monitor the effectiveness of the internal control and risk management systems on a regular basis to ensure that the systems in place are adequate.

As at 31 December 2024, the Company did not establish a standalone internal audit department. However, the Board put in place adequate measures to perform the internal audit function in relation to different aspects including (i) the Board established formal arrangements to apply financial reporting and internal control principles in accounting and financial matters to ensure compliance with the GEM Listing Rules and all relevant laws and regulations and (ii) the Company engaged an external consultant to perform an internal review on the scope determined by the Audit Committee. The Company considers that the existing organisation structure and close supervision by the management and the abovementioned engagement of the external consultant can maintain sufficient risk management and internal control of the Group. The Board will review the need to set up an internal audit function from time to time and may set up an internal audit team if the need arises. The Board convenes meetings on a regular basis to discuss financial, operational and compliance controls and risk management procedures and performs quarterly review on the Group’s performance and internal control and risk management systems with the Audit Committee in order to ensure effective measures are in place to protect material assets and identify potential risks.

During the Year, the Board conducted a review and assessment of the effectiveness of the Group's internal control and risk management systems and procedures by way of discussions with the management of the Group and members of the Audit Committee.

Certain internal control defects were identified during the Reporting Period. During the Year, the Board noted the transactions between the Group with Anhui Guoke Kangyi Medical Technology Co., Ltd.*（安徽國科康儀醫療科技有限公司）in relation to (i) the sales of reagent products and the purchases of test reagents and consumables with an aggregate consideration of approximately RMB16.99 million (equivalent to approximately HK$18.69 million) during the year ended 31 December 2022 (the “2022 Transactions”) when aggregated together constituted non-exempt continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules; (ii) the sales of reagent products and the purchases of test reagents and consumables with an aggregate consideration of approximately RMB5.05 million (equivalent to approximately HK$5.56 million) during the year ended 31 December 2023 (the “2023 Transactions”) when aggregated together constituted non-exempt continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules; and (iii) the sales of reagent products and the purchases of test reagents and consumables with an aggregate consideration of approximately RMB1.61 million (equivalent to approximately HK$1.77 million) during the three months ended 31 March 2024 when aggregated together constituted exempt continuing connected transactions of the Company under Rule 20.74 of the GEM Listing Rules. After consultation with the Company's legal advisers, the Board realised that the 2022 Transactions and the 2023 Transactions were subject to the connected transaction requirements under Chapter 20 of the GEM Listing Rules. For details, please refer to the announcements of the Company dated 9 May 2024 and 27 May 2024 (the “Announcements”). In view of the fact that (i) remedial actions were taken by the Company as disclosed in the Announcements; and (ii) no recurrence of similar events has been found since then up to the date of this annual report, the Audit Committee was of the view that the Company has rectified the internal control issues and has in place adequate internal controls and procedures for connected transactions.

The Board, through its review and the review made by the external consultant and the Audit Committee, concluded that the existing internal control and risk management systems of the Group were adequate and effective. The Board has also reviewed the resources, qualifications and experience of the staff of the Group's accounting and financial reporting function and their training schemes and budget and was satisfied with their adequacy.

The Company has established a full-fledged risk management system for the Company to sort out the critical risks during the operation and management process in a comprehensive manner, and integrate risk management into all aspects of operation and management as well as all links of the business process so as to create a safe, healthy, effective and environmentally friendly working environment for its employees.

As an enterprise with diagnostic products as its principal business, the major risks that the Group may be exposed to include:

1. Industry policy risk: In engaging in the manufacturing and selling of diagnostic products (medical devices), relevant licenses granted by food and drug supervision and administration authorities must be obtained, and product quality is subject to stringent laws and regulations. Although the enterprises under the Group that are engaged in the manufacturing and operation of principal diagnostic products and medical devices have already obtained the above licenses and approvals granted by food and drug supervision and administration authorities, however, the regulations over the production and sales of diagnostic products and medical devices may be adjusted by the state. If the Group fails to make corresponding adjustments and perfection, it will cause adverse impact on its production and operation.

2. Market competition risk: Market competition is ever intensifying due to huge domestic market potential where numerous enterprises are having a foothold in the IVD and market concentration is low. The Group adopts the mainstream model of "distribution and direct selling integration with distribution as priority" in its product sales process, and has developed nearly 500 distributors in China's 30 provinces and regions. With the continuous increase in the number of distributors, the Group finds it more and more difficult to provide distributors trainings, support, management and maintenance. To establish a mutually beneficial win-win mechanism with distributors, cultivate their loyalty to the Group and products and achieve the overall sales targets together, the Group will closely cooperate with distributors through providing product training, technical support, marketing activities and other services to reduce the risks caused by significant reforms and violation of laws and regulations by distributors.

3. Product research and development and technology substitution risks: The IVD industry is characterized by high technological value, high personnel quality demand and long cycle for research and development as well as product registration, so it is necessary to increase investments in research and development, cultivate and introduce professionals to improve the Group's capability in scientific research. At the same time, sufficient argumentation need to be conducted on new research and development projects through external technology exchange to reduce the risk of possible replacement of currently-available know-how by the more advanced technology in the same industry, so as to remove the adverse impact on the sustainable development of the Group.

4. Quality control risk: The quality of IVD reagent and IVD instrument has a direct impact on the accuracy of medical diagnosis. As a result, the state sets stringent requirements on IVD products quality. With the further increase in output, quality control has always been an issue of major concern to the Group. Once the products are improperly maintained or operated during production, transportation and other aspects, it will lead to quality problem incidents and affects the Group's reputation and brands. The Group implemented an all-round quality control in product design, raw materials procurement, product manufacturing and sales as well as after-sales services according to the requirements of ISO9001: 2008 and ISO13485: 2003 quality management systems. The Company prepared a comprehensive quality management system with Quality Manual (《品質手冊》) as its core, and had passed the certification of third-party authority, so as to enable the entire process of its products (from raw materials incoming inspection to manufacturing and operation and after-sales service) is effectively under control. During the Reporting Period, there was no major quality problem.

5. Risk of key technical staff loss: The Group is one of the enterprises with the longest history in domestic IVD industry. The key factor for maintaining its competitive edge is that the Group owns a stable and high-quality talented team. The Group firmly believes that staff is crucial in an enterprise's development. The Group recruits and employs staff openly in strict compliance with the requirements of laws and regulations and enters into labor contracts with all employees to assure their legitimate interests in accordance with laws. While strengthening their development internally and promoting staff's skills, the Group is also actively soliciting external excellent talents to enrich the already competitive enterprise talent team. The Group provides newly-employed staffs with informative induction training and offers them flexible, diversified and pragmatic business trainings. The Group sets up position and salary levels of every employee based on his/her position by comprehensively assessing job category, work nature, responsibilities, job qualifications and other factors. The salary level is determined in accordance with the staff's knowledge and skills, work performance and overall performance. The Group makes active exploration in cultural development, and creates convenient conditions in work and life, especially in physical examination, settling down and holidays and festivals, aiming at enhancing staff's sense of belongings.

6. Investment and mergers and acquisitions risk: The Group integrates its industry resources through various means such as foreign investment as well as mergers and acquisitions to enhance its core competitiveness and achieve scalable effect. The Group will learn from lessons whole-heartedly and will strictly comply with the Interim Measures for the Administration of Foreign Investment (《對外投資管理暫行辦法》) to further strengthen the due diligence and research and argumentation before investing. Stringent post-investment control will be strengthened to enable share participating corporations to achieve synergy with the Group in terms of operation, management and other aspects, striving to enable target enterprises to meet the performance index within a relatively short period of time, so as to achieve the Group's strategic layout and reduce investment failure risk.

7. Account receivables risk: With the increasing efforts in market expansion and the continuous expansion of sales size, the amount in the Group's account receivables is also increasing accordingly. Hence, the bad debt risk arising therefrom is also the same. The relevant business department of the Group has taken measures to improve the frontend control of account receivables and maintains it at a reasonable level, strengthens the daily management and collection of account receivables and takes remedial actions as early as possible when risks occurred. It turns out that risk prevention is very effective if methods are appropriate and measures are strong.

8. Force majeure risk: Serious natural disasters and sudden public health incidents will cause damages to the Group's property and staff and may affect the Group's normal production and operation. The Group has set up corresponding emergency mechanisms and systems to cope with abrupt incidents, which can assure quick responses to make the Group's risk in production and operation activities controllable. The Company set up miniature fire station that equipped with part-time firemen as well as equipment and facilities. In 2024, the Group conducted one fire drill, which proved that quick response is achievable and safeguarding the safety of corporate personnel and property.

In conclusion, in facing the above risks, the Group has three defense lines in place from top to bottom, namely, business departments, senior management team and the Board and the Supervisory Committee, which are being set up based on corporate governance structure and according to possible occurrence and development. We will fulfill the responsibilities in risk identification, response, management and supervision from different aspects and to understand in time the changes of national laws and regulation and policies, so as to earnestly control, prevent, allow whistle-blowing and resolve all kinds of risks through measures of compliance operation, continuous monitoring and effective supervision. The dedicated internal auditors are in place in Quality Control Center, Finance Department and Engineering Department according to the actual needs of the Company. They perform their internal auditing responsibilities through measures such as important activities are subject to stringent review and approval procedures and important contracts are subject to lawyer review. In 2024, the Company's internal personnel and externally engaged intermediaries conducted economic accountability audits on subsidiaries. Operating risks were comprehensively audited through quarterly and half-year operation analysis meetings by the Group's members and conducting operation review meetings on respective subsidiary separately. By conducting special examination on certain high-risk segments, such as marketing, procurement, accounts receivables and instrument maintenance, we aim to promote the compliance operation of the Group's subsidiaries. We also take corresponding rectification measures in a timely manner to prevent possible risks. During the Reporting Period, no major or important omissions and defects were discovered, confirming the effectiveness of all the above measures. In 2025, the Group will amend the relevant systems and establish a more reasonable organisation structure and internal auditing structure in accordance with the overall operation objectives and key works and based on the needs of risk management, so as to enable the internal audit and control over the risks during daily operating activities is practical and more effective.

INSIDE INFORMATION POLICY

The Group has adopted an inside information disclosure policy to ensure that insiders comply with confidentiality requirements and fulfill their obligations to disclose inside information.

WHISTLEBLOWING POLICY

The Company has put in place a whistleblowing policy (the "Whistleblowing Policy") which applies to all the Directors and the Supervisors and the employees of the Group and any parties who deal with the Group. The policy is designed to provide the employees and any external parties with confidential whistleblowing channels to report to the Group the actual or suspected illegal activities and misconducts in corporate financial reporting, internal control or other areas.

Whistleblowers are able to contact the Board directly through the contact method provided on the Company's website. The identity of the whistleblower and all the concerns or irregularities raised will be treated with confidence and every effort will be made to ensure that confidentiality is maintained throughout the process.

The Audit Committee, which is responsible for oversight and monitoring of the Whistleblowing Policy and its mechanism, will make decisions on further actions (if needed).

The Company is also committed to ensuring the protection of the whistleblower against detrimental or unfair treatment.

ANTI-CORRUPTION

The Company does not tolerate any corruption, bribery, extortion, fraud or money laundering during the course of its business activities. The Company has formulated an anti-corruption policy (the "Anti-Corruption Policy") which prohibits all forms of corruption practice. The Anti-Corruption Policy forms an integral part of the Company's corporate governance framework, which sets out the specific behavioural guidelines that the employees of the Group must follow to combat corruption. The Anti-Corruption Policy is reviewed and updated on a regular basis to align with the applicable laws and regulations as well as the industry best practices. All the employees are informed and expected to act with integrity, impartiality and honesty.

RELATIONSHIP WITH THE INVESTORS

The Group has made great efforts to establish a long-term relationship with Shareholders and investors with an open-mind, an adherence to the principles of integrity, regularity, high transparency and disclose the required information in compliance with GEM Listing Rules. Since the commencement of its preparation for listing, the Group has kept enhancing its transparency to provide investors precise and real-time information through various communication channels, including investor presentation, one-to-one conversations, road shows, seminars, press conferences, press releases, and contacts with media, analysts and fund managers. Every year, the Directors hold the annual general meeting to meet the Shareholders and respond to their questions.

Constitutional Documents

Save for the adoption of new articles of association of the Company on 28 June 2024, there are no significant changes in the Company's articles of association during the Reporting Period. For details of the amendments to the Company's articles of association, please refer to the Company's circular dated 6 June 2024.

Shareholders Communication Policy

The objective of the shareholders' communication policy ensures that Shareholders are informed of balanced and understandable information about the Company (including the Group's strategies, businesses, major developments and financial performance) in a factual and timely manner and to enable them to exercise their rights as Shareholders in an informed manner. The Company aims to be open and transparent with its Shareholders and encourages Shareholders' active participation at the Company's general meetings. Information would be communicated to the Shareholders mainly through the Company's corporate communications (such as interim and annual reports, announcements and circulars), annual general meetings and other general meetings, as well as disclosure on the websites of the Company and the Stock Exchange. Quarterly reports, interim reports, annual reports and circulars are sent to the Shareholders in a timely manner and are also available on the websites of the Company and the Stock Exchange. The Company's and the Stock Exchange's websites provide Shareholders with the corporate information. Shareholders are provided with contact details of the Company as set out in the above paragraph and under "contact us" information on the Company's website at zhongsheng.com.cn in order to enable them to make any query that they may have with respect to the Company. They can also send their enquiries to the Board through these means. In addition, Shareholders can contact Tricor Standard Limited, the Hong Kong branch share registrar of the Company, if they have any enquiries about their shareholdings and entitlements to dividend.

The Company's annual general meeting allows the Directors to meet and communicate with the Shareholders. The Company ensures that Shareholders' views are communicated to the Board. The chairman of the annual general meeting proposes separate resolutions for each issue to be considered. Annual general meeting proceedings are reviewed from time to time to ensure that the Company follows good corporate governance practices. The notice of the annual general meeting is distributed to all Shareholders at least 21 days (excluding the date of meeting and the date of sending a notice) prior to the annual general meeting and the accompanying circular also sets out details of each proposed resolution and other relevant information as required under the GEM Listing Rules. Separate resolution is proposed for each issue to be considered at the meeting. The chairman of the annual general meeting exercises his power under the Articles of Association to put each proposed resolution to the vote by way of a poll. The procedures for demanding and conducting a poll are explained at the meeting prior to the polls being taken. Voting results are posted on the Company's website on the day of the annual general meeting.

After taking into account that the Shareholders have multiple channels to communicate their views as mentioned above as well as the steps taken by the Board to solicit and understand the views of Shareholders and stakeholders during the year ended 31 December 2024 including but not limited to open discussion with the Shareholders during the annual general meeting, the Board's review of the implementation and effectiveness of the shareholders' communication policy was found to be sound and adequate.

CONVENING OF EXTRAORDINARY GENERAL MEETING ON REQUISITION BY SHAREHOLDERS

Shareholders individually or collectively holding 10% or more of the Company's shares shall be entitled to propose the Board the convening of an extraordinary general meeting, provided that such proposal shall be made in writing. The Board shall, in accordance with the laws, administrative regulations and the Articles of Association, furnish a written reply stating its agreement or disagreement to the convening of the extraordinary general meeting within ten days upon receipt of such proposal. In the event that the Board agrees to convene an extraordinary general meeting, the notice of the general meeting shall be issued within five days after the passing of the relevant resolution of the Board. Any change to the original proposal made in the notice requires approval of the Shareholders concerned.

In the event that the Board does not agree to convene an extraordinary general meeting or does not furnish any reply within ten days upon receipt of the said proposal, Shareholders individually or collectively holding 10% or more of the Company's shares shall be entitled to propose to the Supervisory Committee the convening of the extraordinary general meeting, provided that such proposal shall be made in writing. In the event that the Supervisory Committee agrees to convene an extraordinary general meeting, the notice of the general meeting shall be issued within five days after the said proposal. Any changes to the original request made in the notice shall require approval of the Shareholders concerned. Failure of the Supervisory Committee to issue the notice of the general meeting within the prescribe time Limit shall be deemed as failure of the Supervisory Committee to convene and preside over a general meeting, and Shareholders individually or collectively holding 10% or more of the Company's shares for ninety consecutive days or more may convene and preside over the meeting on their own.

Expenses arising from general meetings convened by the Supervisory Committee or Shareholders shall be borne by the Company.

PROCEDURES FOR PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS

Shareholder(s) individually or jointly holding more than 3% of the Company's shares may submit a provisional motion in writing 10 days before the general meeting is convened, through the company secretary whose contact details are set out in the paragraph "Procedures for directing Shareholders' enquiries to the Board" below. The company secretary shall include in the agenda of that meeting those matters in the proposal that fall within the responsibility of the general meeting.

PROCEDURES FOR DIRECTING SHAREHOLDERS' ENQUIRIES TO THE BOARD

Shareholders may at any time send their enquiries and concerns to the Board in writing through the company secretary of the Company whose contact details are as follows:

The Company Secretary
66th Floor
Central Plaza, 18 Harbour Road
Wanchai, Hong Kong
Fax No.: (852) 2108 4001

The company secretary of the Company shall forward the Shareholders' enquiries and concerns to the Board and/or the relevant Board committees of the Company and where appropriate, respond to such enquiries.

REPORT OF THE DIRECTORS

The Directors present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Group is principally engaged in the manufacture, sale and distribution of IVD reagent products. Details of the principal activities of the principal subsidiaries are set out in note 1 to the financial statements.

Further discussion and analysis as required by Schedule 5 to the Companies Ordinance, including a fair review of the business and a discussion of the principal risks and uncertainties facing the Group, particulars of important events affecting the Group that have occurred since the end of the financial year ended 31 December 2024 and an indication of likely future development in the Group's business, are set out in the "Executive Director's Statement", "Management Discussion and Analysis" and "Corporate Governance Report" sections of this annual report. The above sections form part of this report of the Directors.

RESULTS AND DIVIDENDS

The Group's profits for the year ended 31 December 2024 and the state of affairs of the Group as at that date are set out in the financial statements on pages 57 to 127.

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

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and equity of the Group for the last five financial years, as extracted from the audited financial statements, is set out on page 128. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company and the Group during the Year are set out in note 12 to the financial statements.

SHARE CAPITAL

The annual change in the Company's issued share capital is set out in note 26 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the Company Law of the PRC which would oblige the Company to offer new shares on a pro rata basis to its existing Shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

RESERVES

Details of movements in the reserves of the Group during the Year are set out in note 27 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

Accumulated losses of the Company, as at 31 December 2024, amounted to approximately RMB53,196,000. As at 31 December 2024, the Company had no reserves available for distribution to the Shareholders as calculated in accordance with statutory provisions applicable in the PRC (31 December 2023: approximately RMB14,433,000). Details of movements in the reserves of the Company during the Year are set out in note 35 to the financial statements.

COMPLIANCE WITH LAWS AND REGULATIONS

As far as the Board is aware, the Group complied with all material respects with the relevant laws and regulations that have a significant impact on the business and operations of the Group during the Year.

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, sales to the Group's five largest customers of approximately RMB70.8 million, accounted for approximately 27% of the total revenue for the Year, in which sales to the largest customer amounted to approximately RMB21.3 million, accounted for approximately 8% of the total revenue for the Year. Purchases from the Group's five largest suppliers of approximately RMB44.2 million, accounted for approximately 30% of the total purchases for the Year, in which purchases from the largest supplier amounted to approximately RMB19.8 million, accounted for approximately 14% of total purchase for the Year. None of the Directors or any of their close associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the number of issued shares of the Company) had any beneficial interest in the Group's five largest customers and five largest suppliers.

DIRECTORS AND SUPERVISORS

The Directors and the Supervisors during the Year are as follows:

CHAIRMAN AND EXECUTIVE DIRECTOR:

Mr. Wu Lebin

VICE CHAIRMAN AND EXECUTIVE DIRECTOR:

Mr. Chen Zhengyong *(re-designated from a non-executive Director on 13 December 2024)*

VICE CHAIRMAN AND NON-EXECUTIVE DIRECTOR:

Mr. Yang Peng

PRESIDENT AND EXECUTIVE DIRECTOR:

Mr. Chen Peng

NON-EXECUTIVE DIRECTORS:

Mr. Li Zhonghua
Dr. Gao Guangxia

INDEPENDENT NON-EXECUTIVE DIRECTORS:

Mr. Lu Qi
Prof. Shen Jiangang
Prof. Shen Zuojun
Dr. He Xin *(appointed on 28 June 2024)*

SUPERVISORS:

Dr. Shen Sheng
Ms. Ren Junhe
Mr. Li Jifeng *(resigned on 28 June 2024)*
Mr. Fan Hua *(appointed on 28 June 2024)*

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company received from the independent non-executive Directors annual confirmations of their independence pursuant to Rule 5.09 of the GEM Listing Rules and as at the date of this report, the Board considers each of them to be independent.

EMOLUMENTS OF DIRECTORS AND SUPERVISORS AND HIGHEST PAID INDIVIDUALS

Details of emoluments of the Directors and the Supervisors and the five non-Director/Supervisor, highest paid individuals are set out in notes 8 and 9 to the financial statements. None of the Directors or the Supervisors waived or agreed to waive any emoluments during the Year.

EMOLUMENT POLICY

The emolument policy of the Group is on the basis of the qualifications and contributions of individuals to the Group.

The Directors' and the Supervisors' fees are subject to Shareholders' approval at general meetings. Other emoluments are determined by the Board with reference to the Directors' or the Supervisors' duties, responsibilities and performance, the results of the Group and comparable market practices.

DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the Supervisors and the senior management of the Group are set out on pages 48 to 52 of this report.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

Each of the Directors and the Supervisors (including the non-executive Directors, the independent non-executive Directors and the Supervisors) entered into a service contract or letter of appointment with the Company for a term of three years commencing from various dates of their respective appointments.

Apart from the foregoing, no Director or Supervisor had entered into or had proposed to enter into any service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' AND SUPERVISORS AND CONTROLLING SHAREHOLDERS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in Note 32 to the consolidated financial statements, there was no transaction, arrangement or contract of significance, to which the Company or any of its subsidiaries, its parent company, or its parent company's subsidiaries was a party, and in which a Director or a Supervisor or any entity connected with a Director or a Supervisor had a material interest, whether directly and indirectly, subsisting as at 31 December 2024 or any time during the Year, nor was there any other transaction, arrangement or contract of significance in relation to the Group's business between the Company or any of its subsidiaries and a controlling Shareholder or any of its subsidiaries.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2024, the interests of the Directors, the Supervisors or the chief executive of the Company in the shares and underlying shares of the Company or any associated corporations (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 be kept by the Company pursuant to Section 352 of the SFO, or as otherwise required pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules to be notified to the Company and the Stock Exchange, were as follows:

LONG POSITIONS IN SHARES OF THE COMPANY

Name	Number of the Company's domestic shares held	Percentage of the Company's domestic shares	Number of the Company's H shares held	Percentage of the Company's H shares	Percentage of the Company's total registered share capital
Mr. Wu Lebin	3,500,878	4.35%	–	–	2.42%
Mr. Chen Peng	11,330,334	14.09%	–	–	7.83%
Mr. Chen Zhengyong	10,000,000	12.43%	–	–	6.91%

Save as disclosed above, as at 31 December 2024, none of the Directors, the Supervisors or the chief executive of the Company had registered an interest or short position in the shares and underlying shares of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules.

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

None of the Directors or the Supervisors or their respective associates (as defined under the GEM Listing Rules) was granted by the Company or its subsidiaries any rights or options to acquire any shares in or debentures of the Company or had exercised any such rights as at 31 December 2024.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2024, as far as is known to any Directors and Supervisors, other than the interest of the Directors, the Supervisors and the chief executive of the Company as disclosed under the section headed "Directors', Supervisors' and Chief Executive's Interests in Shares and Underlying Shares" above, the following persons had interests in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

LONG POSITIONS IN SHARES OF THE COMPANY

Name	Capacity and nature of interest	Number of the Company's shares held		Percentage of the Company's respective type of shares		Percentage of the Company's total registered capital
		Domestic shares	H shares	Domestic shares	H shares	
Beijing Pusai Asset Management Co., Ltd. （北京普賽資產管理有限責任公司）	Directly beneficially owned	31,308,576	–	38.93%	–	21.64%
HK Zhixin Investment Co., Ltd. *(Note 1)*	Directly beneficially owned	–	27,256,143	–	42.40%	18.84%
Hainan Zhixin Investment Partnership (Limited Partnership) *(Note 1)*	Through controlled corporations	–	27,256,143	–	42.40%	18.84%
Mr. Li Dongfeng *(Note 1)*	Through controlled corporations	–	27,256,143	–	42.40%	18.84%
Mr. Yan Kang *(Note 1)*	Through controlled corporations	–	27,256,143	–	42.40%	18.84%
Yunan Shengneng Investment Partnership (Limited Partnership) *(Note 2)*	Directly beneficially owned	10,939,314	6,780,000	13.60%	10.55%	12.24%
Mr. Li Yangyixiong *(Note 2)*	Through controlled corporations	10,939,314	6,780,000	13.60%	10.55%	12.24%
	Directly beneficially owned	1,050,263	–	1.31%	–	0.73%
Jingning Guoke Kangyi Enterprise Management Center LLP *(Note 3)*	Directly beneficially owned	11,330,334	–	14.09%	–	7.83%
Sichuan Zhongsheng Medical Instrument Co., Ltd. *(Note 4)*	Directly beneficially owned	10,000,000	–	12.43%	–	6.91%
Chung Shek Enterprises Company Limited *(Note 5)*	Directly beneficially owned	–	3,800,000	–	5.91%	2.63%
K.C. Wong Education Foundation *(Note 5)*	Through controlled corporations	–	3,800,000	–	5.91%	2.63%

Notes:

1. HK Zhixin Investment Co., Ltd. ("HK Zhixin") was wholly owned by Hainan Zhixin Investment Partnership (Limited Partnership), which was owned as to approximately 36.01% and 36.01% by Mr. Yan Kang and Mr. Li Dongfeng, respectively, as the limited partners. Accordingly, Mr. Yan Kang and Mr. Li Dongfeng were deemed to be interested in the H shares owned by HK Zhixin pursuant to the SFO.

2. Yunan Shengneng Investment Partnership (Limited Partnership) ("Yunan Shengneng") was owned as to approximately 43.12% by Mr. Li Yangyixiong and seven other partners which none of them held more than one-third or more of the voting power at general meetings of Yunan Shengneng. Accordingly, Mr. Li Yangyixiong was deemed to be interested in the H shares and the domestic shares owned by Yunan Shengneng pursuant to the SFO.

3. The interests of Jingning Guoke Kangyi Enterprise Management Center LLP ("Jingning Guoke") was owned as to 99.5% by Mr. Chen Peng, the president of the Company. Accordingly, Mr. Chen Peng was deemed to be interested in the domestic shares owned by Jingning Guoke pursuant to the SFO.

4. The equity interests of Sichuan Zhongsheng Medical Instrument Co., Ltd. ("Sichuan Zhongsheng") were owned as to 77.94% by Mr. Chen Zhengyong. Accordingly, Mr. Chen Zhengyong was deemed to be interested in the domestic shares owned by Sichuan Zhongsheng pursuant to the SFO.

5. Information is extracted from the corporate substantial shareholder notices filed by Chung Shek Enterprises Company Limited and K.C. Wong Education Foundation on 7 December 2010.

Save as disclosed above, as far as is known to any Directors or Supervisors, as at 31 December 2024, no person, other than the Directors, the Supervisors and the chief executive of the Company, whose interests are set out in the section "Directors', Supervisors' and Chief Executive's Interests in Shares and Underlying Shares" above, had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

SUFFICIENCY OF PUBLIC FLOAT

Rule 11.23(7) of the GEM Listing Rules requires that at least 25% of the issuer's total number of issued shares must at all times be held by the public. In the case of the Company, shares held by the public include H shares (but not domestic shares) not held by connected persons (as defined in the GEM Listing Rules) of the Company.

As at 31 December 2024, the total number of issued H shares of the Company held by other Shareholders who were not connected persons of the Company was above 25% of the total number of issued H shares of the Company. As such, the Company has satisfied the public float requirement.

CORPORATE GOVERNANCE

The Company has always valued the superiority, steadiness and rationality of having a sound system of corporate governance.

For the year ended 31 December 2024, the Company complied with all Code Provisions and, where appropriate, adopted the recommended best practices set out in the CG Code, with the exception of Code Provision D.2.5 as addressed below.

Code Provision D.2.5 states that the Company should have an internal audit function. Based on the size and simple operating structure of the Group as well as the internal control processes, the Group decided not to set up an internal audit department for the time being. However, the Board has put in place adequate measures to perform the internal audit function in relation to different aspects including (i) the Board has established formal arrangements to apply financial reporting and internal control principles in accounting and financial matters to ensure compliance with the GEM Listing Rules and all relevant laws and regulations and (ii) the Company engaged an external consultant to perform an internal review on the scope determined by the Audit Committee. The Company considers that the existing organization structure and close supervision by the management and the abovementioned engagement of the external consultant can maintain sufficient risk management and internal control of the Group. The Board will review the need to set up an internal audit function from time to time and may set up an internal audit team if the need arises.

COMPETING INTERESTS

During the Year and up to the date of this report, none of the Directors, the Supervisors, the controlling Shareholders of the Company and their respective close associates (as defined in the GEM Listing Rules) has an interest in any business that competes or may compete, either directly or indirectly, with the business of the Group, nor any conflicts of interest which has or may have with the Group.

MANAGEMENT CONTRACTS

During the Year, there was no contract entered into by the Company relating to the management and administration of the entire or any substantial part of the business of the Group.

RELATED PARTY TRANSACTIONS

Details of the related party transactions undertaken by the Group are set out in Note 32 to the consolidated financial statements.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Save as disclosed in this annual report, during the Year, the Group did not have any material acquisitions or disposals of subsidiaries or associated companies.

PERMITTED INDEMNITY PROVISION

At no time during the Year and up to the date of this report, there was or is, any permitted indemnity provision being in force for the benefit of any of the Directors (whether made by the Company or otherwise) or an associated company (if made by the Company).

DISCLOSURES UNDER RULES 17.22 TO 17.24 OF THE GEM LISTING RULES

As at 31 December 2024, the Group had no circumstances which would give rise to a disclosure obligation under Rules 17.22 to 17.24 of the GEM Listing Rules.

CHANGE IN INFORMATION OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE

The Company is not aware of any change in the information of the Directors, the Supervisors and the chief executive, which is required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Save as disclosed elsewhere in this annual report, there are no material events affecting the Group after the end of the Reporting Period.

AUDITORS

BDO Limited will retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Chen Zhengyong
Director

Beijing, the PRC
31 March 2025

REPORT OF THE SUPERVISORY COMMITTEE

To all Shareholders,

Since the establishment of the Company, the supervisory committee of the Company (the "Supervisory Committee") has carried out its duties in accordance with the Articles of Association and relevant requirements. It has performed effective supervision, through the inspection of relevant documents and attending meetings of the Board, on resolutions made by the Board to ensure that they are in compliance with the relevant laws and regulations, the Articles of Association and in the best interests of the Shareholders. Such resolutions are made in a manner to ensure the Shareholders' interests and long-term development of the Company.

The Supervisory Committee is in the opinion that the decision-making process of the Board is in compliance with the Articles of Association and operating norms.

The Supervisory Committee considers that the Company's 2024 financial statements reflected a true and fair view of the financial position and operating results of the Company. The unqualified opinion expressed in the auditors' report issued by BDO Limited is objective and fair.

The Eighth Supervisory Committee of Biosino Bio-Technology and Science Incorporation
Fan Hua
Chairman of the Supervisory Committee

Beijing, the PRC
31 March 2025

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

CHAIRMAN OF THE BOARD

Mr. Wu Lebin（吳樂斌先生）, aged 63, is the Chairman, an executive Director and the legal representative of the Company. Mr. Wu Lebin graduated from the Jiangxi Medical College with a bachelor's degree in Medicine in 1983 and from the Graduate University of CAS with a master's degree in science in 1988. He also completed an EMBA study program jointly offered by the University of Wisconsin of the United States and the Graduate University of CAS in 2002. Prior to joining the Group, Mr. Wu served as the deputy director and the director in the CAS and the deputy director in IBP of CAS successively. He possesses over 20 years of experience in research management, technology development, administration and corporate management. Mr. Wu joined the Company in 2001. He was the president of the Company since 2003 and has acted as the Chairman since 2006 and resigned the concurrent post of president in July 2014. He served as the secretary of the Party committee in the Corporate of CAS and as the chairman of the Board in the Chinese Academy of Sciences Holdings Co., Ltd. from June 2014 to October 2019. On 4 December 2019, he again served as the president of the Company and resigned in August 2020. Mr. Wu is currently under official investigation and detained by the mainland Chinese relevant authorities due to suspected breach of law. For details, please refer to the announcements of the Company dated 13 December 2024 and 30 December 2024.

VICE CHAIRMAN AND EXECUTIVE DIRECTOR

Mr. Chen Zhengyong（陳正永先生）, aged 61, is a Vice Chairman and an executive Director. Mr. Chen obtained his diploma from Chongqing Medical and Pharmaceutical College（重慶醫藥高等專科學校）in clinical laboratory（檢驗專業）in 1983. He studied Chinese language and literature（漢語言文學專業）at Sichuan Broadcast Television University*（四川省廣播電視大學）(currently known as Sichuan Open University（四川開放大學）) from 1985 to 1988, studied Master of Business Administration at Sichuan University of Finance and Economics（四川財經大學）from 2014 to 2016 and studied Master of Business Administration at Peking University（北京大學）from 2018 to 2020. Mr. Chen has over 40 years of experience in the PRC medical testing and in vitro diagnostic industry. From 1983 to 1993, he was employed at Chengdu Tenth Hospital*（成都市第十醫院）where he was responsible for diagnostic testing. Since 1994, he has been engaged in the business of precision medicine and in vitro diagnostic. He has served as the chairman of the board of a number of companies including Sichuan Zhong Sheng Medical Devices Co., Ltd.*（四川中生醫療器械有限責任公司）since 2012, Sichuan Century Tongchang Health Management Co., Ltd.*（四川世紀同昌健康管理有限責任公司）since 2015 and Chengdu Tongchang Medical Laboratory Co., Ltd.*（成都同昌醫學檢驗所有限公司）since 2017. Mr. Chen joined the Company in May 2023.

VICE CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Mr. Yang Peng（楊鵬先生）, aged 50, is a Vice Chairman and a non-executive Director. Mr. Yang obtained a master degree of management science and engineering from the Graduate School of Chinese Academy of Sciences*（中國科學院研究生院）(currently named as University of Chinese Academy of Sciences) in 2006. Mr. Yang has worked for the Chinese Academic of Sciences for over 20 years. Mr. Yang started working in the Chinese Academy of Sciences since July 2001 and is currently a director of the Assets and Finance Division*（資產財務處）and the Science and Communication Division*（科學傳播處）in the Institute of Biophysics of the Chinese Academic of Sciences. Mr. Yang joined the Company in September 2023.

PRESIDENT AND EXECUTIVE DIRECTOR

Mr. Chen Peng（陳鵬先生）, aged 51, is the President and an executive Director. Mr. Chen graduated from Anhui University of Chinese Medicine（安徽中醫學院）with a bachelor's degree in Integrated Chinese and Western Medicine（中西醫結合臨床專業）in 1998. He served as the technical director of Shanghai Fosun High-tech (Group) Co., Ltd.*（上海複星高科技（集團）公司）, a director of Anhui Guoke Kangyi Medical Technology Co., Ltd.*（安徽國科康儀醫療科技有限公司）and Hefei Guoke Kangyi Medical Laboratory Co., Ltd.*（合肥國科康儀醫學檢驗實驗室有限公司）, the chairman and president of Hefei Anhui Meikang Hospital Investment Management Co., Ltd.（合肥安徽美康醫院投資管理股份有限公司）, the general manager of Guoke Health Hospital Industry (Hefei) Co., Ltd.*（國科健康醫院產業（合肥）有限公司）, the chairman of Guoke Health Information Technology (Anhui) Co., Ltd.（國科健康信息科技（安徽）有限公司）and the chairman of Step Stone (Suzhou) Biotechnology Co., Ltd.（踏石（蘇州）生物技術有限公司）. Mr. Chen joined the Company in December 2021. Mr. Chen Peng is currently being detained by the mainland Chinese relevant authorities. For details, please refer to the announcements of the Company dated 13 December 2024 and 30 December 2024.

NON-EXECUTIVE DIRECTORS

Mr. Li Zhonghua（李忠華先生）, aged 61, is the non-executive Director of the Company. Mr. Li was a graduate student at Kunming Medical University（昆明醫科大學）(previously known as Kunming Medical College（昆明醫學院）) and obtained his EMBA degree from Peking University HSBC Business School. Mr. Li has experience working as a supervisor teach in medical diagnostic profession, a secretary and deputy secretary of the Youth League Committee（團委書記及副書記）, a clinical laboratory doctor at the hospital. From 1993 to December 1997, Mr. Li worked at Shanghai Kehua Biotechnology Co., Ltd.*（上海科華生物科技有限公司工作）. In 1998, Mr. Li commenced his own business and was a senior management personnel that inspects medical equipment products in Yunnan Province. Mr. Li founded Kunming Huasheng Technology Co., Ltd.*（昆明華聖科技有限公司）and Yunnan Guoke Kangyi Biotechnology Co., Ltd.*（雲南國科康儀生物科技有限公司）. Currently, Mr. Li serves as the deputy director of the Pharmaceutical Professional Committee* of the Yunnan Provincial Party Committee of the Peasants and Workers Democratic Party*（農工民主黨雲南省委藥物專業委員會副主任）. Mr. Li joined the Company in May 2023.

Dr. Gao Guangxia（高光俠博士）, aged 59, is the non-executive Director of the Company. Dr. Gao obtained his bachelor's degree with a major in biochemistry from Peking University in 1988 and his doctorate degree from the department of biochemistry of Columbia University, the United States in 1995. He was a postdoctoral fellow at the Howard Hughes Medical Institute of Columbia University, the United States from 1995 to 1999 and was appointed as an associate research scientist in the Department of Biochemistry of Columbia University, the United States from 1999 to 2001. Since 2001, he has participated as a researcher in the One Hundred Talent Project（百人計劃）of Chinese Academy of Sciences. He received sponsorship from the National Outstanding Youth Fund（國家傑出青年基金）in 2002. Dr. Gao joined the Company in January 2007 and acted as a non-executive Director and the vice chairman of the Company between January 2007 and October 2014. He is currently as a research scientist at the IBP of Chinese Academy of Sciences, a director of the main laboratory of infection and immunity at Chinese Academy of Sciences, the legal representative of Beijing Pusai Funds Management Co., Ltd. He was previously the deputy director of the IBP of Chinese Academy of Sciences.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Prof. Shen Zuojun (沈佐君教授), aged 61, is an independent non-executive Director. Prof. Shen currently holds a number of positions including being an associate professor, a supervisor to doctorate degree students and a supervisor diagnostician (一級主任檢驗師) at the First Affiliated Hospital of the University of Science and Technology of China (中國科學技術大學附屬第一醫院) (also known as Anhui Provincial Hospital (安徽省立醫院)). In 1998, he obtained his doctorate degree in medicine (醫學博士學位) from China Union Medical College (中國協和醫科大學). From 1998 to 2000, he was a post-doctoral fellow (博士後) at Harvard Medical School in the United States. In 2017, Prof. Shen Zuojun was awarded as one of the 8th "National Health and Family Planning Outstanding Contribution for the Youth and Middle Aged Experts (國家衛生計生突出貢獻中青年專家)" and in 2018, he obtained special allowance from the State Council. He is currently a national member of the Clinical Laboratory Professional Committee (臨床檢驗專業委員會) of the Chinese Hospital Management Society* (中華醫院管理學會), a national member of the Health Professional Qualification Examination Expert Committee (衛生專業技術資格考試專家委員會), a member of the American Association for Clinical Chemistry (美國臨床化學會), and an editorial member of Chinese Journal of Laboratory Medicine* (中華檢驗醫學雜誌), Journal of Clinical Blood Transfusion and Laboratory* (臨床輸血與檢驗雜誌), Journal of Clinical Laboratory* (臨床檢驗雜誌). Prof. Shen joined the Company in May 2023.

Mr. Lu Qi (陸琪先生), aged 44, is an independent non-executive Director. He obtained his Bachelor of Law degree from Central University of Finance and Economics (中央財經大學) from September 1999 to July 2003 and a Master of Civil and Commercial Law degree from Central University of Finance and Economics (中央財經大學) in June 2009. He is currently a doctorate student at Finance at Northeastern University (東北大學). From August 2003 to October 2011, he worked at the Zhejiang Branch of Industrial and Commercial Bank of China (中國工商銀行銀行浙江省分行) and Zhejiang Branch of China Development Bank (國家開發銀行浙江省分行). In September 2011, he worked at China Economic System Reform Research Association (中國經濟體制改革研究會). He has acted as deputy director at the Internet and New Economy Committee (互聯網和新經濟專業委員會) since 2019. Mr. Lu joined the Company in May 2021.

Prof. Shen Jiangang (沈劍剛教授), aged 61, is an independent non-executive Director. Prof. Shen acted as a professor and chairman of the Departmental Research Postgraduate Committee at School of Chinese Medicine of The University of Hong Kong since February 2022. From July 2014 to February 2020, Prof. Shen acted as a professor and associate director (research) of School of Chinese Medicine at The University of Hong Kong. From January 2013 to July 2014, Prof. Shen acted as a professor and assistant director (research) of School of Chinese Medicine at The University of Hong Kong. From November 2005 to January 2007, Prof. Shen acted as an assistant professor at School of Chinese Medicine of The Chinese University of Hong Kong. From August 2004 to December 2005, Prof. Shen served as an assistant professor (research) at College of Pharmacy, Health Science Center, University of New Mexico in the United States of America (the "United States"). From September 2001 to September 2004, Prof. Shen served as a research assistant professor at the Department of Medicine of The University of Hong Kong. From August 1999 to September 2001, Prof. Shen was employed as a research scientist at National EPR Center, Department of Radiology at Dartmouth Medical School in the United States. From July 1995 to July 1998, Prof. Shen acted as an associate professor and associate director at Institute of Chinese Medicine, Nan-Fang Hospital, First Military Medical University (currently known as Southern Medical University) in China. From July 1990 to July 1995, Prof. Shen was a lecturer at Institute of Chinese Medicine, Nan-Fang Hospital, First Military Medical University in China. Prof. Shen joined the Company in February 2023.

Dr. He Xin（何欣博士）, aged 53, is an independent non-executive Director. She obtained a Doctor of Philosophy in Immunobiology from Yale University in 2003. She has more than 20 years of experience in healthcare enterprise operations, international business development and investment. Dr. He was the founder and the chief executive officer of RHEI Pharmaceuticals, Inc., which is a fully integrated specialty pharmaceuticals company. She was also a partner of Columbus Growth, LLC and a senior partner of Beijing Dinghui Innovative Investment Consultant Co. Ltd.*（北京鼎暉創新投資顧問有限公司）. Dr. He is currently a managing partner of Ningbo Huiding Cornerstone Investment Management Co. Ltd.*（寧波匯鼎基石投資管理有限公司）. Dr. He joined the Company in June 2024.

SUPERVISORS

Dr. Shen Sheng（沈勝博士）, aged 40, is a supervisor of the Company. He is currently a comprehensive affairs and business executive and business supervisor of the Science and Technology Cooperation and Achievement Transformation Division*in IBP. He obtained a doctorate degree in cell biology from the University of Chinese Academy of Sciences in July 2013. Thereafter, he worked as an assistant research associate at the Key Laboratory of Infection and Immunity*（感染與免疫院重點實驗室）in the Institute of Biophysics of the Chinese Academy of Sciences (the "IBP") of the Chinese Academy of Sciences. Dr. Shen joined the Company in January 2019.

Ms. Ren Junhe（任君賀女士）, aged 35, is a supervisor of the Company. From September 2009 to July 2013, she studied at Hebei University of Economics and Business and obtained a bachelor's degree in Economics. She joined the Company in 2013 and is currently the secretary to the president.

Mr. Fan Hua（范華先生）, aged 61, is a supervisor of the Company. He graduated from Accounting Profession from Sichuan Radio and TV University (currently named as The Open University of Sichuan) in 1986 and is a Chinese Certified Public Accountant. He has been engaged in finance and management works for more than 30 years and is currently the general manager of Sichuan Guoke Kangyi Medical Equipment Co., Ltd.*（四川國科康儀醫療器材有限公司）. Mr. Fan joined the Company in June 2024.

SENIOR MANAGEMENT

Mr. Liu Jianzhong（劉建中先生）, aged 60, is the finance director of the Company. Mr. Liu graduated from the Jilin Finance and Trading Institute in Accounting with a bachelor's degree in 1989. He serves as financial head of Institute of Biophysics, Chinese Academy of Sciences（中科院生物物理研究所）. He had been a finance supervisor of our subsidiary, Beijing Baiao Pharmaceuticals Co., Ltd.*（北京百奧藥業有限責任公司）for several years and joined the Company in 1994. He became the finance manager since 2014. In January 2019, he was appointed as the finance controller.

COMPANY SECRETARY

Mr. Tung Woon Cheung Eric (董渙樟先生), aged 54, is the company secretary of the Company. Mr. Tung graduated from York University, Toronto, Canada with a honor bachelor's degree in administrative studies in 1993. Mr. Tung is a certified public accountant of Hong Kong Institute of Certified Public Accountants. He is also an U.S. certified public accountant of the American Institute of Certified Public Accountants. Mr. Tung previously worked at Ernst & Young and possesses extensive experience. Mr. Tung is currently an executive director and the company secretary of Beijing Enterprises Holdings Limited (stock code: 392), an executive director, the chief financial officer and the company secretary of Beijing Enterprises Water Group Limited (stock code: 371), an independent non-executive director of each of South China Financial Holdings Limited (stock code: 619), GR Life Style Company Limited (Formerly known as GR Properties Limited) (stock code: 108) and Jinke Smart Services Group Co., Ltd. (stock code: 9666), all of which are companies listed on the Main Board of the Stock Exchange.

QUALIFIED ACCOUNTANT

Mr. Cheng King Yin (鄭敬賢先生), aged 37, is the qualified accountant of the Company. Mr. Cheng graduated from City University of Hong Kong and holds a bachelor's degree in accountancy. Mr. Cheng is a member of Hong Kong Institute of Certified Public Accountants and also a CFA charterholder. Mr. Cheng had worked at Ernst & Young and acquired extensive experience therein. Prior to joining the Company, Mr. Cheng worked at the Capital and Finance Department of Beijing Enterprises Holdings Limited (stock code: 392). Mr. Cheng joined the Company in February 2021.

INDEPENDENT AUDITOR'S REPORT

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TO THE SHAREHOLDERS OF BIOSINO BIO-TECHNOLOGY AND SCIENCE INCORPORATION
(incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of Biosino Bio-Technology and Science Incorporation (the "Company") and its subsidiaries (together the "Group") set out on pages 57 to 127, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of comprehensive loss, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

REVENUE RECOGNITION

The Group recognised total revenue amounting to RMB263,069,000 in its consolidated statement of profit or loss for the year ended 31 December 2024. Revenue is recognised when the performance obligations are satisfied, being when control of goods or service is transferred to the customers. Since revenue from the sale of goods and service is one of the key performance indicators of the Group, and due to the high volume of sales transactions, significant audit time and resources were devoted to this area, particularly in relation to the occurrence of such transactions in the correct period.

The accounting policies and disclosures for revenue recognition are included in notes 2.4 and 5 to the consolidated financial statements.

OUR RESPONSE

Our audit procedures included, among others, obtaining an understanding of and assessing the design and implementation effectiveness of key internal controls in relation to revenue recognition, and performing tests of details on a sampling basis. In addition, we confirmed selected trade receivables balances as at the end of the reporting period on a sample basis. We conducted cut-off tests to assess whether revenue was recognised in the correct reporting periods.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2023 were audited by another auditor who expressed an unmodified opinion on those statements on 27 March 2024.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company’s annual report, but does not include the consolidated financial statements and our auditor’s report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

DIRECTORS’ RESPONSIBILITIES 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 as issued by the HKICPA and the disclosure requirements of the Hong Kong 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 directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with the terms 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.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO Limited
Certified Public Accountants
Chau Ho Kit
Practising Certificate no. P08363

Hong Kong, 31 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Revenue	5	**263,069**	289,073
Cost of services		**(154,669)**	(161,708)
Gross profit		**108,400**	127,365
Other income and gains	5	**5,008**	2,182
Selling and distribution expenses		**(56,213)**	(58,950)
Administrative expenses		**(50,391)**	(51,452)
Impairment losses on financial assets		**(6,528)**	(712)
Impairment losses on other assets		**(12,974)**	(591)
Research and development expenses		**(33,418)**	(35,806)
Other expenses		**(3,889)**	(5,597)
Finance costs	7	**(9,299)**	(6,398)
Share of results of:			
Joint ventures		**(99)**	(63)
Associates		**(317)**	12,409
Loss before income tax		**(59,720)**	(17,613)
Income tax credit/(expense)	10	**2,831**	(1,628)
Loss for the year		**(56,889)**	(19,241)
Loss for the year attributable to:			
– Owners of the parent	11	**(42,532)**	(11,648)
– Non-controlling interests		**(14,357)**	(7,593)
		(56,889)	(19,241)
Loss per share attributable to ordinary equity holders of the parent			
Basic and diluted			
– For loss for the year	11	**RMB(0.294)**	RMB(0.080)

CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

For the year ended 31 December 2024

	2024 RMB'000	2023 RMB'000
LOSS FOR THE YEAR	**(56,889)**	(19,241)
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	**(50)**	38
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods	**(50)**	38
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX	**(50)**	38
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(56,939)**	(19,203)
Attributable to:		
– Owners of the parent	**(42,582)**	(11,610)
– Non-controlling interests	**(14,357)**	(7,593)
	(56,939)	(19,203)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	**2024 RMB'000**	2023 RMB'000
Assets			
Non-current assets			
Property, plant and equipment	*12*	**67,972**	74,361
Investment properties	*13*	**18,198**	20,713
Right-of-use assets	*14(a)*	**6,579**	9,318
Other intangible assets	*15*	**18,690**	26,540
Investments in joint ventures	*16*	**11,854**	11,953
Investments in associates	*17*	**62,259**	66,497
Financial assets at fair value through other comprehensive income		**550**	–
Long-term receivables		**500**	500
Deferred tax assets	*25*	**5,365**	3,229
Total non-current assets		**191,967**	213,111
Current assets			
Inventories	*18*	**53,761**	60,410
Trade and bills receivables	*19*	**121,544**	179,798
Prepayments, other receivables and other assets	*20*	**41,887**	46,522
Cash and cash equivalents	*21*	**68,213**	63,410
Total current assets		**285,405**	350,140
Current liabilities			
Trade payables	*22*	**87,108**	111,540
Other payables and accruals	*23*	**58,754**	63,009
Interest-bearing bank and other borrowings	*24*	**143,665**	140,737
Lease liabilities	*14(b)*	**3,356**	5,241
Tax payable		**12**	220
Total current liabilities		**292,895**	320,747
Net current (liabilities)/assets		**(7,490)**	29,393
Total assets less current liabilities		**184,477**	242,504

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Non-current liabilities			
Interest-bearing bank and other borrowings	*24*	**4,556**	1,980
Deferred income		**–**	66
Lease liabilities	*14(b)*	**2,269**	3,492
Deferred tax liabilities	*25*	**3,185**	5,562
Total non-current liabilities		**10,010**	11,100
Net assets		**174,467**	231,404
EQUITY			
Equity attributable to owners of the parent			
Share capital	*26*	**144,707**	144,707
Reserves	*27*	**23,098**	65,680
Total equity attributable to owners of the parent		**167,805**	210,387
Non-controlling interests		**6,662**	21,017
Total equity		**174,467**	231,404

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 31 March 2025 and were signed on its behalf by:

Chen Zhengyong
Director

Li Zhonghua
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

Year ended 31 December 2024

	Attributable to owners of the parent								
	Share capital RMB'000 (Note 26)	Capital reserves* RMB'000	Statutory reserves* RMB'000	Exchange reserves* RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income* RMB'000	Accumulated losses* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2024	144,707	140,820	49,459	(114)	(1,005)	(123,480)	210,387	21,017	231,404
Loss for the year	–	–	–	–	–	(42,532)	(42,532)	(14,357)	(56,889)
Other comprehensive income for the year:									
Exchange differences on translation of foreign operations	–	–	–	(50)	–	–	(50)	–	(50)
Total comprehensive income for the year	–	–	–	(50)	–	(42,532)	(42,582)	(14,357)	(56,939)
Contributions from non-controlling shareholders of a subsidiary	–	–	–	–	–	–	–	2	2
At 31 December 2024	144,707	140,820	49,459	(164)	(1,005)	(166,012)	167,805	6,662	174,467

* *The total of these amounts as at the reporting dates represents "Reserves" in the consolidated statements of financial position.*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

Year ended 31 December 2023

	Attributable to owners of the parent								
	Share capital RMB'000 (Note 26)	Capital reserves* RMB'000	Statutory reserves* RMB'000	Exchange reserves* RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income* RMB'000	Accumulated losses* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2023	144,707	124,672	47,978	(152)	(1,005)	(110,351)	205,849	28,258	234,107
Loss for the year	–	–	–	–	–	(11,648)	(11,648)	(7,593)	(19,241)
Other comprehensive income for the year:									
Exchange differences on translation of foreign operations	–	–	–	38	–	–	38	–	38
Total comprehensive income for the year	–	–	–	38	–	(11,648)	(11,610)	(7,593)	(19,203)
Accrued statutory reserve	–	–	1,481	–	–	(1,481)	–	–	–
Contributions from non-controlling shareholders of a subsidiary	–	16,148	–	–	–	–	16,148	352	16,500
At 31 December 2023	144,707	140,820	49,459	(114)	(1,005)	(123,480)	210,387	21,017	231,404

* *The total of these amounts as at the reporting dates represents "Reserves" in the consolidated statements of financial position.*

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(59,720)**	(17,613)
Adjustments for:			
Finance costs	7	**9,299**	6,398
Share of results of associates		**317**	(12,409)
Share of results of joint ventures		**99**	63
Other interest income	5	**(1,660)**	(326)
Loss on disposal of property, plant and equipment	6	**3,618**	2,403
Depreciation of property, plant and equipment	6	**11,060**	14,078
Depreciation of right-of-use assets	6, 14	**2,889**	3,009
Depreciation of investment properties	6, 13	**722**	722
Amortisation of other intangible assets	6	**3,137**	2,548
Impairment of trade and bills receivables	6	**5,664**	570
Impairment of other intangible assets	6	**7,546**	591
Impairment of other receivables	6	**864**	141
Impairment of investment properties	6	**1,793**	–
Impairment of property, plant and equipment	6	**3,635**	–
Provision for inventories to net realisable value	6	**1,233**	1,745
		(9,504)	1,920
Decrease/(Increase) in inventories		**5,416**	(16,018)
Decrease in trade and bills receivables		**52,590**	35,143
Decrease in prepayments, other receivables and other assets		**4,233**	7,812
Decrease in trade payables		**(24,432)**	(25,474)
Decrease in other payables and accruals		**(4,255)**	(3,698)
Decrease in deferred income		**(66)**	(761)
Cash generated from/(used in) operations activities		**23,982**	(1,076)
Income tax paid		**(1,891)**	(5,810)
Interest received		**1,660**	326
Net cash generated from/(used in) operating activities		**23,751**	(6,560)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		**(12,391)**	(16,350)
Purchases of other intangible assets		**(2,833)**	(228)
Proceeds from disposal of property, plant and equipment		**467**	378
Purchase of financial assets at fair value through profit or loss		**(550)**	–
Repayment from/(Advance to) a related party	*20(b)*	**1,500**	(1,500)
Dividends received from investment in an associate		**1,961**	–
Net cash used in investing activities		**(11,846)**	(17,700)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from bank and other borrowings		**149,950**	143,870
Repayments of bank and other borrowings		**(144,446)**	(142,254)
Advance from a related party	*32*	**–**	2,000
Repayment to a related party	*32*	**–**	(2,000)
Interest paid		**(8,881)**	(5,395)
Principal portion of lease payments	*14(b)*	**(3,676)**	(2,472)
Capital contributions from non-controlling shareholders		**2**	16,500
Net cash flows (used in)/generated from financing activities		**(7,051)**	10,249
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**4,854**	(14,011)
Cash and cash equivalents at beginning of year		**63,410**	77,349
Effect of foreign exchange rate changes, net	*6*	**(51)**	72
CASH AND CASH EQUIVALENTS AT END OF YEAR		**68,213**	63,410
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	*21*	**68,213**	63,410

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. CORPORATE AND GROUP INFORMATION

Biosino Bio-Technology and Science Incorporation (the "Company") is a limited liability company established in the People's Republic of China (the "PRC"). The registered office of the Company is located at No. 27, Chaoqian Road, Science and Technology Industrial Park, Changping District, Beijing, the PRC.

During the year ended 31 December 2024, the Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the manufacture, sale and distribution of in-vitro diagnostic reagents in the PRC.

Information about subsidiaries

Particulars of the Company's principal subsidiaries as of 31 December 2024 are as follows:

Company name	Place of establishment and operations and kind of legal entity	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company	Principal activities
Beijing Zhongsheng Jinyu Diagnostic Technology Co., Ltd. ("Zhongsheng Jinyu") (北京中生金域診斷技術股份有限公司)*	PRC/Mainland China, limited liability company	RMB30 million	45.9%	Manufacture, sale and distribution of in-vitro diagnostic reagent products
Beijing Zhongsheng Keli Laboratory Medicine Technology Co., Ltd. ("Biosino Lab") (北京中生科技成果轉化中心有限公司)	PRC/Mainland China, limited liability company	RMB50 million	94%	Medical service and medical inspection service
Biosino Suzhou Medical Technology Co., Ltd. ("Biosino Suzhou") (中生(蘇州)醫療科技有限公司)**	PRC/Mainland China, limited liability company	RMB72.9 million	82.99%	Production and sale of medical instruments
Canada Biosino LVD Technology Co., Ltd. ("Biosino Canada") (加拿大中生體外診斷技術有限公司)	Canada, limited liability company	USD3.5 million	100%	Inactive
Anhui Biosino Co., Ltd. ("Anhui Biosino") (安徽中生北控生物科技有限公司)	PRC/Mainland China, limited liability company	RMB5 million	51%	Distribution of in-vitro diagnostic reagent products

* *This entity is accounted for as a subsidiary by virtue of the Company's control over it as disclosed in note 3.*

** *In 2023 the Company entered into a capital increase agreement with other third party shareholders, pursuant to which the third party shareholders agreed to make a capital increase of RMB20 million in aggregate into Biosino Suzhou. The total registered capital of Biosino Suzhou was increased to approximately RMB72.9 million and the registered equity interest held by the Company was decreased to approximately 82.99%. As of 31 December 2024, the third party shareholders had paid capital injection of RMB16.5 million.*

1. CORPORATE AND GROUP INFORMATION *(Continued)*

Information about subsidiaries *(Continued)*

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2. ACCOUNTING POLICIES

2.1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with HKFRS Accounting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rule"). They have been prepared under the historical cost convention, except for financial assets measured at fair value through other comprehensive income which have been measured at fair value. These financial statements are presented in Chinese yuan ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee). Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.1. BASIS OF PREPARATION *(Continued)*

Basis of consolidation *(Continued)*

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Going Concern Basis

The Group incurred a loss of approximately RMB56,889,000 for the year ended 31 December 2024, and as of that date, its current liabilities exceeded its current assets by approximately RMB7,490,000. As at 31 December 2024, the Group's cash and cash equivalents amounted to approximately RMB68,213,000, while its current interest-bearing bank and other borrowings totalled approximately RMB143,665,000. The consolidated financial statements have been prepared on a going concern basis, as the directors considered that, up to the date of approval of the consolidated financial statements, the Group had successfully obtained approval for the renewal of banking facilities amounting to approximately RMB100,000,000, which the Group can draw down as bank loans if required. In addition, as of 31 December 2024, the Group had unused banking facilities of approximately RMB20,000,000 available for additional loans. The directors of the Company are of the opinion that, as a result of the above progress, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due over the period of at least twelve months from 31 December 2024. Accordingly, these consolidated financial statements have been prepared on a going concern basis.

2.2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted for the following amended HKFRSs Accounting Standards for the current year's financial statements for the first time.

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

The adoption of the above amended HKFRSs Accounting Standards did not have material impacts on the Group's results and financial position for the current or prior years and/or disclosures set out on these consolidated financial statements.

2.3. ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and amended HKFRSs Accounting Standards, that have been issued but are not yet effective, in these consolidated financial statements. The Group intends to apply these new and amended HKFRSs, if applicable, when they become effective.

Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[1]
Amendments to HKAS 21 and HKFRS 1	*Lack of Exchangeability*[2]
Amendments to HKFRS 9 and HKFRS 7	*Classification and Measurement of Financial Instruments*[3]
Amendments to HKFRS 9 and HKFRS 7	*Contracts Referencing Nature-dependent Electricity*[3]
HKFRS 19	*Subsidiaries without Public Accountability: Disclosures*[4]
HKFRS 18	*Presentation and Disclosure in Financial Statements*[4]

1 No mandatory effective date yet determined but available for adoption
2 Effective for annual periods beginning on or after 1 January 2025
3 Effective for annual periods beginning on or after 1 January 2026
4 Effective for annual periods beginning on or after 1 January 2027

Except as disclosed above, the directors of the Company anticipate that the application of these new and amended HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 - Presentation and Disclosure in Financial Statements

HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. In addition, narrow-scope amendments have been made to HKAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards. HKFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. HKFRS 18 will apply retrospectively. The directors of the Group anticipate that the application of HKFRS 18 has no impact on the Group's financial position and performance in foreseeable future, but has impact on presentation of the consolidated statement of profit or loss and other comprehensive income.

2.4. MATERIAL ACCOUNTING POLICIES

Investments in associates and joint ventures

An associate is an entity in which the Group has a long-term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

2.4. MATERIAL ACCOUNTING POLICIES *(Continued)*

Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Fair value measurement

The Group measures its equity investments at fair value at the end of each reporting period. 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 fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2.4. MATERIAL ACCOUNTING POLICIES *(Continued)*

Fair value measurement *(Continued)*

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1	–	based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3	–	based on valuation techniques for which the lowest level input that is Significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets, financial assets, investment properties and non-current assets/ a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and 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, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

2.4. MATERIAL ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	3.17% to 4.75%
Leasehold improvements	Over the shorter of lease terms and 10.00%
Machinery	8.60% to 19.40%
Furniture and fixtures	19.00% to 32.33%
Motor vehicles	19.00% to 24.25%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2.4. MATERIAL ACCOUNTING POLICIES *(Continued)*

Investment properties

Investment properties mainly comprising buildings, are held for long-term rental income. The Group's investment properties are initially measured at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses, if any. Investment properties are depreciated on the straight-line basis, at rates sufficient to write off their costs over their estimated life of 30 years. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Patents and license

Purchased patents and license are stated at cost less any impairment losses and are amortised on the straight-line basis over an estimated useful life of 10-20 years.

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding ten years, commencing from the date when the products are put into commercial production.

2.4. MATERIAL ACCOUNTING POLICIES *(Continued)*

Leases

The Group assesses at contract inception whether a 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.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) *Right-of-use assets*

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	40 years
Plant and machinery	2 to 15 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) *Lease liabilities*

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

2.4. MATERIAL ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

Group as a lessee *(Continued)*

(b) *Lease liabilities (Continued)*
In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) *Short-term leases and leases of low-value assets*
The Group applies the short-term lease recognition exemption to its short-term leases of properties (that are those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

2.4. MATERIAL ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Initial recognition and measurement *(Continued)*

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

2.4. MATERIAL ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

2.4. MATERIAL ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

2.4. MATERIAL ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

Simplified approach

For trade receivables and other receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value though profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, amounts due to shareholders, lease liabilities and interest-bearing bank borrowings.

Subsequent measurement

The subsequent measurement of loans and borrowings is as follows:

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

2.4. MATERIAL ACCOUNTING POLICIES *(Continued)*

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

2.4. MATERIAL ACCOUNTING POLICIES *(Continued)*

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the country in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2.4. MATERIAL ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Where the Group receives grants of non-monetary assets, the grants are recorded at the fair value of the nonmonetary assets and released to the statement of profit or loss over the expected useful lives of the relevant assets by equal annual instalments.

Where the Group receives government loans granted with no or at a below-market rate of interest for the construction of a qualifying asset, the initial carrying amount of the government loans is determined using the effective interest rate method, as further explained in the accounting policy for “Financial liabilities” above. The benefit of the government loans granted with no or at a below-market rate of interest, which is the difference between the initial carrying value of the loans and the proceeds received, is treated as a government grant and released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

2.4. MATERIAL ACCOUNTING POLICIES *(Continued)*

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

(a) *Sale of diagnostic reagent products*
Revenue from the sale of diagnostic reagent products is recognised at the point in time when control of the asset is transferred to the customer, generally on acceptance of the diagnostic reagent products.

(b) *Other service*
Revenue from other service is recognised at the point in time when the control of the service is transferred to the customer, generally upon the completion of service provided.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., 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. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

2.4. MATERIAL ACCOUNTING POLICIES *(Continued)*

Foreign currencies

These financial statements are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currency of an overseas subsidiary is a currency other than the RMB. As at the end of the reporting period, the assets and liabilities of the subsidiary are translated into RMB at the exchange rates prevailing at the end of the reporting period and its statement of profit or loss is translated into RMB at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Consolidation of entities in which the Group holds less than a majority of voting rights

The Group considers that it controls Zhongsheng Jinyu even though it owns less than 50% of the voting rights. This is because the Group and two other shareholders entered into an Acting in Concert agreement, which constitutes 90% of the voting rights. Since the date of acquisition of Zhongsheng Jinyu, there has been no history of the other shareholders collaborating to exercise their votes collectively or to outvote the Group.

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 described below.

Expected credit losses on trade receivables and other receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on the days from the billing date for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults in the in-vitro reagent manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 19.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets relating to recognised tax losses at 31 December 2024 was RMB1,006,000 (2023: nil). The amount of unrecognised tax losses at 31 December 2024 was RMB194,715,000 (2023: RMB151,601,000). Further details are disclosed in note 25.

Development costs

Development costs are capitalised in accordance with the accounting policy for research and development costs in note 2.4. Determining the amounts to be capitalised requires management to make assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits. At 31 December 2024, the best estimate of the carrying amount of capitalised development costs was RMB1,068,000 (2023: RMB6,088,000).

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group has one reportable operating segment, the in-vitro diagnostic reagent products segment, which manufactures, sells and distributes a variety of mono/double diagnostic reagent products.

Management monitors the operating results of the Group's business units as a whole for the purpose of making decisions about resource allocation and performance assessment. All of the Group's revenue from external customers and profits are generated from this single segment.

Geographical information

For the year ended 31 December 2024, approximately 91% of the Group's revenue was generated from customers located in Mainland China, and as at 31 December 2024, all the non-current assets of the Group were located in Mainland China.

Information about major customers

No single customer contributed to 10% or more of the Group's revenue during the year ended 31 December 2024 (2023: Revenue of approximately RMB32,832,000 was derived from sales by the in-vitro diagnostic reagent products segment to one single customer located in Anhui province, China, which accounted for approximately 11% of the Group's total revenue).

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2024	2023
	RMB'000	RMB'000
Revenue from contracts with customers	**263,069**	289,073

Revenue from contracts with customers

(a) Disaggregated revenue information

	2024	2023
	RMB'000	RMB'000
Types of goods or services		
Sale of in-vitro diagnostic reagent products	**262,231**	288,043
Other services	**838**	1,030
	263,069	289,073
Timing of revenue recognition		
Goods and services transferred at a point in time	**263,069**	289,073

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2024	2023
	RMB'000	RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of in-vitro diagnostic reagent products	**12,235**	7,544

5. REVENUE, OTHER INCOME AND GAINS *(Continued)*

Revenue from contracts with customers *(Continued)*

(b) *Performance obligations*

Information about the Group's performance obligations is summarised below:

Sale of in-vitro diagnostic reagent products
Revenue from the sale of diagnostic reagent products is recognised at the point in time when control of the asset is transferred to the customer, generally on acceptance of the diagnostic reagent products.

Other services
Revenue from other service is recognised at the point in time when the control of the service is transferred to the customer, generally upon the completion of service provided.

The amounts of transaction prices allocated to the remaining performance obligations as at 31 December are as follows:

	2024 RMB'000	2023 RMB'000
Amounts expected to be recognised as revenue:		
Within one year	**6,742**	12,235

(c) *Other income and gains*

	2024 RMB'000	2023 RMB'000
Government grants*	**1,301**	856
Other interest income	**1,660**	326
Others	**2,047**	1,000
	5,008	2,182

* *Government grants mainly represented the financial support received from local government as an incentive for technology development and there are no unfulfilled conditions attached to the government grant.*

6. LOSS BEFORE INCOME TAX

The Group's loss before income tax is arrived at after charging/(crediting):

	Notes	2024 RMB'000	2023 RMB'000
Cost of inventories sold *(i)*		**152,736**	158,866
Cost of services provided *(i)*		**1,933**	2,842
		154,669	161,708
Employee benefit expense (including directors' and supervisors' remuneration *(note 8)*):			
Wages, salaries and bonuses		**74,955**	79,763
Pension scheme contributions (defined contribution scheme) *		**9,444**	8,983
Social welfare and other costs		**18,531**	10,472
		102,930	99,218
Research and development costs *(ii)*		**33,418**	35,806
Loss on disposal of property, plant and equipment, net		**3,618**	2,403
Loss on disposal of inventories		**552**	1,358
Lease payments not included in the measurement of lease liabilities	*14(c)*	**658**	627
Auditor's remuneration		**1,277**	1,660
Depreciation of property, plant and equipment	*12*	**11,060**	14,078
Depreciation of investment properties	*13*	**722**	722
Depreciation of right-of-use assets	*14(a)*	**2,889**	3,009
Amortisation of other intangible assets *(v)*	*15*	**3,137**	2,548
Impairment of trade and bills receivables	*19*	**5,664**	570
Impairment of other receivables		**864**	141
Impairment of other intangible assets	*15*	**7,546**	591
Impairment of property, plant and equipment	*12*	**3,635**	–
Impairment of investment properties	*13*	**1,793**	–
Provision for inventories to net realisable value		**1,233**	1,745
Foreign exchange differences, net		**51**	(72)

* *There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.*

6. LOSS BEFORE INCOME TAX *(Continued)*

(i) For the year ended 31 December 2024, cost of inventories sold and services provided included the depreciation of property, plant and equipment of RMB7,422,000 (2023: RMB8,115,000), employee benefit expense of RMB18,609,000 (2023: RMB20,890,000) and depreciation of right-of-use assets of RMB1,794,000 (2023: RMB1,563,000).

(ii) For the year ended 31 December 2024, research and development costs included the depreciation of property, plant and equipment of RMB887,000 (2023: RMB3,256,000), employee benefit expense of RMB19,854,000 (2023: RMB20,498,000) and depreciation of right-of-use assets of RMB236,000 (2023: RMB479,000).

(iii) For the year ended 31 December 2024, administrative expenses included the depreciation of property, plant and equipment of RMB879,000 (2023: RMB781,000), employee benefit expense of RMB30,576,000 (2023: RMB28,178,000) and depreciation of right-of-use assets of RMB639,000 (2023: RMB695,000).

(iv) For the year ended 31 December 2024, selling and distribution expenses included the depreciation of property, plant and equipment of RMB1,872,000 (2023: RMB1,926,000), employee benefit expense of RMB33,891,000 (2023: RMB29,652,000) and depreciation of right-of-use assets of RMB220,000 (2023: RMB272,000).

(v) For the year ended 31 December 2024, the amortisation of other intangible assets of RMB3,137,000 (2023: RMB2,548,000) which is included in administrative expenses of RMB2,529,000 (2023: RMB2,405,000), research and development expenses of RMB91,000 (2023: RMB91,000), cost of sales of RMB477,000 (2023: RMB17,000) and selling and distribution expenses of RMB40,000 (2023: RMB35,000).

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2024	2023
	RMB'000	RMB'000
Interest on bank and other borrowings	**8,881**	5,780
Interest on lease liabilities	**418**	618
	9,299	6,398

8. DIRECTORS' AND SUPERVISORS' REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Group	
	2024	2023
	RMB'000	RMB'000
Fees	**150**	120
Other emoluments:		
Salaries, allowances and benefits in kind	**3,245**	3,941
Total	**3,395**	4,061

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2024	2023
	RMB'000	RMB'000
Dr. He Xin[1]	**30**	–
Prof. Shen Zuojun	**–**	10
Prof. Shen Jiangang	**60**	50
Mr. Lu Qi	**60**	60
	150	120

There were no other emoluments payable to the independent non-executive directors for the years of 2024 and 2023.

1 Dr. He Xin was appointed as an independent non-executive director on 28 June 2024.

8. DIRECTORS' AND SUPERVISORS' REMUNERATION *(Continued)*

(b) Executive directors, non-executive directors and supervisors

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Total remuneration RMB'000
2024			
Executive directors:			
Mr. Wu Lebin[1]	–	1,453	1,453
Mr. Chen Peng[1]	–	1,528	1,528
Mr. Chen Zhengyong[1]	–	–	–
	–	2,981	2,981
Non-executive directors:			
Mr. Yang Peng	–	–	–
Dr. Gao Guangxia	–	–	–
Mr. Li Zhonghua	–	–	–
	–	–	–
Supervisors:			
Mr. Fan Hua[2]	–	–	–
Mr. Li Jifeng[3]	–	–	–
Dr. Shen Sheng	–	–	–
Ms. Ren Junhe	–	264	264
	–	264	264

1 Mr. Wu Lebin（吳樂斌）("Mr. Wu"), the Chairman of the Board and an executive Director of the Company, and Mr. Chen Peng（陳鵬）, the President and an executive Director of the Company, are currently unable to perform their responsibilities and duties normally. Mr. Chen Zhengyong（陳正永）, the Vice Chairman and an executive Director of the Company, will temporarily perform Mr. Wu's responsibilities and duties within the Group.

Mr. Chen Zhengyong was re-designated from a non-executive Director to an executive Director with effect from 13 December 2024.

2 Mr. Fan Hua was appointed as an independence supervisor on 28 June 2024.

3 Mr. Li Jifeng resigned as an independence supervisor on 28 June 2024.

4 Mr. Lin Yanglin retired as an executive director on 25 May 2023.

5 Dr. Sun Zhe resigned as a non-executive director 26 September 2023.

6 Ms. Cheng Yali resigned as a non-executive director 25 May 2023.

7 Mr. Zhou Jie resigned as an independence supervisor on 25 May 2023.

8. DIRECTORS' AND SUPERVISORS' REMUNERATION *(Continued)*

(b) Executive directors, non-executive directors and supervisors *(Continued)*

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Total remuneration RMB'000
2023			
Executive directors:			
Mr. Wu Lebin	–	1,887	1,887
Mr. Lin Yanglin[4]	–	–	–
Mr. Chen Peng	–	1,812	1,812
	–	3,699	3,699
Non-executive directors:			
Mr. Chen Zhengyong	–	–	–
Mr. Yang Peng	–	–	–
Dr. Sun Zhe[5]	–	–	–
Ms. Cheng Yali[6]	–	–	–
Dr. Gao Guangxia	–	–	–
Mr. Li Zhonghua	–	–	–
	–	–	–
Supervisors:			
Mr. Zhou Jie[7]	–	–	–
Mr. Li Jifeng	–	–	–
Dr. Shen Sheng	–	–	–
Ms. Ren Junhe	–	242	242
	–	242	242

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two directors (2023: two directors), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining three (2023: three) highest paid employees who are neither a director nor supervisor of the Company are as follows:

	2024 **RMB'000**	2023 RMB'000
Salaries, allowances and benefits in kind	**1,683**	1,576
Pension scheme contributions	**177**	111
	1,860	1,687

The remuneration of the non-director and non-supervisor highest paid employees fell within the following band as follows:

	Number of employees	
	2024	2023
Nil to RMB1,000,000	**3**	3

10. INCOME TAX

Taxes on profits assessable in the PRC, where the Group operates, have been calculated at the rate of tax prevailing in the PRC. Under the PRC income tax laws, enterprises are subject to corporate income tax ("CIT") at a rate of 25%.

The Company and one of its subsidiaries, Zhongsheng Jinyu, are entitled to a preferential rate of 15% under the PRC income tax laws for a period of three years commencing from 26 October 2023 and 26 October 2022, respectively, as they are accredited by the relevant government authorities as High and New Technology Enterprises.

No Hong Kong profits tax has been provided because the Group did not generate any assessable profits in Hong Kong during the year.

	2024 **RMB'000**	2023 RMB'000
Current tax – PRC		
Provision for the year	**1,235**	1,984
Under provision in respect of previous periods	**447**	576
	1,682	2,560
Deferred *(note 25)*	**(4,513)**	(932)
Total tax (credit)/charge for the year	**(2,831)**	1,628

10. INCOME TAX *(Continued)*

The income tax expense for the year can be reconciled to the loss before tax expense per the consolidated statement of profit or loss as follows:

	2024	2023
	RMB'000	RMB'000
Loss before income tax	**(59,720)**	(17,613)
Tax at the statutory tax rate	**(14,930)**	(4,403)
Preferential tax rate or concessions	**3,538**	1,727
Adjustments in respect of current tax of previous periods	**447**	576
Loss attributable to joint ventures and associates	**(62)**	(1,852)
Accelerated research and development deductible expenses	**(6,526)**	(4,793)
Expenses not deductible for tax	**4,179**	727
Tax losses and deductible temporary differences not recognised	**10,523**	9,646
Tax (credit)/charge	**(2,831)**	1,628

The share of tax attributable to associates and joint ventures amounting to RMB62,000 (2023: RMB1,852,000) is included in "Share of results of joint ventures and associates" in the consolidated statement of profit or loss.

11. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the loss per share amount is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 144,707,176 (2023: 144,707,176) in issue during the year.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2024 and 2023 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during both the years ended 31 December 2024 and 2023.

11. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT *(Continued)*

The calculations of basic and diluted loss per share are based on:

	2024 RMB'000	2023 RMB'000
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic and diluted loss per share calculations	**42,532**	11,648

	Numbers of shares	
	2024	2023
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculations	**144,707,176**	144,707,176

12. PROPERTY, PLANT AND EQUIPMENT

	Building RMB'000	Leasehold improvements RMB'000	Machinery RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Total RMB'000
31 December 2024						
At 1 January 2024:						
Cost	40,896	49,680	205,335	8,986	7,934	312,831
Accumulated depreciation and impairment	(19,833)	(36,279)	(167,430)	(8,353)	(6,575)	(238,470)
Net carrying amount	21,063	13,401	37,905	633	1,359	74,361
At 1 January 2024, net of accumulated depreciation and impairment	21,063	13,401	37,905	633	1,359	74,361
Additions	–	–	12,100	291	–	12,391
Disposals	–	(818)	(3,214)	(35)	(18)	(4,085)
Impairment	–	–	(3,601)	–	(34)	(3,635)
Depreciation provided during the year	(1,289)	(19)	(9,024)	(273)	(455)	(11,060)
At 31 December 2024, net of accumulated depreciation	19,774	12,564	34,166	616	852	67,972
At 31 December 2024:						
Cost	40,896	48,862	214,221	9,242	7,916	321,137
Impairment	–	–	(3,601)	–	(34)	(3,635)
Accumulated depreciation	(21,122)	(36,298)	(176,454)	(8,626)	(7,030)	(249,530)
Net carrying amount	19,774	12,564	34,166	616	852	67,972

12. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Building RMB'000	Leasehold improvements RMB'000	Machinery RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Total RMB'000
31 December 2023						
At 1 January 2023:						
Cost	40,896	43,385	209,727	8,342	7,698	310,048
Accumulated depreciation and impairment	(18,557)	(33,349)	(170,848)	(7,946)	(6,504)	(237,204)
Net carrying amount	22,339	10,036	38,879	396	1,194	72,844
At 1 January 2023, net of accumulated depreciation and impairment	22,339	10,036	38,879	396	1,194	72,844
Additions	–	5,777	15,872	785	255	22,689
Disposals	–	–	(6,934)	(141)	(19)	(7,094)
Depreciation provided during the year	(1,276)	(2,412)	(9,912)	(407)	(71)	(14,078)
At 31 December 2023, net of accumulated depreciation	21,063	13,401	37,905	633	1,359	74,361
At 31 December 2023:						
Cost	40,896	49,680	205,335	8,986	7,934	312,831
Accumulated depreciation	(19,833)	(36,279)	(167,430)	(8,353)	(6,575)	(238,470)
Net carrying amount	21,063	13,401	37,905	633	1,359	74,361

The Group's buildings with a net carrying amount of approximately RMB19.8 million (31 December 2023: RMB21.1 million), and prepaid land lease payments with a net carrying amount of approximately RMB2.2 million (31 December 2023: RMB2.3 million) were pledged to Beijing Zhongguancun Guarantee Technology Financing Guarantee Co., Ltd. ("Zhongguancun Guarantee"), which guaranteed the Group two borrowings. One of the bank borrowings amounted to RMB28.9 million (31 December 2023: RMB65.2 million) in principal from Bank of Beijing Co., Ltd. The loans will be due in January to December 2025 due to different maturities. The other loans amounted to RMB50.0 million (31 December 2023: RMB nil) in principal from Industrial Bank Co., Ltd.. The loans will be due in January to December 2025 due to different maturities.

At 28 March 2024, the Company entered into a sale and leaseback agreement with Maxwealth Financial Leasing Co., Ltd. ("Maxwealth Leasing") for certain items of machinery of the Company. Pursuant to the agreement, the Company agreed to sell the machinery with an original cost of RMB6.8 million to Maxwealth Leasing with a selling price of RMB5.0 million and lease them back simultaneously. During the lease period, all significant risks and rewards regarding such machinery were borne by the Company. At the end of the lease period, the Company was awarded with a repurchase option to buy back the aforesaid machinery without consideration. The Company will pay a year rental fee of approximately RMB1.7 million to Maxwealth Leasing in 3 years with an effective interest rate of 9%. The Company was of the opinion that the substance of the leaseback arrangement is to obtain a loan from Maxwealth Leasing with the Company's machinery as securities. At 31 December 2024, the balance of the loan from Maxwealth Leasing amounted to RMB3.3 million.

12. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

At 29 February 2024, the Company entered into a sale and leaseback agreement with Chailease International Financial Leasing Corp. ("Chailease Leasing") for certain items of machinery of the Company. Pursuant to the agreement, the Company agreed to sell the machinery with an original cost of RMB3.2 million to Chailease Leasing with a selling price of RMB3 million and lease them back simultaneously. During the lease period, all significant risks and rewards regarding such machinery were borne by the Company. At the end of the lease period, the Company was awarded with a repurchase option to buy back the aforesaid machinery without consideration. The Company will pay a year rental fee of approximately RMB1.2 million to Chailease Leasing in 3 years with an effective interest rate of 6.2%. The Company was of the opinion that the substance of the leaseback arrangement is to obtain a loan from Chailease Leasing with the Company's machinery as securities. At 31 December 2024, the balance of the loan from Chailease Leasing amounted to RMB1.5 million.

During the year ended 31 December 2024, the Group has recognised an impairment loss on property, plant and equipment of RMB3.6 million due to the obsolescence of the machinery. The Group concluded there was indication for impairment and conducted impairment assessment on recoverable amounts of assets on machinery and motor vehicles.

The recoverable amount of property, plant and equipment has been determined based on fair value less cost of disposal using replacement cost method under cost approach. The recoverable amount is considered on the basis of valuations carried out by an independent qualified professional valuer who holds a recognised and relevant professional qualification and has recent experience in the category of property, plant and equipment being valued.

13. INVESTMENT PROPERTIES

	2024 **RMB'000**	2023 RMB'000
Cost		
Net carrying amount at 1 January 2024	**20,713**	21,435
Depreciation provided during the year	**(722)**	(722)
Impairment	**(1,793)**	–
Net carrying amount at 31 December 2024	**18,198**	20,713

At 31 December 2024, the Group's investment properties with a net carrying amount of approximately RMB18.2 million (31 December 2023: RMB20.7 million) were mortgaged to Beijing Chenguang Changsheng Financing Guarantee Co., Ltd., which provided guarantees for the Group, to obtain the bank borrowings of RMB10.0 million (31 December 2023: RMB10.0 million) from China Construction Bank and the bank borrowings of RMB10 million (31 December 2023: Nil) from Industrial and Commercial Bank of China.

13. INVESTMENT PROPERTIES *(Continued)*

The fair value of the Group's investment properties was approximately RMB18.2 million as at 31 December 2024, as determined by the directors of the Company with reference to the valuation performed by an independent qualified professional valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment properties being valued. Valuation was performed using market comparison approach by reference to recent sales price of comparable properties on a price per square foot basis using publicly market available data.

14. LEASES

The Group as a lessee

The Group has lease contracts for various items of plant and machinery, and equipment used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 40 years, and no ongoing payments will be made under the terms of these land leases. Leases of plant and machinery generally have lease terms between 2 and 15 years. Other equipment generally has lease terms of 12 months or less and/or is individually of low value.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Prepaid land lease payments* RMB'000	**Plant and machinery** RMB'000	**Total** RMB'000
As at 1 January 2023	2,329	9,998	12,327
Depreciation charge	(81)	(2,928)	(3,009)
As at 31 December 2023 and 1 January 2024	2,248	7,070	9,318
Additions	–	150	150
Depreciation charge	(81)	(2,808)	(2,889)
As at 31 December 2024	2,167	4,412	6,579

* Details of the information about the pledges are disclosed in note 12.

14. LEASES *(Continued)*

The Group as a lessee *(Continued)*

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2024 Lease liabilities RMB'000	2023 Lease liabilities RMB'000
Carrying amount at 1 January	**8,733**	10,587
Additions	**150**	–
Interest expense recognised during the year	**418**	618
Payments	**(3,676)**	(2,472)
Carrying amount at 31 December	**5,625**	8,733
Analysed into:		
Current portion	**3,356**	5,241
Non-current portion	**2,269**	3,492

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2024 RMB'000	2023 RMB'000
Interest on lease liabilities	**418**	618
Depreciation charge of right-of-use assets	**2,889**	3,009
Expense relating to short-term leases and leases of low-value assets	**658**	627
Total amount recognized in profit or loss	**3,965**	4,254

(d) The total cash outflow for leases and future cash outflows relating to leases that have not yet commenced are disclosed in notes 29(b) and 34.

15. OTHER INTANGIBLE ASSETS

	Patents and license RMB'000	Computer software RMB'000	Development costs RMB'000	Total RMB'000
31 December 2024				
At 31 December 2023 and 1 January 2024:				
Cost	35,177	3,399	6,088	44,664
Accumulated amortisation	(13,299)	(2,224)	–	(15,523)
Impairment	(2,601)	–	–	(2,601)
Net carrying amount	19,277	1,175	6,088	26,540
At 1 January 2024	19,277	1,175	6,088	26,540
Additions	457	–	2,376	2,833
Amortisation provided during the year	(2,805)	(332)	–	(3,137)
Transfer in/out	7,396	–	(7,396)	–
Impairment	(7,546)	–	–	(7,546)
At 31 December 2024	16,779	843	1,068	18,690
At 31 December 2024:				
Cost	43,030	3,399	1,068	47,497
Accumulated amortisation	(16,104)	(2,556)	–	(18,660)
Impairment	(10,147)	–	–	(10,147)
Net carrying amount	16,779	843	1,068	18,690

15. OTHER INTANGIBLE ASSETS *(Continued)*

	Patents and license RMB'000	Computer software RMB'000	Development costs RMB'000	Total RMB'000
31 December 2023				
At 31 December 2022 and 1 January 2023:				
Cost	35,177	3,171	3,078	41,426
Accumulated amortisation	(11,039)	(1,936)	–	(12,975)
Impairment	(2,010)	–	–	(2,010)
Net carrying amount	22,128	1,235	3,078	26,441
At 1 January 2023	22,128	1,235	3,078	26,441
Purchases/additions	–	228	3,010	3,238
Amortisation provided during the year	(2,260)	(288)	–	(2,548)
Impairment	(591)	–	–	(591)
At 31 December 2023	19,277	1,175	6,088	26,540
At 31 December 2023:				
Cost	35,177	3,399	6,088	44,664
Accumulated depreciation	(13,299)	(2,224)	–	(15,523)
Impairment	(2,601)	–	–	(2,601)
Net carrying amount	19,277	1,175	6,088	26,540

During the year ended 31 December 2024, indicators of impairment were identified due to a relatively weak market environment and actual sales performance falling short of previous expectations. Management performed an impairment assessment by estimating the recoverable amount of other intangible assets. The recoverable amount had been determined using the value in use method, which involved estimating future cash flows and discounting them at an appropriate pre-tax discount rate of 12.7%. An impairment loss of RMB7.5 million was recognised for the year ended 31 December 2024.

16. INVESTMENTS IN JOINT VENTURES

	2024 RMB'000	2023 RMB'000
Share of net assets	**11,854**	11,953

16. INVESTMENTS IN JOINT VENTURES *(Continued)*

Particulars of the Group's joint ventures as at 31 December 2024 are as follows:

Name	Registered capital	Place of registration	Proportion of ownership interest at 31 December 2024	2023	Principal activity
Beijing Yanqi Lake Resort Co., Ltd. ("Yanqi Lake") (北京雁栖湖度假村有限公司)	RMB105,350,000	PRC	**50%**	50%	Accommodation and real estate development
Suzhou Otian Medical Co., Ltd. ("Suzhou Otian") (蘇州奥潤醫療科技有限公司)	RMB85,710,000	PRC	**N/A**	35%	Inactive

The above investments are directly held by the Company.

On 18 November 2020, Zhongke (Beijing) Fund Management Company Limited ("Zhongke Fund"), a previous subsidiary of the Company, transferred 50% of its equity interest in Yanqi Lake to the Company to offset due amounts owed by Zhongke Fund to the Company, as disclosed in note 20.

The following table illustrates the summarised financial information in respect of Yanqi Lake adjusted for any differences in accounting policies in joint ventures in the financial statements:

	2024 RMB'000	2023 RMB'000
Current assets	**92**	92
Non-current assets	**68,978**	68,978
Current liabilities	**(13,067)**	(12,869)
Non-current liabilities	**(37,094)**	(37,094)
Net assets	**18,909**	19,107
Share of the joint venture's results:		
Total expenses	**(198)**	(126)
Net loss	**(198)**	(126)

16. INVESTMENTS IN JOINT VENTURES *(Continued)*

Suzhou Otian has been in dormant status since 2016 according to management's decision. Based on the status and forecast of the joint venture, the investment has been fully impaired. The Company has discontinued the recognition of its share of losses of Suzhou Otian since the year of 2017. For the year ended 31 December 2024, there were no unrecognized losses related to Suzhou Otian (2023: RMB Nil). Suzhou Otian was deregistered on 18 January 2024. The cumulative amount of unrecognized losses as of 31 December 2023 was RMB1,008,000.

17. INVESTMENTS IN ASSOCIATES

	2024 **RMB'000**	2023 RMB'000
Share of net assets	**62,259**	66,497

Particulars of the associates are as follows:

Name	**Place of registration and business**	**Percentage of ownership interest attributable to the Group**	**Principal activities**
Sinofn (Tianjin) Pharm-Tech Co., Ltd. ("Sinofn Tianjin") (中恩(天津)醫藥科技有限公司)	PRC	39.21%	Wholesale of pre-packaged healthcare food

Sinofn Tianjin is considered a material associate of the Group, which is engaged in the manufacture and wholesale of prepacked food and is accounted for using the equity method.

17. INVESTMENTS IN ASSOCIATES *(Continued)*

The following table illustrates the summarised financial information in respect of Sinofn Tianjin adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	2024	2023
	RMB'000	RMB'000
Current assets	**38,038**	67,472
Non-current assets, excluding goodwill	**174,993**	179,644
Current liabilities	**(38,558)**	(51,061)
Non-current liabilities	**(15,689)**	(26,463)
Net assets	**158,784**	169,592
Reconciliation to carrying amounts:		
Opening net assets	**169,592**	137,944
(Loss)/profit for the year	**(808)**	31,648
Dividend declared	**(10,000)**	–
Closing net assets	**158,784**	169,592
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	**39.21%**	39.21%
Group's share of net assets of the associate	**62,259**	66,497
Carrying amount of the investment	**62,259**	66,497
Revenue	**109,295**	153,421
(Loss)/profit for the year	**(808)**	31,648
Total comprehensive income for the year	**(808)**	31,648

18. INVENTORIES

	2024 RMB'000	2023 RMB'000
Raw materials	**23,554**	26,034
Work in progress	**3,883**	3,267
Semi-finished goods	**–**	1,425
Finished goods	**40,665**	43,498
	68,102	74,224
Less: Provision for inventories	**(14,341)**	(13,814)
	53,761	60,410

19. TRADE AND BILLS RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade and bills receivables	**127,845**	183,300
Less: Loss allowances for impairment	**(6,301)**	(4,502)
	121,544	179,798

The Group's customers include established customers and other customers. The established customers represent the hospital customers which purchased the Group's products for clinical, physical examination or scientific research uses. Except for certain established customers of the Group, which have been granted with payment terms ranging from four to twelve months, the credit periods of the Group granted to its customers are generally 3 months. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

19. TRADE AND BILLS RECEIVABLES *(Continued)*

An ageing analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2024 **RMB'000**	2023 RMB'000
Within 3 months	**33,801**	51,665
4 to 6 months	**20,919**	26,315
7 to 12 months	**27,428**	38,179
1 to 2 years	**31,690**	55,167
Over 2 years	**7,706**	8,472
	121,544	179,798

An ageing analysis of the trade and bills receivables by type of customers as at the end of the reporting period is as follows:

	Established customers RMB'000	**Other customers** RMB'000	**Total** RMB'000
Within 1 year	61,436	20,712	82,148
1 to 2 years	30,470	1,220	31,690
Over 2 years	6,253	1,453	7,706
	98,159	23,385	121,544

The movements in loss allowance for impairment of trade receivables are as follows:

	2024 **RMB'000**	2023 RMB'000
At beginning of year	**4,502**	3,932
Impairment losses *(note 6)*	**5,664**	570
Amounts written off as uncollectible	**(3,865)**	–
At end of year	**6,301**	4,502

19. TRADE AND BILLS RECEIVABLES *(Continued)*

The established customers namely, public hospitals, have no intention not to comply with their payment obligations in the respective contracts. In fact, payments from these hospital customers have been paying faster this year. Therefore, the Group expect a very low risk of non-collection of the overdue amounts from such established customers in general. Expected credit losses for these customers are assessed on an individual basis, taking into account the ageing of receivables, historical collection patterns, and forward-looking information. Other customers was mainly distributors. For other customers, the Group uses a provision matrix to perform an impairment analysis of trade receivables.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on the days from the billing date for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2024

		Past due			
	Current	**Less than 1 year**	**1 to 2 years**	**Over 2 Years**	**Total**
Expected credit loss rate	**–**	**7%**	**27%**	**72%**	**16%**
Gross carrying amount (RMB'000)	**17,849**	**3,067**	**1,680**	**5,119**	**27,715**
Expected credit losses (RMB'000)	**–**	**205**	**459**	**3,666**	**4,330**

As at 31 December 2023

		Past due			
	Current	Less than 1 year	1 to 2 years	Over 2 Years	Total
Expected credit loss rate	–	4%	6%	95%	10%
Gross carrying amount (RMB'000)	23,684	3,898	3,643	3,278	34,503
Expected credit losses (RMB'000)	–	157	219	3,125	3,501

20. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	Notes	2024 RMB'000	2023 RMB'000
Due from Zhongke Fund	(a)	**31,156**	31,156
Prepayments		**3,983**	5,182
Deposits and other receivables	(b)	**8,597**	12,580
		43,736	48,918
Less: Loss allowances for impairment	(b)	**(1,849)**	(2,396)
		41,887	46,522

(a) The Company sold its 51% equity interest in Zhongke Fund to Beijing Hengxing Huawei Commerce Co., Ltd. ("Beijing Hengxing") on 25 December 2019. Zhongke Fund ceased to be a subsidiary of the Company thereafter. Before the disposal, the Company had provided loans to Zhongke Fund with the principals of RMB163.2 million and interest of RMB21.1 million to support its business operation; and the aggregated amounts due on 31 December 2019 totalled to RMB184.3 million. These loans had various repayment dates with different interest rates.

On 26 December 2019, the Company, Zhongke Fund, Yanqi Lake and Ms. Lin Rongjia, the 70% equity interest holder of Beijing Hengxing, entered into a facility and guarantee agreement regarding the repayment of payables amounting to RMB184.3 million owed by Zhongke Fund. Pursuant to the agreement:

(i) RMB184.3 million shall be repaid by Zhongke Fund on or before 30 June 2020; and

(ii) a guarantee was given by each of Yanqi Lake and Ms. Lin Rongjia jointly in favour of the Company to guarantee Zhongke Fund's repayment of all amounts due under the facility and guarantee agreement.

The Company estimated the expected cash shortfalls on the existing conditions and information available before/as of 31 December 2019 (including but not limited to the probable recoverable amounts from the guarantee provided by each of Yanqi Lake and Ms. Lin Rongjia jointly in favour of the Company on 26 December 2019). According to the PRC laws, Yanqi Lake and Ms. Lin Rongjia, being the guarantors, are liable to settle the outstanding amount caused by Zhongke Fund's default with three properties which could be claimed under the guarantee. The Company recognised an expected credit loss of RMB138.5 million for these amounts due from Zhongke Fund on 31 December 2019.

20. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS *(Continued)*

(a) *(Continued)*

On 27 October 2020, the Company, Zhongke Fund, Yanqi Lake and Ms. Lin Rongjia proceeded to Beijing Association for Alternative Dispute Resolution to mediate the settlement issue in relation to RMB184.3 million payable by Zhongke Fund, previously specified in the facility and guarantee agreement dated 26 December 2019.

As of 30 June 2020, Zhongke Fund repaid RMB10.0 million to the Company, and the accumulate interest expense was approximately RMB8.5 million. The total payables amounted to RMB182.8 million.

On 5 November 2020, all the four parties received a civil judgement (the "Civil Judgement") from the No. 1 Intermediate People's Court of Beijing Municipality ruling that the agreement reached among all four parties at the mediation is valid and all parties shall perform their respective obligations thereunder. Should any party fail to perform its obligation(s), the other parties may apply to the People's Court to enforce the Civil Judgement. A summary of the said mediation agreement reached by the four parties is set out as follows:

(1) Zhongke Fund shall transfer 50% of its equity interest in Yanqi Lake to the Company before 13 November 2020 for the purpose of offsetting RMB145.0 million owed by Zhongke Fund to the Company under the facility and guarantee agreement; and

(2) Zhongke Fund shall repay in cash the remaining balance of the outstanding principals and interest in the total amount of RMB37.8 million to the Company before 30 November 2020, the responsibility of which are jointly guaranteed by Yanqi Lake and Ms. Lin Rongjia.

On 18 November 2020, Zhongke Fund completed the transfer of 50% of its equity interest in Yanqi Lake to the Company. In 2021, the Company received RMB3.3 million in cash.

In 2022 and 2023, the Company received RMB3.3 million respectively in cash.

In 2024, the fair value of the land and use rights and building held by Yanqi Lake together with the guarantees provided by guarantors was approximately RMB71 million (2023: RMB71 million) based on the Company's estimate.

(b) Deposits and other receivables included the loan to a related party. On 26 December 2023, the Group provided a loan to Tashi Biotechnology (Suzhou) Co., Ltd. amounted to RMB1.5 million. The loan was collected on 8 January 2024 with no interest incurred.

For financial assets included in deposits and other receivables, expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

21. CASH AND CASH EQUIVALENTS

	2024	2023
	RMB'000	RMB'000
Cash and bank balances	**68,213**	63,410

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to RMB56,025,447 (2023: RMB54,225,000). The RMB is not freely convertible into other currencies, however, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business. Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

22. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2024	2023
	RMB'000	RMB'000
Within 3 months	**21,543**	26,827
4 to 6 months	**7,390**	10,299
7 to 12 months	**11,494**	12,142
1 to 2 years	**33,946**	22,204
Over 2 years	**12,735**	40,068
	87,108	111,540

The trade payables are non-interest-bearing and are normally settled on credit terms ranging from 30 to 90 days. The balance with aging over 1 year is generally due to that the venders extended their credit terms to the Group.

23. OTHER PAYABLES AND ACCRUALS

	Notes	2024 RMB'000	2023 RMB'000
Other payables		**30,893**	22,227
Salaries and welfare payables		**10,173**	12,703
Contract liabilities	*(a)*	**6,742**	12,235
Accrued expenses		**466**	3,961
Other tax payable		**2,797**	3,640
Due to a shareholder	*(b)*	**4,500**	4,000
Accrued interests		**3,183**	4,243
		58,754	63,009

(a) Contract liabilities include short-term advances received to deliver in-vitro diagnostic reagents and machinery.

(b) The balance as at 31 December 2024 represented the amount due to the Institute of Biophysics ("IBP"), which indirectly held 21.64% equity interest of the Group, included an accrued technical service fee of RMB4.5 million (2023: RMB4.0 million) for the right to use technical know-how held by IBP. The amount due to IBP is unsecured, interest-free and has no fixed terms of repayment.

24. INTEREST-BEARING BANK AND OTHER BORROWINGS

	31 December 2024			31 December 2023		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans – secured	**3.45-4.15**	**2025**	**78,900**	3.95-4.15	2024	75,200
Bank loans – unsecured	**2.80-5.00**	**2025**	**51,804**	3.25-5.50	2024	32,990
Other loans – secured	**14-18**	**2025**	**2,961**	5.55-6.80	2024	27,547
Other loans – unsecured	**9**	**2025**	**10,000**	9	2024	5,000
			143,665			140,737
Non-current						
Other loans – secured	**14-18**	**2027**	**2,596**	–		
Bank loans – unsecured	**3.60**	**2026**	**1,960**	3.60	2026	1,980
			148,221			142,717

24. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

	2024 **RMB'000**	2023 RMB'000
Analysed into:		
Bank and other borrowings repayable:		
Within one year	**143,665**	140,737
In the second to third years, inclusive	**4,556**	1,980
	148,221	142,717

Details of the pledged assets for the secured interest-bearing bank and other borrowings are disclosed in note 12 and note 13.

25. DEFERRED TAX

The movements in deferred tax assets and liabilities during the years are as follows:

Deferred tax assets

	2024			
	Accrued expenses RMB'000	**Impairment of assets RMB'000**	**Others RMB'000**	**Total RMB'000**
At 1 January 2024	**446**	**2,676**	**107**	**3,229**
Deferred tax charged/(credited) to the statement of profit or loss during the year *(note 10)*	**113**	**(265)**	**2,288**	**2,136**
At 31 December 2024	**559**	**2,411**	**2,395**	**5,365**

	2023			
	Accrued expenses RMB'000	Impairment of assets RMB'000	Others RMB'000	Total RMB'000
At 1 January 2023	707	2,965	262	3,934
Deferred tax credited to the statement of profit or loss during the year *(note 10)*	(261)	(289)	(155)	(705)
At 31 December 2023	446	2,676	107	3,229

25. DEFERRED TAX *(Continued)*

Deferred tax liabilities

	2024		
	Depreciation of assets RMB'000	**Others RMB'000**	**Total RMB'000**
At 1 January 2024	**2,554**	**3,008**	**5,562**
Deferred tax charged to the statement of profit or loss during the year *(note 10)*	**(2,362)**	**(15)**	**(2,377)**
At 31 December 2024	**192**	**2,993**	**3,185**

	2023		
	Depreciation of assets RMB'000	Others RMB'000	Total RMB'000
At 1 January 2023	3,787	3,412	7,199
Deferred tax charged to the statement of profit or loss during the year *(note 10)*	(1,233)	(404)	(1,637)
At 31 December 2023	2,554	3,008	5,562

The Group has tax losses arising in Chinese Mainland of RMB194,715,000 (2023: RMB151,601,000) that will expire in one to ten years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses due to the unpredictability of future profit streams that taxable profits will be available against which the tax losses can be utilised.

26. SHARE CAPITAL

	2024 RMB'000	2023 RMB'000
Registered, issued and fully paid:		
80,421,033 (2023: 80,421,033) domestic shares of RMB1 each	**80,421**	80,421
64,286,143 (2023: 64,286,143) H shares of RMB1 each	**64,286**	64,286
	144,707	144,707

27. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 61 and 62 of this annual report.

28. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	2024	2023
Percentage of equity interest held by non-controlling interests:		
Zhongsheng Jinyu	**54.10%**	54.10%
Anhui Biosino	**49.00%**	49.00%
Biosino Suzhou	**17.01%**	17.01%
Profit/(loss) for the year allocated to non-controlling interests:		
Zhongsheng Jinyu	**(11,425)**	(6,388)
Anhui Biosino	**918**	1,977
Biosino Suzhou	**(3,284)**	(2,967)
Accumulated balances of non-controlling interests at the reporting dates:		
Zhongsheng Jinyu	**(2,996)**	8,724
Anhui Biosino	**18,360**	17,440
Biosino Suzhou	**(8,052)**	(4,768)

28. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS *(Continued)*

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company elimination:

2024	Zhongsheng Jinyu RMB'000	Anhui Biosino RMB'000	Biosino Suzhou RMB'000
Revenue	28,405	48,029	33,303
Total expenses	(49,523)	(46,156)	(52,607)
Profit/(loss) for the year	(21,118)	1,873	(19,304)
Total comprehensive income/(loss) for the year	(21,118)	1,873	(19,304)
Current assets	23,012	105,971	13,568
Non-current assets	14,587	6,076	24,432
Current liabilities	41,752	76,874	85,310
Non-current liabilities	2,933	253	2,192
Net assets/(liabilities)	(7,086)	34,920	(49,502)
Non-controlling interests	(2,996)	18,360	(8,052)
Net cash flows from/(used in) operating activities	(1,293)	10,430	(7,378)
Net cash flows used in investing activities	(2,886)	(4,930)	(1,766)
Net cash flows from/(used in) financing activities	2,561	(5,911)	1,651
Net decrease in cash and cash equivalents	(1,618)	(411)	(7,493)

28. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS *(Continued)*

2023	Zhongsheng Jinyu RMB'000	Anhui Biosino RMB'000	Biosino Suzhou RMB'000
Revenue	27,627	64,232	21,084
Total expenses	(39,129)	(60,197)	(45,123)
Profit/(loss) for the year	(11,502)	4,035	(24,039)
Total comprehensive income/(loss) for the year	(11,502)	4,035	(24,039)
Current assets	24,706	145,406	24,927
Non-current assets	25,922	2,620	27,590
Current liabilities	33,495	114,708	80,278
Non-current liabilities	3,102	273	2,437
Net assets/(liabilities)	14,031	33,045	(30,198)
Non-controlling interests	8,724	17,440	(4,768)
Net cash flows from/(used in) operating activities	(5,867)	2,790	(13,913)
Net cash flows used in investing activities	(4,967)	–	(11,590)
Net cash flows from financing activities	4,812	3,467	30,478
Net increase/(decrease) in cash and cash equivalents	(6,022)	6,257	4,975

29. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Changes in liabilities arising from financing activities

2024

	Bank and other borrowings RMB'000	**Lease liabilities RMB'000**
At 31 December 2023	**142,717**	**8,733**
Accretion of interest expenses	**8,881**	**418**
Repayment of interest expenses	**(8,881)**	**–**
Other non-cash movement	**–**	**150**
Changes from financing cash flows	**5,504**	**(3,676)**
At 31 December 2024	**148,221**	**5,625**

2023

	Bank and other borrowings RMB'000	Lease liabilities RMB'000
At 31 December 2022	141,101	10,587
Accretion of interest expenses	5,395	618
Repayment of interest expenses	(5,395)	–
Changes from financing cash flows	1,616	(2,472)
At 31 December 2023	142,717	8,733

(b) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

	2024 RMB'000	2023 RMB'000
Within financing activities	**(3,676)**	(2,472)

30. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

	2024	2023
	RMB'000	RMB'000
Counter-guarantees given to a security company in connection with loans	**2,000**	10,000

31. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	2024	2023
	RMB'000	RMB'000
Contracted, but not provided for:		
Know-how, patents and license	**–**	458

32. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year:

		2024	2023
		RMB'000	RMB'000
Annual technical service fee to IBP	*i*	**458**	500
Sales of product			
Anhui Guoke Kangyi Medical Technology Co., Ltd.	*ii*	**751**	1,248
Purchase of products and materials			
Anhui Guoke Kangyi Medical Technology Co., Ltd.	*ii*	**859**	3,805
Interest expense			
Anhui Guoke Kangyi Medical Technology Co., Ltd.	*ii*	**–**	132

32. RELATED PARTY TRANSACTIONS *(Continued)*

(b) Outstanding balances with related parties:

		2024 RMB'000	2023 RMB'000
Other payables			
Institute of Biophysics ("IBP")	*i*	**4,500**	4,000
Anhui Guoke Kangyi Medical Technology Co., Ltd.	*ii*	**–**	100
Other receivables			
Tashi Biotechnology (Suzhou) Co., Ltd.	*iii*	**–**	1,500
Trade receivables			
Anhui Guoke Kangyi Medical Technology Co., Ltd.	*ii*	**–**	78
Trade payables			
Anhui Guoke Kangyi Medical Technology Co., Ltd.	*ii*	**290**	616

Notes:

(i) Annual technical service fee to IBP has been disclosed in notes 23(b).

(ii) Anhui Guoke Kangyi Medical Technology Co., Ltd. ("Guoke Kangyi") was controlled by Chen Peng, an executive director of the Group. The Group borrowed RMB2 million from Guoke Kangyi in January 2023, and repaid in November 2023 with the interest rate at 8%. The Group sold reagent products and purchased test reagents and consumables from Guoke Kangyi. Following the disposal of 51% of the equity interest in Guoke Kangyi by Chen Peng to an independent third party on 1 April 2024, Anhui Guoke ceased to be a connected person of the Company.

(iii) Tashi Biotechnology (Suzhou) Co., Ltd. ("Tashi Suzhu") was directly held by Chen Peng, an executive director of the Group with the shareholding of 19%. The balance with Tashi Suzhou has been disclosed in notes 20(b).

(c) Compensation of key management personnel of the Group

	2024 RMB'000	2023 RMB'000
Short-term employee benefits	**6,434**	7,258
Post-employment benefits	**464**	401
Total compensation paid to key management personnel	**6,898**	7,659

Further details of directors' and supervisors' emoluments are included in note 8.

33. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2024

Financial assets

	Financial assets at amortised cost RMB'000
Long-term receivables	500
Financial assets at fair value through other comprehensive income	550
Trade and bills receivables	121,544
Financial assets included in prepayments, other receivables and other assets	37,904
Cash and cash equivalents	68,213
	228,711

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Interest-bearing bank and other borrowings	148,221
Trade payables	87,108
Lease liabilities	5,625
Financial liabilities included in other payables and accruals	38,576
	279,530

33. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2023

Financial assets

	Financial assets at amortised cost RMB'000
Long-term receivables	500
Trade and bills receivables	179,798
Financial assets included in prepayments, other receivables and other assets	41,340
Cash and cash equivalents	63,410
	285,048

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Interest-bearing bank and other borrowings	142,717
Trade payables	111,540
Lease liabilities	8,733
Financial liabilities included in other payables and accruals	30,470
	293,460

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents, trade and bills receivables, financial assets included in prepayments, other receivables and other assets. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities, such as trade receivables, financial assets included in prepayments, other receivables and other assets, trade payables and financial liabilities included in other payables and accruals, which arise directly from its operation

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below:

Interest rate risk

In the opinion of the directors, the Group has no significant concentration of interest rate risk since the interest rates of the Group's loans are not floating.

Foreign currency risk

The Group's businesses are mostly located in the PRC and most transactions are conducted in RMB, except that the Group occasionally purchases equipment and some in-vitro diagnostic reagent products from overseas countries for resale in the PRC and there are administrative expenses incurred by a Canadian subsidiary. A small amount of cash denominated in Hong Kong dollars ("HK$") is placed in bank accounts in Hong Kong for payments of miscellaneous expenses such as professional fees incurred in Hong Kong. In the opinion of the directors, the Group has no significant concentration of foreign currency risk.

Credit risk

The Group is exposed to credit risk in relation to its trade and bills receivables, other receivables, and cash and cash equivalents.

The Group expects that there is no significant credit risk associated with cash and cash equivalents since they are substantially deposited at state-owned banks and other medium or large-sized listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

The Group trades only with recognized and creditworthy third parties. Concentrations of credit risk are managed by analysis by customer/counterparty. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables and other receivables are widely dispersed. The expected credit losses for trade receivables are disclosed in note 19. Financial assets included in prepayments, other receivables and other assets mainly represent other receivables from employees, advances and deposits with suppliers. Credit risk is managed by analysis by counterparties, as no comparable companies with credit ratings can be identified. Expected credit losses are estimated with reference to the historical loss record of the Group and other reasonable forward-looking information, which resulted in expected credit losses of RMB6,528,000 as at 31 December 2024 (2023: RMB711,000). In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 19 to the financial statements.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings. The directors have reviewed the Group's liquidity position, working capital and capital expenditure requirements and determined that the Group has no significant liquidity risk.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

			2024			
	On demand RMB'000	**Less than 3 months RMB'000**	**3 to less than 12 months RMB'000**	**1 to 5 years RMB'000**	**Over 5 years RMB'000**	**Total RMB'000**
Interest-bearing bank and other borrowings	**–**	**57,226**	**89,639**	**5,556**	**–**	**152,421**
Lease liabilities	**–**	**1,247**	**3,805**	**1,990**	**–**	**7,042**
Trade payables	**87,108**	**–**	**–**	**–**	**–**	**87,108**
Financial liabilities included in other payable and accruals	**–**	**38,576**	**–**	**–**	**–**	**38,576**
	87,108	**97,049**	**93,444**	**7,546**	**–**	**285,147**

			2023			
	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	–	9,471	134,260	2,142	–	145,873
Lease liabilities	–	1,697	3,718	2,958	1,632	10,005
Trade payables	111,540	–	–	–	–	111,540
Financial liabilities included in other payable and accruals	–	30,470	–	–	–	30,470
	111,540	41,638	137,978	5,100	1,632	297,888

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Capital management

The Group's objectives for managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amounts of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio which is the total liabilities divided by the total assets.

The gearing ratios are as follows:

	31 December 2024 RMB'000	31 December 2023 RMB'000
Total liabilities	**302,905**	331,847
Total assets	**477,372**	563,251
Gearing ratio	**63.45%**	58.92%

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	**43,406**	48,141
Other intangible assets	**2,749**	3,119
Investments in associates	**62,259**	66,497
Investments in joint ventures	**11,854**	11,953
Investments in subsidiaries	**43,303**	114,221
Long-term receivables	**500**	500
Deferred tax assets	**4,536**	3,050
Total non-current assets	**168,607**	247,481
CURRENT ASSETS		
Inventories	**24,291**	28,073
Trade and bills receivables	**46,386**	61,262
Prepayments, other receivables and other assets	**101,596**	104,861
Cash and cash equivalents	**38,544**	23,084
Total current assets	**210,817**	217,280
CURRENT LIABILITIES		
Trade payables	**11,532**	7,459
Other payables and accruals	**48,626**	31,393
Tax payable	**–**	290
Interest-bearing bank and other borrowings	**98,900**	120,520
Total current liabilities	**159,058**	159,662
NET CURRENT ASSETS	**51,759**	57,618
TOTAL ASSETS LESS CURRENT LIABILITIES	**220,366**	305,099
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**1,623**	–
Deferred tax liabilities	**2,993**	5,273
Total non-current liabilities	**4,616**	5,273
Net assets	**215,750**	299,826
EQUITY		
Share capital	**144,707**	144,707
Reserves	**71,043**	155,119
Total equity	**215,750**	299,826

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Note:

A summary of the Company's reserves is as follows:

	Capital reserve RMB'000	Statutory reserve RMB'000	Retained earnings/ (accumulated losses) RMB'000	Total RMB'000
At 1 January 2023	80,486	42,272	16,447	139,205
Total comprehensive income for the year	–	–	15,914	15,914
Accrued statutory reserve	–	1,481	(1,481)	–
At 31 December 2023	80,486	43,753	30,880	155,119
At 1 January 2024	80,486	43,753	30,880	155,119
Total comprehensive income for the year	–	–	(84,076)	(84,076)
At 31 December 2024	80,486	43,753	(53,196)	71,043

36. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 31 March 2025.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and equity of the Group for the last five financial years is set out below.

RESULTS

	Year ended 31 December				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
REVENUE	**263,069**	289,073	373,071	348,225	325,256
PROFIT/(LOSS) BEFORE TAX	**(59,720)**	(17,613)	18,516	6,407	2,155
TAX	**2,831**	(1,628)	(4,314)	(3,247)	(2,861)
PROFIT/(LOSS) FOR THE YEAR	**(56,889)**	(19,241)	14,202	3,160	(706)
ATTRIBUTABLE TO:					
Owners of the parent	**(42,532)**	(11,648)	8,106	(1,140)	2,718
Non-controlling interests	**(14,357)**	(7,593)	6,096	4,300	(3,424)
	(56,889)	(19,241)	14,202	3,160	(706)

ASSETS, LIABILITIES AND EQUITY

	31 December				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
TOTAL ASSETS	**477,372**	563,251	603,244	607,761	624,614
TOTAL LIABILITIES	**(302,905)**	(331,847)	(369,137)	(408,349)	(428,343)
NET ASSETS	**174,467**	231,404	234,107	199,412	196,271
REPRESENTED BY:					
EQUITY ATTRIBUTABLE TO:					
OWNERS OF THE PARENT	**167,805**	210,387	205,849	176,174	177,333
NON-CONTROLLING INTERESTS	**6,662**	21,017	28,258	23,238	18,938
TOTAL EQUITY	**174,467**	231,404	234,107	199,412	196,271