聯康集團
Uni-Bio Science

Uni-Bio Science Group Ltd.
聯康生物科技集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 0690)

ANNUAL REPORT 2024

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LEADING GENUINE INNOVATION

ACCELERATED GROWTH INTERNATIONAL EXECUTION

AGILE

We put in place a 5 year plan called Operation AGILE. AGILE stands for Accelerated Growth, International Execution. In Chinese it would be「促進增長，國際視野」.

BUILDING ON A STRONG FOUNDATION

Operational excellence is the key theme at Uni-Bio. We will continue to strive to improve and build on top of the Company's existing infrastructure. With a strong foundation, strong growth prospects are sure to follow.

OUR MISSION

Uni-Bio Science Group is dedicated to delivering innovative, high quality healthcare solutions for patients throughout China, operating responsibly and generating increasing value for our shareholders.

OUR VISION

Uni-Bio Science Group aspires to be a world leading biopharmaceutical company, focused on addressing the needs of the Chinese healthcare market through innovation and strategic partnerships.

To be recognised as the leading partner for global pharmaceutical companies to bring novel treatments to patients in China.

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WE ARE DEDICATED TO

Improving The Quality of Life of Patients

THROUGH INNOVATIVE TREATMENTS

Our Commitment of Quality

Uni-Bio Science Group Limited (the "**Company**") is a company listed on the main board of The Stock Exchange of Hong Kong Limited (stock code: 0690).

The core business of the Company and its subsidiaries (collectively referred to as "**Uni-Bio**" or the "**Group**") is the research, development, manufacturing and sales of innovative biologic products that treat human diseases.

Uni-Bio is headquartered in Hong Kong and its main operations are in mainland China. The Group is strongly focused on research and development ("**R&D**") and has a highly qualified team in Guangdong Province. The Group also has two GMP ("**Good Manufacturing Practices**") – certified manufacturing plants in Beijing and Shenzhen, manufacturing our marketed products – Voriconazole and EGF respectively.

In January 2024, the China National Medical Products Administration ("**NMPA**") officially approved the launch of Bogutai®, marking a major breakthrough for the Group in osteoporosis and orthopedic disease management.

The Group's corporate philosophy is to achieve better human health by bringing high quality science and treatments to patients. To this end, the Group is deeply dedicated to serve patients better through partnering. We aspire to be the "Partner of Choice" in China, bringing cost-effective and important treatments into China.

Key Financial Highlights

	Notes	Year ended 31 December 2024	2023
Revenue (HK$'000)		**552,980**	484,718
Gross profit (HK$'000)		**461,068**	392,818
R&D costs (HK$'000)		**52,281**	35,576
Profit before taxation (excluding the impairment of assets)		**91,170**	75,900
Adjusted (EBITDA) EBITDA (HK$'000)	*1*	**122,458**	99,445
Gross profit margin (%)		**83.4%**	81.0%
R&D costs to revenue (%)		**9.5%**	7.3%

		As at 31 December 2024	2023
Cash ratio (times)	*2*	**0.53**	1.13
Current ratio (times)	*3*	**2.58**	2.07
Trade payables turnover days (days)	*4*	**49**	29
Trade receivables turnover days (days)	*5*	**34**	30
Inventory turnover days (days)	*6*	**139**	142
Gearing ratio (%)	*7*	**26.13%**	21.89%
Debt-to-equity ratio (%)	*8*	**58.9%**	59.4%
Total assets turnover (%)	*9*	**106.8%**	118.2%

Notes for key ratios:

1 Adjusted EBITDA (LBITDA): Earnings before taxation minus interest expense, impairment loss, depreciation of property, plant and equipment, depreciation of right-of-use assets, amortization of intangible assets and prepaid lease payments

2 Cash ratio: Bank balances and cash/current liabilities

3 Current ratio: Current assets/current liabilities

4 Trade payables turnover days: Average of opening and closing balances on trade payables (exclude VAT)/cost of sales and multiplied by 365 days

5 Trade receivables turnover days: Average of opening and closing balances on trade receivables(exclude VAT)/turnover and multiplied by 365 days

6 Inventory turnover days: Average of opening and closing balances on inventory/cost of sales and multiplied by 365 days

7 Gearing ratio: Total debt divided by total capital plus total debt. Total debt is calculated as borrowings, loan from a connected party and lease liabilities. Capital includes equity attributable to owners of the Company.

8 Debt-to-equity ratio: Total liabilities/total equity

9 Total assets turnover: Total revenue/total assets

GROSS PROFIT MARGIN

83.4%

R&D COSTS TO REVENUE

9.5%

REVENUE (HK$'000)

552,980

Leading Genuine Innovation

Chairman's Statement

KINGSLEY LEUNG
(Chairman)

Chairman's Statement

Dear esteemed shareholders, employees and key stakeholders,

On behalf of Uni-Bio Science Group Limited, I am pleased to present the annual results for the year ended 31 December 2024 (the "Year").

In 2024, the Chinese government's ongoing reforms to foster innovation in the pharmaceutical sector and expedite drug approvals have created significant opportunities for our Group. These initiatives coincide with remarkable advancements in biotechnology and a growing elderly population increasingly prone to chronic conditions, setting the stage for substantial growth in China's pharmaceutical landscape. Simultaneously, the rising popularity of functional skincare among Chinese consumers and the emergence of synthetic biology as a research focus underscore the disruptive potential in the cosmetics industry. As a leader in this dynamic environment, Uni-Bio Science Group is not merely adapting to change; we are at the forefront of it. Our unwavering commitment to innovation empowers us to explore a myriad of possibilities across both the pharmaceutical and aesthetic medical sectors.

Chairman's Statement

I am proud to announce that we have reached significant milestones this year, both financially and operationally. We achieved a 14.1% year-on-year growth in revenue, alongside another record-high in our profit, reaching HK$82.8million. Operationally, we expanded our product offerings with the introduction of Bogutai® and 肌顏態®, with the launch of 肌顏態® marking our entry into the aesthetic medical industry. As our efforts begin to yield results, I would like to express our sincere gratitude to our valued shareholders for their unwavering support. We are pleased to announce our first dividend declaration and the establishment of a dividend payout policy of 20% of our net profit going forward. This decision underscores our commitment to achieving our goals and creating and delivering value for shareholders.

I would like to highlight several key achievements that demonstrate our dedication to innovation and our mission to deliver superior products to our customers.

1. Strong Growth in Both Revenue and Profit for 2024

2. Strategic Pricing and Marketing for Rapid Market Penetration of Bogutai®

3. Advancing Dermatology Innovation with the Launch of 肌顏態®

4. Strengthening the Ophthalmology Portfolio with Diquafosol Sodium Eye Drops

In 2024, we made significant breakthroughs in our R&D with the successful launch of our fifth self-developed drug, Bogutai®, and our first medical aesthetic product with proprietary Skbrella™ FN (Recombinant Human Fibronectin) , 肌顏態®, which debuted in March and December, respectively. We are excited to report that the sales of Bogutai® achieved over HK$63.0 million in the first 10 months, demonstrating outstanding efficacy and broad applicability across multiple departments. Initially adopted in five departments, its use has now expanded to thirteen, with ongoing exploration into applications in endocrinology, pain management, rheumatology, immunology, and geriatrics.

肌顏態® has received positive market feedback following its recent launch. Encouraged by its satisfactory results, we are expanding our product offerings in 2025 under the brand of 肌顏態® to cater to diverse applications. This includes high-end skin repair and anti-aging products combining both Skbrella™ FN and collagen, as well as a daily series of facial masks and lotions for mass market. By integrating 肌顏態® with GeneTime® and medical device, we will launch a comprehensive skin care product set that provides consumers with a full-cycle solution from treatment to care and daily maintenance. These plans will collectively establish Uni-Bio Science Group as a leading benchmark in the fibronectin and medical aesthetics field.

Apart from the development in orthopedics and dermatology, we have strengthened our ophthalmology offerings. We have submitted additional data of Diquafosol Sodium eye drops to the Center for Drug Evaluation (CDE), and expected to receive the marketing approval in the first half of 2025. This is not only a complementary option to GeneSoft®, but also among the first batch of Blow-Fill-Seal-packaged Diquafosol Sodium eye drops to the market for dry eye treatment.

We are also exploring a variety of applications, including the third-generation microneedle form Uni-PTH, a new target antibody drug for weight loss, and Esaconazole sulfoate capsules for antifungal treatment. We look forward to sharing positive updates on these initiatives soon.

Currently, we operate two specialized R&D platforms that support our research initiatives. Our advanced synthetic biology platform aims to extend both the reproductive and chronological lifespan of Escherichia coli cells, enhancing production efficiency for large-scale manufacturing at lower costs. We plan to leverage this platform for the development of recombinant human bone morphogenetic protein to treat various bone-related conditions such as fresh fractures, bone defects, non-union fractures, and spinal fusion — an emerging market with significant potential. Our hydrogel technology platform excels in drug delivery by prolonging drug release and improving bioavailability. We are exploring its applications across tissue engineering, regenerative medicine, and trauma treatment segments.

In addition to the R&D advancements, we are actively refining our sales and marketing strategies and reduce reliance on existing markets and networks. Thanks to the dedication of our direct sales team, we have established strong partnerships with hospitals in China and are engaging with third-party channels, such as online e-commerce platforms and chain pharmacies, to further enhance market penetration. For our aesthetic medical products, we are focusing on offline channels, targeting consumers in public hospitals and private aesthetic medical centers, while also planning to enhance online presence through collaborations with leading physicians and aesthetic medical groups. Our ambitions extend beyond the national market; we have been preparing for the U.S. FDA applications for our patented biopharmaceutical products PTH as part of our international vision. We believe that these diverse marketing channels will expand our reach, enabling more patients to benefit from our innovative treatments and solutions for improved quality of life, ultimately driving our sales growth to support our ongoing R&D efforts.

Lastly, I am glad to report that all infrastructure at our Dongguan facility has been completed this year. We have initiated technical transfer and process equipment setup for EGF products as scheduled for 2026. This facility will also support the production of Diquafosol Sodium Eye Drops upon its market launch.

NEW BOARD MEMBERS

In December 2024, we appointed Dr. Wen Yalei, one of our pioneering executives, as Executive Director and Chief Operating Officer of the Group. Additionally, in November 2024, we welcomed Ms. Zhang Qing as a Non-executive Director. I would like to extend a warm welcome to both of our new board members. Dr. Wen holds a doctoral degree in chemical engineering and brings extensive experience in R&D, production, and operation of chemical pharmaceuticals and biological products. Ms. Zhang boasts a strong background in the pharmaceutical industry, having earned a Doctor of Medicine. She has focused on deep technology in the pharmaceutical and healthcare sectors during her tenure in the venture capital industry. I believe that Dr. Wen and Ms. Zhang will provide invaluable technical expertise and diverse perspectives at the board level, which will undoubtedly enrich our strategic vision and further strengthen our commitment to doubling down on new innovations going forward. We eagerly anticipate their valuable contributions as we navigate the opportunities and challenges that lie ahead. Together, we will continue to propel our Group toward sustained growth and success.

APPRECIATION

I want to express my heartfelt gratitude for the steadfast commitment of our employees and the support from our esteemed investors, stakeholders, partners, customers, and suppliers. We have, once again, achieved remarkable milestones together. As we look to the future, we are enthusiastic about continuing this extraordinary journey, pursuing even greater success and creating a future rich with opportunities.

Kingsley Leung
Chairman

27 March 2025

Accelerate Growth International Execution

Management Discussion and Analysis


MEDICAL SERVICE
SEARCHING OPERATION
BLOOD-BALANCE-PRESSURE
X-RAY
MED:A1
CAM:A1
BLOOD-BALANCE-PRESSURE

Management Discussion and Analysis

MARKET REVIEW

In 2024, China's pharmaceutical and healthcare industry continued its steady development under favorable policies, emerging digital market and diversified channels, and growing public healthcare awareness.

In particular, the Chinese government significantly increased its support for innovative drugs, providing systematic policy backing across all stages, including research and development ("**R&D**"), clinical trials, and market access, thus energizing the industry. 48 innovative drugs were approved for market in 2024, and the success rate for negotiations to include innovative drugs in the insurance catalog reached 92.7%, well above the overall success rate of 76.7%, facilitating faster market access and offering patients more treatment options.

The introduction of medical insurance for medication purchases with direct-to-home delivery has been implemented in several cities, significantly invigorating the pharmaceutical retail sector. As these initiatives gain traction, the blending of online and offline sales is becoming standard practice, enhancing access to medications. Pharmaceutical companies are pursuing a diversified sales channel strategy, moving beyond traditional hospital sales to establish a foothold in retail pharmacies and integrate with e-commerce platforms, thereby bolstering market competitiveness.

According to a research from Deloitte, the Chinese medical aesthetics market is expected to achieve approximately 10% growth in 2024, with an anticipated growth rate of around 10-15% over the next four years, indicating promising development. Stricter compliance regulations and increasing self-discipline are driving the industry a high-quality era. Upstream manufacturers are contributing to this shift by continuously providing high-quality products, supporting the industry's transition to a new phase of quality-focused medical aesthetics.

BUSINESS REVIEW

Uni-Bio Science — A Fully Integrated Biopharmaceutical Company

Uni-Bio Science Group is a biopharmaceutical company focusing on endocrinology, dermatology and ophthalmology. From R&D, production, manufacturing, to sales of biopharmaceutical and chemical drugs and medical-class skincare raw material products, the Group has established a fully integrated business platform serving the entire value chain. As of 31 December 2024, the Group has six products in the market, namely GeneTime®, GeneSoft®, Pinup®, Boshutai®, Bogutai® and 肌顏態®.

KEY ACCOMPLISHMENTS IN 2024

Strong Growth and Strategic Launches Position the Group for Success in 2024

In 2024, the Group continued its strong growth momentum, achieving significant increases in both revenue and profit. The successful commercialization of new pipeline products further strengthened the Group's revenue streams, while the optimization of procurement and supply chain efficiency led to improved profitability. In March 2024, the Group launched its fifth marketed drug, Bogutai®, which generated over HK$62.9 million in sales within the first 10 months. Additionally, the Group's self-developed medical aesthetics product, 肌顏態® was successfully launched in December 2024, which will further contribute to the financial results.

In 2024, the Group recorded a 14.1% year-on-year ("**YoY**") increase in revenue, reaching approximately HK$553.0 million. Profit for the Year soared by 16.8% YoY to approximately HK$82.8 million, marking a historic high. These results reaffirm the Group's solid market position and its ability to deliver sustainable, high-quality growth as a leading biopharmaceutical company.

The Board has recommended a final dividend payment out of share premium account of the Company for 2024 of HK0.277 cents per Share (subject to approval of the shareholders of the Company and satisfaction of certain conditions as more particularly set out in the paragraph headed "Dividend" in this announcement), marking the first-ever dividend for Uni-Bio Science. This is particularly encouraging, as it represents an important milestone for a research-oriented biopharmaceutical company. The Board is also pleased to announce the approval and adoption of a dividend payout policy of no less than 20% of its net profit for the current year. This policy reflects the Board's confidence in the Group's performance and its commitment to creating and delivering value to shareholders.

Strategic Pricing and Marketing for Rapid Market Penetration of Bogutai®

In January 2024, the China National Medical Products Administration ("**NMPA**") officially approved the launch of Bogutai®, marking a major breakthrough for the Group in osteoporosis and orthopedic disease management. As the first domestically produced disposable pre-filled pen teriparatide injection, Bogutai® is backed by an advanced sterile injection production line in Beijing, ensuring a stable and large-scale supply. Since its approval, Bogutai® has rapidly expanded its clinical adoption, growing from 5 to 13 medical specialties. Currently, 88% of sales originate from orthopedic, osteoporosis, and spine departments, while rheumatology, endocrinology, and geriatrics contribute another 9%. By continuously optimizing clinical applications, Bogutai® is addressing the diverse needs of patients across multiple specialties, significantly improving treatment outcomes and life quality of patients.

Since its market debut in early 2024, Bogutai® has gained remarkable traction, achieving a patient retention rate exceeding 70%. This strong repurchase rate underscores its superior efficacy and growing recognition among both patients and medical professionals. During the Year, to further enhance its market presence, the Group has actively engaged in nationwide academic and educational initiatives, hosting nearly 750 academic conferences and activities. These efforts have not only strengthened Bogutai®'s position in osteoporosis treatment but also fostered deeper engagement within the medical community, reinforcing its brand leadership.

The Group is advancing Bogutai®'s clinical research, with a strong focus on fracture prevention, accelerated healing, and pain management. At the same time, the Group is preparing application for the U.S. Food and Drug Administration (FDA) approval, a critical milestone that will facilitate access to various international markets that recognize FDA certification. This strategic initiative paves the way for global expansion and positions Bogutai® for widespread adoption across countries. In addition, the Group has submitted a drug application in the Philippines, further demonstrating its commitment to rapid international market entry. Bogutai® is expected to receive the FDA approval and launch in the U.S. by 2027, marking a historic milestone as the Group's first biologic product to expand internationally. With its proven safety, efficacy, and cost advantages, Bogutai® is poised to redefine osteoporosis treatment, making high-quality therapy more accessible and convenient for patients worldwide.

Advancing Dermatology Innovation with the Launch of 肌顏態®

In December 2024, the Group achieved significant milestones in dermatology and medical aesthetics with the approval of its recombinant collagen dressing and the successful launch of its self-developed medical aesthetics product, 肌顏態®. The recombinant collagen dressing, developed in collaboration with Chongqing Minji Medical Device Co., Ltd., received Class II medical device approval, reinforcing the Group's commitment to innovative skin repair solutions. Built upon the proprietary Skbrella™ FN (Recombinant Human Fibronectin) technology, 肌顏態® is designed to enhance skin quality, promote tissue repair, and support post-medical procedure recovery, gaining significant recognition from dermatologists and industry professionals.

With the growing medical aesthetics market projected to exceed RMB600 billion by 2030, the Group is well-positioned to capitalize on this expanding opportunity. By integrating nearly three decades of clinical expertise with a strong sales network and pharmaceutical-grade R&D standards, the Group aims to establish a diversified portfolio spanning biopharmaceutical products, high-value generic drugs, and medical aesthetics. The Group will continue to drive innovation and strategic execution to strengthen its leadership in dermatology, offering safer and more effective skincare solutions for patients.

Strengthening the Ophthalmology Portfolio with Diquafosol Sodium Eye Drops

In January 2024, the NMPA officially accepted the marketing application for Diquafosol Sodium eye drops, marking a key milestone in the Group's ophthalmology drug pipeline. This development aligns with the Group's commitment to meeting the rising demand in China's ophthalmic drug market, where over 360 million individuals suffer from dry eye syndrome. With the dry eye medication market projected to surpass RMB42 billion by 2030, growing at a CAGR of 28.4%, Diquafosol Sodium presents a significant opportunity to address a widespread and underserved medical need.

Diquafosol Sodium plays a crucial role in stabilizing the tear film and repairing corneal epithelial damage, offering effective relief for dry eye patients. The Group's state-of-the-art production facility in Dongguan utilizes Blow-Fill-Seal (BFS) technology to produce preservative-free, single-dose formulations, ensuring both safety and convenience for patients. Additionally, the Group has established strategic partnerships with Active Pharmaceutical Ingredient (API) suppliers, securing high-quality raw materials at costs well below industry averages, enhancing both affordability and competitiveness.

During the Year, the Group has already submitted additional data to the Center for Drug Evaluation (CDE). Diquafosol Sodium is expected to receive the marketing approval in the first half of 2025. As one of the first BFS-packaged Diquafosol products to enter the market, it will further strengthen the Group's ophthalmology portfolio, providing an advanced, patient-centric solution for dry eye treatment.

R&D and Pipeline Progress

During the Year, the Group continued to focus on developing innovative and proprietary products in endocrinology, ophthalmology, and dermatology fields. Currently, the Group has several leading patented biopharmaceutical products, certain high-value generic and skincare raw material products under various stages of development. The Group's R&D team is working diligently to research and discover new patented drugs to fulfill the unmet medical needs of patients.

Patented Biopharmaceutical Products

Products/ Components	Indication	Discovery	Pre- clinical	Phase 1	Phase 2	Phase 3	BE	NDA	Marketed
Metabolic									
Uni-PTH (microneedle)	Osteoporosis	✓	✓						
UB106 (injection)	Obesity	✓							
Ophthalmology									
EGF (single-dose eye drops)	Cornea Repair	✓	✓						
UB102	AMD	✓							
Wound Healing									
EGF (hydrogel)	Wound Healing	✓	✓						

Note: BE, bioequivalence, CTE, the abbreviated form of clinical trial exemption, refers to the authorization to administer an investigational agent to patients or volunteer subjects under specified conditions of a particular research study in a clinical setting. Upon approval, the new drug can be exempted from Phase I/II/III clinical trial.

UNI-PTH — Innovative Formulation Expansion

Uni-PTH (recombinant human parathyroid hormone 1-34), a proprietary product that is under R&D of the Group, is effective in treating osteoporosis and bone pain, increasing bone density and reducing the risk of bone fracture. Currently, the drug is the only class of anabolic agent which can actively increase bone density and reduce the chance of vertebral and hip fractures by stimulating osteoblasts activity. Through stimulating new bone formation, Uni-PTH can quickly improve bone quality and increase bone density within 6 months of treatment, therefore reducing fracture incidence and bone pain, which is especially helpful in treating patients with moderate-to-severe osteoporosis and ostealgia. 2nd Generation Uni-PTH improves upon the formulation of 1st Generation Uni-PTH in terms of patient convenience. Uni-PTH is also one of the few fully biological expressed parathyroid hormone analogues in the world and has very limited number of direct competitors in the Chinese market.

The 2nd Generation Uni-PTH (pre-filled injection pen), named Bogutai®, is the first domestic disposable liquid injection pen in China, with unparalleled dosing accuracy and minimized injection pain. It has been proven that it is effective to increase bone density, reduce fracture incidence and it is more convenient and safer for patient to use. In January 2024, Bogutai® was officially approved for marketing by NMPA and the sales had commenced in 2024.

Currently, the 3rd Generation microneedle form Uni-PTH is under development. Microneedle form, as a novel transdermal administration method, combines the advantages of subcutaneous injection and transdermal drug delivery. Compared to subcutaneous injection formulations, microneedle form is almost non-invasive, painless, and offers high patient compliance. The Group has partnered with a domestic leader in microneedle technology to develop a biodegradable, soluble teriparatide microneedle form Uni-PTH. This allows drug molecules to physically penetrate the stratum corneum barrier, enabling absorption by subcutaneous tissues and the human body. The dissolvable microneedle product eliminates the risk of reuse, thereby reducing the potential for cross-infection.

EGF — Innovative Formulation Expansion

The Group's flagship product, GeneTime®, is a prescription biological drug for wound healing, which is well-established in the domestic market for burn and trauma treatment. However, the solution formulation tends to cover a larger area when sprayed on small wounds, diminishing its effectiveness. To address this, the Group is developing a new thermosensitive gel for external use. Unlike traditional gels, thermosensitive gel remains liquid at low temperatures and solidifies at room temperature. This product boasts excellent fluidity before application, allowing it to fill wounds effectively. Additionally, the gel layer creates a barrier between the wound and the environment, significantly reducing the risk of infection.

During the Year, the Group completed the formulation research, and preliminary therapeutic efficacy trials were conducted on deep second-degree burn models in rats and Bama pigs. Compared to solution formulations, the thermosensitive gel provides prolonged action, effectively achieves moist healing, accelerates wound healing, and reduces scar formation. This product will also adopt BFS packaging, which offers better aseptic assurance compared to similar products already on the market. The addition of the EGF — hydrogel wound dressing will further enriches the Group's product pipeline, providing patients with a full-range solution from treatment to recovery.

UB102 — DOTBODY™ Molecule in wAMD

UB102, a Bispecific nanobody, is a promising candidate in the field of ocular disease treatment, specifically for conditions such as wet age-related macular degeneration (wAMD). This revolutionary molecule is uniquely designed to simultaneously block two proangiogenic receptors. This dual-targeting approach has demonstrated superior inhibitory efficacy as compared to inhibiting either factor individually, marking an advance from its predecessor, UB101. The Group is leveraging our advanced technology platform to expedite the development of UB102. Preliminary in vitro studies suggest that UB102 exhibits a significantly higher affinity for its targets, vascular endothelial growth factor-A (VEGF-A) and angiopoietin-2 (Ang-2). This superior affinity is expected to translate into remarkable efficacy and extended treatment intervals, potentially offering profound benefits to patients.

For context, the Faricimab molecule is currently used in the treatment of similar eye disorders, including wet AMD and diabetic macular oedema (DMO). It also works by neutralizing Ang-2 and VEGF-A. While Faricimab molecule treatment allows for a three to four month interval between eye injections, thereby minimizing the risk of injection-related complications, it's worth noting that UB102 is expected to further enhance this advantage.

According to the Frost & Sullivan Report, the prevalence of wet AMD in China was 3.4 million in 2017 and is expected to reach 4.8 million in 2030. The Group believes that there is a significant commercial demand for the treatment of wet AMD.

UB106 — Antibody against New Obesity Target

In May 2024, the Group proudly announced a project cooperation agreement with Greater Bay Bio (GBB) and TigerMed Pebble Accelerator, a subsidiary of Tigermed. This agreement focuses on the joint development of innovative weight reduction drugs, aiming to revolutionize the treatment of obesity. Through this collaboration, we seek to establish a comprehensive ecological industry chain, spanning from target discovery to antibody generation, druggability verification, process development, clinical pipeline, and ultimately, commercialization. Currently, AI technology is being utilized for molecular screening and affinity maturation, accelerating the research and development process. This partnership not only underscores the Group's longstanding expertise in the endocrine field but also promises to deliver significant benefits to the vast population of overweight and obese patients.

The antibody drugs emerging from this collaboration are strategically designed to directly address multiple critical issues such as gastrointestinal side effects, pancreatitis, elevated suicide risk, weight regain after drug discontinuation, muscle loss, and frequent dosing requirements. By combining respective strengths of Group and partners, we are committed to advancing this groundbreaking new target antibody drug into clinical trials and expediting its journey to market.

Advanced Skincare Raw Materials

Functional skin care is increasingly popular. Synthetic biology is becoming an essential research direction with disruptive potential in the cosmetical space. The new skincare raw materials under research in the new laboratory of the Group include fibronectin, beauty peptides, collagen, microecological skincare product, and stem cell exosome product. The materials are safe in composition, excellent in efficacy, and widely used. Currently, the Group effectively leverages the research ecosystem of Hong Kong Science Park, Uni-Bio Science Group's bioprocessing platform and Global Cosmetics' extensive experience in the field of cosmetics to commercialize these products quickly.

Products/Components	Discovery	Production Development	Formulation Development	Marketed
Collagen	✓	✓	✓	
Beauty peptides	✓	✓	✓	
Microecological skin-care product	✓	✓		
Stem cell exosome product	✓	✓		

Collagen

Collagen, the group's second new cosmetic raw material after the launch of fibronectin, is the most abundant protein in the human body, making up from 25% to 35% of the whole-body protein content. It forms a network of elastic fibers that support the skin, maintaining its elasticity and locking in moisture. Collagen production decreases by approximately 1% each year of age after maturity (about age 21), leading to a loss in firmness and elasticity of the skin. Collagen skincare products could be widely used in moisturizing, maintaining the skin barrier, and anti-aging. During the Year, the Group's strategic cooperation product with Chongqing Minji Medical Device Co., Ltd., recombinant collagen dressing, has successfully received Class II medical device approval. Currently, the Group is working with numbers of companies to develop innovative formulations and applications for collagen.

Beauty Peptides

Peptides have various cosmetic benefits and each peptide used in products has a specific activity. Our product lines focus on anti-wrinkle, anti-aging, skin-whitening, and anti-allergy. Our long-standing experience of clinical grade peptide manufacture applies equally to cosmetic peptides. The recombinant DNA approach could be more attractive in terms of costs and have a lower environmental impact and faster development time, than the current chemical manufacturing technologies. Currently, the Group had completed the initial development of its first cosmetic peptide product, Conopeptide, which is expected to be launched in 2025.

Microecological Skin-care Product

This microecological skincare product is derived from probiotic fermentation that balances beneficial skin flora, repairs the skin barrier, produces organic acids to maintain skin health, promotes wound healing, and reduces UV damage. With the application of synthetic biology technology, the Group develops microecological products with a wide range of properties for broader applications in skincare. The Group's collaboration with NAMI (Nano and Advanced Materials Institute Limited) in Hong Kong is progressing smoothly, with the first microecological skincare product is expected to be launched in 2026.

Stem Cell Exosome Product

Exosomes are emerging bioactive substances involved in multiple biological and cellular activities of the skin. These nanosized small membrane vesicles (30-100nm) are secreted by all eucaryotic cells, including skin cells. Mesenchymal stem cells (MSCs) are multipotent cells with immunomodulatory and trophic effects. Exosomes from stem cells promote skin regeneration, collagen synthesis, and help minimize scar formation. Exosomes are non-immunogenic and safe as topical skincare. Supported by the Hong Kong Science Park Research Fund, the project aims to combine fibronectin and exosome technologies to develop medical device products for wound healing and medical beauty applications.

High Value Generic Products and Bioequivalence Studies

Product	Indication	Status	Remark
Ophthalmology			
Diquafosol sodium eye drops	Dry eye disease	Abbreviated New Drug Application ("**ANDA**") review in progress	
Anti-infection			
Esaconazole sulfoate capsules	Fungal infection	Completed pharmaceutical research and pre-bioequivalence studies	

Diquafosol Sodium Eye Drops Project

Diquafosol Sodium Eye Drops are a medication for treating dry eye disease and are suitable for patients diagnosed with dry eye accompanied by abnormal tear-associated corneal epithelial defects. Diquafosol Sodium represents the next generation of dry eye medication, offering cutting-edge therapy through its novel mechanism as a P2Y2 receptor agonist, stimulating tear and mucin secretion. This addresses the underlying causes of dry eye syndrome, normalizing the tear layer and improving corneal epithelial damage.

In 2023, the Group doubled its ophthalmology sales force and integrated online e-commerce platforms to diversify sales channels and enhance customer engagement. This approach aimed to strengthen the Group's position within the ophthalmology market. Additionally, the Group significantly enhanced the manufacturing capabilities of Diquafosol Sodium eye drops by inaugurating a new production facility in Dongguan, equipped with the latest BFS technology for a seamless and aseptic process from bottle creation to filling and sealing. Furthermore, the Group established strategic partnerships with API manufacturers to secure favorable costs, positioning the Group competitively in the market.

In January 2024, the marketing application of Diquafosol Sodium eye drops was officially accepted by NMPA. During the Year, the supplementary study was completed and submitted for CDE acceptance. Following GeneSoft®, Diquafosol Sodium eye drops complement the Group's robust ophthalmic drug portfolio and are expected to be approved for marketing in the first half of 2025, becoming one of the first BFS Diquafosol products approved for listing.

Esaconazole Sulfoate Capsules Project

According to market research data, the global antifungal drug market is expected to grow at a CAGR of approximately 8% over the next five years, with the market size expected to exceed $20 billion by 2028. The Group's Pinup® (voriconazole), a triazole antifungal drugs, used to treat Invasive Aspergillosis ("**IA**") and other fungal infections. Esaconazole sulfoate capsules, a novel triazole antifungal, is currently the only drug indicated for both IA and Invasive Mucormycosis ("**IM**"). Statistical data shows that the global sales of Esaconazole sulfoate capsules reached US$363 million from October 2021 to September 2022, an increase of 19% YoY. In 2023, national hospital sales exceeded RMB14.7 million, an increase of 166.56% YoY. Esaconazole sulfoate capsules has been included in the list of medicines covered by the national medical insurance coverage in 2024, which will enable it to rapidly capture market share.

The Group is dedicated to the research and promotion of Esaconazole sulfoate capsules, providing more effective antifungal treatment options for patients worldwide and improving their quality of life. During the Year, the Group completed the pharmaceutical research and pre-Bioequivalence studies. The formal Bioequivalence trials will be initiated in 2025 to accelerate the launch process.

RESULTS OVERVIEW

For 2024, the Group recorded a revenue of approximately HK$553.0 million, representing an increase of 14.1% YoY. The increase in revenue was mainly attributable to the favorable sales performance of the Group's newly launched product Bogutai®.

Cost of sales for the Year was kept at the same of approximately HK$91.9 million in 2024 (2023: HK$91.9 million). The Group maintained its focus on optimizing and controlling production costs by strengthening collaboration with raw material suppliers, effectively lowering the procurement cost of the API. As a result, Gross profit was approximately HK$461.1 million, representing an increase of 17.4% as compared with approximately HK$392.8 million in 2023, and gross profit margin increased by 2.4 percentage points YoY to 83.4%. Thanks to the Group's diligent internal control, general and administrative expenses accounted for merely 9.2% of revenue in 2024 as compared with 9.8% in 2023. The selling and distribution expenses for the Year also decreased to 47.3% of revenue from 49.8% in 2023, mainly due to the marketing expenses decreased. The R&D expenses increased by 47% YoY to approximately HK$52.3 million, aligning with the Group's multi-pipeline research progress.

The Group achieved another year of record-breaking profit of approximately HK$82.8 million for the Year, marking an impressive increase of 16.8% YoY. This outstanding performance underscores the Group's commitment to cost control and effective management strategies. The earnings per share reached approximately HK1.35 cents, reflecting a growth of 21.4% YoY.

Marketed drugs sales

For 2024, the Group had six marketed products, namely GeneTime®, GeneSoft®, Pinup®, Boshutai®, Bogutai® and 肌顏態®, which contributed 35.8%, 7.7%, 43.4%, 1.7%, 11.4% and 0.003% of total revenue of the Group, respectively.

GeneTime®

The Group's flagship product, GeneTime®, is a prescription biological drug for wound healing. During the Year, revenue generated from GeneTime® was approximately HK$197.9 million, representing an increase of 6.7% YoY. The increase was attributed to the expansion of the Group's hospital network and additional sales channels beyond hospitals, such as pharmacies and e-commerce platforms. In 2024, the Group laid a strong foundation for its e-commerce expansion with the successful launch of GeneTime® flagship stores across all major platforms, achieving an impressive increase of 700% YoY. In terms of offline channels, the Group successfully added a total of 190 hospital outlets and 1,098 pharmacies to GeneTime®'s sales network. Additionally, the Group has proactively extended its reach into new medical domains to diversify its applications.

GeneSoft®

GeneSoft® is a therapeutic drug for dry eye syndrome, corneal damage and post-operative healing. During the Year, GeneSoft® recorded an increase in revenue from approximately HK$41.3 million to approximately HK$42.5 million, representing an increase of 2.9% YoY. The Group is expanding GeneSoft®'s market presence by promoting its entry into chain pharmacies to diversify sales channels, enhance accessibility and market penetration. Currently, the Group is gearing up GeneSoft®'s entry into medical insurance coverage, aiming for inclusion by the end of 2025.

Pinup®

The Group's self-developed chemical pharmaceutical product Pinup® (Voriconazole tablets) recorded a decrease of 2.9% in revenue from approximately HK$247.4 million to approximately HK$240.3 million for the Year. During the Year, the Group was re-selected for the centralized procurement, with a validity period of two years. However, the Group adopted a more selective approach to supplying hospitals in response to certain local policy adjustments. To sustain profitability, the Group is actively expanding its presence in the pharmacy network beyond traditional hospital channels and optimizing its supplier chain, thereby enhancing its pricing power.

Boshutai®

The Group's product Boshutai® (Acarbose tablet) is a small molecule drug to treat diabetes, launched in early 2021. In response to intense market competition, the Group strategically slowed down its sales efforts and initiated an inventory clearance process while actively implementing supplier optimization strategies to strengthen its cost advantage. Consequently, revenue from Boshutai® declined from approximately HK$10.4 million to approximately HK$9.4 million, representing a decrease of 10.2%. During the Year, Boshutai® was successfully included in the centralized procurement by the Henan Seventeen Provinces Alliance and the procurement validity period is set for two years, which secured the Group with new in-hospital orders.

Bogutai®

The Group's newly launched product Bogutai® (teriparatide injection) is effective in treating osteoporosis and bone pain. With its approval in January 2024 and subsequent launch in March 2024, Bogutai® achieved sales of HK$62.9 million, exceeding initial expectations. Bogutai® is positioned for distribution in leading 3A hospitals, supported by a dedicated direct sales team that focuses on key medical specialties such as orthopedics, endocrinology, and geriatrics. Impressively, Bogutai® sales team achieved a patient retention rate of approximately 70% during the Year, underscoring its strong market competitiveness.

肌顏態®

The Group's newly launched medical aesthetic product 肌顏態® is developed with proprietary Skbrella™ FN (Recombinant Human Fibronectin) technology. Fibronectin, a vital extracellular matrix glycoprotein, supports cell migration, adhesion, proliferation, and tissue regeneration. 肌顏態® enhances skin quality and accelerates repair, making it ideal for damaged and acne-prone skin, as well as post-procedure care. 肌顏態® made its debut with a dedicated product launch event in Wuhan City, Hubei in December 2024. At the event, leading dermatologists and experts engaged in in-depth academic discussions and case studies on the clinical applications and benefits of fibronectin, further validating the efficacy of 肌顏態®. At its debut, experts were convinced of the effectiveness of 肌顏態® in perioperative care, particularly for patients with anesthetic allergies, as it promotes rapid skin recovery and reduces redness, reinforcing its clinical value. Sales of 肌顏態® were insignificant for the Year; however, it has garnered strong recognition from dermatologists and medical aesthetics professionals. Looking ahead to 2025, the Group is ramping up the launch of new medical aesthetics products, further expanding its portfolio and cementing its position as a leader in the fibronectin space.

FINANCIAL PERFORMANCE REVIEW

Turnover

Sales Developments

For the Year, the Group recorded a revenue of approximately HK$553.0 million, representing an increase of 14.1% YoY.

Biological Pharmaceutical Products

The Group's biopharmaceutical products include GeneTime® (EGF spray indicated for wound healing), GeneSoft® (EGF-derivative eye drop indicated for corneal damage and post-operative healing), Bogutai® (teriparatide injection) and 肌顏態®. During the Year, biological pharmaceutical products recorded approximately HK$303.4 million of sales, representing an impressive growth of 33.7% as compared with last year. Biopharmaceutical products represented 54.9% of total sales for the Year.

Chemical Pharmaceutical Products

The Group's high-value generics products include Pinup® (Voriconazole tablets which are tailored to treat severe fungal infection) and Boshutai® (Acarbose tablet). During the Year, the segment achieved a revenue of approximately HK$249.6 million, representing a decrease of 3.2% compared with last year.

Gross Profit and Gross Profit Margin

For the Year, gross profit was approximately HK$461.1 million, representing an increase of 17.4% as compared with approximately HK$392.8 in 2023. The increase in gross profit was mainly led by the surge of revenue generated from the Group's main products. Gross profit margin increased by 2.4 percentage points from 81.0% in 2023 to 83.4%. The Group has optimized its supply chain to enhance raw material procurement competitiveness, improve scaling efficiency, and reduce procurement and production costs, achieving greater economies of scale.

Selling and Distribution Expenses

During the Year, selling and distribution expenses was approximately HK$261.6 million, representing an increase of 8.4% from approximately HK$241.3 million in 2023. The increase was a result of the investments in academic and marketing activities to support sales growth and the expansion of sales personnel in preparation for the launch of Bogutai®. With ongoing efforts to optimize recurring expenses, the percentage of selling expenses over revenue slightly decreased to 47.3% in 2024 from 49.8% in 2023.

Research and Development Expenses

Research and development expenses in 2024 was approximately HK$52.3 million, representing an increase of 47% from approximately HK$35.6 million in 2023. The Group has initiated and carried on with multiple R&D projects during the Year, including the microneedle form Uni-PTH and Esaconazole sulfoate capsules Project. The Group will continue to build on its strategy of focusing on endocrinology, ophthalmology, and dermatology fields.

General and Administrative Expenses

For the Year, general and administrative expenses was approximately HK$50.7 million, representing an increase of 7.0% from approximately HK$47.4 million in 2023. The expenses accounted for 9.2% of revenue as compared with 9.8% last year, which attributable to the Group's continuous efforts in internal control and cost reduction measures.

Other Revenue

Other revenue for the Year was approximately HK$8.9 million, representing a decrease of 34.9% when compared with approximately HK$13.6 million last year. The decrease was mainly attributable to a decrease in the CMO business.

Profit for the Year

In 2024, the Group witnessed a surge in profit, soaring from approximately HK$70.9 million in 2023 to approximately HK$82.8 million, representing a significant increase of 16.8%. This remarkable achievement was fueled by the successfully launch of the new product Bogutai®, along with the consistent demand for other marketed drugs, stringent cost management, and ongoing supply chain enhancements. This sustained profitability strengthened the Group's foundation for long-term success in the years ahead.

PROSPECTS

Outlook

Recent advancements in biotechnology, coupled with strong government support, position China's pharmaceutical landscape for substantial growth, with a projected compound annual growth rate (CAGR) of 7.5% from 2024 to 2032, according to the IMARC Group. This expansion is driven by technological innovations and a growing elderly population increasingly susceptible to chronic conditions such as diabetes, which boosts pharmaceutical demand. Concurrently, the aesthetic medical sector is emerging as a significant market force, with forecasts indicating a CAGR of 10% to 15% from 2024 to 2027, primarily fueled by rising beauty standards and increased spending among individuals with moderate to high incomes.

As a leading biopharmaceutical company in China, the Group is committed to innovation and seizing opportunities in both the pharmaceutical and aesthetic medical sectors. The Group's vision focuses on diversifying our product offerings while concentrating on its strengths in endocrinology, ophthalmology, and dermatology. The Group aims to expand its sales channels beyond traditional public and private hospital networks to include pharmacies, online platforms, and aesthetic medical institutions. Additionally, the Group is dedicated to exploring international markets to enhance its global presence. By leveraging collaborations with industry leaders, the Group seeks to accelerate commercialization, ensuring sustainable profit and growth. With this strategic focus and commitment to rapid advancement, the Group is well-positioned to solidify its leadership in these dynamic industries and achieve lasting success in the years ahead.

Advancing R&D Pipelines for Future Commercial Success

The Group is at the forefront of innovation in endocrinology, ophthalmology, and dermatology through its robust R&D initiatives. The progress of its biopharmaceutical research is great, with several projects achieving key milestones.

Following the successful launch of Bogutai®, China's first domestic disposable liquid injection pen known for its dosing precision and reduced injection pain, the Group is now developing a PTH microneedle patch. This innovative solution offers a less invasive and more comfortable alternative to traditional injections, promoting better patient adherence. The delivery system ensures enhanced bioavailability and effectiveness, significantly improving the patient experience. Additionally, the Group is advancing its novel antibody drug for weight loss, partnering with experts to expedite clinical trials and hasten its market introduction.

Significant strides have also been made with the Group's EGF products. Preparations for pilot plant testing of the EGF hydrogel are underway. Noteworthy advancements have been achieved in other key areas as well. The supplementary research for Diquafosol Sodium Eye Drops has been completed, with an application submitted to the CDE, and a launch is anticipated in the second quarter of 2025. BE research for Esaconazole sulfoate is in progress, with testing set to begin soon to accelerate its market entry.

In recent years, the Group has actively explored the aesthetic medical sector. Following the launch of 肌顏態® in late December 2024, the Group will accelerate the launch of other new product lines in 2025 based on Skbrella™ FN, including higher-value products that combine strong repairing functions with anti-aging effects, as well as a daily series of masks and lotions to attract a broader range of mass consumers. The Group also plans to introduce two new advanced skincare raw materials in 2025: collagen and beauty peptides, to deepen market reach. These new product lines align with the rising demand for non-invasive and regenerative skincare solutions, which have shown potential in enhancing skin rejuvenation and collagen production. Additionally, the Group aims to leverage its expertise in GeneTime® and 肌顏態® to create a comprehensive skincare solution for emergency skin repair and stabilization. This strategic initiative is expected to diversify the Group's product offerings and attract a wider customer base beyond existing GeneTime® users, capitalizing on the industry's growth potential.

The Group has consistently supported the biopharmaceutical ecosystem in Hong Kong by investing in local accelerators and companies. During the Year, the Group successfully established collaborations with Tiger Jade Pebble Accelerator to jointly develop new weight loss drugs. Through this cooperation, the Group will leverage its strengths in clinical experience, efficient production platforms, and extensive networks to empower the R&D of innovative biological drugs over the long term. This strategic partnership aligns with Hong Kong's thriving biotech landscape, which offers a robust environment for innovation and collaboration.

Implementing Omnichannel Strategy and Global Ambitions

With six marketed products and ongoing efforts to expand its portfolio, the Group has strategically implemented omnichannel strategies to reach a broader customer base and reduce reliance on traditional hospital networks. The direct sales team is dedicated to strengthening partnerships with hospitals across various levels, including provincial, municipal, and private institutions. Specifically, for Bogutai®, the Group aims to maintain its leadership in orthopedic applications while expanding into endocrinology, pain management, rheumatology, immunology, and geriatrics areas. To further broaden its reach, the Group has established flagship stores with online sales channels, including JD.com, Alibaba, Pinduoduo, Baidu, and Ele.me. These channels started making contributions, accounting for 1.2% of the Group's total revenue in 2024. The Group will continue to expand its presence through these platforms, leveraging their extensive customer bases and strategic market positions to enhance brand visibility and drive growth.

In the aesthetic medical products sector, the Group's initial strategy focuses on offline channels, such as direct sales and distributor networks, targeting consumers in public hospitals and private aesthetic medical centers. Plans are underway to boost online presence and collaborate with leading physicians and aesthetic medical organizations.

Beyond domestic markets, the Group also eyes on international expansion. It has initiated the FDA application process for PTH in 2024, with a targeted launch in 2027. This marks the Group's first step towards global growth outside of China. By adopting a diversified distribution strategy, the Group aims to secure future sales growth while reducing its dependence on regional market and traditional channels.

Fostering Advanced R&D Platforms for Product Innovation

The Group is leveraging its two new key technology platforms to support its product expansion: advanced synthetic biology platform and hydrogel technology.

Advanced Synthetic Biology Platform

This cutting-edge platform integrates green peptide technologies with synthetic biology, AI-driven peptide design, peptide engineering, and advanced formulation techniques. By leveraging Escherichia Coli for efficient vesicle-mediated protein secretion and optimizing fermentation processes, the Group has successfully extended both the reproductive and chronological lifespan of Escherichia Coli cells. This breakthrough significantly enhances production efficiency, enabling the large-scale production of biopeptides at kilogram levels. Consequently, the cost of raw biological polypeptides is substantially reduced. Currently, the Group is focusing on developing multiple complicated peptides that are prohibitively expensive to manufacture through chemical synthesis. This includes pioneering preliminary research into recombinant human bone morphogenetic proteins (rhBMPs) for treating various bone-related conditions, including fresh fractures, bone defects, non-union fractures, and spinal fusion. The introduction of this protein would complement Bogutai®, further strengthening our position in the orthopedic market.

Hydrogel Technology Platform

The hydrogel platform is distinguished by its excellence in drug delivery, particularly with temperature-sensitive hydrogels designed for EGF products. These hydrogels exhibit superior wound filling properties, transitioning into a semi-solid gel state in response to skin temperature. This transformation not only prevents microbial contamination but also prolongs drug release. Currently, the product is undergoing prescription compatibility and stability studies. Given their high-water content and excellent biocompatibility, hydrogels have vast potential in tissue engineering, regenerative medicine, and trauma treatment. The Group is actively exploring these areas through strategic collaborations, including a partnership with Hubei Cancer Hospital to develop a nano-sustained-release hydrogel loaded with EGF for precise colitis treatment. Furthermore, the Group is deploying smart hydrogel technology to develop innovative bone repair materials and aesthetic medical implant gels, fully leveraging the advantages of hydrogel technology to create multifunctional products across diverse fields.

Production Capacity Optimization: On Track for Enhanced Efficiency

The infrastructure for the new factory in Dongguan has been fully completed during 2024, marking a significant milestone in the Group's expansion plans. Technical transfer, process equipment setup, and verification of EGF production are underway, ensuring a smooth transition to operational readiness. The Group is confident that the factory will commence operations as scheduled in 2026. Upon its official launch, the factory is expected to produce up to 19 million units annually of the Group's signature products, GeneTime® and GeneSoft®, representing an annual production value exceeding RMB1billion. A key feature of the facility is its state-of-the-art BFS packaging line, which will be utilized for producing single-dose GeneSoft® and the upcoming Diquafosol Sodium Eye Drops. This advanced packaging technology not only enhances product safety and convenience but also boosts market appeal, allowing the Group to command a premium in the market.

EGF Products: Continuous Innovations and Production Enhancement

The Group's EGF products have garnered significant recognition in the market over time. To meet the escalating demand for these products, the Group has consistently enhanced EGF process technology and optimized drug substance production capacity. The production capacity of each batch has now tripled compared to the previous capacity, following the initial phase of capacity enhancement in 2022.

The Group is in the process of preparing supplementary materials for submission to the NMPA by April 2025, aiming to further expand production capacity by fourfold. This increase not only enhances production efficiency and reduces costs but also facilities new dosage forms and new formulation. It diversifies the EGF production line and fortifies the Group's competitive edge in the market.

To cater to the increasing demand for EGF products, the Group has diversified its sales channels by entering the e-commerce sector. This strategic move aims to enhance customer engagement and tap into the benefits of online platforms, which offer lower operating costs and higher efficiency as compared to traditional distribution channels. By expanding sales through these channels, the Group expects to optimize costs, achieve long-term economies of scale, positioning itself for sustained growth in the future.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2024, the Group's bank deposits, bank balances and cash amounted to approximately HK$65,009,000, and its structured short-term bank deposites were approximately HK$104,884,000. The Group had total assets of approximately HK$517,552,000 (as at 31 December 2023: HK$409,992,000), and current assets of approximately HK$318,779,000 (as at 31 December 2023: HK$238,096,000), while current liabilities were at HK$123,496,000 as at 31 December 2024 (as at 31 December 2023: HK$114,790,000). The total current liabilities to total assets ratio is 23.9% (as at 31 December 2023: 28%). The Group's major interest and operations are in the PRC. The Group also contracts with suppliers for goods and services that are denominated in Renminbi ("**RMB**"). The Group does not hedge its foreign currency risks as the rate of exchange between Hong Kong dollar and RMB is managed within a narrow range.

CHARGES ON ASSETS

As at 31 December 2024, the Group's land use rights included in right-of-use assets, buildings included in property, plant and equipment and trademarks and certificates included in intangible assets with an aggregate carrying amount of approximately HK$15.6 million (31 December 2023: approximately HK$17.4 million) were pledged to banks as securities for borrowings granted to the Group.

EMPLOYMENT AND REMUNERATION POLICY

As of 31 December 2024, the Group employed 487 employees, including 34 employees in the PRC R&D department, 223 employees in the PRC production department, 156 employees in the PRC commercial office and 9 managers and 4 R&D employees in the Hong Kong headquarters. The Group has adopted a competitive remuneration package for its employees to attract and retain top talent. Promotion and salary increments are assessed based on performance. Share options may also be granted to staff with reference to the individual's performance.

DIVIDEND

The Board recommends the payment of a final dividend of HK0.277 cents per Share ("**Final Dividend**") out of share premium account of the Company for the year ended 31 December 2024 (2023: Nil). During the year ended 31 December 2024, no interim dividend was declared.

The payment of the Final Dividend out of share premium account of the Company is conditional upon the satisfaction of the following conditions:

(a) the passing of a final resolution by the shareholders of the Company at the forthcoming annual general meeting of the Company to be held on 26 May 2025 approving the declaration and payment of the Final Dividend out of share premium account of the Company pursuant to the articles of association of the Company;

(b) the Directors being satisfied that, immediately following the payment of the Final Dividend, the Company shall be able to pay its debts as they fall due in the ordinary course of business; and

(c) the Company having complied with all requirements under the laws of the Cayman Islands regarding the payment of the Final Dividend out of share premium account of the Company.

The conditions set out above cannot be waived. If the conditions set out above are not satisfied, the Final Dividend will not be paid. Subject to the fulfilment of the above conditions, it is expected that the Final Dividend will be paid in cash on or about 13 June 2025 to the qualifying shareholders of the Company whose names appear on the register of members of the Company at close of business on 3 June 2025, being the record date for determination of entitlements of the qualifying shareholders of the Company to the Final Dividend. Further details regarding the Final Dividend will be set forth in a circular (together with a notice of the forthcoming annual general meeting of the Company to be held on 26 May 2025) to be dispatched to the shareholders of the Company and/or made electronically available on the respective websites of the Stock Exchange and the Company in due course.

AUDIT COMMITTEE

The audit committee currently comprises the three independent non-executive Directors, namely Mr. Chow Kai Ming, Mr. Ren Qimin and Mr. Ma Qingshan. The audit committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2024.

The Company's auditor BDO Limited has reported on the financial statements of the Group for the current and prior year. The auditor's reports were unqualified, and did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports.

COMPLIANCE WITH THE CORPORATE GOVERNANCE

The Company has complied with all the applicable code provisions in the Corporate Governance Code set out in Appendix C1 to the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") throughout the year ended 31 December 2024.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix C3 to the Listing Rules as its own code of conduct regarding directors' dealings in the Company's securities. Specific enquiry has been made of all the directors of the Company and the directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2024.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this announcement, the Company has maintained sufficient public float as required under the Listing Rules during the year under review and up to the date of this announcement.

SIGNIFICANT INVESTMENTS HELD BY THE GROUP

During the year ended 31 December 2024, the Group did not make any significant investments.

MATERIAL ACQUISITIONS AND DISPOSALS OF ASSETS, SUBSIDIARIES AND ASSOCIATED COMPANIES

Saved as disclosed herein, the Group did not make any material acquisitions and disposals of assets, subsidiaries and associated company during the year ended 31 December 2024.

CONNECTED TRANSACTION

Provision of Loan

On 31 May 2024, 北京博康健基因科技有限公司 (Beijing Genetech Pharmaceutical Co., Limited*) (the "**Lender**"), an indirect wholly-owned subsidiary of the Company, entered into the Loan Agreement with 廣州太力生物醫藥科技有限公司 (Guangzhou Taili Biomedical Technology Co., Limited*) (the "**Borrower**"), pursuant to which the Lender agreed to provide the Borrower with a Loan in a principal amount of RMB5,800,000 for a term of 16 months commencing from 1 June 2024, to facilitate the research and development and operations of the Borrower.

To the best of the Directors' knowledge, information and belief having made all reasonable enquires: (i) the Borrower is a limited liability company established in the PRC and principally engaged in the research and development of pharmaceuticals; and (ii) the Borrower is an indirect subsidiary of Deer Biotherapeutics Limited, a company incorporated in the BVI with limited liability which is principally engaged in investment holding.

On 31 May 2024, Deer Biotherapeutics Limited is owned (a) as to approximately 50.5% by Mr. Leung, an executive Director and Chairman of the Board, and his family members; (b) as to 12.24% indirectly by Mr. Yau Kwok Wing Tony, a non-executive Director; (c) as to 8.16% indirectly by Mr. Chen Dawei, an executive Director; (d) as to 12.24% by Fengde Healthcare Fund Limited, a company beneficially owned as to 60% by Ms. Wu Xiaobing and 40% by Ms. Wan Fangli; (e) as to 8.69% under the employee share ownership plan of Deer Biotherapeutics Limited; and (f) as to the remaining shares by various individuals, each of which is an Independent Third Party, each holding not more than 4.5% of the shares of Deer Biotherapeutics Limited. Accordingly, the Borrower is an associate of Mr. Leung who is a connected person of the Company, and thus the Borrower is a connected person of the Company under the Listing Rules.

The advance of the Loan did not constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules but constitutes a connected transaction of the Company for the purpose of Chapter 14A of the Listing Rules.

As the Loan and the Previous Loans were granted to the Borrower within a 12-month period prior to and inclusive of the date of the Loan Agreement, each of the Loan and the Previous Loans were aggregated as a series of transactions pursuant to Rule 14A.81 of the Listing Rules. Since the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the making of the Loan and the Previous Loans, in aggregate, exceeds 0.1% but is less than 5%, the Loan and the Previous Loans, in aggregate, are subject to the announcement and reporting requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Details of the Provision of Loan are set out in the announcements of the Company dated 18 September 2023 and 31 May 2024.

The Loan Novation

On 29 November 2024, 北京博康健基因科技有限公司 (Beijing Genetech Pharmaceutical Co., Limited*) (the "**Lender**"), an indirect wholly-owned subsidiary of the Company, the 廣州太力生物醫藥科技有限公司 (Guangzhou Taili Biomedical Technology Co., Limited*) (the "**Original Borrower**") and 東莞太力生物工程有限公司 (Dongguan Taili Biotech Co., Limited*) (the "**New Borrower**") entered into the Loan Novation Agreement, pursuant to which the New Borrower agreed to assume the Novated Loan due by the Original Borrower to the Lender in a principal amount of RMB8,500,000. The New Borrower is the holding company of the Original Borrower.

The Original Borrower is a limited liability company established in the PRC and principally engaged in the research and development of pharmaceuticals. The Original Borrower is a direct subsidiary of the New Borrower. The New Borrower is a limited liability company established in the PRC and principally engaged in the research and development of pharmaceuticals; the New Borrower is a wholly-owned subsidiary of Deer Biotherapeutics Limited, a company incorporated in the BVI with limited liability which is principally engaged in investment holding.

On 29 November 2024, Deer Biotherapeutics Limited is owned (a) as to approximately 50.50% by Mr. Leung, an executive Director and Chairman of the Board, and his family members; (b) as to approximately 12.24% by a company ultimately controlled as to 50% by Mr. Yau Kwok Wing Tony, a non-executive Director; (c) as to approximately 8.16% indirectly by Mr. Chen Dawei, an executive Director; (d) as to approximately 12.24% by Fengde Healthcare Fund Limited, a company beneficially owned as to 60% by Ms. Wu Xiaobing and 40% by Ms. Wan Fangli; (e) as to approximately 8.69% under the employee share ownership plan of Deer Biotherapeutics Limited; and (f) as to the remaining approximately 8.18% by various individuals, each of which is an Independent Third Party.

Accordingly, the New Borrower is an associate of Mr. Leung who is a connected person of the Company, and thus the New Borrower is a connected person of the Company under the Listing Rules.

On 18 September 2023 and 31 May 2024 in which the Lender had granted to the Original Borrower: (1) the Loan A, being a loan in the principal amount of RMB7,150,000 at the interest rate of 3.65% per annum for a term of 24 months commencing from 19 September 2023; (2) the Loan B, an extended loan in the principal amount of RMB2,350,000 at the interest rate of 3.65% per annum for a term commencing from the drawdown date of 6 August 2023 to 5 August 2025; and (3) a loan in the principal amount of RMB5,800,000 at the interest rate of 3.45% per annum for a term of 16 months commencing from 1 June 2024.

The Group was approached by the Original Borrower in the proposing of the Loan Novation for part of the loans granted by the Lender to be assumed by the New Borrower, its holding company. Given that (i) the Loan Novation does not involve a change in the terms of the Novated Loan other than the assuming of the Novated Loan by the New Borrower due by the Original Borrower; (ii) the New Borrower is in fact the holding company of the Original Borrower and would not affect the repayability of the Novated Loan; (iii) there will be no change in the position of the Group to receive interest for the Novated Loan at an interest rate in short term which is similar or more favorable than the interest rate of fixed deposits offered by commercial banks in the PRC; and (iv) there is no material negative impact to the operations and financial performance of the Group for granting the Loan Novation, the Directors (including the independent non-executive Directors) consider that the Loan Novation, although not in the ordinary course of business of the Company, is on normal commercial terms or better and the terms of the Loan Novation Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The Loan Novation did not constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules, but constitutes a connected transaction of the Company for the purpose of Chapter 14A of the Listing Rules.

Since the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the making of the Loan Novation exceeds 0.1% but is less than 5%, the Loan Novation is subject to the announcement and reporting requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Details of the Provision of Loan are set out in the announcements of the Company dated 18 September 2023, 31 May 2024 and 29 November 2024.

WTGL Lease Agreement

On 23 December 2022, 深圳市華生元基因工程發展有限公司 (Shenzhen Watsin Genetech Limited*) ("**WTGL**"), an indirect wholly-owned subsidiary of the Company, entered into a lease agreement (the "**WTGL Lease Agreement**") with 深圳市同創生物工程有限公司 (Shenzhen Tongchuang Biological Engineering Co., Ltd.*) ("**WTGL B**") in respect of the lease of the Premises (as defined below) for a term of two years commencing on 1 January 2025 and ending on 31 December 2026 (both days inclusive) for the Group's certain production facilities.

The Premises includes the entire 1st floor, 2nd floor, 4th floor and the rooftop and part of the 3rd floor of the building, with a total gross floor area of 5,685.47 sq. m., situated at a land parcel located at No.7, Keji Middle 1st Road, Nanshan district, Shenzhen, the PRC (the "**WTGL Land**").

The total consideration is approximately RMB8.19 million (approximately HK$8.67 million) in aggregate. WTGL is responsible for the water and electricity fees and other amenities incurred during the term. The rent was determined after arm's length negotiations between WTGL B and WTGL, taking into consideration of the prevailing market price of comparable premises in the vicinity of the Premises. The payment of the rent will be funded by the internal resources of the Group.

WTGL B is a limited liability company established in the PRC and separated from WTGL pursuant to the Split-off (分立) undertaken by WTGL whereby the assets and liabilities will be taken up by two entities, namely, the surviving WTGL and WTGL B separately, which was completed on 29 May 2019 (the "**WTGL Split-off**"). Pursuant to the transactions contemplated under the disposal of the WTGL Land and property rights of the buildings constructed on the WTGL Land and all the equity interest in WTGL B (the "**WTGL Disposal**"), the titles of the land use rights of the WTGL Land and property rights of the buildings constructed on the WTGL Land would be transferred to WTGL B and upon such transfer, all the equity interest in WTGL B (the "**WTGL Sale Shares**") would be transferred to Greater Bay Capital Limited (the "**Purchaser B**"). Purchaser B is a company incorporated in BVI with limited liability which is principally engaged in investment holding.

To the best of the Directors' knowledge, information and belief having made all reasonable enquires, as at the date of the WTGL Lease Agreement, the ultimate beneficial owners of Purchaser B are (i) as to 65% by Madam Judy Lau, the mother of Mr. Leung, an executive Director and Chairman of the Board; (ii) as to 20% by Mr. Chen Dawei, an executive Director; and (iii) as to 15% by a company controlled by Mr. Yau Kwok Wing Tony, a non-executive Director. Accordingly, by virtue of the relationship between the parties as elaborated above, each of WTGL B and Purchaser B is a connected person of the Company under the Listing Rules. Hence the transaction contemplated under the WTGL Lease Agreement constitutes a connected transaction of the Company for the purpose of Chapter 14A of the Listing Rules.

Details of the WTGL Lease Agreement are set out in the announcement of the Company dated 24 December 2024.

Profile of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Kingsley LEUNG, aged 38, has been appointed as an executive director of the Company since 28 February 2014, appointed as the chairman ("**Chairman**") of the Board and the chairman of the Nomination Committee and a member of the Remuneration Committee with effect from 13 January 2017. Mr. Leung joined the Company on 8 July 2013 as Business Development Manager. Mr. Leung graduated with honours with a bachelor's degree in Biochemistry from Imperial College London in July 2008 and obtained a master's degree in Pharmacology from the University of Oxford in September 2009. Mr. Leung is currently a Chartered Financial Analyst and a member of The Hong Kong Society of Financial Analysts. He also holds a Professional Diploma in Corporate Governance and Directorship and is an associate member of the Hong Kong Institute of Directors. He is currently admitted to Tsinghua-INSEAD Executive MBA Programme. Mr. Leung has extensive experience in investment banking and business development in the biotechnology industry.

In 2016 and 2017, Mr. Leung has been awarded and affirmed by the industry and media in diversified ways. He was appointed as the vice-president of the Young Innovation and Development Alliance (YIDA, non-profit organization) in Hong Kong, and accepted the Entrepreneur of the Year 2017 issued by Capital Magazine. Moreover, Mr. Leung was presented an award for world outstanding leaders by Yazhou Zhoukan in 2016 and also was the Young Industrialist Awards of Hong Kong 2020.

Mr. CHEN Dawei, aged 55, has been appointed as an executive director of the Company and the vice-chairman of the Board with effect from 13 January 2017. Mr. Chen obtained an Executive Master's Degree in Business Administration (major in China-America Finance) from Peking University and a Master's Degree in Business Administration from the National University of Singapore. Mr. Chen has over 20 years of experience in enterprise management, capital market and merger and acquisition. He had been the chairman, chief executive officer, executive director and vice-chairman of China Everbright Water Limited (formerly known as HanKore Environment Tech Group Limited) from May 2011 to February 2016, the shares of which are listed on the Main Board of the Singapore Exchange Limited and the sole water business platform of China Everbright Group Ltd. He is currently the executive partner of a Chinese equity investment fund and the chairman of a Singapore capital management company.

Mr. ZHAO Zhi Gang, aged 65, has been appointed as an independent non-executive director of the Company with effect from 1 April 2014 and re-designated as an executive director of the Company and chief executive officer of the Company with effect from 8 April 2019. Mr. Zhao holds a bachelor's degree in Economics from the Peking University and a master's degree in Professional Accounting from the University of Hartford, Connecticut, United States of America ("**U.S.**"). Mr. Zhao is a U.S. certified public accountant and a fellow of the American Institute of Certified Public Accounts. Mr. Zhao has over 20 years of experience in corporate finance and audit practice with various publicly listed companies and Pricewaterhouse Coopers in the U.S. and in China.

Mr. Zhao was the CFO of JMU Limited, whose shares are listed on the NASDAQ Stock Exchange ("**NASDAQ**") from 2014 to 2018. Previously, Mr. Zhao was also the CFO of Borqs Beijing Limited from 2012 to 2014, the CFO of Kingmed Center for Clinical Laboratories from 2011 to 2012, the CFO of Simcere Pharmaceutical Group (whose shares was listed on the New York Stock Exchange) from 2006 to 2011. Prior to that, Mr. Zhao was the CFO of Sun New Media Group Limited, a NASDAQ-listed company, from 2005 to 2006. Before that, Mr. Zhao had also held senior financial positions with several publicly listed companies in the U.S. and was an investment consultant with Beijing International Trust and Investment Company.

Dr. WEN Yalei, aged 60, has been appointed as an executive director and chief operating officer with effect from 16 December 2024 and obtained a doctoral degree in chemical engineering from South China University of Technology. As one of the founders of the Group, Dr. Wen Yalei has accumulated over 30 years of extensive experience in the research and development, production and operation of chemical pharmaceuticals and biological preparations. Since joining Uni-Bio Group in 2002, he has served as General Manager of Dongguan Taili, and the General Manager of several companies including Beijing GeneTech Pharm, Shenzhen Watsin, Guangdong Watsin.

Dr. Wen Yalei successfully established a professional production and R&D team, leading the team to develop and successfully launch multiple chemical drugs and biological agents, making significant contributions to the expansion of the Group's product line and enhancement of market competitiveness. His research project won the first prize of Science and Technology Progress Award of the Chinese Academy of Sciences, which is a high recognition of his scientific research work. Dr. Wen Yalei holds more than 20 patents, several of which have been converted from theory to industrial scale, providing strong support for the Group's revenue growth and product innovation.

NON-EXECUTIVE DIRECTORS

Mr. YAU Kwok Wing Tony, aged 50, has been appointed as non-executive director of the Company with effect from 8 April 2019. Mr. Yau obtained a Bachelor of Arts in Accountancy from the Hong Kong Polytechnic University with first class honors in November 1996. Mr. Yau is a certified public accountant (CPA) of the Hong Kong Institute of Certified public Accountants.

Mr. Yau has over 20 years of experience in management, capital market and investment banking. Mr. Yau is currently the chief executive officer of Futec International Holdings Limited and HeungKong Financial Group Limited, each an affiliate of FUTEC Financial Limited, a substantial shareholder of the Company. Futec International Holdings Limited and HeungKong Financial Group Limited are members of HeungKong Group, a conglomerate with foothold in the Greater China region with business segments ranging from financial, real estate, healthcare, trade logistics, education, etc.. Prior to that, Mr. Yau was a managing director of Global Investment Banking of Deutsche Bank, a company principally engaged in investment banking, from May 2006 to January 2017. From August 2000 to May 2006, Mr. Yau was the vice president of the investment banking department of BNP Paribas Capital (Asia Pacific) Limited.

Ms. ZHANG Qing, aged 37, has been appointed as non-executive director of the Company with effect from 1 November 2024 and the member of the Nomination committee with effect from 27 March 2025. Ms. Zhang has been a partner at a US equity fund since 2020, responsible for venture capital in biotechnology/healthcare and company incubation. Ms. Zhang entered the venture capital industry in 2016, focusing on the field of the deep technology in the pharmaceutical and healthcare sectors. She has been responsible for and involved in more than 30 projects, involving three NASDAQ-listed companies. Prior to joining the venture capital industry, Ms. Zhang worked at Singapore General Hospital as a resident physician. Ms. Zhang obtained a Doctor of Medicine from Peking Union Medical College, Tsinghua University, completed training in NGS-based tumor drug development at Dana-Farber Cancer Institute/Broad Institute, and obtained a Master of Business Administration from Columbia Business School. Currently she serves as a mentor and consultant for the California Life Sciences Association, and an executive committee member of the North American Chinese Biomedical Association.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHOW Kai Ming, aged 59, has been appointed as independent non-executive director of the Company with effect from 1 April 2016. Mr. Chow is currently the chairman of both the Audit Committee and the Remuneration Committee, and a member of the Nomination Committee. Mr. Chow has more than 28 years of experience in financial management, auditing and tax planning in accounting firm. He holds a Master Degree in Business Administration from Heriot-Watt University and he is a fellow member of Hong Kong Institute of Certified Public Accountants – Practising since 1994. He is also a fellow member of the Association of Chartered Certified Accountants since 1997, the Taxation Institute of Hong Kong since 1999 and certified Tax Advisor since 2010.

Mr. REN Qimin, aged 70, has been appointed as an independent non-executive director of the Company and a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee with effect from 15 November 2017.

Mr. Ren has more than 27 years of management experience. He was the Deputy Secretary General and Executive Director of the board of directors of the China Association for International Friendly Contact for 10 years, primarily responsible for affairs relating to the Chinese Government and arranging meetings for international governmental agencies, political parties, other commercial organization and senior Chinese governmental authorities. He served as a director and a senior management in several companies since 1993 to present. Previously, Mr. Ren was the senior advisor of the Beijing office of CIGNA Corporation, a global health insurance service company from 1997 to 1999 primarily responsible for government relation affairs. Prior to that, Mr. Ren was also the General Manager of 蓋洛普(中國)諮詢有限公司 (unofficial english translation being Gallup (China) Consulting Limited) which mainly provides market research and polling service, and is a joint-venture set up by a Chinese investor and Gallup Inc. a global performance-management consulting company. Mr. Ren was primarily responsible for assisting it to start its operations in China from 1993 to 1996. Currently, he serves as an executive director of Carta Group Limited, a company principally engaged in international public relations and governmental affairs consultancy service. He obtained a Master Degree in Economics from Anhui University in 1990.

Mr. MA Qingshan, aged 45, has been appointed as independent non-executive director of the Company and the member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee with effect from 8 April 2019. Mr. Ma obtained a double Bachelor's Degree in Finance and E-commerce from the Peking University, PRC in July 2002. Mr. Ma is qualified as a Certified Financial Analyst (CFA).

Mr. Ma has over 18 years of extensive experience in management and consultation. He once served as consulting director of KPMG Advisory (China) Limited and Accenture (China) Co., Ltd. and a partner of Beijing Yucheng Hengsheng Management Consultating Co., Ltd.. He has also provided management consulting services for fifteen Fortune 500 companies and a number of listed companies and fast-growing enterprises. He has extensive experience in company strategic planning, business modelling and control modelling, digitalization and internet transformation, post-merger integration, enterprise performance management, enterprise investment management, business process optimization and global business development. Mr. Ma is an independent non-executive director of China Hanking Holdings Limited since March 2016, the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 3788).

SENIOR MANAGEMENT

Mr. AN Wen Du, aged 43, is the Head of sales department of the Company from 1 August 2020. He has over 18 years of experience in the pharmaceutical industry. Prior to Uni-Bio Science, Mr. An was responsible for the sales and marketing in Tasly Pharmaceutical Group (600535.SH), a renowned A-share listed company. Mr. An has broad experience in sales channel sourcing, sales forecasting and sales executing, leading the commercialization of several important products, capturing the largest market share in several drug sectors. Mr. An holds a BSc in Science from Henan Agricultural University, an MBA degree from Nankai University.

Ms. LI Jing, aged 46, is the Head of R&D department of the company. Post-doctoral Fellow, University of Medicine and Dentistry of New Jersey, USA, Ph.D. in Biochemistry and Molecular Biology, State Key Laboratory of Supramolecular Structures and Materials, Jilin University. Senior Engineer, Over 10 years of experience in research and development of new drugs in the field of cancer and endocrinology, rich experience in application for new drugs of CTA and NDA. Former head of the Institute of Biopharmaceuticals of the Yangtze River Pharmaceutical Group, published more than 20 academic articles and patents.

Mr. DU Kai, aged 44, has been appointed as the financial controller of the Company with effect from 31 March 2022. Mr. Du graduated from Capital University of Economics and Business in 2004 and he has a bachelor's degree in management. Mr. Du has obtained the accountant qualification awarded by the Ministry of Human Resources and Social Security and the Ministry of Finance of the PRC. He also is a member of the China Certified Tax Agents Association. Mr. Du joined the Group in October 2016 and served as the manager of the financial department of Beijing Genetech Pharmaceutical Company Limited, a subsidiary of the Group. He has served as the deputy financial officer of the Group since September 2019. Mr. Du Kai has over 18 years of experience in finance and taxation, especially in financial management of the biopharmaceutical industry.

Mr. CHEN Wenming, aged 38, is the head of the Medical and Registration Department of the Company. He graduated from Sichuan Normal University with a master's degree in pharmaceutical analysis. He worked as the registration director of Livzon Pharmaceutical Group, and the project he was responsible for won the second prize of National Science and Technology Progress. It has successfully completed the registration and listing of 5 innovative drugs and more than a dozen generic drugs. He has more than 15 years of experience in pharmaceutical research and development and drug registration in well-known large pharmaceutical companies.

Ms. TIAN Wei, aged 42, is the Head of HR and administration department of the Company. She graduated from Chengdu University of Technology with a bachelor's degree in industrial design. She has obtained the qualification certificate of director of human resources legal affairs and the qualification certificate of senior manager of human resources issued by the human resources and social security department. She has over 16 years of experience in human resources administration and management.

Corporate Governance Report

The Group is committed to maintaining and improving the quality of corporate governance so as to ensure better transparency and protection of shareholders' interest in general. The directors ("**Directors**") of the Company believe that good corporate governance practices are increasingly important for maintaining and promoting investor confidence and for stable growth of the Group.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to the principles of corporate governance and corporate responsibility consistent with prudent management. The Board believes that such commitment will in the long term serve to enhance the Shareholders' value. The Company has applied the principles and adopted all code provisions, where applicable, as set out in the Corporate Governance Code ("**CG Code**") as contained in Appendix C1 to the Rules Governing the Listing of Securities on Stock Exchange (the "**Listing Rules**") as its own code of corporate governance.

During the year ended 31 December 2024, the Directors consider that the Company has applied the principles and complied with all applicable code provisions set out in the Code contained in Appendix C1 to the Listing Rules for the year ended 31 December 2024.

THE BOARD OF DIRECTORS

The Board currently consists of seven members, including three executive Directors, one being the Chairman, one non-executive Director and three independent non-executive Directors. One of the independent non-executive Directors has the professional and accounting qualifications as required by the Listing Rules.

The Board comprises the following Directors:

Executive directors

Mr. Kingsley LEUNG *(Chairman)*
Mr. CHEN Dawei *(Vice-chairman)*
Mr. ZHAO Zhi Gang *(Chief executive)*
Dr. WEN Yalei (appointed on 16 December 2024)

Non-executive director

Mr. YAU Kwok Wing Tony
Ms. ZHANG Qing (appointed on 1 November 2024)

Independent non-executive directors

Mr. CHOW Kai Ming
Mr. REN Qimin
Mr. MA Qingshan

The Chairman of the Board is Mr. Kingsley LEUNG. The principal function of the Board is to formulate strategy and to monitor and control operating and financial performance in pursuit of the strategic objectives of the Group. The Board, led by the Chairman, is vested with full responsibility for setting objective and business development plans, overseeing the processes that management has in place to identify business opportunities and risks, considering and determining major acquisition and disposal and assuming responsibility for corporate governance.

THE BOARD OF DIRECTORS (CONTINUED)

The management is responsible for implementing the strategies and plans adopted by the Board. Executive Directors and management executives meet monthly to review the performance of the businesses of the business units and of the Group as a whole, co-ordinate overall resources and make financial and operational decisions.

There is no other financial, business, family or other material/relevant relationship amongst the Directors. With a wide range of expertise and a balance of skills, the independent non-executive Directors bring independent judgment on issues of strategic direction, development, performance and risk management through their contribution at board meetings and committee work.

The independent non-executive Directors also serve the important function of ensuring and monitoring the basis for an effective corporate governance framework. The Board considers that each independent non-executive Director is independent in character and judgment and that they all meet the specific independence criteria as required by the Listing Rules. The Company has received from each independent non-executive Director an annual confirmation of their independence and is satisfied about their independence up to the date of this report. The independent non-executive Directors are explicitly identified in all corporate communications.

All Directors are regularly updated on governance and regulatory matters. There is an established procedure for Directors to obtain independent professional advice at the expense of the Company in the furtherance of their duties. When the Board considers any material proposal or transaction in which a substantial shareholder of the Company or a Director has a conflict of interest, a Board meeting is held and only those executive and independent non-executive Directors who have no interest in the transaction can be counted as quorum and entitled to vote at such board meeting. At the meeting, the Director who has interests shall declare his or her interest and abstain from voting.

All Directors have participated in appropriate continuous professional development activities by attending training courses and reading materials relevant to the Company's business or to the Directors' duties and responsibilities. According to the records provided by the Directors, a summary of training received by the Directors during the year ended 31 December 2024 is as follows:

	Type of continuous professional development activities
Kingsley LEUNG	A, B, C
CHEN Dawei	A, B, C
ZHAO Zhi Gang	A, B, C
WEN Yalei* (appointed on 16 December 2024)	A, B, C
YAU Kwok Wing Tony	B, C
ZHANG Qing* (appointed on 1 November 2024)	B, C
CHOW Kai Ming	B, C
REN Qimin	B, C
MA Qingshan	B, C

Notes:

A Reading materials, journals and updates relating to the business and industry development
B Reading materials relevant to the latest development of the Listing Rules and other applicable regulatory requirement
C Attending seminars and/or conferences and/or forums

* As at the date of their appointments, the Directors have obtained the legal advice from a firm of solicitors qualified to advise on Hong Kong law as regards the requirements under the Listing Rules that are applicable to them as the Directors and any possible consequences of making a false declaration or giving false information to the Stock Exchange. And the Directors confirmed that they have understood their obligations as the Directors.

THE BOARD OF DIRECTORS (CONTINUED)

All Directors are committed to devote sufficient time and attention to the affairs of the Group. Directors have also disclosed to the Company the number and nature of offices held in Hong Kong or overseas listed public companies or organizations and other significant commitments, with the identity of the public companies or organizations. Directors are reminded to notify the Company in a timely manner of any changes of such information.

The Company has arranged for appropriate liability insurance to indemnify its Directors for their liabilities arising out of corporate activities. The insurance coverage is reviewed on an annual basis.

The Board meets regularly throughout the financial period to review the overall strategy and to monitor the operation as well as the financial performance of the Group. The Board is supplied with relevant information by the management pertaining to matters to be brought before the Board for decision as well as reports relating to operational and financial performance of the Group before each regular Board meeting. The Chairman is primarily responsible for drawing up and approving the agenda for each Board meeting in consultation with all Directors. Notice of at least 14 days have been given to all Directors for all regular Board meetings and the Directors can include matters for discussion in the agenda if necessary. Agenda and accompanying materials in respect of regular Board meetings are sent out in full to all Directors within reasonable time before the meeting. Draft minutes of all Board meetings are circulated to Directors for comment within a reasonable time prior to confirmation.

Minutes of Board meetings and meetings of the Board committees are kept by duly appointed secretaries of the respective meetings and all Directors have access to materials and related materials, and are provided with adequate information on a timely manner, which enables the Board to make an informed decision on matters placed before it.

All Board meetings held during the year ended 31 December 2024 involved the active participation, either in person or through other electronic means of communication, of a majority of the Directors.

Set out below is a summary of the attendance of Directors at the board meetings and general meeting during the year ended 31 December 2024.

	Number of attendance	
	General meeting	**Board meetings**
Executive Directors		
Kingsley LEUNG	1/1	4/4
CHEN Dawei	1/1	4/4
ZHAO Zhi Gang	1/1	4/4
WEN Yalei (appointed on 16 December 2024)	0/0	0/0
Non-Executive Director		
YAU Kwok Wing Tony	1/1	4/4
ZHANG Qing (appointed on 1 November 2024)	0/0	0/0
Independent Non-executive Directors		
CHOW Kai Ming	1/1	4/4
REN Qimin	1/1	4/4
MA Qingshan	1/1	4/4

CHAIRMAN AND CHIEF EXECUTIVE

Under the code provision C.2.1 there is a segregation of duties between the Chairman's responsibility for leadership and management of the Board and the Group's strategies, and the responsibility of the Chief Executive Officer is to develop business objectives and budgets and to implement the Group's strategies. Such division of responsibilities helps to reinforce their accountability and independence. During the year ended 31 December 2024, the roles of Chairman and the Chief Executive Officer are separate. Mr. Kingsley Leung is the Chairman while Mr. Zhao Zhi Gang is the Chief Executive Officer.

NON-EXECUTIVE DIRECTORS

The terms of the non-executive Director and independent non-executive Directors are as follows:

Non-executive Directors

(1) Mr. YAU Kwok Wing Tony was appointed for a term of 3 years commencing from 8 April 2022.
(2) Ms. ZHANG Qing was appointed for a term of 3 years commencing from 1 November 2024.

Independent non-executive Directors

(1) Mr. CHOW Kai Ming was appointed for a term of 3 years commencing from 1 April 2022.
(2) Mr. REN Qimin was appointed for a term of 3 years commencing from 15 November 2023.
(3) Mr. MA Qingshan was appointed for a term of 3 years commencing from 8 April 2022.

AUDIT COMMITTEE

The audit committee of the Company ("**Audit Committee**") was established in 2001. The Audit Committee comprised three independent non-executive Directors, namely Mr. CHOW Kai Ming, Mr. REN Qimin and Mr. MA Qingshan. As at the date of this report, Mr. CHOW Kai Ming was the chairman of the Audit Committee. Mr. CHOW Kai Ming has the appropriate professional qualifications and accounting and related financial management expertise as required under Rule 3.21 of the Listing Rules for the purpose of such appointment.

The Audit Committee has adopted written terms of reference to conform to the provisions of the CG Code.

The meetings of the Audit Committee are held not less than twice a year to review and discuss the interim and annual financial statements respectively. Additional meeting may also be held by the Audit Committee from time to time to discuss special projects or other issues which it considers necessary. The external auditors of the Group may request a meeting of the Audit Committee to be convened if they consider that it is necessary.

The main duties of the Audit Committee are as follows:

— To consider the appointment of the external auditors, the audit fee, and any question of resignation or dismissal
— To discuss with the external auditors the nature and scope of the audit
— To review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standard
— To develop and implement policy on the engagement of an external auditors to supply non-audit services
— To review the Group's interim and annual financial statements before submission to the Board
— To discuss problems and reservations arising from the interim and final audits and any matters that the external auditors may wish to discuss
— To review the external auditors' management letter and the management's response
— To review the Group's statement on risk management and internal control system prior to endorsement by the Board
— To discuss the risk management and internal control system with management to ensure that management has performed its duty to have effective systems
— To consider the major findings of any internal investigation and the management's response
— To consider other topics, as defined by the Board

AUDIT COMMITTEE (CONTINUED)

The Audit Committee held two meetings during the year ended 31 December 2024. The attendance record of the Audit Committee meetings is as follows:

Members of the Audit Committee	Number of attendance
CHOW Kai Ming *(Chairman)*	2/2
REN Qimin	2/2
MA Qingshan	2/2

Throughout the year under review, the Audit Committee discharged its responsibilities by reviewing and discussing the interim financial results, annual financial results and internal control system of the Group.

REMUNERATION COMMITTEE

The Company established a remuneration committee ("**Remuneration Committee**") on 4 November 2005 with written terms of reference in compliance with the CG Code. The Remuneration Committee comprised one executive Director, namely Mr. Kingsley LEUNG, and three independent non-executive Directors, namely Mr. CHOW Kai Ming, Mr. REN Qimin and Mr. MA Qingshan. As at the date of this report Mr. CHOW Kai Ming was the chairman of the Remuneration Committee. No Directors will be involved in any discussion in connection with his own remuneration.

The main duties of the Remuneration Committee are as follows:

— To determine the remuneration policy of the Group
— To make recommendations to the Board on the remuneration package of individual executive Directors and senior management
— To review and approve all equity based plans
— To review the appropriateness and relevance of the remuneration policy
— To approve the performance related pay schemes operated by the Group
— To review all share incentive plans for approval by the Board
— To review annually and take note of the remuneration trends of the Group and obtain reliable and up-to-date information about remuneration packages of other closely comparable companies
— To review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules

It is the Company's policy that the remuneration package of each Director shall be determined by reference to their experience, qualification and the time expected to be devoted by them on the affairs of the Company.

Reference is made to the announcements dated 1 November 2024 and 7 November 2024 in relation to the appointment of Ms. Zhang Qing ("**Ms. Zhang**") as a non-executive Director of the Company and grant of share options to Ms. Zhang.

The vesting and exercising of the Share Options are not subject to any performance targets, as the purpose of the Share Options is granted as part of the remuneration package of Ms. Zhang of her appointment as a Director.

REMUNERATION COMMITTEE (CONTINUED)

The purpose of the Share Option Scheme is to provide incentive or reward to eligible persons for their contribution or potential contribution to the Group. The remuneration committee of the Board is of the view that taking into account (i) offering the Share Options as a share based compensation to be part of the remuneration package for Ms. Zhang can result in limited payment of cash remuneration and therefore is in the interests of the Company and its shareholders; (ii) given that Ms. Zhang will serve as a non-executive Director, it would not be appropriate to set a performance target for non-executive Directors due to the nature of their contributions to the Company as their responsibilities should be more focused on oversight, strategy and governance rather than performance metrics or operational objectives; and (iii) the grant of the Share Options can help motivate Ms. Zhang and reinforce her commitment to long term services of the Group, therefore considered the grant of the Share Options aligned with the purpose of the Share Option Scheme and not to set a performance target for such Share Options.

The Remuneration Committee meets regularly to determine the policy for the remuneration of the Directors, assess performance of the executive Directors and senior management of the Group and approve the terms of the executive Directors' service contracts. During the year ended 31 December 2024, the Remuneration Committee has assessed the performance of the executive Directors, reviewed and discussed the remuneration package of the executive Directors, the remuneration of the non-executive director, independent non-executive Directors and senior management and matters relating to share schemes under Chapter 17 of the Listing Rules. One Remuneration Committee meeting was held during the year ended 31 December 2024. The individual attendance of each member is set out below:

Members of the Remuneration Committee	**Number of attendance**
CHOW Kai Ming *(Chairman)*	1/1
Kingsley LEUNG	1/1
REN Qimin	1/1
MA Qingshan	1/1

The remuneration of Directors is determined with reference to their duties and responsibilities in the Company as well as the prevailing market conditions. Details of emoluments of Directors for the year ended 31 December 2024 are set out in note 14 to the consolidated financial statements. The number of senior management of the Group whose remuneration for the year ended 31 December 2024 fell within the following band is as follows:

	Number of senior management
Nil to HK$1,000,000	–
HK$1,000,001 to HK$1,500,000	3
HK$1,500,001 to HK$2,000,000	–
HK$2,000,001 to HK$2,500,000	–
HK$2,500,001 to HK$3,000,000	–
HK$3,000,001 to HK$3,500,000	–

NOMINATION COMMITTEE

The Company established a nomination committee ("**Nomination Committee**") on 4 November 2005. The Nomination Committee has adopted written terms of reference to conform to the CG Code. The Nomination Committee comprised one executive Director, namely Mr. Kingsley LEUNG, and three independent non-executive Directors, namely Mr. CHOW Kai Ming, Mr. REN Qimin and Mr. MA Qingshan. As at the date of this report, Mr. Kingsley LEUNG was the chairman of the Nomination Committee.

The Nomination Committee shall meet before the annual general meeting of the Company, or at other times as required by the chairman of the Nomination Committee.

The main duties of the Nomination Committee are as follows:

- To determine the policy for the nomination of Directors
- To review the structure, size and composition of the Board regularly and to make recommendations to the Board with regard to any changes required
- To evaluate the balance of skills, knowledge and experience of the Board
- To identify and nominate any candidate for the Board's approval
- To make recommendations for the appointment and removal of the Chairman or any Director
- To make recommendations to the Board on the re-appointment of any non-executive Director at the conclusion of his specified term of office
- To report to the Board on its proceedings after each meeting

During the year ended 31 December 2024, the Nomination Committee has reviewed the structure, size and composition (including the skills, knowledge and experience) of the Board, assessed the independent non-executive Directors and made 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. One Nomination Committee meeting was held during the year ended 31 December 2024. The individual attendance of each member is set out below:

Members of the Nomination Committee	**Number of attendance**
Kingsley LEUNG *(Chairman)*	1/1
ZHANG Qing (appointed on 27 March 2025)	0/0
CHOW Kai Ming	1/1
REN Qimin	1/1
MA Qingshan	1/1

The Company adopted the board diversity policy in June 2014 and is available on the website of the Company on http://www.uni-bioscience.com. In assessing the Board composition, the Nomination Committee would take into account various aspects set out in the Board diversity policy, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In selecting candidates for directorship of the Company, the Nomination Committee may make reference to certain criteria such as the Company's needs, the integrity, experience, skills and professional knowledge of the candidate, board diversity aspects and the amount of time and effort that the candidate will devote to discharge his/her duties and responsibilities. External independent professionals might be engaged to carry out selection process when necessary.

NOMINATION POLICY

The Board has adopted the nomination policy (the "**Nomination Policy**") on 31 December 2018 which sets out the nomination criteria and procedures for the Company to select candidate(s) for possible inclusion in the Board. The Nomination Policy could assist the Company to achieve board diversity in the Company and enhance the effectiveness of the Board and its corporate governance standard.

When assessing the suitability of a candidate, factors such as the qualifications, skills, integrity and experience will be taken into consideration as a whole. In the case of independent non-executive Directors, they must further satisfy the independence criteria set out within Rule 3.13 of the Listing Rules. Since the selection of candidates should ensure that diversity remains a central feature of the Board, a range of diverse perspectives, including but not limited to gender, age, cultural and educational background, or professional experience would be considered.

The process to identify potential candidates for the Board would be as follows:

(1) identifying potential candidates, including recommendations from the Board members, management, professional recruitment agency and the Shareholders;
(2) evaluating the candidates based on the approved selection criteria through methods such as reviewing the resume and conducting the background checks;
(3) reviewing the profiles of the shortlisted candidates and interview them; and
(4) making recommendations to the Board on the selected candidates.

The Nomination Policy also includes the Board succession plan to assess whether vacancies on the Board would be created or expected due to the Directors' resignation, retirement, death and other circumstances and to identify candidates in advance if necessary. The Nomination Policy will be reviewed on a regular basis.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for determining the policy for the corporate governance of the Company and performing the corporate governance duties as below:

(1) to develop and review the Company's policies and practices on corporate governance and make recommendations;
(2) to review and monitor the training and continuous professional development of directors and senior management;
(3) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
(4) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and
(5) to review the Company's compliance with the code and disclosure in the corporate governance report.

COMPANY SECRETARY

Ms. HO Wing Yan was appointed as the company secretary of the Company with effect from 31 March 2022. All Directors have access to the advice and services of the company secretary. During the year ended 31 December 2024, Ms. HO Wing Yan has taken no less than 15 hours of relevant professional trainings respectively to update her skills and knowledge.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") set out in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions by all Directors. A copy of the Model Code is sent to each Director first on his or her appointment and a reminder is sent to each Director to remind him or her about the blackout period during which he or she cannot deal in the securities of the Company at the appropriate time prior to board meetings to approve the Company's financial results.

Having made specific enquiry to all Directors, all Directors confirmed they had complied with the required standard set out in the Model Code throughout the year ended 31 December 2024.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board has overall responsibility for the system of internal controls of the Company and for reviewing its effectiveness. The Board is committed to implement an effective and sound internal control system to safeguard the interest of shareholders and the Group's assets. In the opinion of the directors, the size of the Group does not warrant setting up an internal audit department. However, during the year under review, the Board has conducted a review on the effectiveness of the internal control system of the Group, namely, management supervision, compliance with the CG Code, and major areas of the internal control systems and procedures to assure the Board that the system of internal control is functioning as intended. The results of the internal control review were submitted to the Board for their consideration. The Board considers that the Company's internal control systems are adequate and effective.

The process to identify, evaluate and manage risks are carried out on a regular and on-going basis. These processes are summarised as follows:

Risk identification

- Identify risks that may potentially affect the Group's business and operations.

Risk assessment

- Assess the impact and consequence of the identified risks on the business and the likelihood of their occurrence.

Response to findings of risk assessment

- Prioritise the risks by comparing the results of the risk assessment; and
- Determine the risk management strategies and internal control processes to prevent, avoid or mitigate the risks.

Risk monitoring and reporting

- Perform ongoing and regular monitoring of the risk and ensure that appropriate internal control processes are in place;
- Enhance the risk management strategies and internal control processes in case of any significant change of situation; and
- Report the results and effectiveness of risk management and internal control to the Board regularly.

The Board has, through the Audit Committee, conducted annual review of the effectiveness of the risk management and internal control systems of the Group. The review covered the budget of the Group's accounting and financial reporting function, adequacy of resources, staff qualifications and experience and training programmers during the year ended 31 December 2024. The Board considers that the Group's risk management and internal control systems are adequate and effective.

The Company has also established and maintained appropriate procedures for the handling and dissemination of inside information. Disclosure policy was adopted by the Company, providing a general guide to directors, senior management and relevant employees of the Group in the handling and/or monitoring of inside information disclosure pursuant to the relevant rules and regulations.

AUDITORS' REMUNERATION

The Group was charged approximately HK$1.6 million for audit services provided by BDO Limited in respect of the year ended 31 December 2024 and no non-audit services were provided.

DIVERSITY POLICY

The Company recognizes and embraces the benefits of having a diverse Board and sees diversity at Board level as an essential element in achieving a sustainable and balanced development of the Company. A truly diverse Board will include and make good use of differences in the talents, skills, regional and industrial experience, background, gender and other qualities of the members of the Board. These differences will be considered in determining the optimum composition of the Board and when possible, should be balanced appropriately. All appointments of the members of the Board are made on merit, in the content of the talents, skills and experience the Board as a whole in order for the Board to be effective. The selection process of the Board members will include but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

In respect of the gender diversity of the Board, as at the date of the Annual Report, 8 Directors are male and 1 Director is female. The Company recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance, and sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. It is expected that the ratio of female Directors will reach more than 10% in the following years. The Company will achieve this goal through active nomination of suitable candidates with no gender limitation to be newly appointed Directors in the next few years.

Moreover, the current gender ratio of the company workforce (including senior management) is 100 males per 100 females, compared with 97 males per 100 females of past year. Hence, the Company has already achieved gender diversity and will continue focusing on the area because workforce gender diversity is associated with resources that can provide a sustained competitive advantage to the company, which include market insight, creativity and innovation, and improved problem-solving. Men's and women's different experiences may provide insights into the different needs of male and female customers. Further, men and women may have different cognitive abilities, such as men's proficiency in mathematics and women's proficiency in verbal and interpersonal skills. Therefore, a mix of cognitive abilities in a gender diverse team may enhance the team's overall creativity and innovation as proved by research. Moreover, a gender diverse team produces high quality decisions. Although there may be some mitigating circumstances where gender diversity can be very hard to achieve (for instance, male workers are more commonly seen regarding physical labor and female workers are more often seen during psychological consultation), the Company will keep focusing on the workforce gender diversity to maintain its current strength as well as to further improve its competitivity in the future.

MECHANISMS TO ENSURE INDEPENDENT VIEWS

The Company makes certain that the Board has access to independent views and input through the mechanisms listed below:

1. The Nomination Committee should review the Board composition and the independence of the independent non-executive Directors annually, in particular the portion of the independent non-executive Directors and the independence of the independent non-executive Director who has served for more than nine years.

2. A written confirmation was received by the Company under Rule 3.13 of the Listing Rules from each of the independent non-executive Directors in relation to his/her independence to the Company. The Company considers all its independent non-executive Directors to be independent.

3. In view of good corporate governance practices and to avoid conflict of interests, the Directors who are also Directors and/or senior management of the Company's controlling shareholders and/or certain subsidiaries of the controlling shareholders, would abstain from voting in the relevant Board resolutions on the transactions with the controlling shareholders and/or its associates.

4. The chairman of the Board shall meet with independent non-executive Directors at least once annually.

5. All members of the Board can seek independent professional advice when necessary to perform their responsibilities in accordance with the Company's policy.

The mechanisms to ensure independent views are reviewed by the Nomination Committee for ensuring independent views and input are available to the Board on an annual basis, whether in terms of proportion, recruitment and independence of independent non-executive Directors, and their contribution and access to external independent professional advice.

SHAREHOLDERS' RIGHTS

The Board recognizes the importance of good communications with all Shareholders. The Company's annual general meeting for the year ended 31 December 2023 ("**AGM**") was a valuable forum for the Board to communicate directly with the Shareholders. The Chairman of the Board and the chairman of each of the Audit, Remuneration and Nomination Committees together with the external auditors were also present at the AGM to answer Shareholders' questions. The Company has also published a Shareholders communication policy on the website of the Company. Enquiries to the Board or the Company may be sent by post to the Company's principal place of business in Hong Kong at Unit 502, 5/F, No. 20 Science Park East Avenue, Hong Kong Science Park, Shatin, New Territories, Hong Kong.

All Shareholders' circulars set out the relevant information of the proposed resolutions to be passed at general meetings. Separate resolutions are proposed at general meetings on each substantially separate issue, including the election of individual Directors.

Pursuant to Article 58 of the articles of association of the Company, any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company, stating the objects of the meeting and deposited at the principal place of business of the Company in Hong Kong at Unit 502, 5/F, No. 20 Science Park East Avenue, Hong Kong Science Park, Shatin, New Territories, Hong Kong to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition.

Save as the procedures for Shareholders to convene a general meeting as set out above, there are no other provisions allowing Shareholders to put forward proposals at the general meeting under the articles of association of the Company or under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised), of the Cayman Islands. Shareholders may follow the procedures set out above to convene an extraordinary general meeting for any business specified in such written requisition.

A key element of effective communication with Shareholders and investors is the prompt and timely dissemination of information in relation to the Group. The Company has announced all its inside information, announcement, interim and annual results in a timely manner in compliance with the Listing Rules. The Company also maintains a company website as a channel to let Shareholders know the Company's news and raise questions through emails and telephone.

CONSTITUTIONAL DOCUMENTS

There was no changes in the Company's constitutional documents during the year ended 31 December 2024.

SHAREHOLDERS' COMMUNICATION POLICY

Purpose

The Company recognises the importance of providing current and relevant information to its Shareholders. This shareholders' communication policy (the "**Policy**") aims to set out the provisions with the objective to ensure that the Shareholders and potential investors are provided with equal and timely access to balanced and understandable information about the Company, in order to enable Shareholders to exercise their rights in an informed manner, and to allow Shareholders and potential investors to engage actively with the Company.

General Policy

The Board shall maintain an on-going dialogue with Shareholders and will regularly review the Policy to ensure its effectiveness.

Information is communicated to the Shareholders as well as the stakeholders through periodic disclosure through the Company's financial reports (interim and annual reports), annual general meetings and other general meetings that may be convened, as well as by making available all the disclosures submitted to The Stock Exchange of Hong Kong Limited ("**HKEx**") and other corporate publications on the HKEx's website and corporate communications on the HKEx website (www.hkex.com.hk) and the Company's website (http://www.uni-bioscience.com).

Effective and timely dissemination of information to Shareholders shall be ensured at all times. Any questions, requests and comments can be addressed to the Company by mail to Unit 502, 5/F, No. 20 Science Park East Avenue, Hong Kong Science Park, Shatin, New Territories, Hong Kong or by email to info@uni-bioscience.com or through the Company's share registrar.

The Company believes that communication with Shareholders by electronic means, particularly through its website, is an efficient way to distribute information in a timely and convenient manner. Shareholders are encouraged to access to the corporate communications posted on the Company's website to help reduce the quantity of printed copies and hence reduce the impact on the environment.

The Company's website will be updated with material posted to the HKEx website immediately thereafter. Such material includes but not limited to financial statements, results announcements, circulars and notices of general meetings and associated explanatory documents.

Shareholders may at any time make a request for the Company's information to the extent such information is publicly available.

Shareholders shall be provided with designated contacts, email addresses and enquiry lines of the Company in order to enable them to make any query in respect of the Company.

The Company has reviewed the Policy conducted for the year ended 31 December 2023 and considered that the Policy has been well implemented and effective.

DIVIDEND POLICY

The Company has adopted a dividend policy and the declaration and recommendation of dividends are subject to the decision of the Board after considering the Company's ability to pay dividends. The Board has complete discretion on whether to declare and pay an interim dividend and/or to recommend a final dividend, subject to Shareholders' approval, where applicable.

The Directors will take into consideration, among other things, the financial results, operations, liquidity and capital requirements of the Group, general business conditions and strategies, future business plans of the Group and legal restrictions when determining whether or not to recommend and declare dividends. The Board will also review and reassess the dividend policy and its effectiveness on a regular basis or as required.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for the preparation of accounts for each financial period which give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. In preparing the accounts for the year ended 31 December 2024, the Directors have selected suitable accounting policies and applied them consistently; adopted appropriate Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards; made adjustments and estimates that are prudent and reasonable; and have prepared the accounts on the going concern basis. The Directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company. The external auditors of the Company acknowledge their reporting responsibilities in the auditors' report on the consolidated financial statements of the Company for the year ended 31 December 2024.

BUSINESS ETHICS

The Company is committed to high standard of business ethics and integrity. A long established code of conduct is enforced on all employees of the Group. No personal gifts or other forms of advantages from any person or organization doing business with the Group can be accepted by any employee. Business partners and suppliers are reminded from time to time that our company's policy forbids our employees or agents from accepting any gift from them.

The Group has developed a code of business conduct for its vendors and suppliers. All the vendors and suppliers of the Group are required to maintain a safe and healthy workplace, fair and ethical employment practice and ensure that proper environmental protection measures are in place. The Group also closely monitors that all the relevant codes of conduct stipulated by our major licensors and customers are strictly followed by its vendors and suppliers.

Directors' Report

The Directors present their annual report and the audited consolidated financial statements of the Group (comprising the Company and its subsidiaries) for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES, SEGMENTAL INFORMATION AND BUSINESS REVIEW

The principal activity of the Company is investment holding. The principal activities of subsidiaries are set out in Note 38 to the consolidated financial statements. Segmental information of the Group is disclosed in Note 6 to the consolidated financial statements.

Further discussion and analysis of these principal activities and a review of the business and performance of the Group for the year under review, including a discussion of the principal risks and uncertainties facing the Group and an indication of the likely future developments in the Group's business, can be found in the section headed "Management Discussion and Analysis" of this annual report. These discussions form part of this report of the Directors.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2024 are set out in the consolidated statement of profit or loss and other comprehensive income on page 78.

DIVIDEND

The Board recommends the payment of a final dividend of HK0.277 cent per Share for the year ended 31 December 2024 (2023: nil). During the year ended 31 December 2024, no interim dividend was declared.

SHARE CAPITAL AND RESERVES

Details of movements in the share capital of the Company during the year under review are set out in Note 34 to the consolidated financial statements.

Movements in reserves of the Group and the Company during the year under review are set out in the consolidated statement of changes in equity on page 81 and Note 36 to the consolidated financial statements.

In accordance with the Companies Law (revised) of the Cayman Islands, share premium is distributable to shareholders, subject to the condition that the Company cannot declare or pay a dividend, or make a distribution out of share premium if (i) it is, or would after the payment be, unable to pay its liabilities as they become due, or (ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital accounts.

As at 31 December 2024, the Company has no reserves available for distribution, as calculated under the provision of section 79B of the Companies Ordinance, and in accordance with the Companies Law Cap. 22 of Cayman Island (2023: nil).

Directors' Report

SUBSIDIARIES

Details of the Company's subsidiaries at 31 December 2024 are set out in Note 42 to the consolidated financial statements respectively.

DIRECTORS

The Directors of the Company during the year ended 31 December 2024 and up to the date of this report were:

Executive Directors

Mr. Kingsley LEUNG *(Chairman)*
Mr. CHEN Dawei *(Vice-chairman)*
Mr. ZHAO Zhi Gang *(Chief executive)*
Dr. WEN Yalei (appointed on 16 December 2024)

Non-executive Director

Mr. YAU Kwok Wing Tony
Ms. ZHANG Qing (appointed on 1 November 2024)

Independent non-executive Directors

Mr. CHOW Kai Ming
Mr. REN Qimin
Mr. MA Qingshan

Pursuant to Article 86(3) of the Articles, Dr. Wen Yalei and Ms. Zhang Qing are appointed by the Board either to fill a casual vacancy on the Board or as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company ("**Annual General Meeting**") and shall then be eligible for re-election.

In accordance with Articles 87(1) and 87(2) of the Company's articles of association, each of Mr. CHOW Kai Ming, Mr. REN Qimin and Mr. MA Qingshan will retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

Biographical information of each of the Directors is set out in the section headed "Profile of Directors and Senior Management" in this annual report.

The Company has received annual confirmation from each of the independent non-executive Directors as regards their independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all the independent non-executive Directors are independent.

DIRECTORS' SERVICE CONTRACTS

Mr. Kingsley LEUNG, an executive Director, has entered into a service agreement with the Company for a fixed term of 3 years from 28 February 2020 and shall continue thereafter from year to year.

Mr. CHEN Dawei, an executive Director, has entered in a service agreement with the Company for a term:

(1) in the event that the Company has obtained the necessary approval(s) under the Listing Rules (including Shareholders' approval) on or before 4:00 p.m. on 30 June 2017 ("**Long Stop Date**"), a term of 5 years commencing on 13 January 2017 and shall continue thereafter from year to year; or in the event that Company has not obtained the necessary approval(s) under the Listing Rules (including Shareholders' approval) on or before the Long Stop Date, a term of 3 years commencing on 13 January 2017 and shall continue thereafter from year to year, and is subject to retirement and re-election in accordance with the articles of association of the Company; and

(2) entitled to a monthly salary of HK$50,000 and an annual discretionary bonus to be determined by the Board. In addition, under the terms of the service agreement, for every 12 months in which Mr. CHEN served as an executive Director, the Company will, as additional benefit and free of payment by Mr. CHEN, allot and issue 15,000,000 service shares of the Company ("**Service Shares**") to Mr. CHEN. Mr. CHEN shall not be entitled to any pro rata entitlement of the relevant Service Shares in the event he failed to serve as an executive Director for each such 12 months in full.

The above director's term, service agreement and Service Shares issue (as defined and described in the circular of the Company dated 8 June 2017) had been duly approved, confirmed and ratified by the way of poll at the extraordinary general meeting dated 23 June 2017.

Mr. ZHAO Zhi Gang, an executive Director, has entered into a service agreement with the Company for a fixed term of 3 years commencing from 8 April 2019 and shall continue thereafter from year to year.

Each of the non-executive Directors and the independent non-executive Directors has been by way of a letter of appointment appointed for a fixed term of 3 years with effect from their respective dates of appointment and subject to renewal upon expiry of the existing term.

None of the Directors has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' EMOLUMENTS

Details of the Directors' emoluments are set out in Note 14 to the consolidated financial statements. The Directors' remunerations, bonuses and other compensation are determined or recommended by the remuneration committee of the Board with reference to the Directors' duties, responsibilities and the Group's performance and results.

PERMITTED INDEMNITY PROVISION

Under the articles of association of the Company, the Directors for the time being acting in relation to any of the affairs of the Company and every one of them shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices; provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of said persons.

The Company has taken out and maintained directors' liability insurance during the year under review for the Directors.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to shareholders by reason of their holding of the Company's listed securities.

REMUNERATION POLICY

The remuneration policy of the Group to reward its employees is based on individual performance, qualifications and competence displayed.

The emoluments of the Directors are reviewed by the Remuneration Committee, having regarded to the Company's operating results, individual performance and comparable market statistics.

The Company has a share option scheme in place, of which share options may be granted to eligible persons. Details of the scheme are set out in the section headed "Share Options" of this Directors' report and Note 39 to the consolidated financial statements.

DIRECTORS' REMUNERATION POLICY

A directors' remuneration policy has been adopted. It aims to set out the Company's policy in respect of remuneration paid to executive Directors and non-executive Directors. The Directors' remuneration policy sets out the remuneration structure that allows the Company to attract, motivate and retain qualified Directors who can manage and lead the Company in achieving its strategic objective and contribute to the Company's performance and sustainable growth, and to provide Directors with a balanced and competitive remuneration. The remuneration policy is, therefore, aiming at being competitive but not excessive. To achieve this, remuneration package is determined with reference to a matrix of factors, including the individual performance, qualification and experience of Directors concerned and prevailing industry practice. It will be reviewed and, if necessary, updated from time to time to ensure its continued effectiveness.

DIRECTORS' INTERESTS IN SHARES

As at 31 December 2024, the interests and short positions of the Directors and chief executive of the Company in the shares ("**Shares**"), underlying Shares and debentures of the Company or any of the its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) ("**SFO**")) as recorded in the register required to be kept by the Company under section 352 of the SFO, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in Appendix C3 to the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Name of Director	**Capacity**	**Number of issued ordinary shares**	**Number of underlying Shares**	**Total**	**Approximate percentage of shareholding** (Note 10)
Kingsley LEUNG	Beneficial owner and interest of a controlled corporation (Note 2)	1,650,971,464 (L)	26,259,000 (L)	1,677,230,464 (L)	28.09%
CHEN Dawei	Beneficial owner (Note 4)	171,094,438 (L)	10,480,000 (L)	181,574,438 (L)	3.04%
WEN Yalei	Beneficial owner	130,893,000 (L)	48,000,000 (L)	178,893,000 (L)	3.00%
YAU Kwok Wing Tony	Beneficial owner and interest held through a controlled corporation (Note 3)	100,630,000 (L)	6,420,000 (L)	107,050,000 (L)	1.79%
ZHAO Zhi Gang	Beneficial owner (Note 5)	8,055,000 (L)	85,120,000 (L)	93,175,000 (L)	1.56%
ZHANG Qing	Beneficial owner (Note 9)	–	50,000,000 (L)	50,000,000 (L)	0.84%
CHOW Kai Ming	Beneficial owner (Note 6)	–	9,840,000 (L)	9,840,000 (L)	0.16%
REN Qimin	Beneficial owner (Note 7)	–	8,060,000 (L)	8,060,000 (L)	0.13%
MA Qingshan	Beneficial owner (Note 8)	–	6,420,000 (L)	6,420,000 (L)	0.11%

DIRECTORS' INTERESTS IN SHARES (CONTINUED)

Notes:

1. The letter "L" denotes the person's long position in the shares and underlying Shares in the Company or its associated corporation(s).

2. These interests consist of: (i) 1,650,971,464 Shares held by Automatic Result Limited ("**Automatic Result**") that is wholly owned by MJKPC Holdings Limited, a family trust of which Mr. Kingsley LEUNG is one of the discretionary objects; and (ii) 26,259,000 underlying shares relate to the share options granted by the Company to Mr. Kingsley LEUNG.

3. The 6,420,000 underlying Shares relate to the share options granted by the Company to Mr. YAU Kwok Wing Tony.

4. These interests consist of (i) 171,094,438 Shares held by Mr. CHEN Dawei; and (ii) 10,480,000 underlying Shares relating to the share options granted by the Company to Mr. CHEN Dawei.

5. These interests consist of (i) 8,055,000 Shares held by Mr. ZHAO Zhi Gang; and (ii) 85,120,000 underlying Shares relate to the share options granted by the Company to Mr. ZHAO Zhi Gang on 10 July 2015, 7 October 2016, 16 November 2017, 9 April 2019 and 31 August 2020 respectively.

6. These underlying Shares relate to the share options granted by the Company to Mr. CHOW Kai Ming on 7 October 2016, 16 November 2017 and 31 August 2020.

7. These underlying Shares relate to the share options granted by the Company to Mr. REN Qimin on 16 November 2017 and 31 August 2020.

8. These underlying Shares relate to the share options granted by the Company to Mr. MA Qingshan on 31 August 2020.

9. These underlying Shares relate to the share options granted by the Company to Ms. ZHANG Qing on 1 November 2024.

10. These interests consist of (i) 130,893,000 Shares held by Dr. WEN Yalei; and (ii) 48,000,000 underlying Shares relating to the share options granted by the Company to Dr. WEN Yalei on 23 January 2015, 27 January 2016, 3 April 2017, 9 April 2018, 9 April 2019 and 2 April 2020.

11. The percentage of shareholding is calculated on the basis of 5,971,228,147 Shares in issue as at 31 December 2024.

Save as disclosed above, as at 31 December 2024, none of the Directors and chief executive of the Company, or any of their associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO).

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

To the best knowledge of the Directors after making reasonable enquiry, as at 31 December 2024, shareholders (other than the Directors or chief executives of the Company) who 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 SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or had otherwise notified the Company were as follows:

Name	Capacity	Number of ordinary shares (Note 1)	Approximate percentage of shareholding (Note 4)
Automatic Result (Note 2)	Beneficial owner	1,650,971,464 (L)	27.65%
Overseas Capital Assets Limited (Note 3)	Beneficial owner	657,180,000 (L)	11.01%

Notes:

1. The letter "L" denotes the person's long position in the shares and underlying shares in the Company.

2. Automatic Result Limited is wholly owned by MJKPC Holdings Limited, which is a family trust which Mr. Kingsley LEUNG is one of the discretionary objects.

3. Based on the individual substantial shareholder notice of Overseas Capital Assets Limited filed on 19 June 2014, Overseas Capital Assets Limited is wholly-owned by He Rufeng.

4. The percentage of shareholding is calculated on the basis of 5,971,228,147 Shares in issue as at 31 December 2024.

Save as disclosed above, the Directors were not aware of any other persons who had relevant interests or short positions in the shares or underlying shares in the Company as at 31 December 2024 which would fall to be disclosed to the Company under the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or had otherwise notified the Company.

DIRECTORS' INTEREST IN CONTRACTS

No contracts of significance in which a Director or was materially interested, either directly or indirectly, had subsisted at the end of the year or at any time during the year ended 31 December 2024.

CONTRACTS OF SIGNIFICANCE

No contracts of significance between the Company or one of its subsidiaries, and a controlling shareholder or any of its subsidiaries had subsisted as at the end of the year or at any time during the year ended 31 December 2024.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year under review.

DIRECTORS' INTERESTS IN COMPETING INTERESTS

During the year under review, none of the Directors had an interest in any business which competes or may compete with the business in which the Group is engaged.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended under review, the top five customers of the Group together accounted for approximately 31.0% (year ended 31 December 2023: approximately 37.8%) of the Group's total sales for the year while the single largest customer accounted for approximately 10.7% (year ended 31 December 2023: approximately 14.5%) of the Group's total sales during the Year under Review.

The top five suppliers of the Group for the year under review together accounted for approximately 63.7% (year ended 31 December 2023: approximately 74.3%) of the Group's total purchases for the year and the single largest supplier accounted for approximately 16.5% (year ended 31 December 2023: approximately 20.9%) of the Group's total purchases.

None of the Directors, their respective associates or any shareholders of the Company who owns more than 5% of the issued share capital of the Company has any interests in the Group's five largest customers and suppliers.

CONTINGENT LIABILITIES

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

RETIREMENT BENEFITS SCHEMES

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance for those Hong Kong employees who are eligible to participate in the MPF Scheme, which contributions are made based on a percentage of the employees' basic salaries and the employees of the Group's subsidiaries which operates in Mainland China are required to participate in a central pension scheme (the "**Central Pension Scheme**", together with the MPF Scheme, the "**Defined Contribution Schemes**") operated by the local municipal government, which these subsidiaries are required to contribute a certain percentage, which was pre-determined by the local municipal government, of the sum of basic salary and allowance of employees to the Central Pension Scheme. The contributions by the Group for the Defined Contribution Schemes are charged to the statement of profit or loss as they become payable in accordance with the relevant rules of the respective schemes.

The Group's contributions to the Defined Contribution Schemes vest fully and immediately with the employees. Accordingly, (i) for each of the two years ended 31 December 2023 and 31 December 2024, there was no forfeiture of contributions under the Defined Contribution Schemes; and (ii) there were no forfeited contributions available for the Group to reduce its existing level of contributions to the Defined Contribution Schemes as at 31 December 2023 and 31 December 2024.

For each of the two years ended 31 December 2023 and 31 December 2024, the Group did not have any defined benefit plan.

Particulars of the retirement benefits schemes of the Group are set out in Note 15 to the consolidated financial statements.

EQUITY-LINKED AGREEMENT

Save as disclosed in the sections headed "Directors' Service Contracts" and "Share Option Schemes" of this report, no equity-linked agreement was entered into by the Company during the year ended 31 December 2024 or subsisted as at 31 December 2024.

SHARE OPTION SCHEMES

2001 Share Option Scheme

To enable the Group to grant options to selected participants as incentives or rewards for their contributions to the Group, the Company adopted a share option scheme (the "**2001 Scheme**"), pursuant to a written resolution passed by the then shareholders of the Company on 22nd October 2001 (the "**Adoption Date**"). The Board may, at its absolute discretion, offer to grant to any full time employee of the Group (including directors of the Company) (the "**Eligible Person**"), options to subscribe for shares of the Company.

Subject to certain other provisions of the 2001 Scheme as disclosed in the Company's IPO Prospectus. The maximum number of shares in respect of which options may be granted (including shares in respect of which options, whether exercised or still outstanding, have already been granted) under the Scheme and under any other share option scheme of the Company must not in aggregate exceed 10% of the shares in issue.

Subject to certain other conditions of the share option scheme as disclosed in the Company's IPO Prospectus, the total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme (including both exercised or outstanding options) to each Eligible Person in any twelve-month period must not exceed 1% of the issued share capital of the Company for the time being.

Pursuant to the 2001 Scheme, an Option may be exercised in whole or in part in the manner provided in the Scheme by a grantee giving notice in writing to the Company at any time during a period commencing one year after the date of the Options, to be notified by the Board of the Company to the grantee, which shall be not less than 3 years nor more than 10 years from the date an Option is granted.

Upon application or acceptance of the option, the grantee shall pay HK$1.00 to the Company as consideration for the grant.

The subscription price of options pursuant to the 2001 Scheme is absolute discretion determined by the Board and will not be less than the highest of the following: (i) the closing price of the shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities; (ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share, provided that for the purpose of determining the subscription price of the shares where the shares have been listed on the Stock Exchange for less than 5 business days preceding the date of grant, the issue price of the shares in connection with such listing shall be deemed to be the closing price of the shares for each business day falling within the period before the listing of the shares on the Stock Exchange.

There are no shares available for issue under the 2001 Scheme. The 2001 Scheme was terminated following the adoption of a new share option scheme on 22 September 2006.

SHARE OPTION SCHEMES (CONTINUED)

2006 Share Option Scheme

Pursuant to ordinary resolutions passed by the shareholders of the Company on 22 September 2006, the Company terminated the 2001 Scheme and adopted a new share option scheme (the "**2006 Scheme**"). Under the 2006 Scheme, which is valid for a period of ten years, the board of directors of the Company may, at its discretion grant options to subscribe for shares in the Company to eligible participants ("**Eligible Participants**") who contribute to the long-term growth and profitability of the Company. Eligible Participants include (i) any employee (whether full-time or part-time including any executive director but excluding any non-executive director) (the "**Eligible Employee**") of the Company, any of its subsidiaries or any entity ("**Invested Entity**") in which any member of the Group holds an equity interest; (ii) any non-executive director (including independent non-executive director) of the Company, any of its subsidiaries or any Invested Entity; (iii) any supplier of goods or services to any member of the Group or any Invested Entity; (iv) any customer of any member of the Group or any Invested Entity; (v) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity; (vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; (vii) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and (viii) any other group or class of participants who has contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group.

The subscription price for the Company's shares shall be a price at least equal to the highest of the nominal value of the Company's shares, the average of the closing prices of the Company's shares quoted on the Stock Exchange on the 5 trading days immediately preceding the date of an offer of the grant of the options and the closing price of the Company's shares quoted on the Stock Exchange on the date of an offer of the grant of the options. The options must be taken up within 28 days from the date of grant upon payment of HK$1 and are exercisable over a period to be determined and notified by the directors to each grantee, which period may commence from the date of acceptance of the offer of the grant of the options but shall end in any event not later than 10 years from the date of adoption of the 2006 Scheme.

As at the date of this report, the total number of shares available for issue under the 2006 Scheme is 193,240,000, representing approximately 3.15% of the issued shares of the Company. The number of Shares that may be issued in respect of options granted under 2006 Scheme of the Company during the Year is 193,240,000, representing 3.15% of the weighted average number of Shares of the relevant class in issue of Company for the Year. The total number of the Company's shares issued and to be issued upon exercise of the options granted to each grantee (including both exercised and outstanding options) under the 2006 Scheme or other schemes of the Group in any 12-month period up to the date of grant must not exceed 1% of the Company's shares in issue at the date of grant unless approved by the Company's shareholders in general meeting.

The Directors consider the 2006 Scheme, with its broadened basis of participation, will enable the Group to reward the employees, directors and other selected participants for their contributions to the Group and will also assist the Group in its recruitment and retention of high caliber professionals, executives and employees who are instrumental to the growth and stability of the Group. The share options are vested immediately on the date of grant.

The 2006 Scheme was terminated following the adoption of a new share option scheme on 26 September 2016.

SHARE OPTION SCHEMES (CONTINUED)

2016 Share Option Scheme

Pursuant to ordinary resolutions passed by the shareholders of the Company on 26 September 2016, the Company terminated the 2006 Scheme and adopted a new share option scheme (the "**2016 Scheme**"). Under the 2016 Scheme, which is valid for a period of ten years, the Board may, at its discretion grant options to subscribe for Shares to the following participants:

(1) directors and employee of the Company and any of its subsidiaries (including persons who are granted options or awards under the scheme as an inducement to enter into employment contracts with these companies) (**employee participants**);

(2) directors and employee of the holding companies, fellow subsidiaries or associated companies of the Company (**related entity participants**); and

(3) persons who provide services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long growth of the Group (**service providers**).

The subscription price for the Shares in relation to options to be granted under the 2016 Scheme shall be determined by the Board and shall be at least the highest of (i) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of Shares as stated in the Stock Exchange's daily quotations for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Shares. The vesting period for options shall not be less than 12 months. The options must be taken up within 21 days from the date of grant upon payment of HK$1 and are exercisable over a period to be determined and notified by the Directors to each grantee, which period may commence from the date of acceptance of the offer of the grant of the options but shall end in any event not later than 10 years from the date of adoption of the 2016 Scheme. The remaining life of the 2016 Scheme is 1 year.

The total number of the Shares which may be issued upon exercise of all options to be granted under the 2016 Scheme and any other schemes of the Group (excluding options lapsed in accordance with the terms of the 2016 Scheme and any other schemes of the Group) must not in aggregate exceed 10% of the Shares in issue as at the date of adoption of the 2016 Scheme. The total number of Shares available for issue under the 2016 Scheme is 487,651,012, representing approximately 8.17% of the issued shares of the Company as at the date of this report. Total 143,142,012 options available for grant under the scheme mandate at the beginning and 93,142,012 options at the end of the financial year. The number of Shares that may be issued in respect of options granted under 2016 Scheme of the Company during the Year is 394,509,000, representing 6.42% of the weighted average number of Shares of the relevant class in issue of Company for the Year. The total number of the Shares issued and to be issued upon exercise of the options granted to each grantee (including both exercised and outstanding options) under the 2016 Scheme or other schemes of the Group in any 12-month period up to the date of grant must not exceed 1% of the Shares in issue at the date of grant unless approved by the Company's shareholders in general meeting.

SHARE OPTION SCHEMES (CONTINUED)

2016 Share Option Scheme (Continued)

The Directors consider the 2016 Scheme, with its broadened basis of participation, will enable the Group to reward the employees, Directors and other selected participants for their contributions to the Group and will also assist the Group in its recruitment and retention of high caliber professionals, executives and employees who are instrumental to the growth and stability of the Group. Further details of share options were set out in Note 36 to the consolidated financial statements.

The following table discloses movements in the Company's share options of the 2006 Scheme and 2016 Scheme during the year:

	Number of share options								
	At 1 January 2024	**Granted during the year**	**Exercised during the year**	**Cancelled during the year**	**Lapsed during the year**	**At 31 December 2024**	**Date of grant of share options**	**Validity period of share options**	**Exercise price of share options** HK$ per share
Directors:									
Kingsley LEUNG	2,940,000	–	–	–	2,940,000	–	12 September 2014	12 September 2014 to 11 September 2024	0.230
	3,020,000	–	–	–	–	3,020,000	10 July 2015	10 July 2015 to 9 July 2025	0.215
	4,640,000	–	–	–	–	4,640,000	7 October 2016	7 October 2016 to 6 October 2026	0.1714
	6,000,000	–	–	–	–	6,000,000	16 November 2017	16 November 2017 to 15 November 2027	0.1574
	6,179,000	–	–	–	–	6,179,000	9 April 2019	9 April 2019 to 8 April 2029	0.1600
	6,420,000	–	–	–	–	6,420,000	31 August 2020	31 August 2020 to 30 August 2030	0.126
ZHAO Zhi Gang	1,560,000	–	–	–	1,560,000	–	12 September 2014	12 September 2014 to 11 September 2024	0.230
	1,160,000	–	–	–	–	1,160,000	10 July 2015	10 July 2015 to 9 July 2025	0.215
	1,780,000	–	–	–	–	1,780,000	7 October 2016	7 October 2016 to 6 October 2026	0.1714
	1,640,000	–	–	–	–	1,640,000	16 November 2017	16 November 2017 to 15 November 2027	0.1574
	60,000,000	–	–	–	–	60,000,000	9 April 2019	9 April 2019 to 8 April 2029	0.1600
	20,540,000	–	–	–	–	20,540,000	31 August 2020	31 August 2020 to 30 August 2030	0.126

SHARE OPTION SCHEMES (CONTINUED)

2016 Share Option Scheme (Continued)

	Number of share options								
	At 1 January 2024	**Granted during the year**	**Exercised during the year**	**Cancelled during the year**	**Lapsed during the year**	**At 31 December 2024**	**Date of grant of share options**	**Validity period of share options**	**Exercise price of share options** HK$ per share
CHOW Kai Ming	1,780,000	–	–	–	–	1,780,000	7 October 2016	7 October 2016 to 6 October 2026	0.1714
	1,640,000	–	–	–	–	1,640,000	16 November 2017	16 November 2017 to 15 November 2027	0.1574
	6,420,000	–	–	–	–	6,420,000	31 August 2020	31 August 2020 to 30 August 2030	0.126
CHEN Dawei	4,060,000	–	–	–	–	4,060,000	16 November 2017	16 November 2017 to 15 November 2027	0.1574
	6,420,000	–	–	–	–	6,420,000	31 August 2020	31 August 2020 to 30 August 2030	0.126
REN Qimin	1,640,000	–	–	–	–	1,640,000	16 November 2017	16 November 2017 to 15 November 2027	0.1574
	6,420,000	–	–	–	–	6,420,000	31 August 2020	31 August 2020 to 30 August 2030	0.126
YAU Kwok Wing Tony	6,420,000	–	–	–	–	6,420,000	31 August 2020	31 August 2020 to 30 August 2030	0.126
MA Qingshan	6,420,000	–	–	–	–	6,420,000	31 August 2020	31 August 2020 to 30 August 2030	0.126
ZHANG Qing	–	16,500,000 (Note 6)	–	–	–	16,500,000	1 November 2025	1 November 2025 to 31 October 2034	0.066
	–	16,500,000 (Note 6)	–	–	–	16,500,000	1 November 2026	1 November 2026 to 31 October 2034	0.066
	–	17,000,000 (Note 6)	–	–	–	17,000,000	1 November 2027	1 November 2027 to 31 October 2034	0.066
WEN Yalei	–	–	–	–	–	560,000*	23 January 2015	23 January 2015 to 22 January 2025	0.230
	–	–	–	–	–	1,940,000*	27 January 2016	27 January 2016 to 26 January 2026	0.172
	–	–	–	–	–	1,390,000*	3 April 2017	3 April 2017 to 2 April 2027	0.150
	–	–	–	–	–	1,590,000*	9 April 2018	9 April 2018 to 8 April 2028	0.150
	–	–	–	–	–	40,000,000*	9 April 2019	9 April 2019 to 8 April 2029	0.160
	–	–	–	–	–	2,520,000*	2 April 2020	2 April 2020 to 1 April 2030	0.154

* Dr. WEN Yalei was appointed as a Director on 16 December 2024.

SHARE OPTION SCHEMES (CONTINUED)

2016 Share Option Scheme (Continued)

	Number of share options								
	At 1 January 2024	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	At 31 December 2024	Date of grant of share options	Validity period of share options	Exercise price of share options HK$ per share
Employees	10,880,000	–	–	–	–	10,320,000*	23 January 2015	23 January 2015 to 22 January 2025	0.230
	20,700,000	–	–	–	–	18,760,000*	27 January 2016	27 January 2016 to 26 January 2026	0.172
	34,950,000	–	–	–	–	33,560,000*	3 April 2017	3 April 2017 to 2 April 2027	0.1500
	32,214,000	–	–	–	–	30,624,000*	9 April 2018	9 April 2018 to 8 April 2028	0.1500
	62,449,000	–	–	–	–	22,449,000*	9 April 2019	9 April 2019 to 8 April 2029	0.1600
	35,780,000	–	–	–	–	33,260,000*	2 April 2020	2 April 2020 to 1 April 2030	0.154
Service Providers	4,420,000 (Note 1)	–	–	–	4,420,000	–	12 September 2014	12 September 2014 to 11 September 2024	0.230
	33,100,000 (Note 2)	–	–	–	–	33,100,000	23 January 2015	23 January 2015 to 22 January 2025	0.230
	3,080,000 (Note 1)	–	–	–	–	3,080,000	10 July 2015	10 July 2015 to 9 July 2025	0.215
	120,000,000 (Note 3)	–	–	–	–	120,000,000	17 August 2015	17 August 2015 to 16 August 2025	0.237
	1,300,000 (Note 1)	–	–	–	–	1,300,000	27 January 2016	27 January 2016 to 26 January 2026	0.172
	2,680,000 (Note 1)	–	–	–	–	2,680,000	7 October 2016	7 October 2016 to 6 October 2026	0.1714
	2,010,000 (Note 1)	–	–	–	–	2,010,000	3 April 2017	3 April 2017 to 2 April 2027	0.1500
	3,000,000 (Note 4)	–	–	–	–	3,000,000	5 July 2018	5 July 2018 to 4 July 2028	0.1050
	3,300,000 (Note 1)	–	–	–	–	3,300,000	9 April 2019	9 April 2019 to 8 April 2029	0.1600
	35,000,000 (Note 5)	–	–	–	–	35,000,000	2 April 2020	2 April 2020 to 1 April 2030	0.154
	1,093,000 (Note 1)	–	–	–	–	1,093,000	16 November 2017	16 November 2017 to 15 November 2027	0.1574
	563,055,000	50,000,000	–	–	8,920,000	604,135,000			

SHARE OPTION SCHEMES (CONTINUED)

2016 Share Option Scheme (Continued)

Notes:

(1) These share options were held by persons who were employees of the Group as at the date of grant of share options and became consultants of the Group after they ceased to be employees of the Group (the "**Consultants**"). Each of the Consultants is an independent third party and a financial consultant to the Group. The Consultants have extensive experience in the aspect of taxation and finance and provide interrelated services to the Group. As the Consultants have provided services which contributed to the value of the Group, the Board believes that granting these share options to the Consultants as consideration for its services was align with the objective of the 2016 Scheme.

(2) These share options were granted to a consultant ("**Consultant A**"), who is an independent third party, for being the investment consultant of the Company, offering Hong Kong and PRC investment consultancy services to the Company. As Consultant A has provided services which contributed to the value of the Group, the Board believes that granting these share options to Consultant A as consideration for its services was align with the objective of the 2016 Scheme.

(3) These share options were granted to Consultant A and two other consultants ("**Consultant B**" and "**Consultant C**" respectively), each of them an independent third party, as consideration for their services, as contained in the service agreement entered into between the Group and each of Consultant A, Consultant B and Consultant C respectively. Each of Consultant A, Consultant B and Consultant C was hired to explore investment opportunities and other strategic cooperation plans in PRC. As each of Consultant A, Consultant B and Consultant C has provided services which contributed to the value of the Group, the Board believes that granting these share options to Consultant A, Consultant B and Consultant C as consideration for their services was align with the objective of the 2016 Scheme. Consultant A, Consultant B and Consultant C were granted with 40,000,000 share options each respectively on 17 August 2015.

(4) These share options were granted to a consultant ("**Consultant D**"), who is an independent third party, for being the investment consultant of the Company, offering Hong Kong and PRC investment consultancy services to the Company. As Consultant D has provided services which contributed to the value of the Group, the Board believes that granting these share options to Consultant D as consideration for its services was align with the objective of the 2016 Scheme.

(5) These share options were granted to a consultant ("**Consultant E**") who is an independent third party as consideration for its services, as contained in the service agreement entered into between the Group and Consultant E. Consultant E was hired to help evaluate, recommend and execute a plan in order to optimise the manufacturing cost of the certain product. As Consultant E has provided services which contributed to the profitability of the Group, the Board believes that granting these share options to Consultant E as consideration for its services was align with the objective of the 2016 Scheme.

(6) The closing price for the Shares on 31 October 2024, as the date immediately before the share options granted, was HK$0.066.

The estimated fair value of the options on the date of grant is approximately HK$1,835,781. This estimated fair value was calculated using the Binomial Option-pricing model. The inputs into the model are as follows:

	2024
Number of share options granted	**50,000,000**
Grant date share price	**HK$0.066**
Expected volatility	**49.66%**
Expected life	**10 years**
Risk free rate	**3.41%**
Expected dividend yield	**0%**

Expected volatility was determined by calculating the historical volatility of the Company's share price since its Initial Public Offerings to the valuation date. The expected life used in the model has been adjusted, based on the Group's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association, or the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders of the Company.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in this Directors' report, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors (including their spouse and children under 18 years of age) to acquire benefits by means of the acquisition of shares in, or debt securities including debentures of, the Company or any other body corporate.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Year, 307,540,000 shares were repurchased and cancelled during the year ended 31 December 2024.

During the year, the Company repurchased the shares on The Stock Exchange of Hong Kong Limited details as follows:

Month/year	**Number of shares repurchased**	**Highest price paid per share**	**Lowest price paid per share**	**Aggregate price paid**
		HK$	HK$	HK$
January 2024	115,180,000	0.093	0.070	9,813,580
September 2024	110,300,000	0.081	0.062	8,342,780
October 2024	82,060,000	0.084	0.075	6,628,200
	307,540,000			24,784,560

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold, or redeemed any of the Company's listed securities during the year ended 31 December 2024.

EVENTS AFTER REPORTING PERIOD

Saved as disclosed herein, there are no significant subsequent events after the reporting Year.

CORPORATE GOVERNANCE

The Company is committed to the establishment of good corporate governance practices and procedures. The Company's corporate governance principles and practices are set out in the section headed "Corporate Governance Report" of this annual report.

AUDIT COMMITTEE

The Company sets up the Audit Committee for the purpose of reviewing and providing supervision over the Company's financial reporting procedures and the internal control system, and maintaining an appropriate relationship with the Company's auditors.

Written terms of reference which govern the authority and duties of the Audit Committee were adopted to comply with the requirements of the code provisions of the CG Code set out in the Listing Rules.

The Audit Committee provides an important linkage between the Board and the Company's auditors in relation to audit, financial reporting and internal control matters. The Audit Committee had reviewed with the auditors and the management of the Company the audited results of the Group for the year ended 31 December 2024, the accounting principles and practices adopted by the Company and certain other matters relating to the internal control and financial reporting procedures of the Company.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this report, the Company has maintained sufficient public float as required under the Listing Rules during the period under review and up to the date of this report.

DONATIONS

The Group makes regular contributions in terms of financial and other supports to various charitable organizations. Employees are also encouraged to have direct and active involvement in fund raising activities for the needs of the society. The Group did not make any donations during 2024 (2023: nil).

RELATED PARTY TRANSACTIONS

During the year ended 31 December 2023, the Group had entered into certain transactions with parties regarded as "related parties" under the applicable accounting standards. Save as disclosed herein, these transactions were either not regarded as connected transactions or continuing connected transactions under the Listing Rules or were exempt from reporting, announcement and shareholders' approval requirements under the Listing Rules. Details of these related party transactions are disclosed in Note 41 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in Note 16 to the consolidated financial statements.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the published results of the Group for the last five financial years is set out in the section headed "Five-Tear Financial Summary" of this annual report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group recognises its responsibility to protect the environment while carrying out its business activities. The Group continually seeks to identify and manage environmental impacts attributable to its operational activities in order to minimise these impacts if possible. The Group endeavours to comply with laws and regulations regarding environmental protection and adopt effective measures to achieve efficient use of resources, energy saving and waste reduction. The Group has adopted green initiatives and measures in its business operations such as recycling of used papers, energy saving measures and water saving practices.

One of the Group's subsidiaries in Shenzhen, Shenzhen Watsin Genetech Limited ("**Shenzhen Watsin**"), utilised safer and more efficient sewage treatments to improve the energy efficiency of its biofilm processes and technologies. Shenzhen Watsin was given an Honorary Clean Production Enterprises award by the Guangdong Provincial government in 2014 and further recognized as the Top Environmentally Friendly Enterprise in 2015.

The Group implemented the "5R" principles which align with our vision of sustainable development and adopting green consumption, and they are:

— Reduce: Reduce unnecessary consumption. Avoid buying unnecessary or excessive goods
— Re-evaluate: Choose products that are natural or made from recycled materials
— Reuse: Consider ways in which to repurpose products
— Recycle: Choose products that can be recycled
— Rescue: Choose reusable designs, reduce usage of disposable products

KEY RELATIONSHIPS

(a) Employees

Human resources are one of the greatest assets of the Group and the Group ensures all staff are reasonably remunerated and also continues to improve and regularly review and update its policies on remuneration, benefits and trainings. The Group is committed to providing its employees with a safe, pleasant and healthy working environment. The Group rewards and recognises employees with competitive remuneration packages and implements a key performance index scheme with appropriate incentives, and promotes career development and progression by providing opportunities for career advancement. During the year under review, recreational activities and team building activities were held to enhance internal communication, reinforce a sense of belonging and promote staff team building.

(b) Suppliers

Our major suppliers are reliable and had business relationship with the Group for over 5 years on average, which mainly located within Guangdong province, the PRC.

The credit terms granted to the Group ranged from 30 to 90 days. The payables were usually settled within the credit period. Details of the trade and bills payables of the Group as at 31 December 2024 are set out in note 28 to the consolidated financial statements. Up to the date of this report, approximately 100% of the trade and bills payable to the major suppliers has been settled. The Group has developed long-standing relationships with a number of suppliers and taken great care to ensure that they share the Group's commitment to quality and ethics. The Group carefully selects its suppliers and requires them to satisfy certain assessment criteria, including track record, experience, financial strength, reputation, ability to produce high-quality products and quality control effectiveness.

(c) Customers

Our major customers include pharmaceutical commercial companies. The years of business relationship with the Group ranged from 3 to 16 years and the credit terms granted to the major customers ranged from 30 to 120 days. Details of the trade and bills receivables of the Group as at 31 December 2024 are set out in note 24 to the consolidated financial statements. Up to the date of this report, approximately 56.2% of the trade and bills receivables from the major customers has been settled.

During the year ended 31 December 2024, the Group has not experienced any major disruption of business due to material delay or default of payment by our customers due to their financial difficulties. We did not have any material dispute with our customers. The Group is committed to offer good-quality products to its customers, which are mainly hospitals. The Group has stayed connected and maintained a close relationship with its customers by maintaining a customer information database and having ongoing communications with its customers through various channels, such as telephone calls, direct mails, visits, marketing materials and meetings.

Further discussions on the Group's environmental policy and our relationships with various stakeholders are covered by a separate environmental, social and governance report which will be available on the Group's website under the "Corporate Social Responsibility" section and the website of the Stock Exchange on or before 30 April 2025.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group's operations are mainly carried out in the People's Republic of China ("**PRC**") while the Company itself is listed on the Stock Exchange. The Group's establishment and operations accordingly shall comply with all PRC and Hong Kong laws and applicable laws in the jurisdictions where it has operations, further details of which are discussed in the environmental, social and governance report, the discussion of which forms part of this Directors' report. During the year under review and up to the date of this annual report, the Group has complied with all relevant laws and regulations in the PRC and Hong Kong in all material respects.

AUDITORS

BDO Limited, the auditor of the Company, will retire at the conclusion of the forthcoming AGM of the Company and be eligible to offer itself for re-appointment. A resolution will be submitted to the AGM to be held on 26 May 2025 to seek the Shareholders' approval on the re-appointment of BDO Limited as the Company's auditor until the conclusion of the next AGM and to authorize the Board to fix its remuneration.

On behalf of the Board

Kingsley LEUNG
Chairman

Hong Kong, 27 March 2025

Independent Auditor's Report

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TO THE SHAREHOLDERS OF UNI-BIO SCIENCE GROUP LIMITED
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Uni-Bio Science Group Limited (the "**Company**") and its subsidiaries (together the "**Group**") set out on pages 78 to 165, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, 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 Hong Kong Financial Reporting Standards ("**HKFRSs**") 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.

KEY AUDIT MATTERS (CONTINUED)

Expected credit losses on trade receivables and loan receivables

Refer to notes 24 and 25 to the consolidated financial statements

We identified expected credit loss assessment of trade receivables and loan receivables as a key audit matter due to the significance of trade receivables and loan receivables to the Group's consolidated financial position and the involvement of subjective judgement and management estimates in evaluating the expected credit losses ("**ECLs**") of the Group's trade receivables and loan receivables at the end of the reporting period.

As at 31 December 2024, the Group's net trade receivables and net loan receivables amounting to approximately HK$54,793,000 and HK$30,672,000 which represented approximately 11% and 6% of total assets of the Group respectively.

The management of the Group applies the simplified approach to calculate ECLs, which is measured using the amount of lifetime ECLs of trade receivables based on provision matrix through grouping of various debtors that have similar loss patterns, after considering ageing, repayment history and/or past due status of respective trade receivables. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information. In addition, trade receivables with significant outstanding balances considered as low risk are assessed for ECLs individually, the estimated loss rates are based on overdue balances, information regarding the ability and intent of the debtors to pay and historical data on industry default rates and are adjusted for forward-looking information.

The loss allowance amount of the credit-impaired trade receivables is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future credit losses.

The management of the Group estimates the amount of ECLs of loan receivables under a "three-stage" model. In measuring the loss allowance against loan receivables, the management assesses the loss allowance for loan receivables under ECLs model individually by considering various factors, including making assumptions about probability of default, loss given default, ageing of loan receivables balances, borrowers' current creditworthiness, the intention of the borrowers to pay and forward looking information.

The Group's ECLs recognised on trade receivables and loan receivables as at 31 December 2024 amounted to approximately HK$7,395,000 and HK$5,716,000 respectively.

Our response:

We performed audit procedures in relation to impairment assessment of trade receivables and loan receivables which included:

— Evaluating the methodology and key assumptions adopted by management in assessing ECLs and discussing them with management;

— Challenging the reasonableness of key assumptions based on our knowledge of the business and industry;

— Checking, on a sample basis, the accuracy and relevance of the underlying data used by management in capturing the aging; and

— Checking subsequent settlements of the trade receivables and loan receivables on sampling basis to review the reasonableness of the ECLs.

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 HKFRSs 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 misstatements, 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 responsibilities 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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As part of an audit in accordance with HKSAs, we exercise professional judgment 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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

We also provide those 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
Chow Tak Sing, Peter
Practising Certificate Number P04659

Hong Kong, 27 March 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
Revenue	6	**552,980**	484,718
Cost of sales		**(91,912)**	(91,900)
Gross profit		**461,068**	392,818
Other revenue	7	**8,885**	13,644
Other gains and losses, net	8	**(12,889)**	(5,551)
Selling and distribution costs		**(261,555)**	(241,276)
General and administrative expenses		**(50,685)**	(47,376)
Research and development expenses		**(52,281)**	(35,576)
Equity-settled share-based payment expenses	39	**(183)**	–
Finance costs	9	**(1,189)**	(783)
Share of loss of a jointly controlled entity	21	**(1)**	–
Profit before taxation	10	**91,170**	75,900
Income tax expense	11	**(8,396)**	(5,024)
Profit for the year		**82,774**	70,876
Other comprehensive income/(expense), net of tax			
Item that may be reclassified subsequently to profits or loss:			
Exchange differences arising on translation of foreign operations		**10,347**	(3,281)
Other comprehensive income/(expense) for the year		**10,347**	(3,281)
Total comprehensive income for the year		**93,121**	67,595
Earnings per share (HK cents)			
— Basic	12	**1.35**	1.11
— Diluted	12	**1.35**	1.11

Consolidated Statement of Financial Position

As at 31 December 2024

	Notes	At 31 December 2024 HK$'000	At 31 December 2023 HK$'000
Non-current assets			
Property, plant and equipment	*16*	**117,818**	87,247
Right-of-use assets	*17*	**20,520**	16,834
Intangible assets	*18*	**36,460**	39,251
Deposits paid for the acquisition of property, plant and equipment	*20*	**9,444**	15,473
Interest in a jointly controlled entity	*21*	**9,999**	–
Deferred tax assets	*33*	**4,123**	3,853
Convertible promissory note	*22*	**409**	–
Loan receivables — non-current portion	*25*	**–**	9,238
		198,773	171,896
Current assets			
Inventories	*23*	**33,777**	36,392
Trade and other receivables	*24*	**84,437**	66,165
Loan receivables	*25*	**30,672**	6,303
Structured short-term bank deposits	*26*	**104,884**	–
Bank balances and cash	*27*	**65,009**	129,236
		318,779	238,096
Current liabilities			
Trade and other payables	*28*	**48,667**	63,326
Contract liabilities	*29*	**17,671**	25,161
Bank borrowings	*31*	**43,305**	11,035
Current tax liabilities		**2,410**	2,179
Lease liabilities	*32*	**6,180**	4,230
Loan from a connected party	*30*	**–**	3,432
Amount due to a related party	*41*	**5,263**	5,104
Amount due to a joint operation	*35*	**–**	323
		123,496	114,790
Net current assets		**195,283**	123,306
Total assets less current liabilities		**394,056**	295,202

Consolidated Statement of Financial Position

As at 31 December 2024

	Notes	At 31 December 2024 HK$'000	At 31 December 2023 HK$'000
Non-current liabilities			
Bank borrowings	*31*	**56,007**	30,612
Deferred tax liabilities	*33*	**2,449**	426
Deferred revenue		**260**	–
Lease liabilities	*32*	**9,695**	6,990
		68,411	38,028
Net assets		**325,645**	257,174
Capital and reserves			
Share capital	*34*	**59,712**	63,648
Reserves		**265,933**	193,526
Total equity		**325,645**	257,174

The consolidated financial statements on pages 78 to 165 were approved and authorised for issue by the Board of Directors on 27 March 2025 and are signed on its behalf by:

Mr. Chen Da Wei
Director

Mr. Kingsley Leung
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Share capital HK$'000	Share premium HK$'000 (note a)	Treasury stock HK$'000 (note 34)	Share-based payment reserve HK$'000	Distributable reserve HK$'000 (note a)	Exchange reserve HK$'000 (note b)	Accumulated losses HK$'000	Total equity HK$'000
At 1 January 2023	63,648	751,756	–	41,015	1,291,798	37,686	(1,991,157)	194,746
Other comprehensive expense for the year	–	–	–	–	–	(3,281)	–	(3,281)
Profit for the year	–	–	–	–	–	–	70,876	70,876
Total comprehensive income/(loss) for the year	–	–	–	–	–	(3,281)	70,876	67,595
Repurchase of shares (note 34)	–	–	(5,167)	–	–	–	–	(5,167)
At 31 December 2023	63,648	751,756	(5,167)	41,015	1,291,798	34,405	(1,920,281)	257,174
Other comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**10,347**	**–**	**10,347**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**82,774**	**82,774**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**10,347**	**82,774**	**93,121**
Repurchase and cancellation of shares (note 34)	**(3,936)**	**(26,064)**	**5,167**	**–**	**–**	**–**	**–**	**(24,833)**
Transfer from share-based payment reserve to accumulated losses	**–**	**–**	**–**	**(1,188)**	**–**	**–**	**1,188**	**–**
Recognition of equity-settled share-based payment expenses (note 39)	**–**	**–**	**–**	**183**	**–**	**–**	**–**	**183**
At 31 December 2024	**59,712**	**725,692**	**–**	**40,010**	**1,291,798**	**44,752**	**(1,836,319)**	**325,645**

Note a: The distributable reserve is a credit arising from Capital Reorganisation effected by the Company during the year ended 31 March 2010. Under the Company Law (revised) of the Cayman Islands, share premium is distributable to shareholders, subject to the condition that the Company cannot declare or pay a dividend, or make a distribution out of share premium if (i) it is, or would after the payment be, unable to pay its liabilities as they become due, or (ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital accounts.

Note b: Exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currency to the Group's presentation currency (i.e. Hong Kong dollars) are recognised directly in other comprehensive income and accumulated in the exchange reserve. Such exchange differences accumulated in the exchange reserve are reclassified to profit or loss on the disposal of the foreign operations.

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	2024 HK$'000	2023 HK$'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before income tax expense	**91,170**	75,900
Adjustments for:		
Amortisation of intangible assets	**4,383**	822
Depreciation of right-of-use assets	**4,909**	4,779
Depreciation of property, plant and equipment	**12,058**	11,281
Equity-settled share-based payments expenses	**183**	–
Gain on change in fair value of structured short-term bank deposits	**(132)**	–
Gain on change in fair value of convertible promissory note	**(18)**	–
Interest income	**(3,351)**	(1,350)
Finance costs	**1,189**	783
Loss on disposal of property, plant and equipment	**567**	608
Provision for impairment loss recognised on trade receivables, net	**4,260**	992
Provision for impairment loss recognised on other receivables, net	**969**	233
Provision for impairment loss recognised on loan receivables, net	**3,518**	2,312
Share of loss of a jointly controlled entity	**1**	–
Write-down of inventory	**5,153**	1,354
Write-off of trade receivables	**1,216**	106
Write-off of other receivables	**576**	884
Operating profit before working capital changes	**126,651**	98,704
Increase in inventories	**(3,289)**	(4,392)
Increase in deferred income	**260**	–
Increase in trade and other receivables	**(27,006)**	(1,072)
(Decrease)/increase in trade and other payables	**(16,391)**	11,523
(Decrease)/increase in contract liabilities	**(7,057)**	3,022
Cash generated from operations	**73,168**	107,785
Income tax paid	**(6,460)**	(8,936)
NET CASH FROM OPERATING ACTIVITIES	**66,708**	98,849

	Notes	2024 HK$'000	2023 HK$'000
NET CASH FROM OPERATING ACTIVITIES		**66,708**	98,849
CASH FLOW FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		**(37,630)**	(45,625)
Proceeds from disposal of property, plant and equipment		**139**	–
Purchase of a convertible promissory note		**(391)**	–
Purchase of structured short-term bank deposits		**(104,752)**	–
Deposits paid for the acquisition of property, plant and equipment		**(367)**	(14,113)
Interest received		**3,351**	1,350
Capital injection into a jointly controlled entity		**(10,000)**	–
Repayment from a connected party		**3,289**	–
Advances to third parties		**(15,348)**	–
Advances to connected parties		**(6,358)**	(17,756)
NET CASH USED IN INVESTING ACTIVITIES		**(168,067)**	(76,144)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from bank borrowings	*43*	**70,404**	41,883
Cash advance from a joint operator	*43*	**–**	192
Cash advance from a related party	*43*	**5,133**	3,582
Repayment to a related party	*43*	**(3,283)**	(3,590)
Repayment to a connected party	*43*	**(3,432)**	–
Repayment of lease liabilities	*43*	**(4,048)**	(3,938)
Repayment of bank borrowings	*43*	**(10,963)**	(11,098)
Share repurchases	*34*	**(24,833)**	(5,167)
Interest paid		**(1,189)**	(783)
Loan from a connected party	*43*	**–**	3,432
NET CASH FROM FINANCING ACTIVITIES		**27,789**	24,513
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(73,570)**	47,218
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**129,236**	98,216
NET EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**9,343**	(16,198)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash		**65,009**	129,236

Notes to the Consolidated Financial Statements

31 December 2024

1. GENERAL INFORMATION

Uni-Bio Science Group Limited (the "**Company**") is incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The address of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section to the annual report.

The functional currency of the Company is Hong Kong dollars ("**HK$**") and the functional currency of the PRC subsidiaries is Renminbi ("**RMB**"). The consolidated financial statements are presented in HK$ for the convenience of the financial statement users as the Company is listed in Hong Kong.

The Company acts as investment holding company and the principal activities of its subsidiaries are set out in note 42.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new or amendments to HKFRSs — effective 1 January 2024

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HK Interpretation 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

None of these new or amendments to HKFRSs has a material impact on the Group's results and financial position for the current or prior period. The Group has not early applied any new or amendments to HKFRSs that is not yet effective for the current accounting period.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

(b) New or amendments to HKFRSs that have been issued but are not yet effective

The following new or amendments to HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability[1]
Amendments to HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments[2]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[2]
Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards — Volume 11[2]
Amendments to HK Interpretation 5	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[3]
HKFRS 18	Presentation and Disclosure in Financial Statements[3]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

1 Effective for annual periods beginning on or after 1 January 2025.
2 Effective for annual periods beginning on or after 1 January 2026.
3 Effective for annual periods beginning on or after 1 January 2027.
4 Effective date to be determined.

Further details about those HKFRSs that are not yet effective and are expected to be applicable to the Group are as follows:

Amendments to HKFRS 9 and HKFRS 7

The Amendments to HKFRS 9 and HKFRS 7 clarify the requirements related to the date of recognition and derecognition of financial assets and financial liabilities, with an exception for derecognition of financial liabilities settled via an electronic transfer, the requirements for assessing contractual cash flow characteristics of financial assets, with additional guidance on assessment of contingent features, characteristics of non-recourse loans and contractually linked instruments. The Amendments also introduce additional disclosure requirements for equity instruments classified as FVOCI and for financial instruments with contingent features.

HKFRS 18

HKFRS 18 will have a significant effect on how entities present their financial statements with emphasis on reporting of financial performance. The areas that will be significantly affected include categorisation and subtotals in the statement of profit or loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures.

The Group is currently analysing the new requirements and assessing the impact of the amendments towards the Group's financial statements.

3. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations (hereinafter collectively referred to as the "**HKFRS**") issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**the Listing Rules**").

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis except for certain financial and non-financial instruments, which are measured at fair values as explained in the accounting policies set out below.

4. MATERIAL ACCOUNTING POLICIES

(a) Basis of consolidation

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee when it has power over the investee, is exposed or has rights to variable returns from the investee, and has the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control is obtained until the date on which control ceases.

(b) Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods, or for administrative purposes, are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy.

Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Property, plant and equipment (Continued)

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The depreciation rates per annum are as follows:

Buildings	5%, or over the term of lease if shorter
Plant and machinery	6.6%–20%
Fixtures and equipment	10%–20%
Buildings improvements	5%–18%
Motor vehicles	15%–20%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Construction in progress represents properties under construction and is stated at cost less accumulated impairment losses. This includes cost of construction and other direct costs. Construction in progress is not depreciated until such time as the assets are completed and are ready for operational use.

(c) Leasing

The Group as a lessee

All leases are capitalised in the statement of financial position as right-of-use assets and lease liabilities, except for (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low value. The lease payments associated with those leases have been expensed on a straight-line basis over the lease term.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) Leasing (Continued)

The Group as a lessee (Continued)

Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise:

(i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability);

(ii) any lease payments made at or before the commencement date, less any lease incentives received;

(iii) any initial direct costs incurred by the lessee; and

(iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability. For right-of-use asset that meets the definition of an investment property, they are carried at fair value and for right-of-use asset that meets the definition of a leasehold land and buildings held for own use (see note 4(b)), they are carried at revalued amount.

The Group accounts for leasehold land and buildings which are held for own use under HKAS 16 and are carried at cost model. Other than the above right-of-use assets, the Group also has leased a number of properties under tenancy agreements which the Group exercises its judgement and determines that it is a separate class of assets apart from the leasehold land and buildings which are held for own use. As a result, the right-of-use assets arising from the properties under tenancy agreements are carried at depreciated cost.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) Leasing (Continued)

The Group as a lessee (Continued)

Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the Group's incremental borrowing rate.

Subsequent to the commencement date, the Group measures the lease liability by:

(i) increasing the carrying amount to reflect interest on the lease liability;

(ii) reducing the carrying amount to reflect the lease payments made; and

(iii) remeasuring the carrying amount to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payments.

(d) Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(e) Intangible assets

(i) Intangible assets acquired separately

Intangible assets acquired separately are initially recognised at cost. Subsequently, intangible assets with indefinite useful lives are carried at cost less any accumulated impairment losses. Intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

The amortisation expense is recognised in profit or loss and included in research and development expenses. Amortisation is provided on a straight-line basis over their useful lives as follows:

Trademarks and certificates	10 to 15 years
Technical know-how	10 years
Capitalised development costs	10 years

The useful lives and amortisation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Intangible assets (Continued)

(ii) Internal generated intangible assets (research and development expenditures)

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(f) Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In addition, the Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

Before the Group recognises an impairment loss for assets capitalised as contract costs under HKFRS 15, the Group assesses and recognises any impairment loss on other assets related to the relevant contracts in accordance with applicable standards. Then, impairment loss, if any, for assets capitalised as contract costs is recognised to the extent the carrying amounts exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services that have not been recognised as expenses. The assets capitalised as contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 for which the estimates of future cash flows have not been adjusted.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(f) Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill (Continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior reporting periods. A reversal of an impairment loss is recognised immediately in profit or loss.

(g) Investment in associates and jointly controlled entities

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 is in a position to exercise 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 jointly controlled entity is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the jointly controlled entity. 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 jointly controlled entities 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 loss.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates and jointly controlled entities is included in the consolidated statement of profit or loss and consolidated statement of comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or jointly controlled entity, 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 jointly controlled entities are eliminated to the extent of the Group's investments in the associates or jointly controlled entities, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or jointly controlled entities is included as part of the Group's investments in associates or jointly controlled entities.

If an investment in an associate becomes an investment in a jointly controlled entity 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 jointly controlled entity, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or jointly controlled entity 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.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(h) Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

(i) Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired. Interest income is recognised in profit or loss and is included in the “other revenue” line item.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(h) Financial instruments (Continued)

(i) Financial assets (Continued)

*Fair value through profit or loss ("**FVTPL**")*

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through other comprehensive income, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("**ECL**") model on financial assets (including trade receivables, loan receivables, other receivables and bank balances). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Assessment is done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on trade receivable are estimated individually for debtors with significant balances or credit-impaired, and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12 month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(h) Financial instruments (Continued)

(i) Financial assets (Continued)

Significant increase in credit risk

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

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 90 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

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

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(h) Financial instruments (Continued)

(i) Financial assets (Continued)

Definition of default

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

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

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

Credit-impaired financial assets

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

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

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(h) Financial instruments (Continued)

(i) Financial assets (Continued)

Write-off policy

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

Measurement and recognition of ECL

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

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

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables are assessed as a separate group);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(h) Financial instruments (Continued)

(i) Financial assets (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

(ii) Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

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

(i) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise short-term bank deposits, bank balances and cash are subject to an insignificant risk of changes in value, and have a short maturity of generally within one year when acquired, which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statements of financial position, cash and cash equivalents comprise short-term bank deposits, bank balances and cash which are not restricted as to use.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income/a deduction from the carrying amount of the relevant asset in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

(k) Equity-settled share-based payment transactions

Shares/share options granted to employees/directors

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the shares/share options at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve).

At the end of each reporting period, the Group revises its estimate of the number of shares/share options that are expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share-based payments reserve. For shares/share options that vest immediately at the date of grant, the fair value of the shares/share options granted is expensed immediately to profit or loss.

When shares granted are vested, the amount previously recognised in share-based payments reserve will be transferred to share capital and share premium.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(k) Equity-settled share-based payment transactions (Continued)

Share options granted to consultants

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the services received at the date the counterparty renders the service, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the counterparty renders the service. The fair values of the services received are recognised as expenses (unless the services qualify for recognition as assets).

(l) Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the HKFRSs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transaction are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(m) Revenue recognition

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, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or services may be transferred over time or at a point in time. Control of the goods or services is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or services.

(i) Production and sales of chemical and biological pharmaceutical products

The Group is principally engaged in manufacturing and selling of chemical and biological pharmaceutical products. Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a product to a customer.

Customers obtain control of pharmaceutical products when title passes and the goods have been delivered to a contractually agreed location. Invoices are generated and revenue is recognised at that point in time.

(ii) Other revenue

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Service income is recognised over time as those services are rendered.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(n) Contract assets and liabilities

A contract asset represents the Group's right to consideration in exchange for goods that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset is recognised when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECL in accordance with the policy set out in note 4(h)(i) and are reclassified to receivables when the right to the consideration has become unconditional.

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

(o) Borrowings

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

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting year.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(p) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

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

(q) Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit (loss) before taxation' as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(q) Income taxes (Continued)

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

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

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

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

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

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be use by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(r) Foreign currencies

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which they operate (the "**functional currency**") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as foreign exchange reserve (attributed to minority interests as appropriate). Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as foreign exchange reserve.

(s) Employee benefits

(i) Short term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

(ii) Defined contribution retirement plan

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees.

4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(t) Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third party.

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are 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.

Amortisation of intangible assets

Intangible assets are amortised over their useful lives. The assessment of estimated useful lives is a matter of judgment based on the experience of the Group's management, taking into account factors such as the ability to legally renew the technical know-how, technological progress and changes in market demand. Useful lives are periodically reviewed for continued appropriateness. Due to long lives of assets, changes to the estimates used can result in variations in their carrying value in the period in which the changes take place. As of 31 December 2024, the carrying amount of intangible assets with definite useful life is HK$36,460,000(31 December 2023: HK$39,251,000), and amortisation of the intangible assets of HK$4,383,000(31 December 2023: HK$822,000) was recognised for the year ended 31 December 2024.

Provision of ECL for trade receivables

The Group uses provision matrix to calculate ECL for the trade receivables based on the grouping of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates and taking into consideration forward-looking information that is reasonable and supportable that is available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables with significant balances and credit impaired are assessed for ECL individually.

The economic downturn and uncertainties have made these estimates more judgemental, which the Group has taken into account in its determination of applicable ECLs attributable to trade receivable arising from sales to customers on credit term, including the incorporation of forward-looking information to supplement historical credit loss rate. Further information on the impairment assessment on trade receivables is provided in note 38(b).

5. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Provision of ECL for loan and other receivables

The Group recognises lifetime ECL and 12-month ECL basis for loan and other receivables based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The amount of the impairment loss based on ECL model is measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise.

6. REVENUE AND SEGMENT INFORMATION

Revenue arising from sale of chemical and biological pharmaceutical products is recognised at point in time when control of the goods has been transferred and the goods have been delivered to the customers' specific locations. Following delivery, the customers bear the risks of obsolescence and loss in relation to the goods without refund policy. The normal credit term is 90 days (2023: 90 days) upon delivery.

Advance and deposits received from the customers are recognised as contract liabilities until the goods have been delivered to the customers.

The sales contracts are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Information reported to the board of directors of the Company, being the chief operating decision maker ("**CODM**"), for the purpose of allocating resources to segments and assessing their performance are organised on the basis of the revenue streams. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

The Group's operating and reportable segments are analysed as follows:

(a) Chemical pharmaceutical products — manufacture and sale of chemical pharmaceutical products

(b) Biological pharmaceutical products — manufacture and sale of biological pharmaceutical products

(c) Pipeline products — industrialisation of pipeline pharmaceutical products

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(a) Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment.

For the year ended 31 December 2024

	Chemical pharmaceutical products HK$'000	Biological pharmaceutical products HK$'000	Pipeline products HK$'000	Consolidated HK$'000
Segment revenue				
External sales	**249,617**	**303,363**	**–**	**552,980**
Result				
Segment profit	**62,546**	**34,944**	**–**	**97,490**
Other revenue				**8,885**
Change in fair value of financial assets at FVTPL				**150**
Unallocated administrative expenses				**(13,982)**
Finance costs				**(1,189)**
Equity-settled share based payment expenses				**(183)**
Share of loss of a jointly controlled entity				**(1)**
Profit before income tax expense				**91,170**

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(a) Segment revenues and results (Continued)

For the year ended 31 December 2023

	Chemical pharmaceutical products HK$'000	Biological pharmaceutical products HK$'000	Pipeline products HK$'000	Consolidated HK$'000
Segment revenue				
External sales	257,865	226,853	–	484,718
Result				
Segment profit/(loss)	73,723	30,496	(29,325)	74,894
Other revenue				13,644
Unallocated administrative expenses				(11,855)
Finance costs				(783)
Profit before income tax expense				75,900

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 4. Segment result represents the results of each segment before allocation of other revenue, change in fair value of financial assets at FVTPL, equity-settled share-based payment expenses, unallocated administrative expenses and share of loss of a jointly controlled entity and finance costs. This is the measure reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Segment assets and liabilities

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than investment properties, certain bank balances and cash and some unallocated corporate assets. Assets used jointly by operating segments are allocated on the basis of the revenues earned by individual operating segments; and

- all liabilities are allocated to operating segments other than current tax liabilities, deferred tax liability and some unallocated corporate liabilities. Liabilities for which operating segments are jointly liable are allocated in proportion to segment assets.

As at 31 December 2024

	Chemical pharmaceutical products HK$'000	Biological pharmaceutical products HK$'000	Pipeline products HK$'000	Consolidated HK$'000
Segment assets	184,349	91,372	–	275,721
Unallocated assets				241,831
Total assets				517,552
Segment liabilities	49,699	71,617	–	121,316
Unallocated liabilities				70,591
Total liabilities				191,907

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Segment assets and liabilities (Continued)

As at 31 December 2023

	Chemical pharmaceutical products HK$'000	Biological pharmaceutical products HK$'000	Pipeline products HK$'000	Consolidated HK$'000
Segment assets	75,495	73,310	42,030	190,835
Unallocated assets				219,157
Total assets				409,992
Segment liabilities	36,983	63,161	–	100,144
Unallocated liabilities				52,674
Total liabilities				152,818

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(c) Other segment information

For the year ended 31 December 2024

	Chemical pharmaceutical products HK$'000	Biological pharmaceutical products HK$'000	Pipeline products HK$'000	Unallocated HK$'000	Consolidated HK$'000
Amounts included in the measure of segment profit or loss or segment assets					
Additions to property, plant and equipment	7,017	1,360	–	38,372	46,749
Additions to intangible assets	–	2,413	–	–	2,413
Amortisation of intangible assets	812	3,571	–	–	4,383
Depreciation of right-of-use assets	280	2,822	–	1,807	4,909
Depreciation of property, plant and equipment	8,644	2,977	–	437	12,058
Loss on disposal of property, plant and equipment	556	11	–	–	567
Research and development expenses	34,315	17,966	–	–	52,281
Provision for impairment loss recognised on trade receivables, net	2,620	1,640	–	–	4,260
Provision for impairment loss recognised on other receivables, net	429	540	–	–	969
Provision for impairment loss recognised on loan receivables, net	3,518	–	–	–	3,518
Write-down of inventories	5,153	–	–	–	5,153
Write-off of trade receivables	–	1,216	–	–	1,216
Write-off of other receivables	–	576	–	–	576
Gain on change in fair value of structured short-term bank deposits	(94)	(38)	–	–	(132)
Gain on change in fair value of convertible promissory note	–	–	–	(18)	(18)
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets					
Interest on bank deposits	(574)	(347)	–	(210)	(1,131)
Interest on loan receivables	(800)	–	–	–	(800)
Interest on structured short-term bank deposits	(857)	(563)	–	–	(1,420)

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(c) Other segment information (Continued)

For the year ended 31 December 2023

	Chemical pharmaceutical products HK$'000	Biological pharmaceutical products HK$'000	Pipeline products HK$'000	Unallocated HK$'000	Consolidated HK$'000
Amounts included in the measure of segment profit or loss or segment assets					
Additions to property, plant and equipment	3,703	5,208	–	49,145	58,056
Additions to intangible assets	–	–	16,374	–	16,374
Amortisation of intangible assets	822	–	–	–	822
Depreciation of right-of-use assets	283	2,857	–	1,639	4,779
Depreciation of property, plant and equipment	5,447	2,577	3,064	193	11,281
Loss on disposal of property, plant and equipment	16	592	–	–	608
Research and development expenses	3,386	2,866	29,324	–	35,576
Provision for impairment loss recognised on trade receivables, net	1,134	(142)	–	–	992
Provision for impairment loss recognised on other receivables, net	233	–	–	–	233
Provision for impairment loss recognised on loan receivables, net	2,312	–	–	–	2,312
Write-down on inventories	1,354	–	–	–	1,354
Write-off of trade receivables	–	106	–	–	106
Write-off of other receivables	884	–	–	–	884
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets					
Interest on bank deposits	(253)	(601)	–	(271)	(1,125)
Interest on loan receivables	(225)	–	–	–	(225)

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(d) Geographical information

Information about the Group's sales to external customers presented based on the locations of customers, and information about the Group's non-current assets presented based on the geographical location of the non-current assets are summarised below.

	Sales to external customers		Non-current assets	
	2024	2023	**2024**	2023
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**–**	–	**4,267**	3,693
The People's Republic of China ("**PRC**")	**552,980**	484,718	**194,506**	168,203
	552,980	484,718	**198,773**	171,896

(e) Revenue from the Group's products and services

The following is an analysis of the Group's revenue from external customers by products or services:

	2024	2023
	HK$'000	HK$'000
Revenue from contracts with customers within the scope of HKFRS 15:		
Sales of chemical pharmaceutical products	**249,617**	257,865
Sales of biological pharmaceutical products	**303,363**	226,853
	552,980	484,718
Timing of revenue recognition:		
At a point in time	**552,980**	484,718
Transferred over time	**–**	–
	552,980	484,718

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(e) Revenue from the Group's products and services (Continued)

Information about major customers

Revenue attributed from customers that accounted for 10% or more of the Group's total revenue for the years ended 31 December 2024 and 2023 is as follows:

	2024 **HK$'000**	2023 HK$'000
Customer A	**59,072**	70,447
Customer B	**N/A**	49,301

7. OTHER REVENUE

	2024 **HK$'000**	2023 HK$'000
Interest on bank deposits	**1,131**	1,125
Interest on loan receivables	**800**	225
Interest on structured short-term bank deposits	**1,420**	–
Government grants (Note i)	**2,253**	3,054
Service income (Note ii)	**3,104**	9,060
Sundry income	**177**	180
	8,885	13,644

Note i: Government grants mainly represent grants received from the PRC local government authorities as subsidies to the Group for research and development expenditures already incurred and the conditions have been fulfilled upon the grant.

Note ii: Service income mainly represented the subcontracting income generated from the provision of manufacturing works to the customers.

8. OTHER GAINS AND LOSSES, NET

	2024 HK$'000	2023 HK$'000
Provision for impairment loss recognised on trade receivables, net	**(4,260)**	(992)
Provision for impairment loss recognised on other receivables, net	**(969)**	(233)
Provision for impairment loss recognised on loan receivables, net	**(3,518)**	(2,312)
Write-off of trade receivables	**(1,216)**	(106)
Write-off of other receivables	**(576)**	(884)
Loss on disposal of property, plant and equipment	**(567)**	(608)
Changes in fair value of structured short-term bank deposits	**132**	–
Changes in fair value of convertible promissory note	**18**	–
Donations	**(1,841)**	–
Others	**(92)**	(416)
	(12,889)	(5,551)

9. FINANCE COSTS

	2024 HK$'000	2023 HK$'000
Interest expenses on bank borrowings	**716**	241
Interest expenses on lease liabilities	**473**	542
	1,189	783

10. PROFIT BEFORE TAXATION

	2024 HK$'000	2023 HK$'000
Profit for the year has been arrived at after charging/(crediting):		
Staff costs (including directors' emoluments) (note 14)		
Salaries, wages and other benefit	**96,207**	80,282
Discretionary bonuses	**12,029**	3,366
Retirement benefit scheme contribution	**21,236**	17,402
Equity-settled share-based payments	**183**	–
	129,655	101,050
Amortisation of intangible assets	**4,383**	822
Depreciation of property, plant and equipment	**12,058**	11,281
Depreciation of right-of-use assets	**4,909**	4,779
Less: Amortisation and depreciation included in research and development expenses	**(2,410)**	(2,359)
	18,940	14,523
Auditor's remuneration	**1,761**	2,016
Cost of inventories recognised as an expense	**91,912**	91,900
Research and development expenses	**54,694**	51,950
Less: Capitalisation on intangible assets (note 18)	**(2,413)**	(16,374)
	52,281	35,576

11. INCOME TAX EXPENSE

	2024 **HK$'000**	2023 HK$'000
PRC Enterprise Income Tax ("**EIT**")		
— Current year	**5,147**	3,798
— (Over)/under provision in prior years	**(1,192)**	1,912
	3,955	5,710
Withholding tax on unremitted earnings	**2,741**	2,331
Deferred tax (note 33):		
— Current year	**1,700**	(3,017)
	8,396	5,024

The Company is tax exempt under the laws of the Cayman Islands.

No provision for Hong Kong profits tax has been made since the entities operating in Hong Kong had no assessable profit for both years.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

Beijing Genetech Pharmaceutical Co., Limited and Shenzhen Watsin Genetech Limited, wholly owned subsidiaries of the Company, were approved as High and New Technology Enterprise and were eligible to enjoy a preferential enterprise income tax rate of 15% (2023: 15%) for both years with the expiration date of 18 October 2025 and 15 November 2026, respectively.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

During the year ended 31 December 2024, the Company and its subsidiaries obtained the Certificate of Resident Status of the Hong Kong Special Administrative Region and have satisfied the "Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on income" and therefore have adopted the withholding tax rate at 5% for PRC withholding tax purposes for the calendar year 2024 and the two succeeding calendar years.

11. INCOME TAX EXPENSE (CONTINUED)

The withholding tax is levied on dividends distributed from a wholly-owned PRC subsidiary, Shenzhen Watsin Genetech Limited to a wholly-owned overseas subsidiary, Zethanel Properties Limited and there was an amount of approximately HK$2,741,000 withholding tax included in the EIT of current year (2023: HK$2,331,000).

As at 31 December 2024, temporary withholding tax differences relating to the undistributed profits of the PRC subsidiary amounted to approximately HK$45,724,000 (2023: HK$62,895,000). Deferred tax have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Company is in a position to control the dividend policy of the PRC subsidiary and it has been determined that it is probable that undistributed profits of the PRC subsidiary will not be distributed in the foreseeable future.

According to the Announcement of the Ministry of Finance and the State Administration of Taxation on Preferential Income Tax Policies for Small and Micro Enterprises and Individual Business (Announcement of MOF and SAT 2023 No.6) (《財政部稅務總局關於小微企業和個體工商戶所得稅優惠政策的公告》(財政部稅務總局公告2023年第6號)), a subsidiary in the PRC qualifying as Small and Micro Enterprises whose annual taxable income does not exceed RMB1 million, 25% shall be included in the taxable income, and the enterprise income tax shall be paid at the tax rate of 20%. The implementation period is from 1 January 2023 to 31 December 2024.

According to the Announcement of the Ministry of Finance and the State Administration of Taxation on Further Implementing the Preferential Income Tax Policies for Small and Micro Enterprises (Announcement of MOF and SAT 2022 No. 13) (《財政部稅務總局關於進一步實施小微企業所得稅優惠政策的公告》(財政部稅務總局公告2022年第13號)), a subsidiary in the PRC qualifying as Small and Micro Enterprises whose annual taxable income exceeds RMB1 million but does not exceed RMB3 million, 25% shall be included in the taxable income, and the enterprise income tax shall be paid at the tax rate of 20%. The implementation period is from 1 January 2023 to 31 December 2024.

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

	2024 **HK$'000**	2023 HK$'000
Profit before income tax expense	**91,170**	75,900
Tax at the enterprise income tax rate of 25% (2023: 25%)	**22,792**	18,975
Tax effect of non-taxable income	**(2,310)**	(761)
Tax effect of non-deductible expenses	**923**	883
Tax effect of deductible temporary difference not recognised	**736**	62
Tax effect of tax losses not recognised	**2,151**	158
Effect of tax exemptions granted to the subsidiaries in the PRC	**(18,091)**	(8,681)
Utilisation of deductible temporary difference not recognised	**(981)**	(1,265)
Utilisation of tax losses previously not recognised	**–**	(9,494)
(Over)/under provision in prior years	**(1,192)**	1,912
Withholding tax on unremitted earnings of the Company's subsidiary established in the PRC	**2,741**	2,331
Effect of different tax rates of group entities	**1,627**	904
Income tax expense for the year	**8,396**	5,024

12. EARNINGS PER SHARE

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

Profit	**2024** **HK$'000**	2023 HK$'000
Profit for the year attributable to owners of the Company for the purpose of basic and diluted earnings per share	**82,774**	70,876

Number of shares	**2024** **'000**	2023 '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	**6,140,106**	6,364,768
Dilutive effect of potential ordinary shares:		
Share options	**–**	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**6,140,106**	6,364,768
Basic earnings per share for profit attributable to equity owners of the Company during the year (expressed in HK cents per share)	**1.35**	1.11

The computation of diluted earnings per share for the years ended 31 December 2024 and 2023 does not assume the exercise of the Company's outstanding share options because the adjusted exercise prices of those options calculated in accordance with HKAS 33 "Earnings Per Share" are higher than the average market price of the shares. Therefore, diluted earnings per share amount is the same as basic earnings per share amount.

13. DIVIDEND

The final dividend of HK0.277 cents (2023: Nil) in respect of the year ended 31 December 2024 per share, amounting to approximately HK$1,654,030,200 (2023: Nil) in total, has been recommended by the board of directors of the Company and is subject to the approval of the shareholders at the forthcoming annual general meeting of the Company.

14. DIRECTORS' AND SENIOR MANAGEMENTS' EMOLUMENTS

(a) Directors' remuneration

Directors' remuneration for the year, disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, is as follows:

For the year ended 31 December 2024

	Kingsley Leung HK$'000	Chen Dawei HK$'000	Zhao Zhi Gang HK$'000	Wen Yalei (Note i) HK$'000	Total HK$'000
Executive Directors					
Fee	–	–	–	–	–
Other emoluments					
Salaries, allowance and benefits in kind	1,271	360	606	503	2,740
Discretionary bonuses	700	–	509	420	1,629
Retirement benefit scheme contribution	138	18	54	228	438
	2,109	378	1,169	1,151	4,807

The executive directors' emoluments shown above were mainly for their services in connection with the management of the business and operations of the Company and the Group.

	Chow Kai Ming HK$'000	Ren Qimin HK$'000	Ma Qingshan HK$'000	Total HK$'000
Independent Non-executive Directors				
Fee	120	120	120	360
Other emoluments				
Salaries, allowance and benefits in kind	–	–	–	–
Discretionary bonuses	–	–	–	–
	120	120	120	360

The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

14. DIRECTORS' AND SENIOR MANAGEMENTS' EMOLUMENTS (CONTINUED)

(a) Directors' remuneration (Continued)

Directors' remuneration for the year, disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, is as follows: (Continued)

	Yau Kwok Wing Tony HK$'000	**Zhang Qing (note ii) HK$'000**	**Total HK'000**
Non-executive Director			
Fee	**120**	**30**	**150**
Other emoluments			
Salaries, allowance and benefits in kind	**–**	**–**	**–**
Discretionary bonuses	**–**	**–**	**–**
Equity-settled share-based payment	**–**	**183**	**183**
	120	**213**	**333**

The non-executive director's emoluments shown above were mainly for services as director of the Company.

For the year ended 31 December 2023

	Kingsley Leung HK$'000	Chen Dawei HK$'000	Zhao Zhi Gang HK$'000	Zhang Yanfen (Note iii) HK$'000	Total HK$'000
Executive Directors					
Fee	–	–	–	–	–
Other emoluments					
Salaries, allowance and benefits in kind	1,225	270	604	–	2,099
Discretionary bonuses	232	–	261	–	493
Retirement benefit scheme contribution	138	14	35	–	187
	1,595	284	900	–	2,779

The executive directors' emoluments shown above were mainly for their services in connection with the management of the business and operations of the Company and the Group.

14. DIRECTORS' AND SENIOR MANAGEMENTS' EMOLUMENTS (CONTINUED)

(a) Directors' remuneration (Continued)

Directors' remuneration for the year, disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, is as follows: (Continued)

	Chow Kai Ming HK'000	Ren Qimin HK'000	Ma Qingshan HK'000	Total HK$'000
Independent Non-executive Directors				
Fee	120	120	120	360
Other emoluments				
Salaries, allowance and benefits in kind	–	–	–	–
Equity-settled share-based payments	–	–	–	–
	120	120	120	360

The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

	Yau Kwok Wing Tony HK'000
Non-executive Director	
Fee	120
Other emoluments	
Salaries, allowance and benefits in kind	–
Equity-settled share-based payments	–
	120

The non-executive director's emoluments shown above were mainly for services as director of the Company.

Notes:

(i) Dr. Wen Yalei was appointed as executive director on 16 December 2024.

(ii) Ms. Zhang Qing was appointed as non-executive director on 1 November 2024.

(iii) Ms. Zhang Yanfen was appointed as executive director on 11 August 2023, and resigned as executive director on 15 November 2023.

14. DIRECTORS' AND SENIOR MANAGEMENTS' EMOLUMENTS (CONTINUED)

(b) Five highest paid employees

Of the five individuals with highest emoluments in the Group, two (2023: one) were directors of the Company. The emoluments of the remaining three (2023: four) highest paid individuals were as follows:

	2024 **HK$'000**	2023 HK$'000
Salaries and other benefits	**2,184**	3,304
Discretionary bonuses	**1,308**	776
Retirement benefit scheme contributions	**574**	770
	4,066	4,850

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within the following bands is as follows:

	2024 **No. of employees**	2023 No. of employees
Nil to HK$1,000,000	**–**	–
HK$1,000,001 to HK$1,500,000	**3**	4
HK$1,500,001 to HK$2,000,000	**–**	–
	3	4

(c) No emoluments have been paid by the Group to the directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Company, or as compensation for loss of office for both years.

15. RETIREMENT BENEFIT PLANS

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the Scheme, which contribution is matched by employees.

The employees of the Company's PRC subsidiaries are members of a state-managed retirement benefit scheme operated by the China government. The subsidiaries are required to contribute based on a certain percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

The total expense recognised in profit or loss of HK$21,236,000 (2023: HK$17,402,000) represents contributions payable to these plans by the Group for staff (including directors and senior management) at rates specified under the rules of the plans.

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Plant and machinery HK$'000	Fixtures and equipment HK$'000	Buildings improvements HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
Cost							
At 1 January 2023	33,786	67,216	48,401	55,095	1,619	5,811	211,928
Currency realignment	(436)	183	(317)	(505)	(23)	(1,630)	(2,728)
Additions	12	4,945	2,719	–	4	50,376	58,056
Transfer	–	–	–	–	–	–	–
Disposals/written-off	–	(5,714)	(489)	–	–	–	(6,203)
At 31 December 2023	33,362	66,630	50,314	54,590	1,600	54,557	261,053
Currency realignment	(646)	(4,586)	(532)	(747)	(43)	274	(6,280)
Additions	–	7,348	2,516	115	838	35,932	46,749
Transfer	–	49,654	–	–	–	(49,654)	–
Disposals/written-off	–	(12,289)	(188)	–	(287)	–	(12,764)
At 31 December 2024	32,716	106,757	52,110	53,958	2,108	41,109	288,758
Accumulated depreciation and impairment							
At 1 January 2023	21,940	65,241	42,533	38,986	1,378	–	170,078
Currency realignment	(325)	(1,144)	(228)	(242)	(20)	–	(1,959)
Provided for the year	1,213	4,491	1,444	4,083	50	–	11,281
Eliminated on disposals/written-off	–	(5,152)	(442)	–	–	–	(5,594)
At 31 December 2023	22,828	63,436	43,307	42,827	1,408	–	173,806
Currency realignment	(515)	(1,563)	(374)	(469)	(28)	–	(2,949)
Provided for the year	1,199	5,014	1,700	3,999	146	–	12,058
Eliminated on disposals/written-off	–	(11,604)	(99)	–	(272)	–	(11,975)
At 31 December 2024	23,512	55,283	44,534	46,357	1,254	–	170,940
Carrying amounts							
At 31 December 2024	9,204	51,474	7,576	7,601	854	41,109	117,818
At 31 December 2023	10,534	3,194	7,007	11,763	192	54,557	87,247

(a) The above items of property, plant and equipment, except for construction in progress, are depreciated on a straight-line basis, less their estimated residual value, if any, at the following rates per annum:

Buildings	5%, or over the term of lease if shorter
Plant and machinery	6.6%–20%
Fixtures and equipment	10%–20%
Buildings improvements	5%–18%
Motor vehicles	15%–20%

(b) The directors of the Company conducted impairment review of the Group's property, plant and equipment related to pipeline pharmaceutical products. During the years ended 31 December 2024 and 2023, no impairment loss was recognised. Details of such impairment testing are set out in note 19.

(c) At 31 December 2024, the Group's buildings with an aggregate carrying amount of approximately HK$9,204,000 (2023: HK$10,534,000) were pledged to banking facilities granted to the Group (Note 31).

(d) At 31 December 2024, no depreciation charge was made on the Group's plant and machinery with a cost amount of approximately HK$49,654,000 as those plant and machinery are not ready for their intended use.

17. RIGHT-OF-USE-ASSETS

	Land use rights HK$'000	**Leased properties** HK$'000	**Total** HK$'000
At 1 January 2023	7,205	10,811	18,016
Effect of modification to lease terms (note ii)	–	3,824	3,824
Depreciation	(283)	(4,496)	(4,779)
Exchange realignment	(100)	(127)	(227)
At 31 December 2023 and 1 January 2024	6,822	10,012	16,834
Effect of modification to lease terms (note ii)	–	8,965	8,965
Depreciation	(279)	(4,630)	(4,909)
Exchange realignment	(143)	(227)	(370)
At 31 December 2024	6,400	14,120	20,520

Notes:

(i) For both years, the Group leases various offices and factories for its operations. Lease contracts are entered into for fixed terms of one year to eight years (2023: one year to nine years). Lease terms are negotiated on an individual basis. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

(ii) During the year ended 31 December 2024, the Group renewed two lease agreements for an office and a factory for one to two years, and therefore recognised the amounts arising from modification to right-of-use assets of HK$8,965,000 (2023:HK$3,824,000) of which HK$8,719,000 (2023:Nil) (Note 41) was related to lease agreement renewed with a related party which is also a connected party of the Group.

(iii) At 31 December 2024, the Group's land use rights with carrying amounts of approximately HK$6,400,000 (2023: HK$6,822,000) were pledged to secure banking facilities granted to the Group (Note 31).

18. INTANGIBLE ASSETS

	Trademarks and certificates HK$'000 (Note a)	Technical know-how HK$'000 (Note b)	Capitalised development costs HK$'000 (Note c)	Totals HK$'000
COST				
At 1 January 2023	239,267	70,107	152,541	461,915
Additions (note e)	–	–	16,374	16,374
Exchange realignment	(3,418)	(1,002)	(2,259)	(6,679)
At 31 December 2023	235,849	69,105	166,656	471,610
Additions (note e)	–	–	2,413	2,413
Exchange realignment	(5,043)	(1,477)	(3,611)	(10,131)
At 31 December 2024	230,806	67,628	165,458	463,892
ACCUMULATED AMORTISATION AND IMPAIRMENT				
At 1 January 2023	239,267	67,017	131,512	437,796
Provided for the year	–	383	439	822
Exchange realignment	(3,418)	(960)	(1,881)	(6,259)
At 31 December 2023	235,849	66,440	130,070	432,359
Provided for the year	–	378	4,005	4,383
Exchange realignment	(5,043)	(1,426)	(2,841)	(9,310)
At 31 December 2024	230,806	65,392	131,234	427,432
CARRYING AMOUNTS				
At 31 December 2024	–	2,236	34,224	36,460
At 31 December 2023	–	2,665	36,586	39,251

18. INTANGIBLE ASSETS (CONTINUED)

Intangible assets are amortised on a straight-line basis over the following periods:

Trademarks and certificates	10 to 15 years
Technology know-how	10 years
Capitalised development costs (Note d)	10 years

Notes:

(a) Trademarks and certificates represent costs in obtaining trademarks and registration certificates for pharmaceutical products.

(b) Technical know-how mainly represents techniques and formulas acquired separately for the development of products and production technology.

(c) Capitalised development costs mainly represent costs generated internally for the development of products and product technology.

(d) Except for the capitalised development costs of drugs under development, the respective intangible assets (including the capitalised development costs of drugs already completed development) have finite lives and are subsequently amortised over the useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Capitalised development costs of drugs under development are not amortised as the development of products are not yet completed and are assessed for impairment annually.

(e) During the year ended 31 December 2024, the additions of HK$2,413,000 (2023: HK$16,374,000) represented the additional capitalised development costs for Drug 1 (refer to Note 19). The capitalised development costs were mainly salaries and laboratory cost of this drug.

19. IMPAIRMENT TESTING ON INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT RELATED TO PIPELINE PHARMACEUTICAL PRODUCTS

For the purpose of impairment testing, intangible assets and property, plant and equipment related to pipeline pharmaceutical products segment set out in notes 16 and 18 have been allocated to nil (2023: one) individual cash generating units ("**CGUs**"). The carrying amounts of intangible assets (net of accumulated amortisation and impairment losses) and property, plant and equipment (net of accumulated depreciation and impairment losses) related to these CGUs are as follows:

	Property, plant and equipment		**Intangible assets**	
	2024	2023	**2024**	2023
	HK$'000	HK$'000	**HK$'000**	HK$'000
CGUs				
Drug 1	**N/A**	8,487	**N/A**	33,531

19. IMPAIRMENT TESTING ON INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT RELATED TO PIPELINE PHARMACEUTICAL PRODUCTS (CONTINUED)

Drug 1:

In January 2024, the China National Medical Products Administration ("**NMPA**") granted official approval for Drug 1's marketing launch, all related capitalised development costs started to amortise. The drug was fully commercialised in 2024.

During the year ended 31 December 2023, further to the new drug application for Drug 1 had been previously accepted by the China NMPA in 2022. The Group expected that this drug would be launched after completion of registration with the NMPA as soon as 2024 and the project was developing as scheduled. No impairment loss was recognised for the year ended 31 December 2023.

As at 31 December 2023, the basis of the recoverable amounts of the CGU of Drug 1 and their major underlying assumptions were summarised below:

The recoverable amount of this CGU had been determined based on a value in use calculation. That calculation was based on the cash flow forecast derived from the most recent financial budget for the next 10 years, considering the product cycle, launch time and management's best estimation on business cycle of the product, using a pre-tax discount rate of 19.60% for Drug 1 which reflects current market assessments of the time value of money and the risk specific to this CGU. The cash flows beyond the 10-year-period were extrapolated for another 10 years assuming 2% growth based on market data and historical records of existing drugs. The valuation of this CGU had been carried out by the Group's management.

20. DEPOSITS PAID FOR THE ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

At 31 December 2024, the carrying amount of deposits paid for the acquisition of property, plant and equipment relates to the purchases of property, plant and equipment for the expansion of production facilities was approximately HK$9,444,000 (2023: HK$15,473,000).

21. INTEREST IN A JOINTLY CONTROLLED ENTITY

	2024 HK$'000	2023 HK$'000
Investment cost in a jointly controlled entity	**10,000**	–
Share of post-acquisition loss and other comprehensive expenses	**(1)**	–
	9,999	–

Details of the Group's interest in a jointly controlled entity, which is an unlisted company, are as follows:

Form of business structure	Place of incorporation	Proportion of ownership interest		Issued and fully paid ordinary share capital		Principal activities and principal place of business
		2024	2023	**2024**	2023	
Entity	Hong Kong ("**HK**")	**40%**	–	**HK$ 10,000,006**	HK$6	Biotechnology investment, HK

The above jointly controlled entity is accounted for using the equity method in the consolidated financial statements.

Set out below are the summarised financial information of a jointly controlled entity as at 31 December 2024, which are accounted for using the equity method.

	2024 HK$'000
Current assets	**9,739**
Current liabilities	**(2,536)**
Net assets	**7,203**
Group' share in (%)	**40%**
Group's share in (amount)	**2,881**
Goodwill	**7,118**
Carrying amount	**9,999**

21. INTEREST IN A JOINTLY CONTROLLED ENTITY (CONTINUED)

Impairment assessment

The management assesses whether there is any indication that the interest in a jointly controlled entity may be impaired. The recoverable amount of the investment in a jointly controlled entity is determined based on the higher of value in use or fair value less cost of disposal.

The Directors have performed impairment assessment on investment in a jointly controlled entity. The recoverable amount of investment in a jointly controlled entity has been determined based on a value-in-use calculation. That calculation uses cash flow projections based on financial budgets approved by management of a jointly controlled entity covering a 10-year period, and discount rate of 14.56%. A jointly controlled entity's cash flows beyond the 10-year period are extrapolated using a steady 2% growth rate. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry.

Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and net profit margins.

The budgeted sales is based on sales contracts signed with different customers as at the end of the reporting period, and sales growth rate of 10% to 20% is adopted, which does not exceed the average long-term growth rate for the relevant industry.

The budgeted net profit margins during the projection period are based on the budgeted costs for each year with reference to the historical net profit margin of a jointly controlled entity.

Based on the assessment performed by the management, no impairment loss on interest in a jointly controlled entity was recognised for the year ended 31 December 2024.

22. CONVERTIBLE PROMISSORY NOTE

	2024	2023
	HK$'000	HK$'000
At the beginning of the year	**–**	–
Addition	**391**	–
Changes in fair value	**18**	–
	409	–

During the year ended 31 December 2024, a directly wholly-owned subsidiary of the Company, Uni-Bio Science Healthcare Limited, entered into a subscription agreement with Spiral Therapeutics Inc. ("**Spiral Therapeutics**"), a private company incorporated in the United States of America, to subscribe for an unlisted convertible promissory note (the "**CPN**") issued by Spiral Therapeutics, in the principal amount of US$50,000 maturing on the 18-month anniversary of the date of issue (the "**Maturity Date**"). The CPN carry interest of 8% per annum ("**p.a.**").

This investment held by the Group contains embedded derivatives. After management's assessment of the Group's business model for managing financial assets and that the management's contractual cash flow test shows those cash flows represent solely payments of principal and interest ("**SPPI**"), the Group recognised these investments as financial assets at fair value through profit or loss. The relevant fair value is determined with reference to valuation carried out by an independent valuer.

23. INVENTORIES

	2024	2023
	HK$'000	HK$'000
Raw materials	**15,577**	13,595
Work in progress	**4,189**	5,718
Finished goods	**19,164**	18,425
	38,930	37,738
Less: Write-down of inventory	**(5,153)**	(1,346)
	33,777	36,392

24. TRADE AND OTHER RECEIVABLES

	2024	2023
	HK$'000	HK$'000
Trade receivables	**62,188**	39,832
Less: Loss allowance	**(7,395)**	(4,492)
	54,793	35,340
Bills receivable	**15,449**	17,878
Deposit, prepayments and other receivables (Note)	**14,981**	13,348
Less: Loss allowance	**(786)**	(401)
	14,195	12,947
	84,437	66,165

As at 31 December 2024 and 2023, trade receivables from contracts with customers amounted to HK$54,793,000 and HK$35,340,000, respectively.

Note:

As at 31 December 2024, included in other receivables is an amount of HK$972,000 (equivalent to RMB900,000) (2023: HK$993,000 (equivalent to RMB900,000)) due from a connected party. The amount is unsecured, non-interest bearing and repayable on demand.

24. TRADE AND OTHER RECEIVABLES (CONTINUED)

The following is an ageing analysis of trade receivables based on the invoice dates, as at the end of the reporting period:

	2024	2023
	HK$'000	HK$'000
0–90 days	**51,349**	30,925
91–120 days	**4,878**	5,029
121–180 days	**3,304**	1,638
181–360 days	**1,114**	492
Over 360 days	**1,543**	1,748
	62,188	39,832
Less: Loss allowance	**(7,395)**	(4,492)
	54,793	35,340

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines its credit limits. Credit sales are made to customers with satisfactory trustworthy credit history. Credit limits attributed to customers are reviewed regularly.

The Group does not hold any collateral over the trade receivables.

Details of impairment assessment of trade and other receivables are set out in note 38.

Bills receivable represent bills on hand. All bills receivable of the Group are with a maturity period of less than 180 days (2023: less than 180 days) but not yet due at the end of the reporting period. The management considers the default rate of such bills receivable is low based on historical information, past experience and forward-looking information.

25. LOAN RECEIVABLES

	2024 HK$'000	2023 HK$'000
Loan receivables		
— Connected parties (notes (a), (b))	**16,523**	13,794
— Independent third parties (notes (c), (d))	**18,898**	3,862
	35,421	17,656
Accrued interest receivables	**967**	184
	36,388	17,840
Less: Loss allowance	**(5,716)**	(2,299)
	30,672	15,541
Less: Non-current portion	**–**	(9,238)
	30,672	6,303
Representing:		
— Connected parties	**14,338**	12,122
— Independent third parties	**16,334**	3,419
	30,672	15,541

Notes:

(a) On 3 August 2023 and 18 September 2023, the Group entered into a loan agreement and a supplemental loan agreement with a connected party A respectively. The Group has agreed to provide two loan facilities with principal amounts of HK$2,593,000 (equivalent to RMB2,350,000) ("**loan A**") and HK$7,890,000 (equivalent to RMB7,150,000) ("**loan B**") to A for a term of 24 months from the advance dates and maturing on the final maturity date with any outstanding accrued interest. The loans to A are secured by two invention patents owned by it, interest bearing at 3.65% p.a. and repayable in August 2025 and September 2025 respectively.

On 31 May 2024, the Group entered into another supplemental loan agreement with A. The Group has agreed to provide an additional loan facility with principal amounts of HK$6,263,000 (equivalent to RMB5,800,000) ("**loan C**") to A for a term of 16 months from the advance dates and maturing on the final maturity date with any outstanding accrued interest. The loans to A are secured by two invention patents owned by it, interest bearing at 3.45% p.a. and repayable in September 2025.

On 29 November 2024, the Group entered into a tri-partite loan novation agreement with A and connected party C, which is the holding company of A to assume, from 1 December 2024, all A's rights and obligations in and under the loan A and part of loan B in a total principal amount of RMB8,500,000. The loan novated to C are secured by two invention patents owned by it, interest bearing at 3.65% p.a. and repayable in September 2025.

25. LOAN RECEIVABLES (CONTINUED)

Notes: (Continued)

(b) On 31 January 2023, the Group entered into a loan agreement with another connected party B. The Group has agreed to provide loan facility with principal amount of HK$3,311,000 (equivalent to RMB3,000,000) to B for a term of 23 months from the advance date and maturing on the final maturity date. The loan to B is unsecured, interest free. The loan was fully repaid in 2024.

(c) On 10 July 2023 and 30 August 2023, the Group entered into a loan agreement and a supplemental loan agreement with an independent third party D respectively. The Group has agreed to provide two loan facilities with principal amounts of HK$2,759,000 (equivalent to RMB2,500,000) and HK$1,103,000 (equivalent to RMB1,000,000) to D for a term of 23 months and 15 months from the advance dates and maturing on the final maturity date with any outstanding accrued interest. The loans to D are unsecured, interest bearing at 3.65% and 4.5% p.a. and repayable in June 2024.

On 9 December 2024, the Group entered into a supplemental agreement with C, pursuant to which the Group agreed to extend the repayment date of two loan facilities in the total principal amount of RMB3,500,000 to June 2025.

(d) On 2 February 2024, the Group entered into a loan agreement with an independent third party E. The Group has agreed to provide loan facility with principal amounts of HK$15,119,000 (equivalent to RMB14,000,000) to E for a term of 9 months from the advance date and maturing on the final maturity date with any outstanding accrued interest. The loan to E is unsecured, interest bearing at 3.65% p.a. and repayable in November 2024. On 5 November 2024, the Group entered into a supplemental agreement with E, pursuant to which the Group agreed to extend the repayment date of the loan facility to June 2025.

The management of the Group assessed the loss allowances for each of the loan receivables individually. As at 31 December 2024, approximately HK$5,716,000 (2023: HK$2,299,000) impairment loss was made against loan receivables and accrued interest on an individual assessment basis. Details of impairment assessment of loan receivables are set out in note 38.

26. STRUCTURED SHORT-TERM BANK DEPOSITS

	2024 **HK$'000**	2023 HK$'000
Financial assets measured at FVTPL:		
At the beginning of the year	**–**	–
Addition	**104,752**	–
Changes in fair value	**132**	–
	104,884	–
Analysed for reporting purpose as:		
Current assets	**104,884**	–

Note:

During the year ended 31 December 2024, the Group entered into structured short-term bank deposits agreements ("**Deposits Agreements**") with a bank in the PRC. The banks guaranteed 100% of the invested principal amount and floating interest rates of 1.30% to 2.00% p.a. with maturity periods ranging from 31 days to 92 days, the floating interest rates apply on such deposits are linked to the GoldInpm Index as specified in the Deposits Agreements.

After management's assessment of the Group's business model for managing financial assets and that the management's contractual cash flow test shows those cash flows represent solely payments of principal and interest ("**SPPI**"), the Group recognised these structured bank deposits as financial assets at fair value through profit or loss as their cash flows did not represent solely payments of principal and interest. The relevant fair value is determined with reference to valuation carried out by the Group's management.

27. BANK BALANCES AND CASH

	2024 **HK$'000**	2023 HK$'000
Bank balances and cash (Note)	**65,009**	129,236

Note:

The bank balances carry interest rates ranging from 0.01% to 2.50% (2023: 0.01% to 2.50%) p.a..

As at 31 December 2024 and 2023, the Group performed impairment assessment on bank balances and cash concluded that the probability of defaults of the counterparty banks are insignificant and, accordingly, no allowance for credit losses is provided.

Details of impairment assessment of bank balances as at 31 December 2024 and 2023 are set out in note 38.

28. TRADE AND OTHER PAYABLES

	Notes	**2024** **HK$'000**	2023 HK$'000
Trade payables	*(i) & (ii)*	**15,231**	9,313
Other payables		**10,638**	15,217
Accruals		**22,798**	38,796
		48,667	63,326

Notes:

(i) The average credit period on purchases of goods is 120 days (2023: 120 days). The Group has in place financial risk management policies to ensure that all payables are settled within the credit time frame.

(ii) An ageing analysis of the trade payables at the end of the reporting period based on transaction date is as follows:

	2024 **HK$'000**	2023 HK$'000
0–30 days	**6,614**	7,536
31–60 days	**1,422**	124
61–90 days	**180**	561
Over 90 days	**7,015**	1,092
	15,231	9,313

29. CONTRACT LIABILITIES

The Group has recognised the following revenue-related contract liabilities:

	2024 HK$'000	2023 HK$'000
Contract liabilities	**17,671**	25,161

Movements in contract liabilities

	2024 HK$'000	2023 HK$'000
Balance at 1 January	**25,161**	21,813
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	**(25,161)**	(21,183)
Increase in contract liabilities as a result of advanced consideration received from customers	**18,104**	25,304
Exchange realignment	**(433)**	(143)
Balance at 31 December	**17,671**	25,161

30. LOAN FROM A CONNECTED PARTY

As at 31 December 2023, the balance of loan from a connected party amounted to HK$3,432,000 was advanced from Great Bay Bio Limited, a connected party of the Group. The balance was unsecured, interest-free and repayable in December 2024. The loan was fully repaid in 2024.

31. BANK BORROWINGS

	2024 HK$'000	2023 HK$'000
Secured borrowings:		
Bank loans	**77,605**	30,612
Unsecured borrowings:		
Bank loans	**21,707**	11,035
	99,312	41,647
Repayable as follows:		
On demand or within one year	**43,305**	11,035
More than two years, but not exceeding five years	**56,007**	30,612
	99,312	41,647
Less: Bank borrowings due within one year shown under current liabilities	**43,305**	11,035
Amounts due after one year	**56,007**	30,612

Note:

The bank loans are secured by:

(i) the Group's buildings included in property, plant and equipment (Note 16) amounted to HK$9,204,000 (2023: HK$10,534,000);

(ii) land use rights under right-of-use assets (Note 17) amounted to HK$6,400,000 (2023: HK$6,822,000);

(iii) contributed capital of a subsidiary of the Company, Guangdong Watsin Genetic Engineering Development Co., Limited, amounted to RMB30,000,000 (2023:RMB12,780,000); and

(iv) the personal guarantee of a director which is also a shareholder of the Company and a key management of a subsidiary of the Company.

31. BANK BORROWINGS (CONTINUED)

The range of effective interest rates, from date of commencement of interest becoming chargeable on the Group's bank loans are as follows:

	2024	2023
Effective interest rates:		
Bank loans	**2.32% to 4.44% p.a**	2.73% to 5.64% p.a.

32. LEASE LIABILITIES

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

	2024 HK$'000	2023 HK$'000
As at 1 January	**11,220**	11,478
Effect of modification of lease terms	**8,965**	3,824
Interest expense	**473**	542
Lease payments	**(4,521)**	(4,480)
Currency realignment	**(262)**	(144)
As at 31 December	**15,875**	11,220

The analysis of the present value of future lease payments is as follows:

	2024 HK$'000	2023 HK$'000
Current liabilities	**6,180**	4,230
Non-current liabilities	**9,695**	6,990
	15,875	11,220

33. DEFERRED TAX

The following are movements of the deferred tax recognised during the years:

	Tax losses HK$'000	Leases HK$'000	Others HK$'000 (note)	Total HK$'000
At 1 January 2023	–	–	(432)	(432)
Credited to the consolidated statement of profit or loss and other comprehensive income (note 11)	(2,167)	(12)	(838)	(3,017)
Exchange realignment	12	–	10	22
At 31 December 2023	(2,155)	(12)	(1,260)	(3,427)
Charged/(credited) to the consolidated statement of profit or loss and other comprehensive income (note 11)	2,140	1,185	(1,625)	1,700
Exchange realignment	15	(12)	50	53
At 31 December 2024	**–**	**1,161**	**(2,835)**	**(1,674)**

Note: The amount represents mainly deferred tax assets arising from loss allowance for doubtful debts and written-down of inventories.

At 31 December 2024, the Group had other deductible temporary differences of HK$7,287,000 (2023: HK$1,178,000) mainly consisted of allowance for doubtful debts and leases. No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

As at the end of the reporting period, the Group had unused tax losses of approximately HK$4,467,000 (2023: HK$19,013,000) available for offset against future profits.

At 31 December 2024, no deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profits streams.

At 31 December 2023, a deferred tax asset has been recognised in respect of approximately HK$14,443,000 of such losses, which represent tax losses incurred by certain of the Company's subsidiaries as it is considered by the management that future taxable profits will be available against which the tax losses can be utilised. No deferred tax asset has been recognised in respect of the remaining HK$4,570,000 tax losses due to the unpredictability of future profit streams.

33. DEFERRED TAX (CONTINUED)

The losses will expire within ten years from the year in which they arose because according to the announcement published by the PRC tax authorities on 11 July 2018, tax losses arising from entities qualifying as New and High Technology Enterprise can be carried for ten years effective from 1 January 2018. Accordingly, the expiry of the tax losses arising from subsidiaries that qualify as New and High Technology Enterprise is extended from five years to ten years.

The unused tax losses will expire in the following years:

	2024 **HK$'000**	2023 HK$'000
2025	**38**	–
2026	**48**	1,137
2027	**2,832**	8,271
2028	**215**	44
2029 and after	**1,334**	9,561
Total unused tax losses	**4,467**	19,013

Presentation in the consolidated statement of financial position:

	2024 **HK$'000**	2023 HK$'000
Deferred tax assets	**(4,123)**	(3,853)
Deferred tax liabilities	**2,449**	426
	(1,674)	(3,427)

34. SHARE CAPITAL

	Notes	Number of shares	Amount HK$'000
Ordinary shares of HK$0.01 each			
Authorised:			
At 1 January 2023, 31 December 2023 and 31 December 2024		500,000,000,000	5,000,000
Issued and fully paid:			
At 1 January 2023, 31 December 2023 and 1 January 2024		6,364,768,147	63,648
Cancellation of shares	*(i)*	(393,540,000)	(3,936)
31 December 2024		5,971,228,147	59,712

Note:

(i) During the year ended 31 December 2024, the Company paid in aggregate HK$24,833,000 to buy back 307,540,000 ordinary shares of HK$0.01 each from the Stock Exchange from 2 January 2024 to 7 October 2024, at the highest price of HK$0.093 and the lowest price of HK$0.062 per share, and the excess paid over the par value of the ordinary shares was debited to the Company's share premium account. The repurchased ordinary shares were fully cancelled during the year ended 31 December 2024.

During the year ended 31 December 2023, the Company paid in aggregate HK$5,167,000 to buy back 86,000,000 ordinary shares of HK$0.01 each from the Stock Exchange from 13 December 2023 to 29 December 2023, at the highest price of HK$0.069 and the lowest price of HK$0.052 per share. As at 31 December 2023, 86,000,000 of the repurchased ordinary shares had not been cancelled. The repurchased shares were then fully cancelled during the year ended 31 December 2024.

35. JOINT OPERATIONS

Details of investment in joint operations as at 31 December 2024 and 2023 are as follows:

Name	Place and date of operation	Principal activities	Participating shares	
			2024	2023
R&D Cooperation — Baocui	Unincorporated joint operation operating in Hong Kong, since 4 January 2022 to 3 January 2024	Jointly developing new project materials for medical aesthetics purposes.	–	50%

The above table list the joint operation of the Group which, in the opinion of the directors, principally affect the results for the year or constitute a certain portion of the assets and liabilities of the Group.

Pursuant to the terms of the joint operation agreements, the profit or loss sharing for each year of the joint operation shall be distributed to the joint operators in proportion to their respective participating interests.

Amount due to a joint operation as at 31 December 2023 was unsecured, non-interest bearing, repayable on demand and denominated in Hong Kong dollars.

The joint operation was mutuality discharged upon the completion of the joint operation agreement on 3 January 2024.

36. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	Notes	2024 HK$'000	2023 HK$'000
Non-current assets			
Investments in subsidiaries	*42*	**149,762**	117,112
Current assets			
Deposits and prepayments		**666**	5,003
Bank balances and cash		**1,180**	4,519
		1,846	9,522
Current liabilities			
Amounts due to subsidiaries		**36,846**	16,125
Other payables and accruals		**4,069**	3,935
		40,915	20,060
Net current liabilities		**(39,069)**	(10,538)
Net assets		**110,693**	106,574
Capital and reserves			
Share capital	*34*	**59,712**	63,648
Reserves		**50,981**	42,926
Total equity		**110,693**	106,574

Mr. Chen Da Wei
Director

Mr. Kingsley Leung
Director

36. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (CONTINUED)

	Share premium HK$'000	Treasury shares HK$'000 (note 34)	Share-based payment reserve HK$'000	Distributable reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2023	751,756	–	41,015	1,291,798	(2,037,423)	47,146
Profit and total comprehensive income for the year	–	–	–	–	947	947
Repurchase of shares	–	(5,167)	–	–	–	(5,167)
At 31 December 2023 and 1 January 2024	**751,756**	**(5,167)**	**41,015**	**1,291,798**	**(2,036,476)**	**42,926**
Profit and total comprehensive income for the year	**–**	**–**	**–**	**–**	**28,769**	**28,769**
Repurchase and cancellation of shares	**(26,064)**	**5,167**	**–**	**–**	**–**	**(20,897)**
Transfer from share-based payment reserve to accumulated losses	**–**	**–**	**(1,188)**	**–**	**1,188**	**–**
Recognition of equity-settled share-based payment expenses (note 39)	**–**	**–**	**183**	**–**	**–**	**183**
At 31 December 2024	**725,692**	**–**	**40,010**	**1,291,798**	**(2,006,519)**	**50,981**

37. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior years.

The capital structure of the Group consists of debt, and equity attributable to owners of the Company, comprising share capital and reserves.

The directors review the capital structure on an annual basis. As part of this review, the directors focus on the cost of capital and the risks associate with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the issue of new shares.

The Group monitors capital using a gearing ratio, which is total debt divided by total capital plus total debt. Total debt is calculated as borrowings, loan from a connected party and lease liabilities. Capital includes equity attributable to owners of the Company.

37. CAPITAL RISK MANAGEMENT (CONTINUED)

	2024 HK$'000	2023 HK$'000
Total debt	**115,187**	56,299
Equity attributable to the owners of the Company	**325,645**	257,174
Total debt and equity	**440,832**	313,473
Gearing ratio	**26.13%**	21.89%

38. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2024 HK$'000	2023 HK$'000
Financial assets		
Financial assets at amortised cost	**180,118**	210,942
Financial assets at FVTPL	**105,293**	–
	285,411	210,942
Financial liabilities		
Financial liabilities at amortised cost	**69,805**	83,405

b. Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, loan receivables, bank balances and cash, bank borrowings, trade and other payables, amount due to a related party, loan from a connected party, amount due to a joint operation and lease liabilities. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

38. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objectives and policies (Continued)

Market risk

(i) Currency risk

None of the Group entities had any significant sales or purchases denominated in currencies other than the functional currency of the relevant group entities. Thus, the Group does not have any currency risk exposure.

(ii) Interest rate risk

The Group is mainly exposed to cash flow interest rate risk primarily in relation to variable-rate bank balances. The Group currently does not have interest rate hedging policy. However, the Group monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

As at 31 December 2024 and 2023, if interest rate on borrowings had been higher/lower by 50 basis points of current interest rate, with other variables held constant, profit for the years ended 31 December 2024 and 2023 would have been approximately HK$168,420 and HK$153,060, higher/lower, respectively.

(iii) Credit risk

As at 31 December 2024 and 2023, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge obligations by the counterparties or debtors is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group assesses the potential customer's credit quality by reviewing its shareholding information, financial position and reputation in the industry. For new customers which are not listed companies and without historical business relationship, the Group may request to receive advance from customers. Credit term will be granted if there are ongoing repayment without default. If there are indicators that the customer's credit quality is getting worse, the Group will take follow-up action to recover overdue debts. In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9 on trade balances individually or based on provision matrix. In this regard, the directors consider that Group's credit risk is significantly reduced.

38. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(iii) Credit risk (Continued)

During the year ended 31 December 2024, a net impairment loss of HK$4,260,000 (31 December 2023: HK$992,000) in respect of the trade receivables was recognised.

The credit risk on bank balances and bill receivables are limited because the counterparties are banks with high credit ratings.

As at 31 December 2024, the Group had concentration of credit risk of approximately 10.35% (2023: 3.34%) and 11.04% (2023: 6.09%) of the total trade receivables due from the Group's largest customer and the five largest customers respectively. As at 31 December 2024 and 2023, all trade receivables were from customers located in the PRC.

The Group's internal credit risk grading assessment comprises an identification of the following risk categories:

Internal credit rating	Description	Trade receivables	Other financial assets
Low risk	The counterparty is a large listed company with a low risk of default and does not have any default history	Lifetime ECL — not credit impaired	12-month ECL
High risk	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL — not credit impaired	Lifetime ECL — not credit impaired
Doubtful	There is evidence indicating the asset is credit-impaired	Lifetime ECL — credit impaired	Lifetime ECL — credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Company has no realistic prospect of recovery	Amount is written off	Amount is written off

38. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(iii) *Credit risk (Continued)*

The tables below detail the credit risk exposures of the Group's major financial assets which are subject to ECL assessment:

Financial assets at amortised costs

	Notes	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount		Net carrying amount	
					2024	2023	**2024**	2023
					HK$'000	HK$'000	**HK$'000**	HK$'000
Bank balances	27	AAA	Low risk	12-month ECL	**65,009**	129,236	**65,009**	129,236
Bills receivables	24	A+ to AAA	Low risk	12-month ECL	**15,449**	17,878	**15,449**	17,878
Other receivables	24	N/A	Low risk	12-month ECL	**9,929**	9,566	**9,143**	9,165
Loan receivables	25	N/A	Low risk	12-month ECL	**36,388**	17,840	**30,672**	15,541
Trade receivables	24	N/A	Note a	Lifetime ECL (provision matrix)	**11,210**	7,947	**9,225**	6,710
			Low risk (Note b)	Lifetime ECL	**49,847**	30,732	**45,568**	28,630
			Doubtful	Lifetime ECL	**1,131**	1,154	**–**	–

Notes:

(a) For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for internal credit rating of low risk or doubtful, the Group determines the expected credit losses on these items by using a provision matrix, grouped by past due status.

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers (excluding large listed companies which are classified as low risk under internal credit rating) because these customers consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for trade receivables which are assessed based on provision matrix as at 31 December 2024 and 2023 within lifetime ECL (not credit impaired).

(b) Debtors with significant outstanding balances and with gross carrying amounts of HK$49,847,000 (2023: HK$30,732,000) as at 31 December 2024 were assessed individually. As all these debtors with significant balances are listed companies with good financial position based on their public annual reports and without recent default history, they are all classified as low risk and loss rate ranging from 7.3% to 14.1% (2023: 5.7% to 10.9%) is applied. Trade receivables relating to customers with known financial difficulties or significant doubt on collection of receivables are assessed individually for provision for impairment allowance. As at 31 December 2024, the balances of such individually assessed trade receivables are HK$1,131,000 (2023: HK$1,154,000) and full impairment was made of these receivables.

38. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(iii) Credit risk (Continued)

Gross carrying amount of trade receivables assessed using provision matrix:

2024	**Average loss rate**	**Gross carrying amount HK$'000**	**Loss allowance HK$'000**	**Net trade receivables HK$'000**
Current (not past due)	**16%**	**8,513**	**1,335**	**7,178**
1–30 days past due	**18%**	**1,260**	**229**	**1,031**
31–90 days past due	**20%**	**801**	**162**	**639**
91–270 days past due	**29%**	**411**	**119**	**292**
More than 270 days past due	**63%**	**225**	**140**	**85**
		11,210	**1,985**	**9,225**

2023	Average loss rate	Gross carrying amount HK$'000	Loss allowance HK$'000	Net trade receivables HK$'000
Current (not past due)	13%	5,407	707	4,700
1–30 days past due	16%	1,604	260	1,344
31–90 days past due	17%	495	86	409
91–270 days past due	26%	274	71	203
More than 270 days past due	68%	167	113	54
		7,947	1,237	6,710

The above loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

As at 31 December 2024, the Group provided HK$1,985,000 (2023: HK$1,237,000) impairment allowance for trade receivables, based on the provision matrix. Impairment allowance of HK$4,279,000 (2023: HK$2,102,000) were made on debtors with significant balances.

38. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(iii) Credit risk (Continued)

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

	Lifetime ECL (not credit-impaired) HK$'000	Lifetime ECL (credit-impaired) HK$'000	Total HK$'000
As at 1 January 2023	2,385	1,171	3,556
Change for the year:			
— Impairment losses recognised	992	–	992
Exchange adjustments	(39)	(17)	(56)
As at 31 December 2023 and 1 January 2024	**3,338**	**1,154**	**4,492**
Change for the year:			
— Impairment losses recognised	**4,260**	**–**	**4,260**
Exchange adjustments	**(1,334)**	**(23)**	**(1,357)**
As at 31 December 2024	**6,264**	**1,131**	**7,395**

At 31 December 2024, the Group's trade receivables included in the allowance for doubtful debts with an aggregate balance of HK$7,395,000 (31 December 2023: HK$4,492,000) was impaired. The Group does not hold any collateral over these balances.

38. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(iii) Credit risk (Continued)

The movement of loss allowances for other receivables during the year are as follows:

	Total
	HK$'000
As at 1 January 2023	170
Expected credit loss on other receivables reversed during the year	233
Exchange adjustments	(2)
As at 31 December 2023 and 1 January 2024	**401**
Expected credit loss on other receivables recognised during the year	**969**
Written-off as uncollectable	**(576)**
Exchange adjustments	**(8)**
As at 31 December 2024	**786**

The Group writes off a trade receivable or/and other receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation, or when the trade receivables or/and other receivable are over two years past due, whichever occurs earlier.

As at 31 December 2024, the Group had written off trade receivables of HK$1,216,000 (31 December 2023: HK$106,000).

As at 31 December 2024, the Group had written off other receivables of HK$576,000 (31 December 2023: HK$884,000).

For loan receivables, the Group assessed the loss allowances for each of the loan receivable individually. As at 31 December 2024, impairment allowance for the loan receivables amounted to approximately HK$5,716,000 (2023: HK$2,299,000) was provided based on the financial position and the economic environment the borrowers operate.

38. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(iii) Credit risk (Continued)

The movement of loss allowances for loan receivables during the year are as follows:

	Total
	HK$'000
As at 1 January 2023	–
Expected credit loss on loan receivables recognised during the year	2,312
Exchange adjustments	(13)
As at 31 December 2023 and 1 January 2024	**2,299**
Expected credit loss on loan receivables recognised during the year	**3,518**
Exchange adjustments	**(101)**
As at 31 December 2024	**5,716**

Liquidity risk

The Group had net current assets amounting to approximately HK$195,283,000 at 31 December 2024 (2023: HK$123,306,000).

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following tables detail the Group's remaining contractual maturity for their non-derivative financial liabilities based on the agreed repayment terms. The tables have been drawn up based on the undiscounted cash flows of the financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest is floating rates, the undiscounted amount is derived from interest rate at the end of the reporting period.

38. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

2024	Weighted average effective interest rate %	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000
Non-derivative financial liabilities							
Trade and other payables	N/A	21,936	21,936	21,936	–	–	–
Lease liabilities	3.71	15,875	17,133	6,673	6,225	2,382	1,853
Amount due to a related party	N/A	5,263	5,263	5,263	–	–	–
Bank borrowings	3.50	99,312	117,350	44,405	–	–	72,945
		142,386	161,682	78,277	6,225	2,382	74,798

2023	Weighted average effective interest rate %	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000
Non-derivative financial liabilities							
Trade and other payables	N/A	21,132	21,132	21,132	–	–	–
Lease liabilities	5.14	11,220	14,120	4,507	2,252	4,657	2,704
Amount due to a related party	N/A	5,104	5,104	5,104	–	–	–
Amount due to a joint operation	N/A	323	323	323	–	–	–
Bank borrowings	4.07	41,647	52,465	11,333	–	–	41,132
Loan form a connected party	N/A	3,432	3,432	3,432	–	–	–
		82,858	96,576	45,831	2,252	4,657	43,836

38. FINANCIAL INSTRUMENTS (CONTINUED)

c. Fair value measurements

(a) Financial instruments not measured at fair value

Financial instruments not measured at fair value include bank balances and cash, trade and other receivables, loan receivables, amount due to a related party, amount due to a joint operation, loan from a connected party, and trade and other payables.

Due to their short term nature, the carrying value of bank balances and cash, trade and other receivables, loan receivables, amount due to a related party, loan from a connected party, and trade and other payables approximates fair value.

(b) Financial instruments measured at fair value

The fair values of the Group's financial assets and liabilities are not materially different from their carrying amounts because of the immediate or short term maturity of these financial instruments.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair value.

The following table provides an analysis of financial instruments carried at fair value by level of fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
As at 31 December 2024				
Convertible promissory note	**–**	**–**	**409**	**409**
Structured short-term bank deposits	**–**	**104,884**	**–**	**104,884**
As at 31 December 2023				
Convertible promissory note	–	–	–	–
Structured short-term bank deposits	–	–	–	–

39. SHARE-BASED PAYMENT TRANSACTIONS

The equity-settled share option scheme of the Company

On 26 September 2016, a New Share Option Scheme was adopted by the Company ("**2016 Scheme**") and replaced the share option scheme approved on 22 September 2006.

Under the 2016 Scheme, which is valid for a period of ten years, the board of directors of the Company may, at its discretion grant options to subscribe for shares in the Company to eligible participants ("**Eligible Participants**") who contribute to the development and growth of the Group. Eligible Participants include (i) any employee (whether full-time or part-time including any executive director but excluding any non-executive director) of the Company, any of its subsidiaries or any entity ("**Invested Entity**") in which the Group holds an equity interest; (ii) any non-executive director (including independent non-executive director) of the Company, any of its subsidiaries or any Invested Entity; (iii) any supplier of goods or services to any member of the Group or any Invested Entity; (iv) any customer of any member of the Group or any Invested Entity; (v) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity; (vi) any adviser (professional or otherwise) or consultant to any area of business or business development of the Group or any Invested Entity; and (vii) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group, and, for the purposes of the New Share Option Scheme, the options may be granted to any company wholly owned by one or more persons belonging to any of the above classes of participants.

At 31 December 2024, the number of shares in respect of which options had been granted and remained outstanding under the share option scheme was 604,135,000 (2023:563,055,000), representing 10.12% (2023: 8.85%) of the ordinary shares in issue at that date.

39. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

The equity-settled share option scheme of the Company (Continued)

Details of the share option movements during the years ended 31 December 2024 and 2023 under the 2016 Scheme are as follows:

	Outstanding at 1.1.2024 '000	Granted during the year '000	Exercised during the year '000	Lapsed during the year '000	Cancelled during the year '000	Outstanding at 31.12.2024 '000
12 September 2014 Directors	**8,560**	**–**	**–**	**(8,560)**	**–**	**–**
12 September 2014 Others	**360**	**–**	**–**	**(360)**	**–**	**–**
23 January 2015 Employees	**10,880**	**–**	**–**	**–**	**–**	**10,880**
23 January 2015 Others	**33,100**	**–**	**–**	**–**	**–**	**33,100**
10 July 2015 Directors	**7,260**	**–**	**–**	**–**	**–**	**7,260**
17 August 2015 Others	**120,000**	**–**	**–**	**–**	**–**	**120,000**
27 January 2016 Employees	**20,700**	**–**	**–**	**–**	**–**	**20,700**
27 January 2016 Others	**1,300**	**–**	**–**	**–**	**–**	**1,300**
7 October 2016 Directors	**10,880**	**–**	**–**	**–**	**–**	**10,880**
3 April 2017 Employees	**34,950**	**–**	**–**	**–**	**–**	**34,950**
3 April 2017 Others	**2,010**	**–**	**–**	**–**	**–**	**2,010**
16 November 2017 Directors	**16,073**	**–**	**–**	**–**	**–**	**16,073**
9 April 2018 Senior management	**11,990**	**–**	**–**	**–**	**–**	**11,990**
9 April 2018 Employees	**20,224**	**–**	**–**	**–**	**–**	**20,224**
5 July 2018 Others	**3,000**	**–**	**–**	**–**	**–**	**3,000**
9 April 2019 Directors	**66,179**	**–**	**–**	**–**	**–**	**66,179**
9 April 2019 Employees	**62,449**	**–**	**–**	**–**	**–**	**62,449**
9 April 2019 Others	**3,300**	**–**	**–**	**–**	**–**	**3,300**
2 April 2020 Employees	**35,780**	**–**	**–**	**–**	**–**	**35,780**
2 April 2020 Others	**35,000**	**–**	**–**	**–**	**–**	**35,000**
31 August 2020 Executive Directors	**33,380**	**–**	**–**	**–**	**–**	**33,380**
31 August 2020 Non-executive Directors	**25,680**	**–**	**–**	**–**	**–**	**25,680**
1 November 2024 Non-executive Directors	**–**	**50,000**	**–**	**–**	**–**	**50,000**
	563,055	**50,000**	**–**	**(8,920)**	**–**	**604,135**
Exercisable at the end of the year						**570,635**
Weighted average exercise price	**HK$0.18**	**–**	**–**	**–**	**–**	**HK$0.17**

39. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

The equity-settled share option scheme of the Company (Continued)

	Outstanding at 1.1.2023 '000	Granted during the year '000	Exercised during the year '000	Lapsed during the year '000	Cancelled during the year '000	Outstanding at 31.12.2023 '000
12 September 2014 Directors	8,560	–	–	–	–	8,560
12 September 2014 Others	360	–	–	–	–	360
23 January 2015 Employees	10,880	–	–	–	–	10,880
23 January 2015 Others	33,100	–	–	–	–	33,100
10 July 2015 Directors	7,260	–	–	–	–	7,260
17 August 2015 Others	120,000	–	–	–	–	120,000
27 January 2016 Employees	20,700	–	–	–	–	20,700
27 January 2016 Others	1,300	–	–	–	–	1,300
7 October 2016 Directors	10,880	–	–	–	–	10,880
3 April 2017 Employees	34,950	–	–	–	–	34,950
3 April 2017 Others	2,010	–	–	–	–	2,010
16 November 2017 Directors	16,073	–	–	–	–	16,073
9 April 2018 Senior management	11,990	–	–	–	–	11,990
9 April 2018 Employees	20,224	–	–	–	–	20,224
5 July 2018 Others	3,000	–	–	–	–	3,000
9 April 2019 Directors	66,179	–	–	–	–	66,179
9 April 2019 Employees	62,449	–	–	–	–	62,449
9 April 2019 Others	3,300	–	–	–	–	3,300
2 April 2020 Employees	35,780	–	–	–	–	35,780
2 April 2020 Others	35,000	–	–	–	–	35,000
31 August 2020 Executive Directors	33,380	–	–	–	–	33,380
31 August 2020 Non-executive Directors	25,680	–	–	–	–	25,680
	563,055	–	–	–	–	563,055
Exercisable at the end of the year						528,055
Weighted average exercise price	HK$0.18	–	–	–	–	HK$0.18

39. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

The equity-settled share option scheme of the Company (Continued)

On 1 November 2024, 50,000,000 were granted to the director and the estimated fair value of the options granted was approximately HK$1,835,781. The share option will be exercisable from 1 November 2024 to 31 October 2034. Among the aggregate of 50,000,000 share options granted, 16,500,000 share options were vested during the year ended 31 December 2024. The remaining shares options will be vested in 2 tranches with 16,500,000 and 17,000,000 share options to be vested on 1 November 2025 and 1 November 2026 respectively. The share options will vest automatically provided that the employees still remain in office on the vesting date.

The fair values of the share options granted on 1 November 2024 were calculated using the Polynomial model. The inputs into the model were as follows:

Spot price (closing price of grant date)	HK$0.066 per share
Exercise price	HK$0.066 per share
Expected volatility	49.66%
Expected Life	10 years
Risk-free rate	3.41%
Expected dividend rate	0%
Exit rate	0%

The Group recognised the total expense of HK$183,000 for the year ended 31 December 2024 (2023:Nil) in relation to options granted under the share option scheme and the award shares of the Group.

40. CAPITAL COMMITMENTS

	2024 **HK$'000**	2023 HK$'000
Capital expenditure contracted but not provided for in the consolidated financial statements in respect of		
— purchases of property, plant and equipment	**6,528**	16,313
— purchases of intangible assets	**212**	579
— research and development activities	**1,198**	176
	7,938	17,068

41. RELATED AND CONNECTED PARTIES DISCLOSURES

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

Related party	**Nature of balances/transactions**	**2024 HK$'000**	2023 HK$'000
Shenzhen Tongchuang Biological Engineering Co., Limited ("**Shenzhen Tongchuang**") (Notes (i) and (ii)) 深圳市同創生物工程有限公司	Amount due to a related party	**5,263**	5,104
	Modification of right-of-use asset (Note 17)	**8,719**	–
Connected party			
Great Bay Bio Limited	Loan from a connected party	**–**	3,432
Guangzhou Taili Biomedical Technology Co., Ltd. ("**Guangzhou Taili**") (Notes (iii)) 廣州太力生物醫藥科技有限公司	Loan receivables (Note 25)	**7,343**	10,483
	Loan interest income	**459**	110
	Service income	**–**	549
	Service expense	**2**	8
Shenzhen Taili Biotechnology Co., Limited ("**Shenzhen Taili**") (Notes (iii)) 深圳太力生物技術有限責任公司	Loan receivables (Note 25)	**–**	3,311
Dongguan Taili Bioengineering Co., Ltd. ("**Dongguan Taili**") (Notes (iii)) 東莞太力生物工程有限公司	Loan receivables (Note 25)	**9,180**	–
	Loan interest income	**28**	–

Notes:

(i) The amount is unsecured, non-interesting bearing and repayable on demand.

(ii) Shenzhen Tongchuang is an indirect subsidiary of Greater Bay Capital Limited, in which the close family members of a director, and a director and shareholder of the Company have beneficial interests.

(iii) Common director, Mr. Kingsley Leung.

(b) The key management personnel of the Group comprises all the directors of the Company and the five highest paid individuals. Details of compensation of directors and the five highest paid individuals are included in note 14, there was no other remuneration paid to key management personnel during the years ended 31 December 2024 and 2023.

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of major subsidiaries at 31 December 2024 and 2023 are disclosed as follows:

Name of subsidiary	Place/country of incorporation/ registration and operation	Principal activities	Proportion of issued share capital/ registered capital held by the Company 2024	2023	Particulars of issued and paid up share capital
Directly held					
Lelion Holding Limited	British Virgin Islands/ Hong Kong	Investment holding	**100%**	100%	2 Ordinary shares of US$1 each
Indirectly held					
Uni-Bio Management Limited	Hong Kong	Provision of management services	**100%**	100%	1 Ordinary share of HK$1
Uni-Bioscience Pharm Co. Limited	Hong Kong	Distribution of pharmaceutical products	**100%**	100%	1 Ordinary share of HK$1
Beijing Genetech Pharmaceutical Co., Limited (note) 北京博康健基因科技有限公司	The PRC	Manufacture and sales of chemical and biological products	**100%**	100%	Contributed capital of RMB91,000,000
Shenzhen Watsin Genetech Limited (note) 深圳市華生元基因工程發展有限公司	The PRC	Manufacture and sales of biological products	**100%**	100%	Contributed capital of RMB100,000,000
Uni-Bio Science Healthcare (Beijing) Co. Limited (note) 聯康永泰生物科技(北京)有限公司	The PRC	Sales and marketing	**100%**	100%	Contributed capital of RMB500,000
Beijing Taili Science and Technology Innovation Biological Engineering Co., Ltd 北京太力科創生物工程有限公司	The PRC	Manufacture and sales of chemical and biological products	**100%**	100%	Contributed capital of RMB100,000,000
Indirectly held					
Guangdong Watsin Genetic Engineering Development Co., Limited 廣東華生元基因工程發展有限公司	The PRC	Manufacture and sales of biological products	**100%**	100%	Contributed capital of RMB30,000,000

Note: PRC companies above are established as wholly foreign owned enterprises in the PRC.

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries are either investment holding or inactive would, in the opinion of the directors, result in particulars of excessive length.

43. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Amount due to a related party HK$'000 (note 41)	**Lease liabilities** HK$'000 (note 32)	**Loan from a connected party** HK$'000 (note 30)	**Bank borrowings** HK$'000 (note 31)	**Amount due to a joint operation** HK$'000 (note 35)
As at 1 January 2023	5,186	11,478	–	11,194	131
Financing cash flows	–	(3,938)	–	–	
Interest paid	–	(542)	–	(241)	–
Cash advance from a related party	3,582	–	–	–	–
Cash advance from a joint operator	–	–	–	–	192
Proceeds from a connected party	–	–	3,432	–	–
Proceeds from bank borrowings	–	–	–	41,883	–
Repayment of bank borrowings	–	–	–	(11,098)	–
Repayment to a related party	(3,590)	–	–	–	–
Non-cash transactions:					
Effect of modification to lease terms	–	3,824	–	–	–
Exchange adjustments	(74)	(144)	–	(332)	–
Interest expenses	–	542	–	241	–
At 31 December 2023	5,104	11,220	3,432	41,647	323
Financing cash flows	**–**	**(4,048)**	**–**	**–**	**–**
Interest paid	**–**	**(473)**	**–**	**(716)**	**–**
Cash advance from a related party	**5,133**	**–**	**–**	**–**	**–**
Cash advance from a joint operator	**–**	**–**	**–**	**–**	**–**
Repayment to a connected party	**–**	**–**	**(3,432)**	**–**	**–**
Proceeds from bank borrowings	**–**	**–**	**–**	**70,404**	**–**
Repayment of bank borrowings	**–**	**–**	**–**	**(10,963)**	**–**
Repayment to a related party	**(3,283)**	**–**	**–**	**–**	**–**
Non-cash transactions:					
Effect of modification to lease terms	**–**	**8,965**	**–**	**–**	**–**
Exchange adjustments	**(1,691)**	**(262)**	**–**	**(1,776)**	**–**
Re-classified to trade and other payable	**–**	**–**	**–**	**–**	**(323)**
Interest expenses	**–**	**473**	**–**	**716**	**–**
At 31 December 2024	**5,263**	**15,875**	**–**	**99,312**	**–**

Five-Year Financial Summary

A summary of the consolidated results and of the assets and liabilities of the Group for the past five financial periods is set out below:

	For the year ended 31 December				
	2024	2023	2022	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
REVENUE	**552,980**	484,718	440,316	353,405	208,776
PROFIT/(LOSS) BEFORE TAXATION	**91,170**	75,900	43,287	(20,012)	(70,941)
INCOME TAX (EXPENSE)/CREDIT	**(8,396)**	(5,024)	(4,775)	421	(378)
PROFIT/(LOSS) FOR THE YEAR	**82,774**	70,876	38,512	(19,591)	(71,319)
ATTRIBUTABLE TO:					
OWNERS OF THE COMPANY	**82,774**	70,876	38,512	(19,591)	(71,319)
PROFIT/(LOSS) FOR THE YEAR	**82,774**	70,876	38,512	(19,591)	(71,319)

ASSETS AND LIABILITIES

	As at 31 December				
	2024	2023	2022	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
TOTAL ASSETS	**517,552**	409,992	262,471	267,593	252,717
TOTAL LIABILITIES	**191,907**	152,818	(97,725)	(93,286)	(63,306)
EQUITY	**325,645**	257,174	194,746	174,307	189,411

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Kingsley LEUNG *(Chairman)*
Mr. CHEN Dawei *(Vice-chairman)*
Mr. ZHAO Zhi Gang *(Chief executive)*
Dr. WEN Yalei

Non-executive Director

Mr. YAU Kwok Wing Tony
Ms. ZHANG Qing

Independent Non-Executive Directors

Mr. CHOW Kai Ming
Mr. REN Qimin
Mr. MA Qingshan

AUDIT COMMITTEE

Mr. CHOW Kai Ming
(Chairman of the Audit Committee)
Mr. REN Qimin
Mr. MA Qingshan

REMUNERATION COMMITTEE

Mr. CHOW Kai Ming
(Chairman of the Remuneration Committee)
Mr. Kingsley LEUNG
Mr. REN Qimin
Mr. MA Qingshan

NOMINATION COMMITTEE

Mr. Kingsley LEUNG
(Chairman of the Nomination Committee)
Ms. ZHANG Qing
Mr. CHOW Kai Ming
Mr. MA Qingshan
Mr. REN Qimin

COMPANY SECRETARY

Ms. HO Wing Yan *(ACG, HKACG (PE))*

AUTHORIZED REPRESENTATIVES

Mr. Kingsley LEUNG
Mr. CHEN Dawei

AUDITORS

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Certified Public Accountants

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