Yes!Star

YESTAR HEALTHCARE HOLDINGS COMPANY LIMITED
巨星醫療控股有限公司

(Incorporated in the Cayman Islands with limited liability 於開曼群島註冊成立的有限公司)
Stock Code 股份代號：2393

2024
ANNUAL REPORT
年度報告

CONTENTS

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Ms. Liao Changxiang
(Chief Executive Officer)
Mr. Qiao Jinrong *(Chief Financial Officer)*
(appointed on 15 October 2024)
Ms. Wang Hong *(Chief Financial Officer)*
(resigned on 15 October 2024)
Mr. Liang Junxiong *(resigned on 28 March 2024)*

NON-EXECUTIVE DIRECTOR

Mr. Hartono James *(Chairman)*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Zhao Ziwei
Mr. Koeswondo Michael David
Mr. Zeng Jinsong

AUDIT COMMITTEE

Mr. Zhao Ziwei *(Chairman)*
Mr. Zeng Jinsong
Mr. Koeswondo Michael David

NOMINATION COMMITTEE

Mr. Koeswondo Michael David *(Chairman)*
Mr. Zeng Jinsong
Mr. Zhao Ziwei

REMUNERATION COMMITTEE

Mr. Zeng Jinsong *(Chairman)*
Mr. Zhao Ziwei
Mr. Koeswondo Michael David

INVESTMENT COMMITTEE

Mr. Hartono James *(Chairman)*
Ms. Liao Changxiang
Mr. Qiao Jinrong *(appointed on 15 October 2024)*
Ms. Wang Hong *(resigned on 15 October 2024)*

COMPANY SECRETARY

Mr. Ngai Tsz Hin Michael

AUTHORIZED REPRESENTATIVES

Mr. Qiao Jinrong *(appointed on 15 October 2024)*
Mr. Ngai Tsz Hin Michael
Ms. Wang Hong *(resigned on 15 October 2024)*

INDEPENDENT AUDITORS

BDO Limited
Certified Public Accountant
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

REGISTERED OFFICE

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P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 3902 39/F, Central Plaza
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(changed on 7 May 2024)

CORPORATE INFORMATION

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LEGAL ADVISERS

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As to Hong Kong Law
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PRINCIPAL BANKERS

Bank of Communications Shanghai
Tianyaoqiao Road Sub-branch
Bank of China Gaoxin Sub-branch
Guangxi Beibu Gulf Bank Gaoxin Sub-branch

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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Hong Kong
(change of name on 20 January 2025)

STOCK CODE

2393

COMPANY WEBSITE

http://www.yestarcorp.com

CHAIRMAN'S STATEMENT

CHAIRMAN'S STATEMENT

Dear valued shareholders,

On behalf of the board of directors (the "**Board**") of Yestar Healthcare Holdings Company Limited (the "**Company**" or "**Yestar**" and, together with its subsidiaries, the "**Group**"), I am pleased to present the annual report for the year ended 31 December 2024 (the "**Year**") to our shareholders. In 2024, the global economic recovery was increasingly divergent as witnessed by the strong growths in East and South Asia and the pressure facing China and Europe. According to the data from the International Monetary Fund, global economic growth further slowed to 2.9% with widening industrial and class divergence. The tariff war between China and the United States escalated as both countries imposed tariffs on each other's goods, wreaking havoc on supply chains. Geopolitical conflicts spilled out with prolonged conflict between Russia and Ukraine, rising risks of the Israeli-Palestinian war spinning out of control, and the Red Sea crisis and the turbulence in the Middle East spiralling further, all leading to growing global uncertainties. In 2024, the US dollar fluctuated while remaining strong, the Federal Reserve of the United States cut interest rates while exchange rates was supported by sticky inflation, and the resilience of RMB strengthened as a result of foreign trade reforms. The complexity and dynamics of the international economic conditions have presented the market with challenges and opportunities. Despite the turmoil in the external environment and the intensifying competition in the domestic market, the Group stayed true to its original aspirations, proactively developed its potential, and turned the crisis into opportunities through upgrading the processing technique of its medical films, color photographic paper and industrial imaging products. Meanwhile, the Group actively participated in domestic and international exhibitions to seek new and major clients. In order to tap into the purchasing power of young generations precisely with its own strengths, the Group launched the S1 vintage film camera in 2024 under its own brand. With a beginner-friendly design, the camera adopts a 35 mm reusable film structure with zinc alloy front and back covers to enhance the quality of the camera body, and has a built-in ISO 400 degree film to meet the needs of daily shooting. In the future, the Group will continue to seek greater market coverage of Yestar's products with a view to creating new points of profit growth. The Group also puts great emphasis on the management of its intellectual properties, constantly learns lessons from its R&D and production experience, and patents and protects innovative technologies arising from such experience so as to broaden the scope of its intellectual properties and bolster its long-term growth. As at the end of 2024, the Group has obtained a total of 159 invention patents, utility model patents and software copyrights.

In 2024, the healthcare industry in the PRC continued to grow, as driven by favourable policies, technological innovation and demand from the aging population, and the market size and structure have been further optimised. Annual total revenue from the general healthcare industry exceeded RMB9 trillion, representing a significant year-on-year ("**YoY**") growth. Included in the total revenue was RMB1.13 trillion from the market for medical devices, which recorded a YoY growth of 9.1%. The In Vitro Diagnostic ("**IVD**") sector registered a notable performance with the market size increasing to RMB240 billion, which accounted for 20% of the total market value of medical devices. Benefiting from the application of precision medicine and AI technology, the size of the IVD market is expected to exceed RMB300 billion in 2025. At the policy level, the State Council has pushed for greater reform on drug and device approval. The approval lead-time of innovative medical devices has been shortened to 180 days, import substitution has been stepped up, and

CHAIRMAN'S STATEMENT

75% of the devices under the successful bids in the ninth batch of national centralised procurement were domestic products, leading to a price reduction of 45%. Meanwhile, the aging population (with 21.3% of the population being people over 60 years old) has driven the surge in demand for chronic disease diagnosis and treatment, with the annual sales volume of home medical devices exceeding 20 million units and per capita medical and healthcare spending rising to RMB2,547, accounting for 9% of total household spending. These have contributed to the rapid growth in the market of high-end healthcare services and intelligent equipment. In terms of technological innovation, the penetration rate of AI medical equipment exceeded 30%. The size of the telemedicine market is anticipated to exceed RMB180 billion in 2025 with 5G technology and primary care informatisation becoming key drivers. The development of primary healthcare has achieved remarkable results, with the government investing RMB148 billion to support equipment renewal. The number of medical institutions nationwide increased to 1.092 million, and the proportion of primary care rose to 68%. The market of medical devices has continued to go international, with the export value of medical devices reaching RMB215.3 billion, a YoY increase of 7.3%. Looking forward, the industry will see speedier transformation towards high-end and intelligent development. It is expected that the size of the medical device market will reach RMB1.5 trillion in 2025 and exceed RMB2.5 trillion in 2030, the replacement rate of domestic high-end equipment is planned to increase to 45%, and precision medicine and AI technology are likely to lead the next stage of growth. With technological innovation and favourable policies as two driving forces, the PRC medical and healthcare industry continues to consolidate its leading position as the world's second largest medical device market.

In 2024, the centralised procurement policy was implemented in key regions across the country such as Jiangsu, Beijing and Guangdong, posing short-term challenges to the Group's principal businesses. Seeing opportunities in crises in the medical and healthcare sector, the Group leveraged on its existing sales network and actively explored business expansion by embarking on overseas development in 2024 together with its partners who have global exhibition resources and clientele, with a focus on the promotion of its own brands of "Yes!Star" and "Yestar Smart" specialising in medical imaging products such as medical and dental films. Given the rapidly growing demand for medical devices due to the local demographics and healthcare insurance policies as well as the extensive and relevant experience and resources in business operation the Group possesses, Southeast Asian countries is where the Group commenced its overseas expansion efforts and has secured stable cooperation with dealers. In particular, the Group has carried out sales activities and successfully recorded bulk product sales Vietnam. Meanwhile, the Group has been in active communications and negotiations with its partners in other Southeast Asian countries, with the aim of fostering mutual benefits in future co-operations. Besides Southeast Asian countries, the Group has actively expanded its reach to other overseas markets, radiating out from Asia towards Southeast Asia, the Middle East and Africa with presence currently extending across over 5 countries including Vietnam, Indonesia, Afghanistan and Iraq. The Group will thoroughly study local market demands and formulate customised marketing strategies according to respective local features so as to constantly improve the competitive strengths of its products in the international market. In the future, the Group will vigorously carry out its globalisation strategy, build up its strength, plan for the future, explore new business models for overseas markets in countries around the Belt and Road Initiative, join hands with more partners and carry on the Group's globalisation in a more steady, extensive and firm manner. In 2025, the Group will start with its human resources strategy, recruitment of external talent, internal training and incentive schemes, and then step up its recruitment and grooming of talent. With this system that combines external recruitment and internal development, it will establish a talent reserve that focuses on recruiting topnotch talent, optimise its R&D and marketing teams, and improve its technological capability and core competitiveness. At the same time, it will embrace positivity, demonstrate vitality and turn itself into an outstanding enterprise with high efficiency, clear directions, strong passion and united goals. With the brilliant prospect, we must forge ahead. The Group will maintain its pace of development with every effort and continue to innovate new ways to seize the future.

APPRECIATION

I would like to take this opportunity to thank the Board, the management team and all of our staff for their dedication and commitment, as well as our business partners, shareholders and customers for their unfailing support and confidence in the Group during the Year.

Hartono James
Non-executive Chairman

28 March 2025

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

ABOUT YESTAR

Yestar is one of the largest distributors and service providers of In Vitro Diagnostic ("**IVD**") products in the People's Republic of China (the "**PRC**"). The Group principally engages in the distribution of IVD products in the cities of Beijing, Guangzhou and Shenzhen, and the provinces of Fujian, Guangdong, Guangxi, Hainan, Hunan, Jiangsu and Hebei, and the autonomous region, Inner Mongolia. The Group also manufactures medical films (used in X-Ray, Magnetic Resonance Imaging (MRI) and Computer Tomography (CT-scan) etc.) for Fujifilm in the PRC, and manufactures, markets and sells dental film and medical dry film products under the house brand "Yes!Star".

CORPORATE STRATEGY, BUSINESS MODEL AND CULTURE

With the core mission of "becoming a leading integrated service provider of IVD products in the PRC", the Group is committed to continuous expanding market share and optimising and upgrading business ecosystem through a systematic strategic layout and a culture of innovation. Focusing on the field of IVD, it consolidates its leading position in the industry and builds a nationwide service network and product mix through a multi-channel distribution system. It adopts differentiated competition strategies, together with dynamic risk assessment and a capital allocation mechanism, to ensure synergistic growth in profitability and asset size. Targets are set for different business stages to enhance operational efficiency and market responsiveness with digital management tools and through process optimisation. The Group also attaches great importance to the management of intellectual property rights. As at the end of 2024, the Group has obtained a total of 159 invention patents, utility model patents and copyrights for computer software. The Board has implemented a mechanism of "internalisation of values" to incorporate compliance awareness into the performance appraisal system and strengthened the professionalism of its staff through customised training programmes. Employee retention rate and anonymous response efficiency of the whistle-blowing system are the key indicators for the impact of this culture. The Group establishes long-term goals in respect of ESG (environmental, social and governance), including green supply chain transformation, mental health support programmes for staff and healthcare projects for community, so as to maintain the balance between business value and social responsibility.

To be substantiable and enhance long term value of the shareholders, the Group implemented its succession and production plans for their business units to carry out its long term development with product, equipment and profit stability as well as establishing an independent marketing team to make full use of its extensive marketing network and to enhance the sales of IVD products under the house brand "Yes!Star".

The Board and the management have played and will continue to play a proactive role in the Group's development of business model to preserve the culture of the Group; the Group's business strategic drive for business expansion; and the Group's strategic goals to motivate staff to achieve business and financial targets. Taking into account the corporate culture, the Board considers that the culture and the purpose, value and strategy of the Group are aligned.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET OVERVIEW

In 2024, the PRC economy grew by 5.0%, with a total GDP of RMB134.9 trillion (approximately US$18.9 trillion). The healthcare industry in the PRC continued to grow, as driven by favourable policies, technological innovation and demand from the aging population, and the market size and structure have been further optimised. Annual total revenue from the general healthcare industry exceeded RMB9 trillion, representing a significant year-on-year ("**YoY**") growth. Included in the total revenue was RMB1.13 trillion from the market for medical devices, representing a YoY growth of 9.1%. The IVD sector registered a notable performance with the market size increasing to RMB240 billion, which accounted for 20% of the total for the market of medical devices. Benefiting from the application of precision medicine and artificial intelligence ("**AI**") technology, the size of the IVD market is expected to exceed RMB300 billion in 2025.

At the policy level, the State Council has pushed for greater reform on drug and device approval. The approval lead-time of innovative medical devices has been shortened to 180 days, import substitution has been stepped up, and 75% of the devices under the successful bids in the ninth batch of national centralised procurement were domestic products, leading to a price reduction of 45%. Meanwhile, the increase in the aging population (people over 60 years old accounted for 21.3% of the population) has driven the surge in demand for chronic disease diagnosis and treatment, with the annual sales volume of home medical devices exceeding 20 million units, and per capita medical and healthcare consumption spending rising to RMB2,547, accounting for 9% of the total household spending. These have contributed to the rapid growth in the market of high-end healthcare services and intelligent equipment.

In terms of technological innovation, the penetration rate of AI medical equipment exceeded 30%. The development of primary healthcare has achieved remarkable results, with the government investing RMB148 billion to support equipment renewal. The number of medical institutions nationwide increased to 1.092 million, and the proportion of primary care rose to 68%. The market of medical devices has continued to go international, with the export value of medical devices reaching RMB215.3 billion, representing a YoY increase of 7.3%.

BUSINESS OVERVIEW

Overseas expansion

In 2024, the Group continued its overseas expansion by actively promoting its own brands "Yes!Star" and "Yestar Smart" and focusing on medical imaging products such as medical films and dental films. While digital medical imaging equipment is increasingly popular in technologically-advanced countries, the demand for physical medical films in developing countries remains huge due to their portability and affordability. Meanwhile, with economic development and rising health awareness, there will be great market potential for dental films in developed countries as a diagnostic imaging product that meets advanced health and cosmetic needs.

In 2024, we participated in a total of nine international exhibitions and two production-marketing coordination events, including the Chongqing International Laboratory Medicine and Invitro Diagnostic Reagent Exhibition and the Guangxi Medical Expo (the Beibu Gulf-Guangxi Medical Device Expo) in the PRC, as well as international exhibitions such as SEA Healthcare & Pharma Show in Kuala

Lumpur, Malaysia, the Expomed Eurasia in Istanbul, Turkey, the Vietnam International Medical and Pharmaceutical Exhibition in Hanoi, Vietnam, the International Medical, Hospital & Pharmaceutical Exhibition in Ho Chi Minh City, Vietnam, the Medical Fair Thailand, the Indo Health Care Expo, the Russian Health Care Week, and the production-marketing coordination events organised by the governments of Guangxi Zhuang Autonomous Region and Nanning City. In 2024, our active expansion in operations radiated out from Asia towards Southeast Asia, the Middle East and Africa, with presence currently expanding into over 5 countries including Vietnam, Indonesia, Afghanistan, Iraq, etc.

Resumption and revival of traditional film business

Being the exclusive production partner of Fujifilm for medical and consumer films in the PRC, we have maintained a technological partnership for more than 50 years and have resumed the Fujifilm film production line in Guangxi in 2024. On this basis, the brand is actively expanding into the youth market and enhancing its interaction with the new generation of users. With a beginner-friendly design, its core product, the S1 film camera, adopts a 35 mm reusable film structure with zinc alloy front and back covers to enhance the quality of the camera body, and has a built-in ISO 400 degree film to meet the needs of daily shooting. The camera is equipped with a wide-angle flash that supports a shooting distance from 1 metre to infinity, focus-free lens that greatly simplify operation, and a detachable shoulder strap that offers this lightweight camera high portability. Featuring a professional tone with the use of black and white colour and a minimalist design, it offers the vintage style of film photography while meeting the aesthetic and practical needs of the young communities with modern design.

Based on the S1 camera, the Group collected feedback from users and enhanced the R&D and production of the S2 film camera under its own brand name "Yes!Star", so as to address the trend of vintage film photography and meet more personalised needs. The project commenced in November 2024 and the product was scheduled for launch in September 2025. The S2 film camera focuses on the optimisation of optical lens, optical tuning and portability, with a view to improving image quality and ease of use. The R&D incorporates modern manufacturing technologies to ensure a stable exposure control and high quality colour reproduction. At the same time, the Group is also stepping up the expansion of its product line to offer products with a wide variety of features including ISO sensitivity options and variable aperture to adapt to different shooting scenarios.

Recruitment and Grooming of Talent

The Group has always regarded talents as the core strategic resources that promote corporate sustainability. In 2024, with the objectives of "accurately matching business needs and realising the value of talents in full", the Group has vigorously promoted the structural optimisation of the talent management system. Based on the principle of "an equal emphasis on quantity and quality and a flexible and agile adaptation", the Group has carried out systematic reforms in three dimensions: with respect to the talent structure, the Group has established a "Technology-Marketing-Management" triangular competency model through the use of big data profiling and focused on cultivating the talent reserve in key areas such as IVD R&D and digitalised sales and marketing; for mechanism construction, the Group has restructured the whole process of talent selection, training, employment and retention to form a virtuous circle of business growth and talent development. In addition, we have strengthened our internal training and staff enhancement programmes to improve the skills and overall quality of our staff, thus giving continuous impetus to the Group's development.

Status of Offshore Debt Restructuring

In order to provide a solution for the New Senior Notes that have remained in default since December 2023 given the Company's continued liquidity situation, and provide an important exit for noteholders in a market where there is otherwise close to no trading liquidity for the New Senior Notes, the Company has proposed an offshore debt restructuring of its 9.5% senior notes due 2026 in the principal amount of US$194,506,648.

The Company has then announced the proposed restructuring of the existing liabilities outstanding under the New Senior Notes, and entered into a restructuring support agreement with the noteholders in support of the implementation of the debt restructuring via a scheme of arrangement in the Cayman Islands (the "**Restructuring Scheme**").

During the Year, notice of scheme meeting in the Grand Court of the Cayman Islands has been issued to scheme creditors for the purpose of considering and, if thought fit, approving the Restructuring Scheme. On 19 February 2024, the Restructuring Scheme was approved by the scheme creditors and on 28 February 2024, the Grand Court of the Cayman Islands sanctioned the Restructuring Scheme without modification.

Pursuant to the order and on 14 March 2024, the Company has paid the noteholders to redeem all of the outstanding Senior Notes together with accrued but unpaid interest. On 18 March 2024, the Senior Notes have all been redeemed and cancelled thereafter. After such redemption and cancellation, there was no outstanding Senior Notes issued by the Company, and the Senior Notes has been delisted from the Singapore Exchange Securities Trading Limited.

Following the completion of the Restructuring Scheme, the Group recognised a gain of US$152,704,000 (equivalent to approximately RMB1,083,407,000) from the extinguishment of the New Senior Notes in the profit or loss for the Year.

For details, please refer to the Company's announcements dated 6 December 2023, 24 January 2024, 8 February 2024, 20 February 2024, 1 March 2024, 11 March 2024 and 14 March 2024 as well as the annual results announcement dated 27 March 2024 and the 2023 annual report of the Company.

Arbitration

Reference is made to the announcement of the Company dated 11 November 2016 (the "**Announcement**") in respect of, amongst other things, the acquisition of 70% equity interests in Guangzhou Shengshiyuan Trading Company Limited ("**Shengshiyuan**") and announcements of the Company dated 14 June 2023, 6 March 2024, 8 April 2024 and 22 July 2024 (the "**Arbitration Announcements**") in relation to arbitration from two vendors of Shengshiyuan against the Company. Unless otherwise stated herein, capitalised terms used herein shall have the same meanings as those defined in the Announcement and Arbitration Announcements.

During the Year, two of the vendors of the Shengshiyuan holding 6% and 3% of Shengshiyuan, respectively, requested the Company to acquire their respective equity interests in the 30% equity interest of Shengshiyuan at a consideration of RMB22,542,000 and RMB11,270,000, respectively, calculated according to a 10 times price to 2019 Net Profit (being RMB37,570,000), and demanded for liquidated damage from the Company for not honoring the Share Transfer Agreement to acquire the Remaining Interest upon their fulfilment of profit guarantee for the three years ended 31 December 2019 without any separate agreement being entered among the vendors of Shengshiyuan for such acquisition.

In July 2024, the Group has received a withdrawal decision from Arbitration Centre for the termination of the Second Arbitration as the Company and one of the vendors of Shengshiyuan has reached a mutual consent on the purchase of his remaining 3% of equity interest of Shengshiyuan.

The Company has sought legal representative to apply to the Shanghai Second Intermediate People's Court for revocation of Arbitration Results concluded on 28 February 2024 in relation to the First Arbitration, and will keep the shareholders and potential investors of the Company informed of any further significant development in relation to the final decision of revocation of such verdict results as and when appropriate as the legal proceeding is still in progress as at the date of this report.

For details, please refer to the Arbitration Announcements of the Company dated 14 June 2023, 6 March 2024, 8 April 2024 and 22 July 2024.

Disposal of Anbaida Group Companies and Discontinued Operation

References are made to the announcement and the supplemental announcement of the Company dated 30 December 2022 and 23 March 2023 and the circular of the Company dated 13 December 2023 in relation to the equity transfer agreement, pursuant to which a subsidiary of the Company conditionally agreed to sell, and Mr. Li Bin conditionally agreed to acquire the shares of Anbaida Group Companies at a Consideration of RMB574,750,000 (the "**Disposal**").

On 28 December 2023, the Company convened an extraordinary general meeting to approve all related resolutions in relation to the Disposal, and all resolutions were duly passed. Since all the conditions precedent under the equity transfer agreement have been fulfilled and the completion took place on 12 January 2024 in accordance with the terms of the equity transfer agreement. Following the completion, the Company has ceased to hold any equity interests in Anbaida Group Companies. Accordingly, Anbaida Group Companies have ceased to be the subsidiaries of the Company and will no longer be consolidated into the financial statements of the Group, and hence it is therefore reclassified to discontinued operation in the consolidated financial statements of the Company.

Impairment of Goodwill, Other Intangible Assets, Property, Plant and Equipment and Right-of-use Assets

As at 31 December 2024, the Group performed a year end impairment test on goodwill, property, plant and equipment, right-of-use assets and other intangible assets (which included distribution rights and customer relationship) by performing discounted free cash flow forecasts for each of the following cash-generating units (the "**CGU**") under the segments of imaging printing products and medical products and equipment.

CGUs	Reporting segments
CGU of medical equipment and reagents	Medical products and equipment
CGU of medical films	Medical products and equipment
CGU of industrial films	Imaging printing products

Goodwill acquired through business acquisition is allocated to the CGU of Guangzhou Hongen Medical Diagnostic Technologies Co., Ltd. ("**Hongen**"), a non-wholly owned subsidiary of the Company and is included in the medical products and equipment segment.

The impairment test on goodwill is performed annually. The recoverable amount of the CGU of Hongen has been determined based on a fair value less costs of disposal calculation using cash flow projection based on a financial budget covering a five-year period approved by management.

Taking into consideration the projection on Hongen's future performance and financial results, the Group did not recognise any impairment loss on goodwill for the Year (2023: Nil).

During the Year, the Company also assessed the impairment of the CGUs of medical equipment and reagents, medical films and industrial films as mentioned above due to the impact on the Group's revenue caused by China's national and provincial drug bulk schemes and sharing medical imaging data nationwide. For the purpose of impairment testing, other intangible assets, certain property, plant and equipment and right-of-use assets related to these CGUs have been allocated to the respective CGUs.

The recoverable amount of the respective CGUs has been determined based on a fair value less costs of disposal calculation using cash flow projection based on financial budget covering either a period of other intangible assets' residual useful lives or a five-year period approved by management.

Assumptions comprising budgeted sales and gross margins, discount rates, operating expense rates and growth rate beyond the forecast period, were used in the fair value less costs of disposal calculation of the respective CGUs for the Year.

Based on the impairment assessment, the recoverable amounts of the related CGUs (except Hongen) under the segments of medical products and equipment and imaging printing products were lower than their carrying value as at 31 December 2024. The impairment losses were allocated to the carrying amounts of property, plant and equipment, right-of-use assets and other intangible assets within the respective CGUs. As a result of the impairment loss, the carrying amounts of property, plant and equipment, right-of-use assets and other intangible assets were reduced by RMB107,422,000, RMB21,559,000 and RMB51,470,000, respectively for the Year (2023: Nil).

Reversal of Financial Assets Impairment Loss under Expected Credit Loss Model

Certain financial assets impairment losses of RMB28.5 million under expected credit loss methodology was recovered and reversed for the Year (2023: RMB49.3 million). The reversal was due to the settlement of principal amount of investment products from a company and short-term loans from a business party during the Year.

FINANCIAL REVIEW

The Group's overall revenue for the Year decreased by 17.3% YoY to RMB2,409.9 million (2023: RMB2,912.7 million). Gross profit from operations dropped by 22.2% YoY to RMB399.2 million (2023: RMB512.8 million) and gross profit margin from operations dropped from 17.6% to 16.6%, mainly due to the impact of the national policy of centralised procurement on the Group. Selling and distribution expenses rose by 31.0% YoY to RMB152.4 million (2023: RMB116.4 million), which was attributable to the increase in marketing expenses for the newly launched products during the Year. Administrative expenses decreased by 20.5% YoY to RMB210.0 million (2023: RMB264.2 million) due to the absence of professional fees and expenses relating to the debt restructuring of the Company during the Year. In addition, impairment loss on non-financial assets, including intangible assets, fixed assets and right-of-use assets, amounted to RMB180.5 million. Profit attributable to the owners of the Company from continuing operations for the Year was approximately RMB921.1 million (2023: loss of RMB9.3 million). Basic earnings per share from continuing operations amounted to RMB39.5 cents (2023: loss per share of RMB0.4 cent). The Board has resolved not to declare any dividend for the Year (2023: Nil).

Medical Business — 90.3% of Overall Revenue

In 2024, there was a decline in the demand for the Group's IVD consumables due to the impact of the national policy of centralised procurement. Revenue from the operations of the segment of medical products and equipment was RMB2,176.2 million (2023: RMB2,676.0 million), representing a YoY decrease of 18.7%. Gross profit from the operations of this segment was RMB358.3 million (2023: RMB470.4 million). Gross profit margin from the operations of this segment decreased by 1.1 percentage points ("**p.p.**") to approximately 16.5% (2023: 17.6%), mainly attributable to the price reduction policy of the Group for this segment.

Numbers of Hospitals and Clinics Covered

For the year ended 31 December	2024	2023	YOY change
Provinces			
Anhui	9	27	−67%
Fujian	76	89	−15%
Guangdong	329	331	−1%
Guangxi	11	40	−73%
Guizhou	4	4	—
Hainan	42	52	−19%
Hebei	66	54	22%
Hunan	0	31	−100%
Jiangsu	276	276	—
Autonomous region			
Inner Mongolia	0	2	−100%
Tier-1 cities			
Beijing	240	223	8%
Guangzhou	104	126	−17%
Shanghai	0	315	−100%
Shenzhen	69	69	—
Overall	1,226	1,639	−25%

Non-medical Business — 9.7% of Overall Revenue

Apart from the medical business segment, the Group's non-medical business mainly consists of the manufacturing, marketing, distribution and sale of Fujifilm colour photographic paper (professional and minilab), as well as industrial imaging products (NDT x-ray films and PWB films) in the PRC. The Group also manufactures, markets and sells NDT x-ray film under the house brand "Yes!Star". The demand for this segment has been relatively stable and has therefore been generating stable cash flow for the Group over the past few years. Overall revenue from the non-medical business for 2024 dropped by 1.3% YoY to RMB233.7 million (2023: RMB236.8 million) due to the fall of the overall industrial and property markets, which in turn led to a decrease in the demand for the Group's industrial imaging products and films during the Year. Gross profit margin of this segment decreased by 0.4 p.p. to 17.5% (2023: 17.9%), which was mainly attributable to the drop in the demand for products with high gross profit margin. Despite the decrease in the sales income from the non-medical business segment, the Group is still confident about the market of industrial imaging products and will actively explore new sectors so as to lay the foundation for achieving sustainable financial results in the future.

Liquidity and Financial Resources

The Group has cash and cash equivalents of approximately RMB93.8 million as at 31 December 2024 (2023: approximately RMB203.1 million). The decrease in cash and cash equivalents was mainly due to the full redemption of all outstanding Senior Notes and payment of related interests.

As at 31 December 2024, the Group's gearing ratio was approximately 29% (2023: approximately 150%), calculated as the net debt which includes the interest-bearing bank loans and other borrowings less cash and cash equivalents dividend by equity attributable to owners of the parent plus net debt at the end of 31 December 2024.

The total interest-bearing loans and other borrowings of the Group as at 31 December 2024 was approximately RMB279.5 million (2023: approximately RMB1,571.6 million). As at 31 December 2024, all borrowings of the Group are principally denominated in Chinese Yuan (RMB), which is also the presentation currency of the Group.

The current ratio as at the end of December 2024 was approximately 1.35 (2023: approximately 0.77), based on current assets of approximately RMB1,086.1 million and current liabilities of approximately RMB805.3 million.

As at 31 December 2024, the total assets of the Group was RMB1,430.1 million, net current assets was RMB280.8 million and profit attributable to shareholders was RMB461.6 million.

Selling and Distribution Expenses

The Group's selling and distribution expenses increased by approximately 31.0% from approximately RMB116.4 million in 2023 to approximately RMB152.4 million in 2024, and accounted for about 6.3% in 2024 and about 4.0% in 2023, of the Group's revenue for the respective reporting years. Such increase was mainly attributable to increase in marketing expenses for the newly launched products during the Year.

Administrative Expenses

The Group's administrative expenses decreased by about 20.5% from approximately RMB264.2 million in 2023 to approximately RMB210.0 million in 2024, and accounted for about 8.7% in 2024 and about 9.1% in 2023, of the Group's revenue for the respective reporting years. Such decrease was mainly due to the absence of professional fees and expenses relating to debt restructuring of the Company during the Year.

Finance Costs

The Group's finance costs consisted mainly of interest expenses on Senior Notes, bank loan and other borrowings. The aggregate amount of interest incurred was approximately RMB30.2 million (2023: approximately RMB164.7 million). Such decrease was mainly due to the significant decrease in interest expenses on Senior Notes after full redemption during the Year.

For the Year, interest rates of the interest-bearing loans ranged from 1.80% to 9.00%; while those for the year ended 31 December 2023 ranged from 2.47% to 6.90%.

Foreign Exchange Exposure

Most of the revenue-generating operations of the Group were transacted in Chinese Yuan which is the presentation currency of the Group. For the Year, the Group was exposed to foreign currency risk arising from the purchase of US dollars and secured bank loans in US dollars. The Group will monitor its foreign currency exposure closely to minimise the exchange risk.

Share Capital and Capital structure

During the Year, there has been no change to the shares in issue and capital structure of the Company. The capital of the Company comprises ordinary shares and capital reserve.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for equity shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group finances its working capital requirements through a combination of funds generated from operations and bank borrowings as well as conducting a restructuring on the Senior Notes which has completed during the Year.

Human Resources and Remuneration Policies

As at 31 December 2024, the Group's continuing operations had 627 (2023: 713) employees, including Directors. Total staff costs (including Directors' emoluments) of the continuing operation were approximately RMB163.1 million for the Year as compared to approximately RMB163.5 million for the year ended 31 December 2023.

The remuneration policy of the Group is to ensure the fairness and competitiveness of total remuneration. The emoluments of executive Directors are determined based on the skills, knowledge, individual performance as well as contributions, the scope of responsibility and accountability of such Directors, taking into consideration the Company's performance and prevailing market conditions. The remuneration policy of independent non-executive Directors is to ensure that they are adequately compensated for their efforts and time dedicated to the Company's affairs including their participation in respective Board committees. Their emoluments are determined with reference to their skills, experience, knowledge, duties and market trends.

On top of basic salaries, bonuses may be paid by reference to the Group's performance as well as individual's performance. For the Year, bonus was paid to Directors by the Company. Other staff benefits include provision of welfare schemes covering pension insurance, unemployment insurance, maternity insurance, injury insurance and medical insurance and central pension scheme.

Since the contribution to the pension schemes and for the Year, there was no contributions forfeited by the Group (31 December 2023: Nil) on behalf of its employees who leave the plan prior to vesting fully in such contribution, nor had there been any utilization of such forfeited contributions to reduce future contributions.

As at 31 December 2024, no forfeited contributions were available for utilization by the Group to reduce the existing level of contributions as described in paragraph 26(2) of Appendix D2 to the Listing Rules.

Significant investments held

The Group holds two one-year fixed-interest (annual interest rate: 6%) investment products from a company with the principal amount of US$3.7 million and US$4.4 million since 2022, which were expired on 31 May 2023 and 4 July 2023, respectively without renewal by the Group upon expiry.

The Group then agreed on the repayment plan with that company for the outstanding principal and interest relating to the above two investment products.

As at 31 December 2024, that company has settled a total amount of US$5.0 million (2023: US$4.9 million). The Company will keep a close monitor on collecting the outstanding receivable.

Save as disclosed above and except for investment in subsidiaries during the Year, the Group did not hold any significant investment in equity interest in any other company.

Securities Investments

The Group did not have any securities investment in any investee company with a value of 5% or more of the total assets of the Group as at 31 December 2024, which is required to be disclosed under the Listing Rules.

Future plans for material investments and capital assets

The Group did not have any other plans for material investments and capital assets as at the date of this report.

Capital Commitments

As at 31 December 2024, the Group had outstanding capital commitments of RMB5,956,000 which was related to acquisition of property, plant and equipment.

Material acquisitions and disposals of subsidiaries and affiliated companies

Save as disclosed above headed "Disposal of Anbaida Group Companies and Discontinued Operation" in this section and disclosed below headed "Disposal of Subsidiary" in Events after the Reporting Period of this report, the Group did not have any other material acquisitions and disposals of subsidiaries and affiliated companies during the Year.

Guarantee Performance in relation to the Acquisitions

Save as disclosed above, the Group did not enter into any acquisition, which is required to be disclosed under the Listing Rules, that the party in contract required to commit or guarantee on the financial performance in any kinds for the year ended 31 December 2024.

Charges of Assets

As at 31 December 2024, certain of the Group's buildings with a net carrying amount of approximately RMB71,723,000 (2023: RMB77,444,000) were pledged as well as guarantee provided by the Company's subsidiaries to secure bank loans of RMB105,000,000 (2023: RMB61,124,000) for the Group.

In addition, the Group's bank loans of RMB131,619,000 (2023: RMB84,000,000) were guaranteed by either a non-controlling shareholder or the Company's subsidiaries.

Contingent liabilities

Save as disclosed above headed "Arbitration" in this section, the Group had no material contingent liabilities as at 31 December 2024.

PROSPECT

Looking forward, the industry will see speedier transformation towards high-end and intelligent development. It is expected that the size of the medical device market will reach RMB1.5 trillion in 2025 and exceed RMB2.5 trillion in 2030, the import substitution rate of domestic high-end equipment is planned to increase to 45%, and precision medicine and AI technology are likely to lead the next stage of growth. With technological innovation and favourable policies as two driving forces, the PRC medical and healthcare industry continues to consolidate its leading position as the world's second largest medical device market.

In view of this, the Group plans to continue its overseas efforts in 2025 in its key established markets, including, among others, Vietnam, Indonesia, Thailand, Afghanistan and Iraq, to consolidate the market share of its own branded medical imaging products in these regions. At the same time, the Group will also actively explore new markets and continue to step up market expansion in Southeast Asia and the Middle East, such as the Philippines, Malaysia, Turkey, Iran and India, in order to further expand its business foothold abroad.

In the future, the Group will continue to seek greater market coverage by enriching its product mix of film cameras, with a view to creating new points of profit growth and contributing to the continuation and development of the culture of film photography. It will also expand its markets at home and abroad by adopting a brand value differentiation strategy and embracing the vintage photography culture. It will strengthen its market competitiveness by actively seeking the combination of intelligent innovation of film cameras and traditional imaging techniques, optimising film imaging technology, creating an online and offline sales model, and perfecting imaging ancillary services.

EVENTS AFTER THE REPORTING PERIOD

Appointment of Receivers

On 21 January 2025, the Company received a letter from Mr. Fok Hei Yu and Mr. Chow Wai Shing Daniel of FTI Consulting (the "**Receivers**"), who have been appointed as the joint and several receivers of 267,890,000 shares of the Company (the "**Charged Shares**") held by Mr. Hartono James ("**Mr. James**"), a non-executive director of the Company. The Charged Shares, as security of the loan to Mr. James in favour of the lender in 2017, represent approximately 11.49% of the total issued shares of the Company as at the date of this report.

On 7 March 2025, the Board has been informed by Mr. James that he has entered into a settlement agreement with the lender in relation to the Charged Shares in connection with the appointment of the Receivers. As a result, the Receivers over the Charged Shares will retire and the Charged Shares will be released upon full settlement of the agreed amount with reference to the instalment schedule pursuant to the aforementioned settlement agreement.

The Board wishes to emphasise that the abovementioned receivership and entering into the settlement agreement does not concern the Company itself or its assets and the Company's current business and operation remain as usual.

For details, please refer to the announcements of the Company dated 13 November 2017, 21 January 2025 and 7 March 2025.

Change of Name of Hong Kong Share Registrar

On 20 January 2025, the name of the Company's branch share registrar and transfer office in Hong Kong (the "**Hong Kong Share Registrar**") was changed from "Link Market Services (Hong Kong) Pty Limited" to "MUFG Corporate Markets Pty Limited". The address, telephone number and facsimile number of the Hong Kong Share Registrar remain unchanged.

For details, please refer to the announcement of the Company dated 20 January 2025.

Dissolution of Subsidiary

On 24 January 2025, the shareholders of Shenzhen Derunlijia Co., Ltd. ("**Derunlijia**"), a subsidiary in which the Company holds 70% equity interest, passed a resolution to dissolve this subsidiary voluntarily and a liquidation group was established to oversee the dissolution process. Since the Board considered that Derunlijia is an insignificant company, the dissolution is not expected to have a material impact on the Group's financial position or results of operations upon its dissolution.

Save as disclosed above, the Group has no significant events after the reporting period and up to the date of this report.

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Ms. Liao Changxiang, aged 52, joined the Group in June 2007. She is appointed as executive director and chief executive officer in November 2020 and August 2022, respectively. Ms. Liao is primarily responsible for overseeing our finance, accounting and logistics of operations in subsidiary of the Company. She is also general manager of various indirect subsidiaries of the Company and supervisor of Yestar Biotech (Jiangsu) Company Limited. Upon her appointment as chief executive officer, she is also responsible for business and strategic operation and management of the Group.

Ms. Liao has over 25 years of experience in finance. Prior to joining the Group, Ms. Liao was the chief financial officer of Guangxi Runyu Business and Trade Group Corporation (廣西潤宇工貿集團有限公司) from January 2003 to May 2007, and from March 1999 to March 2002, worked in Nanning Yangda Tank Factory (南寧樣達水箱廠) which later merged with Nanning Eight Rhombus Motors Accessories Co., Ltd. (南寧八菱汽車配件有限公司), a subsidiary of Nanning Baling Technology Co., Ltd. (南寧八菱科技股份有限公司) (Stock Code: 002592), the shares of which are listed on the Shenzhen Stock Exchange. Ms. Liao has been a principal accountant recognised by the Department of Human Resources and Social Security of Guang Xi Zhuang Autonomous Region (廣西壯族自治區人力資源和社會保障廳) since December 2023.

Ms. Liao obtained a Master of Business Administration from Guangxi University in June 2009.

Mr. Qiao Jinrong, aged 44, joined the Group in 2013 as regional chief financial officer. He left the Company in 2022 and rejoined us on 15 October 2024. He is appointed as executive director and chief financial officer in October 2024. He is primarily responsible for overseeing the finance and accounting as well as financial planning of the Group.

Mr. Qiao has over 20 years of experience in accounting and financial management as well as corporate governance. Prior to joining the Group, from 2004 to 2007, Mr. Qiao handled cost accounting at Shanghai Yanghang Tongcai Limited* (上海楊行銅材有限公司). From 2007 to 2008, Mr. Qiao handled cost accounting at Johnson Healthcare Technology (Shanghai) Company Limited (喬山健康科技（上海）有限公司). From 2008 to 2013, Mr. Qiao held the position of finance supervisor at Yihai Jiali Jinlong Yuliangyou Food Shares Limited (益海嘉裡金龍魚糧油食品股份有限公司) (stock code: 300999, the parent company is Wilmar International, a Fortune Global 500 company). From 2013 to 2022, Mr. Qiao held the position of regional chief financial officer at the Company. From March 2022 to October 2022, Mr. Qiao held the position as the chief financial officer at the Shanghai Medical Equipment Company Limited (上海醫療器械股份有限公司) (the parent company is Shanghai Pharmaceuticals Holding, a Fortune Global 500 company). From May 2023 to May 2024, Mr. Qiao held the position of chief financial officer at Jingwei Shida Medial Technology (Suzhou) Limited (精微視達醫療科技（蘇州）有限公司).

Mr. Qiao graduated from Nanhua University (南華大學) with a bachelor's degree in accounting.

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

NON-EXECUTIVE DIRECTOR

Mr. Hartono James, aged 49, is our Chairman since the listing of the Company and also a non-executive Director of the Company.

He joined our management team since our establishment and is responsible for the overall strategic development of our business as well as implementing our strategic objectives and business plans and overseeing the management and operations of all members of our Group. Mr. Hartono is also responsible for coordinating between the Directors as well as providing leadership to our Board.

Mr. Hartono appointed as a director of all members of our Group. He is the brother of Ms. Hartono Jeane, Ms. Hartono Chen Chen Irene and Mr. Hartono Rico, all being our Controlling Shareholders.

Mr. Hartono has over 24 years of experience in the distribution of image printing products in China. Since 2000, he has participated in his family business in the distribution of image printing products. He developed his expertise in the industry when he first became the vice general manager of Yestar Shanghai in 2000. Mr. Hartono was a director of Yestar (Shanghai) International Trading Co., Ltd. 迪星(上海)國際貿易有限公司 (engaged in international trading and import and export trading) and Yestar (Shanghai) Digital Imaging Co., Ltd 迪星(上海)數碼技術有限公司 (engaged in digital photo and minilab processing business). Mr. Hartono was awarded the Honored citizenship from Nanning city in 2009. He graduated from Portland State University in Oregon, the USA with a bachelor's degree of science in marketing and finance in June 1997. In addition, Mr. Hartono completed the 21st session of the General Management Program in Harvard Business School in November 2016.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Zhao Ziwei, aged 46, joined the Company on 31 May 2023. He is the chairman of audit committee, and member for each of the remuneration committee and the nomination committee of the Company.

Mr. Zhao has over 22 years of experience in auditing and financial Management and has been an executive director of Ruimu Jiajie (Shanghai) Corporate Management Co., Ltd. (睿睦佳捷(上海)企業管理有限公司) since April 2023. Mr. Zhao was the chief financial officer of Shanghai Sishun E-Commerce Co., Ltd (上海司順電子商務有限公司) between June 2018 and March 2023 and was responsible for the financial and financing management of the company. From June 2021 to February 2023, Mr. Zhao was an independent director of Suzhou Molarray Co. Ltd. (蘇州雅睿生物技術股份有限公司). From August 2016 to December 2017, he was acting as the chief financial officer of Xianning Haiwei Composite Material Company Limited (咸寧海威複合材料有限公司). From October 2015 to July 2016, he was acting as the chief financial officer of Shanghai Labway Clinical Laboratory Co., Ltd (上海蘭衛醫學檢驗所股份有限公司). From March 2014 to September 2015, Mr. Zhao was acting as the chief financial officer of Shanghai Yuantong Jiaolong Investment Development (Group) Co., Ltd (上海圓通蛟龍投資發展(集團)有限公司). He was an audit manager of Ernest & Young for the period from November 2005 to March 2014.

Mr. Zhao obtained a bachelor's degree in business administration from Sichuan University in 2003, passed China's CPA examination in the same year and commenced practice in 2005.

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

Mr. Zeng Jinsong, aged 66, joined the Group on 28 May 2021. He is the chairman of remuneration committee, and member for each of the audit committee and the nomination committee of the Company.

Mr. Zeng has over 34 years of experience in project management as well as research and development. Since 2007, Mr. Zeng has been the vice president of CP Group and is primarily responsible for the research of digital agriculture and agricultural modernisation, the management of new agricultural projects, the cooperation between enterprises and universities, government relations and the cooperation of international industry projects. In addition, he is also the chairman of 正大能源有限公司 (Zhengda Energy Co. Ltd.) and is responsible for the review of the company's operation plans.

Since 2013, Mr. Zeng has been appointed as the Secretary General of the Steering Committee under the China Institute of Rural Studies, Tsinghua University. Since 2016, Mr. Zeng has been appointed as the Secretary General of the Institute of Global Development, Tsinghua University (and the Deputy Director and Secretary General of 醫療與健康研究中心 (the Medical and Healthcare Research Centre) under the Institute of Global Development) and the Chief Consultant to the Center for Development of Sports Industry, Tsinghua University. Since 2019, Mr. Zeng has been appointed as the Deputy Director and Secretary General of 世界文化發展研究中心 (the Research Centre for World Cultural Development), Tsinghua University and the Secretary General of the Institute for Global Industry, Tsinghua University since 2020.

Mr. Zeng obtained a bachelor's degree in mechanics from the Southeast University (formerly known as the Nanjing Institute of Technology) in 1982, a master's degree in vehicle vibration from the Beijing Institute of Technology in 1984, and a doctoral degree in vehicle dynamics from Tsinghua University in 1988.

Mr. Koeswondo Michael David, aged 58, joined the Company on 31 May 2023. He is the chairman of nomination committee, and member for each of the audit committee and the remuneration committee of the Company.

Mr. Koeswondo has over 32 years of experience in human resources management and investment management. He is now acting as a senior managing partner in UDL HOLDING, a private holding company that engages in various business fields, such as property development, construction, law firm, tax consulting firm, business consulting firm, and security management since 2015. In addition, Mr. Koeswondo is also acting as Vice President in Shanghai Paradise Film EIC, Ltd. since 2019 and he is responsible for advisory role on expansion of market share in that industry. From 2013 to 2015, Mr. Koeswondo has been an associate director of Page Executive. From 2007 to 2013, he was a managing director of Synergy and focused on the implementation of human resourcing and recruiting strategies and decisions.

Mr. Koeswondo obtained a master of arts degree in human resources management in Hawaii Pacific University in 1994 and obtained a bachelor of arts degree in communication studies in California State University of Sacramento in 1992.

SENIOR MANAGEMENT

Mr. Ngai Tsz Hin Michael was appointed as the Company Secretary of the Company on 31 December 2021. He has over 12 years of experience in legal industry and had obtained his Bachelor of Laws and postgraduate certificate in laws from City University of Hong Kong in 2011 and 2012, respectively. He is a practicing solicitor in Hong Kong, and currently a principal of Michael Ngai & Co. and a partner of Khoo & Co. He also serves as a company secretary of various companies listed on the Main Board and GEM of the Stock Exchange.

REPORT OF THE DIRECTORS

The directors of the Company (the "**Directors**") have pleasure in presenting their annual report together with the audited consolidated financial statements (the "**Financial Statements**") of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2024 (the "**Year**").

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is investment holding. The principal activities of the subsidiaries comprise the manufacture, distribution and sale of medical imaging products, distribution of In Vitro Diagnostic ("**IVD**") products and the manufacture and sale of dental films.

Details of the principal activities of the principal subsidiaries of the Company are set out in note 1 to the Financial Statements.

There were no significant changes in the nature of the Group's principal business during the Year.

A fair review of the Group's business, particulars of important events affecting the Group that have occurred during the Year (if any), and indication of likely future development in the Group's business are provided in the "Chairman's Statement", "Management Discussion and Analysis" and "Notes to the Consolidated Financial Statements" sections of this annual report. An analysis using key financial performance indicators is set out in "Management Discussion and Analysis" section while the principal risks and uncertainties are contained in the "Notes to the Consolidated Financial Statements" section of this annual report and the paragraphs below. Compliance with relevant laws and regulations that have a significant impact on the Group can be found throughout the annual report, in particular, the "Corporate Governance Report". Discussions on the Group's environmental policies/performance and our relationship with key stakeholders are covered by "Environmental, Social and Governance (ESG) Report" section of this annual report. The above sections form part of this Report of the Directors.

PRINCIPAL RISKS AND UNCERTAINTIES FACING THE COMPANY'S BUSINESS

The business operations and results of the Group may be affected by various factors, some of which are external causes and some are inherent to the business. The Board is aware that the Group is exposed to the following principal risks and uncertainties in the market in which the Group operates:

(a) Technology development risk

The formation and development of advance technology (especially artificial intelligence) brought extensive challenges and changes to the IVD industry which definitely affected our product development as well as research competitiveness on the one hand, and increase our operational and research cost on the others for upgrading our existing hardware and software to cope with such advance technology and consolidate and uphold our market share.

(b) Regulatory risk

The imposition and implementation of rules and regulations on certain medical consumables from time to time brought certain challenges to the industry which affected gross profit of our medical products. In addition, the relevant authorities in the PRC were also deepening the reform of the medical system, and have developed more detailed and clear regulatory requirements for the medical healthcare industry, which will also affect our operational environment subject to the launch of related proposed policies.

(c) Political risk

The change of president in United States in January 2025 would certainly come with the change of policies towards international trade with the PRC, which would lead to negative effect on the disposable income of general public in the PRC and weaken the demand of our IVD business, and hence the gross profit of our IVD business of the Group would decrease.

RELATIONSHIP WITH KEY PARTIES

The success of the Group also depends on the support from key parties which comprise customers, suppliers, employees and shareholders.

Customers

The principal customers of the Group are distributors, hospitals and clinics in Shenzhen, Fujian, Guangdong, Hainan, Hunan, Shanghai, Jiangsu, Anhui and Beijing. We have been devoted to providing excellent customer services (including after-sale services) with the purpose of maintaining long term co-operation relationship, increasing sales volume and improving profitability.

IVD manufacturers' distribution agreements are generally non-exclusive and need to be renewed annually. However, we entered into contracts with hospitals and clinics lasting from one to eight years, and our contracts with local distributors can last from one to four years. Such long-term contracts provide stability and give suppliers an incentive to maintain the relationship with their distributor.

We have established relationships with hospital administrators. Through regular visits, our non-exclusive Roche Diagnostics Products are directly marketed to hospitals and clinics. We have also maintained strong ties with several leading hospitals through our subsidiaries in the PRC.

Suppliers

Good relationship with suppliers constitutes one of the essential elements of the Group's success. To achieve positive business growth, the Group maintains close relationship with Roche, its principal supplier of in-vitro diagnostic products, to enable adequate quantity of Roche Diagnostics Products for distribution to hospitals and clinics.

Employees

The Group focuses on the talents of our employees as our most valuable asset and provides a harmonious and safety working environment to all employees. The key objective of our human resource management is to recognize and reward performing staff by providing competitive remuneration packages and implementing an effective performance appraisal system with appropriate incentives, namely equal promotion opportunity.

Shareholders

The Company considers that effective communication with shareholders is essential for enhancing investor relations. Apart from transparent and timely disclosure of corporate information in the websites of the Company and the Stock Exchange, the Chairman and senior management will meet investors at least once a year in Hong Kong so that investors can have a better understanding of the business performance and strategies of the Group.

The principal goal of the Group is to maximize the return to the shareholders of the Company. The Group will focus on our core business for achieving sustainable profit growth and rewarding the shareholders with stable dividend payouts taking into account the business development needs and financial health of the Group so that potential shareholders will invest to the Company and contribute to the success of the Group.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is highly aware of the importance of environment protection and has not noted any material incompliance with all relevant laws and regulations in relation to its business including health and safety, workplace conditions, employment and the environment. During the production process, the Group has implemented environmental protection measures, including procedures related to noise control, energy use control and waste water and waste air discharge management. The Group has also encouraged staff to be environmental friendly at work by consuming the electricity and paper according to actual needs, so as to reduce energy consumption and minimize unnecessary waste.

Discussion on the environmental policies and performance is set out in the section headed "Environmental, Social and Governance Report" on pages 67 to 88 in this report. This discussion forms part of the report of the Directors.

COMPLIANCE WITH LAWS AND REGULATIONS

The Company recognizes the importance of compliance with legal and regulatory requirements, as well as the risk of non-compliance. Sufficient resources and training have been allocated and provided to ensure the on-going compliance with applicable laws and regulations. During the Year, we have strived to conduct business in accordance with all applicable laws, rules and regulations in all material respects. To the best of Directors' knowledge, information and belief, the Board is not aware of any incidence of non-compliance with the relevant laws and regulations that have a significant impact on the Group's business where the Group is operating. In particular, we did not record any non-compliance with applicable environmental regulations.

RESULTS AND DIVIDEND

The results of the Group for the Year and the financial position of the Group as at 31 December 2024 are set out in the Financial Statements on pages 96 to 179.

An analysis of the Group's performance for the Year by operating segment is set out in note 4 to the Financial Statements.

The Company did not pay interim dividend to the shareholders for the Year.

The Board did not recommend the payment of any final dividend for the Year (2023: Nil).

FIVE YEARS FINANCIAL SUMMARY

A summary of the published results, assets and liabilities of the Group for the last five financial years is set out on page 180. This summary does not form part of the audited Financial Statements.

APPOINTMENT OF RECEIVERS

Please refer to section headed "Events after the Reporting Period" in Management Discussion and Analysis of this annual report for detail relating the appointment of receivers of 267,890,000 Charged Shares held by Mr. James, a non-executive director of the Company.

SHARE CAPITAL IN THE YEAR

Details of movement in share capital of the Company during the Year are set out in note 28 to the Financial Statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment during the Year are set out in note 13 to the Financial Statements.

EQUITY-LINKED AGREEMENT

No equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the Year or subsisted at the end of the year.

ARRANGEMENT TO PURCHASE SHARES

At no time during the Year was the Company, its holding company or any of its subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in the Company or any other body corporate.

PRE-EMPTIVE RIGHTS

There is no provision for the pre-emptive rights under the Company's Articles of Association and there is no restriction against such rights under the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

TAX RELIEF AND EXEMPTION

The Company is not aware of any relief on taxation available to the Shareholders by reason of their holding of the Shares. If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or exercising of any rights in relation to the Shares, they are advised to consult their professional advisers.

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

Neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Year (including sale of treasury shares (as defined under the Listing Rules).

As at 31 December 2024, there were no treasury shares (as defined under the Listing Rules) held by the Company.

RESERVES

As at 31 December 2024, the Company's reserve available for distribution to Shareholders, calculated in accordance with the Companies Act, Chapter 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately RMB154.5 million (2023: Nil). Details of the movement in reserve of the Company during the Year are set out in note 39 to the Financial Statements.

CHARITABLE DONATIONS

During the Year, charitable and other donations made by the Group amounted to approximately RMB0.70 million (2023: RMB2.44 million).

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of purchases and sales for the Year attributable to the Group's major suppliers and customers are as follows:

Purchases	
— the largest supplier	61%
— five largest suppliers in aggregate	96%
Sales	
— the largest customer	23%
— five largest customers in aggregate	45%

To the best knowledge of the Directors, neither the Directors, their associates, nor any shareholders, who owned more than 5% of the Company's issued share capital, had any beneficial interest in any of the Group's five largest customers or suppliers during the Year.

INTEREST-BEARING LOANS AND OTHER BORROWINGS

Particulars of interest-bearing loans and other borrowings of the Group as at 31 December 2024 are set out in note 23 to the Financial Statements. As at 31 December 2024, certain of the Group's buildings with a net carrying amount of approximately RMB71,723,000 (2023: RMB77,444,000) were pledged as well as guarantee provided by the Company's subsidiaries to secure bank loans of RMB105,000,000 (2023: RMB61,124,000) for the Group.

In addition, the Group's bank loans of RMB131,619,000 (2023: RMB84,000,000) were guaranteed by either a non-controlling shareholder or the Company's subsidiaries.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors who held office during the Year and as at the date of this report were:

EXECUTIVE DIRECTORS

Ms. Liao Changxiang *(Chief Executive Officer)*
Mr. Qiao Jinrong *(Chief Financial Officer)*
(appointed on 15 October 2024)
Ms. Wang Hong *(Chief Financial Officer)*
(resigned on 15 October 2024)
Mr. Liang Junxiong *(resigned on 28 March 2024)*

NON-EXECUTIVE DIRECTOR

Mr. Hartono James *(Chairman)*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Zhao Ziwei
Mr. Koeswondo Michael David
Mr. Zeng Jinsong

Each of the executive Directors has entered into a service contract with the Company for a term of three years commencing from their date of appointment/date of renewal of service agreement, which shall be terminated at any time by giving to the other not less than 3 months' written notice, subject to retirement by rotation and re-election at annual general meeting.

Each of the independent non-executive Directors and non-executive Directors has executed a letter of appointment with the Company for a term of three years commencing from their date of appointment/ date of renewal of letter of appointment unless otherwise terminated in accordance with the terms of the letter of appointment, subject to retirement by rotation and re-election at annual general meeting.

During the Year, Mr. Liang Junxiong resigned as an executive Director of the Company with effect from 28 March 2024 due to his other business commitments and plans for his further career as well as business development.

Ms. Wang Hong also resigned as an executive Director and chief financial officer of the Company with effect from 15 October 2024 in order to devote more time to her family. Ms. Wang will continue to work for the Company with a new role as a senior advisor of the Group. Save as disclosed, there was no change in the composition of the Board.

In addition, Mr. Qiao Jinrong has been appointed as an executive Director and chief financial officer of the Company on 15 October 2024.

REPORT OF THE DIRECTORS

According to Article 83(3) of the Articles of Association of the Company, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director so appointed shall hold office only until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election.

According to Article 84 (1) and (2) of the Articles of Association of the Company, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. A retiring Director shall be eligible for re-election.

In accordance with the Articles of Association of the Company, Ms. Liao Changxiang and Mr. Qiao Jinrong, executive Directors and Mr. Zeng Jinsong, independent non-executive Director shall retire and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting to be held on 30 May 2025 (Friday) (the "**AGM**").

Apart from the foregoing, no Director proposed for re-election at the AGM has a service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the independent non-executive Directors (including his/her immediately family members under the Listing Rules) has made an annual confirmation of independence pursuant to Rule 3.13 of the Rules Governing The Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). The Company is of the view that all independent non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and senior management of the Group are disclosed in the section headed "Biographical Details of the Directors and Senior Management" on pages 22 to 24 of this annual report.

MANAGEMENT CONTRACTS

Save for service contracts, no contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

PERMITTED INDEMNITY PROVISIONS

Pursuant to Article 164 of the Articles of Association of the Company, the Directors, secretary and other officers and every Auditor for the time being of the Company and the liquidator or trustees (if any) for the time being acting in relation to any of the affairs of the Company and everyone of them, and everyone of their heirs, executors and administrators, 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, their or any of their heirs, executors or administrators, 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 or trusts; and none of them shall be answerable for the acts, receipts, neglects or defaults of the other or others of them or for joining in any receipts for the sake of conformity, or for any bankers or other persons with whom any moneys or effects belonging to the Company shall or may be lodged or deposited for safe custody, or for insufficiency or deficiency of any security upon which any moneys of or belonging to the Company shall be placed out on or invested, or for any other loss, misfortune or damage which may happen in the execution of their respective offices or trusts, or in relation thereto; 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.

Such provision was in force during the Year. In addition, the Company has also maintained Directors and officers liability insurance during the Year and up to the date of this report.

DIRECTORS' REMUNERATION

The Directors' fees are subject to shareholders' approval at annual general meeting. Other emoluments are determined by the Board of the Company with reference to the recommendations of the remuneration committee of the Company, Directors' duties, responsibilities and performance and the results of the Group. The remuneration of the Directors (including executive Directors, non-executive Director and independent non-executive Directors) on a named basis are set out in note 8 to the Financial Statements for the Year.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

Save for the transactions as disclosed in the section headed "Related Party Transactions" as disclosed in note 33 to the Financial Statements, no transaction, arrangement or contract (that is significant in relation to the business of the Company), to which the Company or any of its subsidiaries was a party and in which a Director or an entity connected with a Director had, directly or indirectly, a material interest, subsisted as at 31 December 2024 or at any time during the Year.

CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTION

Save for the related party transactions below, during the Year, the Group did not conduct any connected transaction and/or continuing connected transaction which was required to be disclosed under the Listing Rules.

RELATED PARTY TRANSACTIONS

Details of the significant related-party transactions undertaken in the normal course of business are set out in note 33 to the Financial Statements. None constitutes a discloseable connected transaction or notifiable transaction as defined under the Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Exchange Listing Rules.

NON-COMPETITION UNDERTAKING FROM CONTROLLING SHAREHOLDERS

Each of Ms. Hartono Jeane, Mr. Hartono James, Mr. Hartono Rico and Ms. Hartono Chen Chen Irene (the "**Controlling Shareholders**") gave a non-competition undertaking in favour of the Company, pursuant to which each of the Controlling Shareholders undertakes and covenants with the Company that he/she will not, and will procure that none of his/her associates shall directly or indirectly, either on his/her own account or in conjunction with or on behalf of any person, firm or company, among other things, carry on, participate or be interested or engaged in or acquire or hold (in each case whether as a shareholder, director, partner, agent, employee, or otherwise, and whether for profit, reward or otherwise) any right or interest in or render any services to or otherwise be involved in any business directly or indirectly in competition with, or likely to be in competition with, the image-printing business and the medical imaging business carried out by the Group in the PRC.

The Company has received the confirmation from each of the Controlling Shareholders in respect of their compliance with the terms of non-competition undertaking for the Year.

The Board comprising all independent non-executive Directors had reviewed and confirmed that the Controlling Shareholders have complied with the non-competition undertaking and the non-competition undertaking has been enforced by the Company in accordance with its terms during the Year.

EXPIRATION OF THE SHARE OPTION SCHEME

Pursuant to the written resolutions passed by all the shareholders of the Company on 18 September 2013, the Company has conditionally adopted the Share Option Scheme, which has a term of 10 years from its adoption date and has expired on 17 September 2023. Upon the expiration of the Share Option Scheme, no further options will be offered. Since the adoption of Share Option Scheme and up to the date of this report, no option has been granted by the Company to subscribe for shares of the Company and hence there is no option exercised, cancelled or lapsed since its adoption. Up to the date of this report, no new share option scheme of the Company has been adopted upon expiration of the existing Share Option Scheme.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2024, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meanings of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "**SFO**")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such director or chief executive is taken or deemed to have under such provision of the SFO) or which were required pursuant to Section 352 of the SFO, to be entered in the register of members of the Company, or which were required, pursuant to standard of dealings by Directors as referred to in Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long positions in ordinary shares of the Company

Name of Director	Interests in ordinary shares Personal interests	 Family interests	 Corporate interests	Total interests in ordinary shares	Total interests in underlying shares	Aggregate interests	Approximate percentage of the Company's issued share capital
Hartono James	434,627,500	—	20,000,000 (Note 1)	454,627,500	—	454,627,500 (Note 2)	19.50%

Notes:

1. 20,000,000 shares were beneficially owned by Amrosia Investments Limited, a company wholly-owned by Mr. Hartono James.

2. Out of 454,627,500 shares, 267,890,000 shares are beneficially owned by Mr. Hartono James and had been pledged to a financial institution as pledgee to secure a loan granted to Mr. Hartono James. On 21 January 2025, the Company has received a letter from Mr. Fok Hei Yu and Mr. Chow Wai Shing Daniel of FTI Consulting, who have been appointed as the joint and several receivers of 267,890,000 shares of the Company. For details, please refer to the announcements of the Company dated 21 January 2025 and 7 March 2025 and various notices of disclosure of interests all dated 17 January 2025 filed with the Stock Exchange.

Save as disclosed above, as at 31 December 2024, none of the Directors and chief executive of the Company had any other interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Listing Rules relating to the required standard of dealings by the directors to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITION IN SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as is known to the Directors, as at 31 December 2024, the following persons (not being a Director or chief executive 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 provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or who is directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Long positions in ordinary shares of the Company

Name of shareholders	Capacity	Number of shares held	Approximate percentage of the Company's issued share capital
Hartono Jeane	Beneficial owner	391,870,000	16.80%
Hartono Rico	Beneficial owner	265,810,000	11.40%
UBS Group AG (Note 1)	Security agent — Person having a security interest in Shares	267,890,691	11.49%
Fok Hei Yu (Note 2)	Receiver — Interest of controlled corporation	267,890,000	11.49%
CHOW Wai Shing Daniel (Note 2)	Receiver — Interest of controlled corporation	267,890,000	11.49%
FUJIFILM Corporation (Note 3)	Beneficial owner	230,000,000	9.56%
Li Bin	Beneficial owner	164,600,600	7.06%

Notes:

1. Pursuant to a facility agreement and a share charge both dated 1 November 2017 in respect of the loan advance to Mr. James, certain shares were charged in favour of UBS Group AG by Mr. James as security for the loan.

2. On 21 January 2025, Fok Hei Yu and Chow Wai Shing Daniel have been appointed as the joint and several receivers of 267,890,000 shares of the Company which are currently held and registered in the name of Mr. James.

3. FUJIFILM Corporation is a wholly-owned subsidiary of FUJIFILM Holdings Corporation, which is therefore deemed to be interested in the 230,000,000 Shares held by FUJIFILM Corporation under the SFO.

Save as disclosed under the sections headed "Directors' and Chief Executives' Interests or Short Positions in Shares, Underlying Shares and Debentures" and "Substantial Shareholders' Interests and/or Short Positions in Shares and Underlying Shares of the Company" above, as at 31 December 2024, no other person was individually and/or collectively entitled to exercise or control the exercise of 5% or more of the voting power at general meeting of the Company and was able, as a practical matter, to direct or influence the management of the Company.

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors is or was interested in any business apart from the Group's business, that competes or competed or is or was likely compete, either directly or indirectly, with the Group's business at any time during the year ended 31 December 2024.

UPDATE ON DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, there is no other information required to be disclosed.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules of at least 25% of the Company's total number of issued shares which was held by the public as at the date of this report.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in Appendix C3 of the Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors.

Specific enquiries have been made with all Directors, all Directors confirmed in writing that they have complied with the required standard set out in the Model Code regarding their securities transactions for the Year.

The Board has also adopted the Model Code to regulate all dealings by relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of securities in the Company under the CG Code. No incident of non-compliance with the Model Code by the Company's relevant employees has been noted during the Year after making reasonable enquiry.

CORPORATE GOVERNANCE REPORT

Details of the Group's corporate governance practices can be found in the Corporate Governance Report contained on pages 37 to 66 in this annual report.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "**AGM**") will be held on 30 May 2025 (Friday). The notice of the AGM will be published on the website of the Stock Exchange at http://www.hkexnews.hk and the Company's website at http://www.yestarcorp.com and will be despatched to the shareholders of the Company, together with the Company's annual report who wish to receive a printed copy of the corporate communication in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 27 May 2025 (Tuesday) to 30 May 2025 (Friday) (both days inclusive), during which period no transfers of shares will be registered, for the purpose of ascertaining the shareholders entitled to attend and vote at the AGM. In order to qualify for attending and voting at the AGM, all transfer document, accompanied by the relevant share certificates, must be lodged with the Company's Branch Share Registrars in Hong Kong, MUFG Corporate Markets Pty Limited at Suite 1601, 16/F., Central Tower, 28 Queen's Road Central, Hong Kong for registration not later than 4:30 p.m. on 26 May 2025 (Monday).

AUDITORS

The Financial Statements of the Company for the years ended 31 December 2023 and 2024 have been audited by BDO Limited who will retire and, being eligible, offer themselves for re-appointment. A resolution to re-appoint the retiring auditors to be proposed at the AGM.

BDO Limited was appointed as the auditor of the Company with effect from 28 July 2023 to fill the casual vacancy following the resignation of Ernst & Young and to hold office until the conclusion of AGM of the Company. The Financial Statements of the Company for the years ended 31 December 2021 and 2022 were audited by Ernst & Young.

By order of the Board
YESTAR HEALTHCARE HOLDINGS COMPANY LIMITED

Liao Changxiang
CEO and Executive Director

28 March 2025

CORPORATE GOVERNANCE REPORT

The Board of Directors of the Company (the "**Board**") is pleased to present the Corporate Governance Report of the Company for the year ended 31 December 2024.

CORPORATE GOVERNANCE

The Board and the management of the Company are committed to the maintenance of good corporate governance, practices and procedures. The Company believes that good corporate governance provides a solid foundation for the Group to manage business risks and is also one of the key factors leading to the success of the Company so as to balance the interests of shareholders, customers and employees. The Board is devoted to ongoing enhancements and review of the efficiency and effectiveness of such principles and practices and regards board of directors, sound risk management and internal controls, and accountability to all shareholders as the core elements of its corporate governance principles. The Company endeavours to ensure that its businesses are conducted in accordance with rules and regulations, and applicable codes and standards.

Corporate Governance Code

Throughout the Year, the Directors considered that the Company has complied with all corporate governance codes ("**CG Code**") as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**"), save for the following:

Code Provisions C.1.6

Under Code Provision C.1.6 of the CG Code, independent non-executive Directors and other non-executive Directors should attend general meetings. Mr. Hartono James ("**Mr. Hartono**"), the non-executive director, had not attend the annual general meeting held on 31 May 2024 ('2024 AGM") due to his prior business commitment.

Code Provision F.2.2

Under Code Provision F.2.2 of the CG Code, the chairman of the Board should attend the annual general meeting. Mr. Hartono, the chairman of the Board, had not attend the 2024 AGM due to his prior business commitment.

CORPORATE GOVERNANCE REPORT

THE BOARD

Corporate Strategy, Business Model and Culture

With the core mission of "becoming a leading integrated service provider of IVD products in the PRC", the Group is committed to continuous expanding market share and optimising and upgrading business ecosystem through a systematic strategic layout and a culture of innovation. Focusing on the field of IVD, it consolidates its leading position in the industry and builds a nationwide service network and product mix through a multi-channel distribution system. It adopts differentiated competition strategies, together with a dynamic risk assessment and a capital allocation mechanism, to ensure synergistic growth in profitability and asset size. Targets are set for different business stages to enhance operational efficiency and market responsiveness with digital management tools and through process optimisation. The Group also attaches great importance to the management of intellectual property rights. As at the end of 2024, the Group has obtained a total of 159 invention patents, utility model patents and copyrights for computer software. The Board has implemented a mechanism of "internalisation of values" to incorporate compliance awareness into the performance appraisal system and strengthened the professionalism of its staff through customised training programmes. Employee retention rate and anonymous response efficiency of the whistle-blowing system are the key indicators for the impact of this culture. The Group establishes long-term goals in respect of ESG (environmental, social and governance), including green supply chain transformation, mental health support programmes for staff and healthcare projects for community, so as to maintain the balance between business value and social responsibility.

The Board and the management have played and will continue to play a proactive role in the Group's development of business model to preserve the culture of the Group; the Group's business strategic drive for business expansion; and the Group's strategic goals to motivate staff to achieve business and financial targets. Taking into account the corporate culture, the Board considers that the culture and the purpose, value and strategy of the Group are aligned.

Role and responsibility of the Board

The Board is accountable to shareholders for the long-term sustainable success of the Company. It is responsible for shaping and overseeing the corporate culture, setting and guiding the long-term strategic objectives of the Company with appropriate focus on value creation and risk management, directing, supervising and monitoring the managerial performance and operating practices of the Group to ensure they align with the desired culture. It also ensures ongoing effective communication with shareholders and engagement with key stakeholders as it develops the purpose and values of the Company. Directors are charged with the task of promoting the long term sustainable success of the Company and making decisions in the best interests of the Company with due regard to sustainability considerations.

The Board oversees the culture, determines and monitors its policies and business plans, evaluates the performance of the Company, and supervises the management of the Company. Management is responsible for the day-to-day operations of the Group under the leadership of the chairman and CEO, and putting in place mechanisms for ensuring that the desired culture of the Company is understood and shared at all levels of the Group.

The Board gives clear directions to the management as to their powers of management, and circumstances in which the management should report back. Every Director ensures that he/she gives sufficient time and attention to the affairs of the Company. Each Director shall disclose to the Company at the time of his/her appointment the directorships held in listed companies or nature of offices held in public organisations and other significant commitment, with the identity of such listed companies or public organisations. The Company has also requested Directors to provide in a timely manner any change on such information. Each Director is also required to disclose to the Company his/her time commitment.

All Directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary, with a view to ensuring that Board procedures and all applicable rules and regulations are followed. The Directors will be notified of code provision amendment updates in respect of the CG Code so as to be kept abreast of the latest requirements and be assisted in fulfilling their responsibilities. The Directors are also provided with monthly updates which contain periodic financials with summaries of key events, outlook and business related matters of the Group. The monthly updates present a balanced and understandable assessment of the Company's performance and position. The Non-executive Directors and Independent Non-executive Directors may, after making a request to the Board, take independent professional advice at the Company's expense in carrying out their functions.

Composition of the Board

As at 31 December 2024, the Board comprises six Directors, of which two are executive Directors; one is non-executive Director; and three are independent non-executive Directors. The composition of the Board throughout the Year and up to the date of this report is as follows:

EXECUTIVE DIRECTORS

Ms. Liao Changxiang *(Chief Executive Officer)*
Mr. Qiao Jinrong *(Chief Financial Officer)*
(appointed on 15 October 2024)
Ms. Wang Hong *(resigned on 15 October 2024)*
Mr. Liang Junxiong *(resigned on 28 March 2024)*

NON-EXECUTIVE DIRECTOR

Mr. Hartono James *(Chairman)*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Zhao Ziwei
Mr. Koeswondo Michael David
Mr. Zeng Jinsong

During the Year, Mr. Liang Junxiong resigned as an executive Director of the Company with effect from 28 March 2024 due to his other business commitments and plans for his further career as well as business development.

In addition, Ms. Wang Hong also resigned as an executive Director and chief financial officer of the Company with effect from 15 October 2024 in order to devote more time to her family. Ms. Wang will continue to work for the Company with a new role as a senior advisor of the Group.

Mr. Qiao Jinrong has been appointed as an executive Director and chief financial officer of the Company on 15 October 2024.

Save as disclosed, there was no change in the composition of the Board.

The biographical details and responsibilities of the Directors as well as the senior management as at the date of this report are set out in the section "Biographical Details of the Directors and Senior Management" on pages 22 to 24.

The updated list of Directors of the Company identifying their roles and functions is available on the websites of the Company and of the Stock Exchange. Non-executive Director and independent non-executive Directors are also identified in all corporate communications that disclose the names of Directors of the Company.

Save as disclosed in the section headed "Biographical Details of the Directors and Senior Management" to this annual report, the Directors have no other financial, business, family or other material/relevant relationships with each other.

Board Independence

In addition, the Board has established mechanisms to ensure independent views are available to the Board. A summary of which is set out below:

— The Board ensures the appointment of at least three independent non-executive Directors and at least one-third of its members being independent non-executive Directors (or such higher threshold as may be required by the Listing Rules from time to time), with at least one independent non-executive Director with appropriate professional qualifications, or accounting or related financial management expertise. Further, independent non-executive Directors will be appointed to Board Committees as required under the Listing Rules and as far as practicable to ensure independent views are available.

— The Nomination Committee strictly adheres to the nomination policy with regard to the nomination and appointment of independent non-executive Directors, and is mandated to assess annually the independence of independent non-executive Directors to ensure that they can continually exercise independent judgement.

— No equity-based remuneration with performance-related elements will be granted to independent non-executive Directors as this may lead to bias in their decision-making and compromise their objectivity and independence.

— Directors (including non-executive Director and independent non-executive Directors) are entitled to seek further information from the management on the matters to be discussed at Board meetings and, where necessary, independent and separate professional advice from external professional advisers are available at the Company's expense to discharge their duties.

— A Director (including non-executive Director and independent non-executive Director) who has a material interest in a contract, transaction or arrangement shall not vote or be counted in the quorum on any Board resolution approving the same.

Throughout 2024, the number of independent non-executive Directors on the Board meets the one-third requirement under the Listing Rules with at least one of them possessing appropriate professional qualifications. All independent non-executive Directors are persons of high calibre with a wide range of expertise and knowledge in the accounting and business sectors. They also possess with academic and professional qualifications in the fields of accounting and business management. With their experience gained from senior positions held in other companies, they provide strong support towards the effective discharge of the duties and responsibilities of the Board. All independent non-executive Directors do not participate in the day-to-day management of the Company and do not involve themselves in business transactions or relationships with the Company, in order not to compromise their objectivity. In staying clear of any potential conflict of interest, the independent non-executive Directors remain in a position to fulfill their responsibility to provide check and balance to the Board of the Company. The independent non-executive Directors have given annual confirmations of their independence to the Company, and the Company considers all of them are independent under Rule 3.13 of the Listing Rules for the Year. The Board has reviewed and concluded that the current mechanism on independent views of directors is effectively implemented during the Year.

In addition, the Company has established an effective mechanism to uphold a strong independent Board and that independent views and input from Directors are conveyed to the Board. The management will review this mechanism on a regular basis to ensure its effectiveness. For the Year, the Board conducted a review and considered that such mechanism was properly implemented and considered effective.

Chairman and Chief Executive Officer

During the Year and as at the date of this report, the roles of the chairman and chief executive officer of the Company are currently carried on by Mr. Hartono James, a non-executive Director, and Ms. Liao Changxiang, an executive Director, respectively. Other matters reserved for the Board include consideration of dividend policy, approval of major investments, maintenance of an adequate system of risk management and internal controls and review of the corporate governance practices of the Group. Daily operations and administration are delegated to the CEO, chief financial officer and the management teams.

The Chairman is responsible for providing leadership to, and overseeing the functioning of, the Board to ensure that it acts in the best interests of the Group. He is also responsible for ensuring that the Board meetings are planned and conducted effectively, including setting the agenda for each Board meeting, taking into account, where appropriate, matters proposed by Directors and the Company Secretary. With the support of other executive Directors and the Company Secretary, the Chairman seeks to ensure that all Directors are properly briefed on issues to be deliberated at Board meetings and are provided with adequate and accurate information in a timely manner.

Board Meetings

The Board is scheduled to meet regularly at least four times a year at approximately quarterly intervals, to discuss the overall strategy as well as the operational and financial performance of the Company. Other Board meetings will be held when necessary. Such Board meetings involve the active participation, either in person or through other electronic means of communication, of a majority of Directors. The Directors make every effort to contribute to the formulation of policy, decision-making and the development of the Group's business. For the Year, not less than four Board meetings were held.

During the Year, the independent non-executive Directors held a meeting among themselves. In addition, the Chairmen held a meeting with the independent non-executive Directors without the presence of other Directors in accordance with the CG Code. Such meeting provide an effective forum for the Chairman to listen to the views of the independent non-executive Directors on issues including corporate governance improvement, effectiveness of the Board, and such other issues they may wish to raise in the absence of other Directors and senior management of the Company.

Conduct of Meetings

Notices of regular Board meetings are given to all Directors at least 14 days before the meetings. For other Board and committee meetings, reasonable notice is generally given. Meeting agenda and accompanying Board papers are sent to all Directors in a timely manner and at least three days before the Board/committee meetings.

Directors have access to the advice and services of the Company Secretary with a view to ensuring that board procedures, and all applicable rules and regulations, are followed.

Both draft and final versions of the minutes will be sent to all Directors for their comment and records. Minutes of board and board committee meetings are kept by the Company Secretary and such minutes are open for inspection at any reasonable time on reasonable prior notice by any Director.

All directors are also entitled to have access to board papers and related materials. These papers and related materials are in a form and quality sufficient to enable the board to make informed decisions on matters placed before it. Queries raised by directors shall receive a prompt and full response by the management.

If a Director has a material interest in a matter of significant nature to be considered by the Board, a physical meeting or meeting by video conference will be held to discuss such matter instead of seeking Directors' written consent by way of circulation of written resolution. In accordance with the Articles, such Director who is considered to be materially interested in the matter shall abstain from voting and not be counted in the quorum.

Directors' Attendance at Board/Board Committee/General Meetings

Here below are details of all Directors' attendance at the board meeting, board committee meetings and general meeting held during the Year:

	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	2024 Annual General Meeting
Total number of meeting held*	4	3	2	2	1
	Number of Meetings Attended				
EXECUTIVE DIRECTORS					
Ms. Liao Changxiang *(Chief Executive Officer)*	3/4	N/A	N/A	N/A	1/1
Mr. Qiao Jinrong *(Chief Financial Officer)(appointed on 15 October 2024)**	0/4	1/3	N/A	N/A	0/1
Ms. Wang Hong *(resigned on 15 October 2024)*	3/4	2/3	1/2	1/2	1/1
Mr. Liang Junxiong *(resigned on 28 March 2024)***	1/4	N/A	N/A	N/A	0/1
NON-EXECUTIVE DIRECTOR					
Mr. Hartono James *(Chairman)*	4/4	N/A	N/A	N/A	0/1
INDEPENDENT NON-EXECUTIVE DIRECTORS					
Mr. Zhao Ziwei	4/4	3/3	2/2	2/2	1/1
Mr. Koeswondo Michael David	4/4	3/3	2/2	2/2	1/1
Mr. Zeng Jinsong	4/4	3/3	2/2	2/2	1/1

* no board meeting, investment committee meeting and general meeting were held since his appointment on 15 October 2024.

** only one board meeting held before his resignation on 28 March 2024.

Appointment, Re-election and Removal

Each of the executive Directors, non-executive Director and independent non-executive Directors has entered into a service contract or letter of appointment with the Company for a term of three years, all of them are subject to re-election by shareholders at general meetings at least once every three years on a rotation basis. The aforesaid service contracts and the letters of appointment may be terminated by not less than three month's notice in writing served by either party on the other. Further, no Director has a service contract or letter of appointment with the Company not terminable by the Company within one year without payment of compensation (other than statutory compensation).

The Board is empowered under the Company's Articles of Association ("**Articles**") to appoint any person, as a Director, either to fill a casual vacancy on or to be an additional member of the Board. Only the most suitable candidates who are experienced and competent and able to fulfill the fiduciary duties and exercise reasonable care, skill and diligence would be recommended to the Board for selection. Appointments are first considered by the Nomination Committee in accordance with its terms of reference with due regard to the Company's Nomination Policy and Board Diversity Policy, and recommendations of the Nomination Committee are then put to the Board for decision.

The appointment of Independent Non-executive Directors adheres to the guidelines for assessing independence as set out in Rule 3.13 of the Listing Rules.

In accordance with the articles of association of the Company, at each annual general meeting one-third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. Such retiring Directors shall be eligible for re-election at the annual general meeting.

Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of shareholders after their appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

Confirmation of Independence

Each of the independent non-executive Directors has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines throughout the Year and as at the date of this report.

Code of Conduct for Securities Transactions by Directors

The Company has adopted the Model Code contained in Appendix C3 to the Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors.

Specific enquiries have been made with all Directors, all Directors confirmed in writing that they have complied with the required standard set out in the Model Code regarding their securities transactions for the Year.

The Board has also adopted the Model Code to regulate all dealings by relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of securities in the Company under the CG Code. No incident of non-compliance with the Model Code by the Company's relevant employees has been noted during the Year after making reasonable enquiry.

Time Commitment and Continuous Professional Trainings and Development of Directors

Each Director had ensured that he/she had given sufficient time and attention to the affairs of the Company for the year. Directors have disclosed to the Company the number and nature of offices held in Hong Kong or overseas listed public companies or organisations and other significant commitments, with the identity of the public companies and organisations and an indication of the time involved. Directors are encouraged to participate in professional, public and community organisations. They are also reminded to notify the Company of any change of such information in a timely manner.

Arrangements have been made to provide each new director a comprehensive, formal and tailored induction on the first occasion of his appointment and continuing briefing and professional development when necessary.

Each newly appointed Director has received formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

During the Year, Mr. Qiao Jinrong has been appointed as an executive Director of the Company. He had obtained the legal advice and training before his formal appointment on 15 October 2024 as regards the requirements under the Listing Rules that are applicable to him as a director of a listed issuer and the possible consequences of making a false declaration or giving false information to the Exchange and on the same day, he confirmed that he understood his respective obligations as a director of the Company.

The Group observes a strict code of ethics in all spheres and has no tolerance for any form of corruption or other misconduct. In order to reinforce awareness of our Directors on preventing corruption, we regularly provide anti-corruption training for the Directors which include legal and regulatory updates as well as anti-corruption training materials in the form of footages made by the Independent Commission Against Corruption.

During the Year, presentations for the Board and senior management (including finance department) on tax as well as corporate governance update was arranged to the Company by our legal advisor. In addition, in-house briefings on various topics at monthly departmental meetings where Executive directors attended were also conducted. Legal and regulatory updates are provided from time to time to the Directors for their reading. Directors are also encouraged to attend outside talks and seminars to enrich their knowledge in discharging their duties as a director. On a regular basis, information on seminars organised by professional bodies is provided to the Directors.

According to the training records provided by the Directors to the Company, all of them participated in continuous professional development in 2024 which included attending seminars and talks, and reading legal and regulatory updates and other reference materials. The seminars, talks and other reference materials involved topics on disclosure obligations under Listing Rules, connected transactions, risk management, anti-corruption, regulatory updates, directors' duties and liabilities and information technologies, etc. During the Year, the training undertaken by each Director are summarised as follows:

	Attending External Seminars	Reading Legal and Regulatory Updates and Materials
Ms. Liao Changxiang *(Chief Executive Officer)*	✓	✓
Mr. Qiao Jinrong *(Chief Financial Officer)*	✓	✓
Mr. Hartono James	✓	✓
Mr. Zhao Ziwei	✓	✓
Mr. Koeswondo Michael David	✓	✓
Mr. Zeng Jinsong	✓	✓

The Directors have also been informed of the requirement under C.1.4 of the CG Code regarding continuous professional development and they may join institutes and attend relevant training seminars or informative talk from time to time to enable them to better discharge their duties. The Company encourages the directors to attend courses in areas of directors' duties and responsibilities, corporate governance, changes in financial reporting standards, insider trading and any industry-related matters, to develop themselves professionally, at the Company's expense.

On 12 December 2024, the Company also invited its legal representatives to provide online training and updated Listing Rules to all Directors and senior management on various topics, namely CG Code, connected transactions, continuing connected transactions, other notifiable transactions, required standard of dealing of a director, directors' duties and responsibilities as well as obligations to disclose inside information. All the current Directors, namely Ms. Liao Changxiang, Mr. Qiao Jinrong, Mr. Hartono James, Mr. Zhao Ziwei, Mr. Koeswondo Michael David and Mr. Zeng Jinsong had attended the training on that day.

For the Year, the following legal and regulatory updates and a series of training materials have been provided and sent to all the Directors, namely Ms. Liao Changxiang, Mr. Qiao Jinrong, Mr. Hartono James, Mr. Zhao Ziwei, Mr. Koeswondo Michael David and Mr. Zeng Jinsong:

— Corporate Governance Code

— briefing by the external auditor on changes or updaters or amendments to accounting standards at the audit committees;

— attended training provided by the legal advisor of the Company on the Listing Rules and related compliance issues; and

— updated by the legal representatives and Company Secretary on the amendments to the Listing Rules, directors' duties, risk management and directors' responsibilities from time to time.

The Company shall from time to time, if necessary, arrange for relevant and appropriate continuous professional training to all Directors to develop and refresh their knowledge and skills to enable them to be better discharge their duties as a Director of the Company.

During the Year, the Directors were also provided with monthly commentaries on the Group's business, operations, and financial matters as well as regular updates on applicable legal and regulatory requirements. The monthly commentaries and updates present a balanced and understandable assessment of the Company's performance and position in sufficient detail to enable the Directors and the Board of Directors to discharge their duties under the Listing Rules.

Director's and Officer's Liability Insurance

The Company has arranged director's and officer's liability insurance to indemnify the Directors and senior management against any potential liability arising from the Company's business activities which such Directors and senior management may be held liable.

The Company also keeps Directors indemnified against any claims to the fullest extent permitted by the applicable laws and regulations arising out of the Directors' proper discharge of duties except for those attributable to any gross negligence or wilful misconduct.

Indemnification of Directors and Officers

The Directors and officers are indemnified under a directors' and officers' liability insurance against any liability incurred by them in the discharge of their duties while holding the office as the Directors and officers of the Company. The Directors and officers shall not be indemnified where there is any negligence, fraud, breach of duty or breach of trust proven against them.

BOARD COMMITTEES

While at all times the Board retains full responsibility for guiding and monitoring the Company in discharging its duties, certain responsibilities are delegated to various board committees which have been established by the Board to deal with different aspects of the Company's affairs. Unless otherwise specified in their respective written terms of reference as approved by the Board, these board committees are governed by the Company's articles of association as well as the Board's policies and practices (in so far as the same are not in conflict with the provisions contained in the articles of association).

The Board has established various Board Committees for overseeing particular aspects of the Company's affairs as required under the Listing Rules. All Board Committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

Audit Committee

The Company established an audit committee on 18 September 2013 with written terms of reference. The latest written terms of reference of audit committee in compliance with the Listing Rules are available on the websites of the Company and the Stock Exchange.

The responsibility of the audit committee is to assist the Board in fulfilling its audit duties through the review and supervision of the Company's financial reporting, risk management and internal control principles and procedures, and to provide advice and comments to the Board. The members meet regularly with the external auditor and/or the Company's senior management for the review, supervision and discussion of the Company's financial reporting, risk management and internal control procedures and ensure that the board and the management have discharged their duties to have an effective risk management and internal control systems.

The composition of the audit committee is as follows:

Independent non-executive Directors:

Mr. Zhao Ziwei *(Chairman)*
Mr. Koeswondo Michael David
Mr. Zeng Jinsong

All of the members of the audit committee are independent non-executive Directors. None of them (including their respective immediate family member) is a former partner of the Company's existing auditing firm within 2 years immediately prior to their respective date of appointment. All of them (including their respective immediate family member) do not have material interest in any principal business activity of nor is or was involved in any material business dealings with the Group or with any core connected persons (as defined in the Listing Rules) of the Group within one year immediately prior to their respective date of appointment.

Mr. Zhao Ziwei, who has appropriate professional qualifications and experience in accounting matters, was appointed as the Chairman of the audit committee.

During the Year, the audit committee held three meetings. In addition, audit committee has liaised with the Board and senior management for the integrity of the financial statements while drafting the annual report. Details of the attendance of the members of the audit committee in the said meetings are set out under the sub-heading "Directors' Attendance at Board/Board Committee/General Meetings" above.

The summary of work of the audit committee during the Year is as follows:

— make recommendations to the Board of Directors in relation to the appointment, re-appointment and resignation of the external auditors;

— review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process;

— discuss with the auditors the nature and scope of the audit and reporting obligations before the audit commences;

— implement policy on engaging an external auditor to supply non-audit services;

— review the external auditors' management letter;

— reviewed the relevance and consistency of the accounting standards, the significant financial reporting issues, recommendations and judgements made by the external auditors so as to ensure the integrity of the financial statements of the Group and any announcements relating to the Group's financial performance;

— met with the external auditors, reviewed and made recommendations for the Board's approval on the annual and interim reports of the Company;

— reviewed and approved audit fee (including their independence) and remuneration;

— reviewed the terms of engagement and recommended to the Board for the re-appointment of BDO Limited as auditors, subject to the Shareholders' approval at the annual general meeting;

— reviewed the non-competition undertaking by the Controlling Shareholders of the Company;

— reviewed the effectiveness of the Company's risk management and internal control including financial control systems;

— reviewed the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget; and

— reviewed arrangements for the employees of the Group to raise concerns about possible improprieties in financial reporting, risk management and internal control or other matters.

Remuneration Committee

The Board established the remuneration committee on 18 September 2013 with written terms of reference. The latest written terms of reference of the remuneration committee in compliance with the Listing Rules are available on the websites of the Company and the Stock Exchange.

The remuneration committee is responsible for, inter alia, formulating and making recommendations to the Board on the Company's emolument policy and on the establishment of a formal and transparent procedure for developing such policy. The Board expects the remuneration committee to exercise independent judgment and ensures that executive Directors do not participate in the determination of their own remuneration.

The composition of the remuneration committee is as follows:

Independent non-executive Directors:

Mr. Zeng Jinsong *(Chairman)*
Mr. Zhao Ziwei
Mr. Koeswondo Michael David

During the Year, the remuneration committee held two meetings. Details of the attendance of the members of the remuneration committee in the said meeting are set out under the sub-heading "Directors' Attendance at Board/Board Committee/ General Meetings" above.

The summary of work of the remuneration committee during the Year is as follows:

— reviewed and recommended to the Board on the Group's remuneration policy and strategy;

— reviewed the remuneration packages of Mr. Qiao Jinrong, an executive Director appointed during the Year, and recommended to the Board to approve the proposal of his remuneration packages for the Year;

— reviewed the remuneration packages of the executive Directors and senior management of the Company and recommended to the Board to approve the proposal of their remuneration packages for the next year;

— reviewed and recommended to the Board on the remuneration of non-executive director of the Company;

— reviewed and recommended to the Board the Directors' fees of the independent non-executive Directors remain unchanged for the next year;

— considered salaries paid by comparable companies, time commitment and responsibilities and employment conditions in the Group;

— assessed performance of executive Directors; and

— reviewed the policy and general framework of remuneration for the Board and the senior management for the establishment of a formal and transparent procedures for developing remuneration policy, and the specific remuneration packages.

Particulars of the Directors' emoluments disclosed pursuant to Appendix D2 to the Listing Rules are set out in note 8 to the consolidated financial statements while the analysis of the senior management's emoluments by band is set out in note 9 to the consolidated financial statements.

The Director's fees are fixed at the rate of RMB204,000 per annum for each independent non-executive Director and their remuneration remains unchanged until the Company in general meetings otherwise determines. Other emoluments shall from time to time be determined with reference to the Directors' duties and responsibilities.

Nomination Committee

The Board established the nomination committee on 18 September 2013 with written terms of reference. The latest written terms of reference of the nomination committee in compliance with the Listing Rules are available on the websites of the Company and the Stock Exchange.

The primary duties of the nomination committee is to ensure the Board to have a balance of skills, experience and diversity of perspectives appropriate to the requirements of the business and goals of the Company, include reviewing the structure, size and composition of the Board to enhance a strong independent element, identifying individuals suitably qualified to become Directors, assessing the independence of independent non-executive Directors and making recommendations to the Board on appointment and re-appointment of Directors.

The composition of the nomination committee is as follows:

Independent non-executive Directors:

Mr. Koeswondo Michael David *(Chairman)*
Mr. Zeng Jinsong
Mr. Zhao Ziwei

During the Year, the nomination committee held two meetings. Details of the attendance of the members of the nomination committee in the said meeting are set out under the sub-heading "Directors' Attendance at Board/Board Committee/General Meetings" above.

The summary of work of the nomination committee during the Year is as follows:

— reviewed the existing Board's structure, size and composition and made recommendation to the Board for the appointment of an executive Director of the Company;

— reviewed the existing Board's structure, size and composition and made recommendation to the Board for the re-election of an independent non-executive Director of the Company;

— reviewed the board diversity policy;

— reviewed and assess the proposed new candidate (including independent non-executive Director) for the Board;

— reviewed the nomination policy on appointment and re-election of Directors;

— reviewed and assessed the independence of the independent non-executive Directors;

— reviewed time commitment of each Director and ensure that all Directors devote sufficient time and make contributions to the Company with reference to their role and board responsibilities;

— to reviewed and confirmed that there is no independent non-executive Directors who has served the Company for more than 9 years; and

— made recommendations on the re-election of the retiring Directors at the 2025 AGM of the Company with reference to the adopted nomination policy and diversity policy.

The Nomination Committee has to follow the principles set out in the Nomination Policy and the Board Diversity Policy as listed below adopted by the Board.

Nomination Process

The nomination committee shall assess whether any vacancy on the Board has been created or is expected on a regular basis or as required.

The nomination committee utilizes various methods for identifying director candidates, including recommendations from the Board members, management, and professional search firms. All director candidates, including incumbents and candidates nominated by Shareholders are evaluated by the nomination committee based upon the director qualifications. While director candidates will be evaluated on the same criteria through review of resume, personal interview and performance of background checks. The nomination committee retains the discretion to establish the relative weighting of such criteria, which may vary based on the composition, skill sets, age, gender and experiences of the collective Board rather than on the individual candidate for the purpose of diversity perspectives appropriate to the requirement of the Company's business.

The process of electing Directors is as follows:

— The nomination committee would assess the performance of each of the Director's competencies, commitment, contribution and performance (e.g. attendance, preparedness, participation and candour) and in accordance with the performance criteria set by the Board and consider the current needs of the Board;

— The nomination committee would review the size and composition of the Board, including the Board's policy to ensure an appropriate mix of members with complementary skills, core competencies, and experience for the Group, and diversity of skills, gender, experience and knowledge to the Company; and

— Subject to the satisfactory assessment of nomination committee, the nomination committee would recommend the proposed Director to the Board for its consideration and approval.

Selection Criteria

The nomination committee will take into account whether a candidate has the qualifications, skills, experience and gender diversity that add to and complement the range of skills, experience and background of existing Directors by considering the highest personal and professional ethics and integrity of the director candidates, proven achievement and competence in the nominee's field and the ability to exercise sound business judgment, skills that are complementary to those of the existing Board, the ability to assist and support management and make significant contributions to the Company's success and such other factors as it may deem are in the best interests of the Company and its Shareholders.

The Company shall review and reassess the nomination policy and its effectiveness on an annual basis or as required.

The Board's policy in identifying director nominees and composition of workforce is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group with target to be as balance or as close to 50% as possible for each category except for the age group which the Company considers that the wide range of age group with extensive experience of aged Director is essential to its business development. The current Board composition provides a diversity of skills, gender, experience, and knowledge to the Company as follows:

Current composition of the Diversified Board

Number of the Board of Directors	6	
	Number of Directors involved	Proportion of the Board
Core Competencies		
Accounting or finance related	3	50%
Business and management experience	3	50%
Related industry experience	6	100%
Strategic or financial planning experience	6	100%
Gender Diversity		
Male	5	83%
Female	1	17%
Age Diversity		
40 to 49	3	50%
50 to 59	2	33%
60 to 69	1	17%

The Board has taken the following steps to maintain or enhance its balance and diversity:

— Annual review by the nomination committee to assess if the existing attributes and core competencies of the Board are complementary and will enhance the efficacy of the Board; and

— Annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board.

For the Year, the nomination committee has considered the results of the evaluation exercises among others, in its recommendation for the appointment of new Directors and/or the re-appointment of retiring Directors. Upon the change of executive directors of the Company in October 2024, the composition of the Board comprises 5 male directors and 1 female directors. It was due to the fact that Mr. Qiao has served the Company as regional chief financial officer since 2013 and he is the only candidate who familiar with the operation of IVD business and financial performance and accounting policies in the Group, hence the nomination committee recommended him to the Board for consideration and appointment.

Taking into account the existing proximity for each of the categories in relation to core competencies and age diversity, the nomination committee concluded that its current diversity is sufficient for the Board to function effectively and recommended to the Board to review gender diversity of the Board from time to time having regard to the existing nomination policy and diversity policy of the Company. The Board will review its size, structure and composition together with the nomination committee at least annually to ensure that an effective decision-making process is in place.

During the Year, the nomination committee had reviewed the size and composition of the Board (except gender diversity) for effective decision-making, taking into account factors such as the scope and nature of the operations of the Group and the core competencies of Board members in the fields of the relevant industry knowledge, accounting and finance, as well as professional services. The independent non-executive Directors are able to constructively challenge and assist in the development of the business strategies.

Current composition of the workforce

The Company values gender diversity across all levels of the Group. The following table sets out the gender ratio in the workforce of the Group as at the date of this annual report.

Number of Employees	627	
	Number of employees involved	Proportion of total workforce
Gender Diversity		
Male	322	51.4%
Female	305	48.6%

The Company will keep on achieving and improving its gender diversity across all levels of the Group (in both composition of the Board and the workforce) with reference to the current workforce available in the market and experience required for the Company's future development. The plan for gender diversity in our workforce and the Board will continue to achieve more balance to the level as close to 50% as possible of gender diversity in the future.

Save as disclosed above, the nomination committee considers the existing size and composition of the Board are adequate and diversified for effective decision-making, taking into account the nature and scope of the Group's operations. The nomination committee has also monitored the implementation of the board diversity policy since its adoption, and also reviewed it to ensure its effectiveness and concluded that no revision to the policy is required at the last nomination committee meeting held.

Investment Committee

The Board established the investment committee on 25 August 2023 with written terms of reference. The latest written terms of reference of the investment committee in compliance with the Listing Rules are available on the websites of the Company and the Stock Exchange.

The investment committee has been established for the purpose of, among others, to handle affairs in relation to the investment aspects of the company. The Investment Committee will also review the investment performance from time to time and advise the Board on how the Company's funds are to be used to enhance the Group's investment returns, preserve the value of the Company's Funds and/or achieve capital appreciation from time to time, if necessary.

The composition of the investment committee is as follows:

Non-executive Director:

Mr. Hartono James *(Chairman)*

Executive Directors:

Ms. Liao Changxiang
Mr. Qiao Jinrong

During the Year, the investment committee did not hold any meeting since there was no proposed and/ or potential investment opportunity.

The summary of work and terms of reference of the investment committee is as follows:

— review the accounts of the Company from time to time;

— monitor and regulate investment decisions, strategies and projects related issues of the Company;

— monitor investment activities of the Company;

— review the potential costs and returns of investment projects of the Company from time to time;

- request the Board to take all necessary actions, including but not limited to upholding or terminating a corporation action, commercial transaction, merger and acquisition with sufficient grounds and if it considers such actions necessary; and
- review annually this terms of reference and its effectiveness in the perform of its duties and to make recommendation to the Board any changes it considers necessary.

Corporate Governance Function

During the Year, the Board has reviewed the corporate governance practices of the Company with reference to the terms of reference of corporate governance duties adopted by the Company on 18 September 2013. The summary of their work of is as follows:

- reviewed the Company's policies and practices on corporate governance and make recommendations;
- reviewed and monitored the training and continuous professional development of Directors and senior management of the Group;
- reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements;
- developed, reviewed and monitored the code of conduct and compliance manual applicable to employees of the Group and the Directors; and
- reviewed the Company's compliance with CG Code and disclosure in the corporate governance report.

BOARD POLICIES

Board Nomination Policy

The Company adopted a nomination policy on 30 November 2018 in compliance with the latest CG Code, which establishes written guidelines to nomination committee to identify individuals suitably qualified to become Board members and make recommendations to the Board on the selection of individuals nominated for directorships with reference to the formulated criteria. The Board is ultimately responsible for selection and appointment of new Directors.

The Board, through the delegation of its authority to the nomination committee, has used its best efforts to ensure that Directors appointed to the Board possess the relevant background, experience and knowledge in business, finance and management skills critical to the Group's business to enable the Board to make sound and well considered decisions. Collectively, they have competencies in areas which are relevant and valuable to the Group.

Board Diversity Policy

The composition of the Board is reviewed on an annual basis by the nomination committee to ensure that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competence for informed decision-making and effective functioning. The Company adopted its own board diversity policy and recognises the benefits of having diversity in the composition of the Board.

The Company noted that people from different backgrounds and with different professional and life experience are likely to approach problems in different ways and accordingly, members of the Board with diverse backgrounds will bring different concerns and questions to the table, and allow the Board to consider a wider range of options and solutions when deciding on corporate issues and formulating policies for the Group. In determining the Board's composition and selection of candidates to the Board, factors including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, industry knowledge and length of service will be considered. All Board appointments will be based on meritocracy, and candidates will be considered against the selection criteria, having regard for the benefits of diversity on the Board, the business model and specific needs of the Group. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board with target to be as balance or as close to 50% as possible for each category except for the age group which the Company consider that the wide range of age group with extensive experience of aged Director is essential to its business development.

Emolument Policy

The remuneration policy of the Group is to ensure the fairness and competitiveness of total remuneration. The emoluments of executive Directors are determined based on the skills, knowledge, individual performance as well as contributions, the scope of responsibility and accountability of such Directors, taking into consideration the Company's performance and prevailing market conditions. The remuneration policy of independent non-executive Directors is to ensure that they are adequately compensated for their efforts and time dedicated to the Company's affairs including their participation in respective Board committees. Their emoluments are determined with reference to their skills, experience, knowledge, duties and market trends.

Inside Information Policy

The Group has adopted and implemented its own disclosure policy aiming to provide a general guide to the directors and senior management of the Company in handling of confidential information and/or monitoring of information disclosure pursuant to applicable laws and regulations in compliance with the Listing Rules and Securities and Futures Ordinance ("**SFO**").

The disclosure policy provides the procedures and internal controls for the handling and dissemination of inside information by publication of the announcement to the websites of the Stock Exchange and the Company on a timely basis to enable the public, namely shareholders, institutional investors, potential investors and other stakeholders of the Company to access the latest information of the Group, unless such information falls within the safe harbours under the SFO. Briefing and training on the implementation of the disclosure policy have been provided to Directors and senior management of the Group. The Board emphasises that only the authorised representatives registered in the Stock Exchange are authorised to speak on behalf of the Company.

Dividend Policy

The Company adopted a policy on payment of dividends (the "**Dividend Policy**") on 30 November 2018 in compliance with F.1.1 of the CG Code with effect from 1 January 2019, which establishes an appropriate procedure on declaring and recommending the dividend payment of the Company.

The Company will declare and/or recommend the payment of dividends to Shareholders after considering the Company's ability to pay dividends, which will depend upon, among other things, its actual and expected financial results, cash flow, general business conditions and strategies, current and future operations, statutory, contractual and regulatory restrictions and so on. The Board has complete discretion on whether to pay a dividend, subject to Shareholders' approval, where applicable. Even if the Board decides to recommend and pay dividends, the form, frequency and amount will depend upon the operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors of and affecting the Group. The Board may also consider declaring special dividends from time to time, in addition to the interim and/or final dividends.

The Company shall review and reassess the Dividend Policy and its effectiveness on an annual basis or as required.

Policies for Whistleblowing and Anti-corruption

The Company has established a system for employees and any person to report concerns about any suspected or actual improprieties relating to the Group. The Group will take appropriate actions against such improprieties and, where appropriate, report the cases to the relevant enforcement authorities.

Moreover, the Company has adopted the Anti-Corruption and Bribery Policy which provides guidance to our employees on how to recognize and deal with bribery and corruption. Every employee has a duty to report any potential violations of the policy to the Company through the channels set out therein.

Apart from the channels set out in the relevant policies, the Company has provided a separate email link on its website, by which stakeholders can freely provide comments and suggestions on the operations of the Company so that proper actions can be taken to address issues being raised. The reported cases, where necessary, will be escalated to the Board for consideration and discussion.

Anti-Money Laundering and Counter-Terrorist Financing Policy

The Anti-Money Laundering and Counter-Terrorist Financing Policy is in place to combat money laundering and terrorist financing activities, and formalise such procedures and systems. Compliance with the policy by operational departments is monitored and administered.

Shareholders Communication Policy

The Group is committed to enhancing long-term shareholder value through regular communication with its shareholders. To this end, the Group strives to ensure that all shareholders have ready and timely access to all publicly available information of the Group. The shareholders communication policy sets out the framework the Company has put in place to promote effective communication with shareholders so as to enable them to engage actively with the Company and exercise their rights as shareholders in an informed manner.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board acknowledges its responsibility for the preparation of the financial statements for the Year in accordance with the statutory requirements and accounting standards and other financial disclosure requirement under the Listing Rules. The financial results of the Group are announced in a timely manner in accordance with statutory and/or regulatory requirements.

The annual and interim results of the Company are published within three months and two months respectively of the year end and the half-year end.

Annual Report and Financial Statements

The Directors acknowledge their responsibility for the preparation of the annual report and financial statements of the Company. The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the relevant rules and comply with the applicable disclosure requirements of the Companies Ordinance and the Listing Rules.

Accounting Policies

The Directors consider that in preparing the financial statements, the Group has adopted appropriate accounting policies and made judgements and estimates that are reasonable in accordance with the applicable accounting standards.

Accounting Records

The Directors are responsible for ensuring that the Group keeps accounting records which disclose the financial position and reflect the transactions of the Group, upon which financial statements of the Group could be prepared in accordance with the Group's accounting policies.

External Auditors' Remuneration

For the Year, the Company engaged BDO Limited as the external auditors. The fee in respect of audit services for the Year amounted to RMB2.95 million, while there is no fee in respect of non-audit services provided by BDO Limited for the Year.

The audit committee has expressed its views to the Board that the level of fees paid/payable to the Company to the Company's external auditors for annual audit services and non-audit services are reasonable. There has been no major disagreement between the auditors and the management of the Company during the Year.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Board acknowledges that it is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and ensuring that the Group has established and maintained appropriate and effective risk management and internal control systems, overseeing such systems on an ongoing basis, and ensuring that a review of the effectiveness of such systems has been conducted at least annually. The Board also understands that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

During the Year, the Board has overseen the management in the design, implementation and monitoring of the risk management and internal control systems, and has reviewed the effectiveness of the Group's and its subsidiaries' risk management and internal control systems. Such review covered all material controls, including financial, operational and compliance controls, of the Group. The Group's risk management and internal control systems are distributed amongst the operations to ensure that the Group is able to effectively manage major factors affecting the Group in achieving its strategic objectives, such as events, contingencies or actions that may have material effect on the reputation, assets, capitals, profitability or liquidity of the Group.

The Board and the audit committee of the Company also authorized the management to conduct review on the risk management and internal controls systems of the Group. The current control status and possible improvement of the risk management systems were noted in the discussions with the core risk management departments and review of the systems, standards and relevant documents in order to mitigate related risks arising from the existing operation after evaluating its risk management and internal controls systems.

The key risk management and internal control procedures of the Company for the Year are as follows:

1) determine the scope, identify the risks and compile a list of such risks;

2) evaluate and prioritise the risks based on the probability of, the attention from the management drawn by, and the possible financial loss and impact on operating efficiency, sustainability and reputation resulting from, each potential risk;

3) identify the risk control measures against major risks, conduct internal control assessments of the design and implementation of such measures, and formulate measures to improve any defect;

4) review and evaluate the risk management and internal control systems regularly and ensure the effectiveness and constant improvement of the risk management system through internal control assessments of major risks and improvements implemented by the management; and

5) report the findings of the regular internal review and evaluation of the risk management and internal control systems conducted, major risk factors and response to the audit committee by the management.

Effectiveness

The Board acknowledges that it has overall responsibility for evaluating, determining, establishing and maintaining an effective risk management and internal control systems of the Group and for reviewing its effectiveness to safeguard the Company's assets and the shareholders' interests. During the Year, the Board and the audit committee of the Company have conducted a review on the effectiveness of Group's risk management and internal control systems on all material aspects on its key subsidiaries, including financial, operational, risk management, ESG performance and compliance controls.

Audit committee reported all findings and recommendations for the improvement of the risk management and internal control systems to the Board and the Board considered that all recommendations should be properly followed to ensure the sound and effectiveness of the risk management and internal control systems of the Group can be maintained on an ongoing basis.

The Group reviewed the effectiveness of its risk management and internal control systems on its key subsidiaries at least annually and confirmation from the management on its effectiveness was received during the Year. The Board and the audit committee also considered that the key areas of the Group's risk management and internal control systems, including the adequacy of resources, staff qualifications and experience, training programmes, ESG performance and budget of the Company's accounting, internal audit and financial reporting functions, are reasonably conducted and implemented; and the Group considered that such systems were effective and adequate. During the Year, the Group has fully complied with the provisions of CG Code regarding the risk management and internal control systems.

Internal Audit

The audit committee relies on reports from the management, external and internal auditors on any material non-compliance and internal control weaknesses. Thereafter, the audit committee oversees and monitors the implementations thereto.

During the Year, the Group has established its internal audit function to enhance its internal control and risk management performance to enable better resource allocation efficiency. The internal control unit can assess our overall internal control systems and give recommendations to make enhancement. The internal audit has an administrative reporting function to management where planning, co-ordinating, managing and implementing internal audit work cycle are concerned, and will report their findings and recommendations directly to the audit committee. The internal audit can access to all the Group's documents, records and properties for performing its duties.

During the Year, audit committee has reviewed and approved the internal audit plan to ensure the adequacy of the scope of audit, the proposed follow-up actions which required necessary co-operation from the management has been addressed. In addition, the internal audit has the appropriate assistance and standing in the Company to discharge its duties effectively. As such, the Board including members of the audit committee is of the view that the internal audit function of the Company is independent, effectively and adequately monitoring our business operation for the Year.

The Company has reviewed and assessed the work quality of the internal audit function and will consider to maintain its own internal audit department for the Year and onwards.

It was also reported that there were no material change in nature and extent of significant risks (including ESG risks) as compared with that of last year and the Company can respond to the market changes in its business and external environment.

In addition, for the Year, there were no material deficiencies in relation to the Group's internal controls.

NON-COMPETITION UNDERTAKING FROM CONTROLLING SHAREHOLDERS

Each of Ms. Hartono Jeane, Mr. Hartono James, Mr. Hartono Rico and Ms. Hartono Chen Chen Irene (the "**Controlling Shareholders**" gave a non-competition undertaking in favour of the Company, pursuant to which each of the Controlling Shareholders undertakes and covenants with the Company that he/she will not, and will procure that none of his/her associates shall directly or indirectly, either on his/her own account or in conjunction with or on behalf of any person, firm or company, among other things, carry on, participate or be interested or engaged in or acquire or hold (in each case whether as a shareholder, director, partner, agent, employee, or otherwise, and whether for profit, reward or otherwise) any right or interest in or render any services to or otherwise be involved in any business directly or indirectly in competition with, or likely to be in competition with, the image-printing business and the medical imaging business carried out by the Group in the PRC.

The Company has received the confirmation from each of the Controlling Shareholders in respect of their compliance with the terms of non-competition undertaking for the Year.

The Board comprising all independent non-executive Directors had reviewed and confirmed that the Controlling Shareholders have complied with the non-competition undertaking and the non-competition undertaking has been enforced by the Company in accordance with its terms during the Year.

COMPANY SECRETARY

The Company has appointed Mr. Ngai Tsz Hin Michael ("**Mr. Ngai**"), an external service provider, as its company secretary. Mr. Qiao Jinrong, an executive Director and chief financial officer, is the primary contact person to Mr. Ngai in respect of any compliance and company secretarial matters of the Company since 15 October 2024 when Ms. Wang Hong, former executive Director and chief financial officer, who resigned on that day.

The company secretary plays an important role in supporting the Board by ensuring good information flow within the Board and the Board Committees, and ensure that the Board policies and procedures are followed by business units, various departments and employees of the Group. They are also responsible for ensuring that the relevant rules and regulations issued by the regulatory authorities as well as the Company's Memorandum of Association and Cayman Islands law are complied with.

The biographical details of Mr. Ngai are set out under the section headed "Biographical Details of Directors and Senior Management" of this annual report. During the Year, Mr. Ngai, undertook over 15 hours' professional training to update his skill and knowledge in compliance with the CG Code.

CHANGES IN CONSTITUTIONAL DOCUMENTS

During the Year, there has been no changes in the constitutional documents of the Company.

SHAREHOLDERS' RIGHTS

The Way by Which Shareholders Can Convene Extraordinary General Meeting ("EGM")/Put Forward Proposal

According 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 Secretary of the Company, to require an EGM 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. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Article 85 of the Articles of Association provides that no person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a written notice signed by a shareholder (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and a written notice signed by the person to be proposed of his willingness to be elected have been lodged at the head office or at the Hong Kong Share Registrar provided that such written notice must be lodged with the Company at least fourteen (14) days prior to the date of the general meeting of election but no earlier than the day after despatch of the notice of the general meeting appointed for such election.

Accordingly, if a shareholder of the Company wishes to propose a person other than a Director for election as a Director at the Company's general meeting ("**Proposal**"), he/she should lodge a written notice setting out the Proposal and his/her contact details to the head office and principal place of business of the Company or Hong Kong Share Registrar.

The relevant procedures are set out in the circular to the shareholders which is sent together with this annual report and the Company's website at http://www.yestarcorp.com.

The Procedures for Sending Enquiries to the Board

Shareholders may send their enquiries and concerns in writing to the Board/company secretary by addressing them to the Company at our principal place of business in Hong Kong or by email through the Company's website at http://www.yestarcorp.com.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company endeavors to maintain effective communications with the shareholders and potential investors of the Company.

Save as mentioned under the sub-heading "The Procedures for Sending Enquiries to the Board" above, in order to provide more relevant information to our shareholders, the Company has published all corporate information about the Group on its website at http://www.yestarcorp.com. It is a channel of the Company to communicate with the shareholders and potential investors with our latest corporate development. All our corporate communications, such as statutory announcement, circular, financial reports are available on the website for easy access by the shareholders and potential investors. In addition, the Company meets its shareholders at the annual general meeting so as to promote the development of the Company through mutual and efficient communications.

In addition, the Group gives high priority to, and actively promotes, investor relations and constructive dialogue with the investment community throughout the Year. The Group responds to requests for information and queries from the investment community including shareholders, analysts and the media through regular briefing meetings, conference calls and presentations.

The Company promotes two-way communication with shareholders so as to enable them to engage actively with the Company and exercise their rights as shareholders in an informed matter. Through the Company's website, there are contact details including email, contact numbers and address available to investors for direct communication with the Company and/or Company's investor relations service provider.

The forthcoming annual general meeting of the Company is scheduled to be held on 30 May 2025 (Friday). At the annual general meeting, the chairman of the Board as well as chairmen of the nomination committee, remuneration committee and audit committee or, in their absence, other members of the respective committees shall attend to answer questions from shareholders at the annual general meeting. The representatives of the external auditors shall also present and available to answer questions at the meeting.

Shareholders are encouraged to participate at general meetings of the Company physically, through electronic means, or by proxy if they are unable to attend in person. Pursuant to the Articles of Association of the Company, any shareholders holding not less than one-tenth of the paid up share capital of the Company carrying the right of voting at general meetings of the Company, have rights to call for general meetings and to put forward agenda items for consideration by shareholders.

All substantive resolutions at general meetings are decided on a poll which is scrutinised by the Hong Kong Share Registrar of the Company. The chairman of general meeting will provide detailed procedures for conducting a poll and answer any questions from shareholders on voting by poll.

The results of the poll are published on the websites of the Company and the Stock Exchange. In addition, regular updated financial, business and other information on the Group are made available to the shareholders and investors on the website of the Company.

The notice of annual general meeting and the necessary information on issues to be considered in the annual general meeting will be set out in the circular to be dispatched to the shareholders of the Company in due course.

In short, the Group is committed to enhancing long-term shareholder value through regular communication with its shareholders, both individual and institutional. To this end, the Group strives to ensure that all shareholders have ready and timely access to all publicly available information of the Group. The shareholders communication policy sets out the framework the Company has put in place to promote effective communication with shareholders so as to enable them to engage actively with the Company and exercise their rights as shareholders in an informed manner.

The Group values feedback from shareholders on its efforts to promote transparency and foster investor relationship. Comments and suggestions to the Board or the Company are welcome and can be addressed to the Board of the Company at our principal place of business in Hong Kong or by email through the Company's website at http://www.yestarcorp.com. The Board receives updates from the Company's investor relations service provider from time to time on key issues raised by shareholders and investors. In developing and formulating business strategy of the Company, the Board considers such key issues raised and takes shareholder feedback into account and conclude that the current communication policy with shareholders and investors are effective for the Year.

28 March 2025

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

PURPOSE AND OBJECTIVE

Yestar Healthcare Holdings Company Limited ("**Yestar**" or the "**Company**", and together with its subsidiaries, collectively referred to as the "**Group**" or "**We**") is delighted to present our ninth Environmental, Social, and Governance ("**ESG**") Report (the "**Report**"). This Report aims to provide stakeholders with a comprehensive understanding of the Group's strategic approach, efforts, and achievements in managing ESG-related priorities. By transparently sharing our sustainability performance and highlighting material ESG topics, we aim to cultivate stakeholders' confidence in our commitment to sustainable development.

REPORTING SCOPE AND PERIOD

This Report covers the primary operations of the Group where we maintain operational control. These include (i) Shanghai Yestar Healthcare Technology Co., Ltd., (ii) Yestar (Guangxi) Technology Co., Ltd., (iii) Yestar (Guangxi) Medical System Co., Ltd., (iv) Yestar (Guangxi) Imaging Technology Co., Ltd., and (v) Yestar Biotech (Jiangsu) Company Limited, collectively contributing approximately 70% of the Group's overall revenue for the period spanning 1 January 2024 to 31 December 2024 (hereafter referred to as the "**Reporting Period**" or "**FY2024**").

The scope of this Report has been determined based on the relevance of business entities to the Group's core activities and the potential environmental and social impacts arising from their operations.

REPORTING STANDARDS

This Report has been prepared in alignment with the Environmental, Social, and Governance Reporting Code (the "**ESG Code**") as stipulated in Appendix C2 to the Rules Governing the Listing of Securities (the "**Listing Rules**") issued by The Stock Exchange of Hong Kong Limited ("**HKEX**").

REPORTING PRINCIPLES

The Report adheres to the four essential principles outlined in the ESG Code, as summarized below:

Reporting Principle	Description	Our Application
Materiality	The Report should cover ESG issues that are sufficiently important to investors and other stakeholders.	Material issues are identified and prioritized through a stakeholder engagement process and a materiality assessment. More details can be found in the "Stakeholder Engagement" and "Materiality Assessment" sections.
Quantitative	The Report should disclose key performance indicators ("**KPI**") that are measurable. Targets should be set to reduce a particular impact. Quantitative information should be accompanied by a narrative, explaining its purpose, impacts and given comparative data where appropriate.	Quantitative KPIs are disclosed, often with comparative data and relevant context, to track the Group's ESG performance.

Reporting Principle	Description	Our Application
Balance	The Report should provide an unbiased picture of the Group's performance, and should avoid selections, omissions, or presentation formats that may inappropriately influence a decision or judgement by the report reader.	Both achievements and areas for improvement are clearly outlined to provide a fair and objective view of ESG performance.
Consistency	The methodologies used to calculate the KPIs in this Report should be consistent with those used in the previous year, to allow for meaningful comparisons of ESG data over time.	Unless stated otherwise, the methodologies used in this Report are consistent with those of prior years, enabling meaningful year-on-year comparisons.

ACCESS TO THE REPORT

The Report is available in both English and Chinese and can be accessed via the Group's official website and the HKEX website. In case of any discrepancies, the English version shall prevail.

YOUR FEEDBACK

We value the insights and feedback of our stakeholders. Your input is crucial to enhancing our ESG initiatives and reporting. Please share your comments or suggestions with us via email at michelleshi@dlkadvisory.com.

OUR APPROACH TO SUSTAINABILITY

Guided by our vision "To make a better future", Yestar embeds sustainability principles into every facet of our operations. We are steadfast in our mission to generate long-term value for society and our stakeholders by aligning our business strategies with environmental stewardship, social responsibility, and sound governance practices.

SUSTAINABILITY GOVERNANCE AND BOARD'S OVERSIGHT

Governance Framework

The Board of Directors (the "**Board**") serves as the Group's highest decision-making body for ESG matters, holding ultimate accountability for the development and execution of our sustainability strategies. The Board oversees the integration of ESG considerations into the Group's long-term growth and operational frameworks.

Key responsibilities delegated to senior management include:

- Formulating, refining, and assessing the Group's sustainability strategies, priorities, objectives, and targets.
- Identifying, analyzing, prioritizing, and managing key ESG-related risks and opportunities, including climate risks and supply chain ESG vulnerabilities.
- Delivering ESG-focused training to stay updated on emerging trends, regulatory developments, and risk management practices, thereby strengthening the ESG risk management framework.

- Reviewing and developing ESG policies and practices to ensure adherence to legal and regulatory requirements.
- Overseeing and evaluating ESG performance and progress in relation to established targets and objectives.
- Enhancing and monitoring stakeholder engagement channels to facilitate effective communication with key stakeholders.
- Compiling and submitting an annual ESG report on activities for the Board's review and approval

ESG-RELATED RISK MANAGEMENT

ESG risk management is considered a vital component of robust corporate governance aimed at achieving long-term business resilience. Consequently, significant ESG-related risks are consistently identified, assessed, prioritized, and managed by our senior management team. Appropriate control measures are developed and executed at relevant operational levels to address these risks. Senior management periodically submits an ESG risk assessment report to the Board, which holds ultimate accountability for overseeing the Group's risk management efforts. The Board routinely reviews the effectiveness of these control measures and offers recommendations for improvement as needed.

Efficient management of ESG risks is essential to our corporate governance structure and long-term sustainability. Senior management regularly reviews ESG-related risks and formulates mitigation strategies specific to each business unit. The Board periodically assesses the effectiveness of these measures to ensure they remain effective.

For more details on our corporate governance practices, refer to the "Corporate Governance Report" section of the Annual Report.

1. Identification	By referring to the latest market and industry trends, we identified relevant ESG-related risks in the industry and ESG trends, including climate-related risks and ESG risks along the supply chain.
2. Evaluation	The potential impacts and likelihood of the identified key ESG-related risks were evaluated.
3. Prioritization	Key ESG risks were prioritized by considering their risk level scores in terms of potential impact and likelihood.
4. Mitigation	To manage the identified ESG risks and minimize their impact on our business, we established corresponding risk mitigation measures and internal controls, tasking the relevant business departments with the implementation of such measures.
5. Reporting	The results of the ESG risk assessment, along with any other relevant issues, were reported to the Board by senior management for discussion and review.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG MANAGEMENT APPROACH AND STRATEGY

Yestar Holdings recognizes the intrinsic link between the well-being of individuals, the ecosystem, and its operational activities. Consequently, the Group's sustainability framework is meticulously crafted by aligning with the corporate strategy and conducting a thorough materiality analysis, with the objective of weaving sustainability principles into the fabric of the organization.

The themes explored in this comprehensive report have been meticulously curated, encompassing key concerns that hold the utmost significance for both the Group and its diverse stakeholders. These focal points can be clustered under the umbrella of six vital strategic pillars:

Product Responsibility
- Quality Assurance
- Supply Chain Management
- Client Services

Environment and Climate Change
- Air Emissions
- Greenhouse Gas Emissions and Energy Consumption
- Packaging Materials and Waste Management
- Natural Resources
- Climate Change

Talent Development
- Development and Training
- Employee Welfare
- Recruitment and Performance Review
- Labour Standards

Health and Safety
- Safety Production
- Safety Training

Integrity
- Anti-corruption
- Intellectual Property Rights
- Data Protection

Community Investment
- Charity Donation
- Volunteer Activities

STAKEHOLDER ENGAGEMENT

Yestar Holdings upholds a steadfast dedication to fostering robust relationships with all stakeholders while striving to cultivate enduring value for each of them. Diversified communication avenues have been instituted to facilitate seamless engagement with our primary stakeholders, encompassing investors and shareholders, customers, employees, suppliers, government authorities and regulators, along with communities. By attentively discerning the anticipations and requisites of our stakeholders, we fortify our sustainability blueprints and initiatives, thereby advancing towards operational excellence.

Stakeholder Groups	Communication Channels
Investors and Shareholders	• Company website • Company announcements • Annual general meeting • Annual and interim reports
Customers	• Company website • Customer direct communication • Customer feedback and complaints
Employees	• Training and orientation • Emails and opinion box • Regular meetings • Employee performance evaluations • Employee activities
Suppliers	• Selection assessment • Procurement process • Performance assessment • Regular communication with business partners (e.g., emails, meetings, on-site visits etc.)
Government Authorities and Regulators	• Documented information submission • Compliance inspections and checks
Communities	• Company website • Community activities

MATERIALITY ASSESSMENT

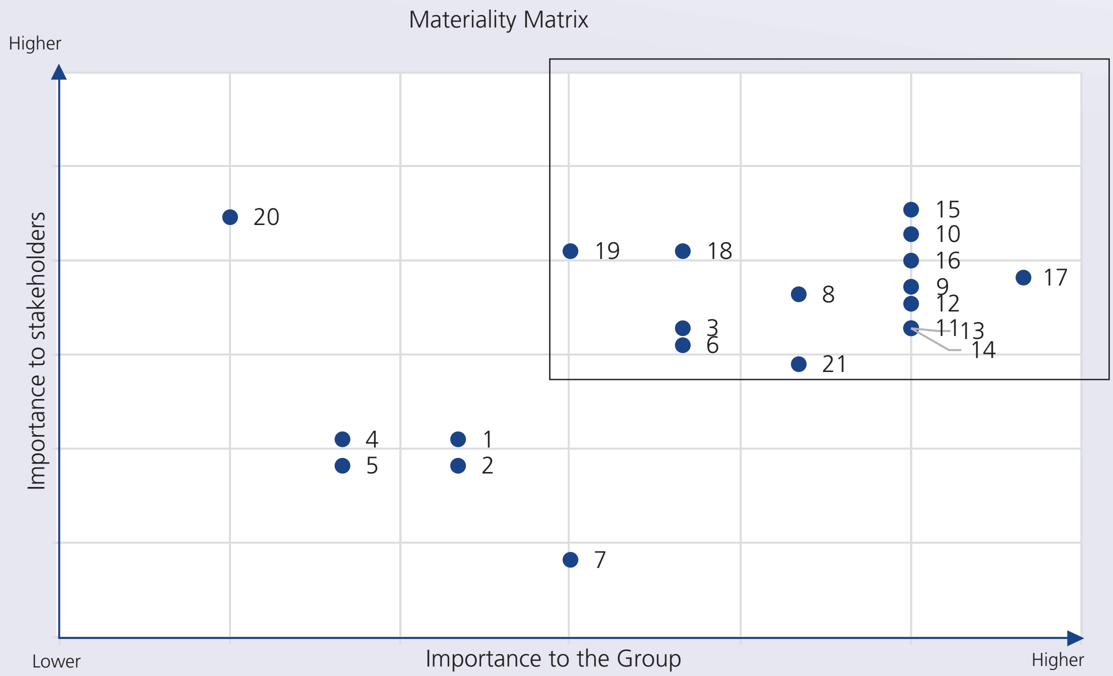
The process of materiality assessment serves as a robust mechanism for gauging stakeholder expectations and pinpointing industry-specific sustainability concerns, enabling the Group to strategically allocate resources and develop tailored approaches to effectively tackle these challenges.

Throughout the Reporting Period, a meticulous materiality assessment was conducted in collaboration with independent consultant, aimed at discerning the paramount ESG matters pertinent to our operations and stakeholders. The outcomes of this assessment, alongside pertinent ESG themes, undergo routine scrutiny by the Board on an annual basis.

Our materiality assessment followed below steps:

Step 1: Identification	Step 2: Prioritisation	Step 3: Validation
Identified a total of 21 relevant ESG topics based on the HKEX ESG Reporting Code, industry trends and stakeholder feedback.	Invited our major internal and external stakeholders to participate in an online questionnaire and rate the 21 relevant ESG topics based on the degree of materiality. A materiality matrix was developed to illustrate the rating based on the importance to the Group and our stakeholders.	Consolidated and presented the prioritised list of material ESG topics and submitted them to the Board for discussion and confirmation.

The significance of the 21 ESG factors to our organization and stakeholders is illustrated in the following materiality matrix. Utilizing insights gathered from an online survey, we identified 15 ESG topics as the most pertinent during the Reporting Period, categorized as top material issues. Detailed discussions regarding these nine critical ESG topics are presented in the following sections of this Report.



Material issues		
1. Air emissions	8. Equal opportunity	15. Product quality
2. Greenhouse gas emissions	9. Employee benefits	16. Product safety
3. Waste management	10. Occupational health and safety	17. Customer services
4. Energy consumption	11. Staff development and training	18. Intellectual property right protection
5. Water consumption	12. Labour practices	19. Customer data privacy and security
6. Environmental risk management	13. Supplier selection and evaluation process	20. Anti-corruption
7. Climate change	14. Environmental risk management along supply chain	21. Community involvement

Award and Recognition

The Group bestowed a number of sustainability awards in 2024 with our robust sustainability strategy and initiatives.

Organisation	Accolade
Guangxi Department of Science and Technology, Department of Finance, Taxation Bureau	High-tech enterprises
Ministry of Industry and Information Technology of the People's Republic of China	National Green Factory National Specialized and Innovative "Little Giant"
Department of Industry and Information Technology of the Autonomous Region	Guangxi Industrial Leading Enterprise Newly Recognized Enterprise Technology Centres in Guangxi Zhuang Autonomous Region Guangxi Industrial Enterprise Quality Management Benchmark
Guangxi High-tech Enterprise Association	Top 100 High-tech Enterprises in Guangxi Top 100 Manufacturing Enterprises in Guangxi
Autonomous Region Market Supervision Bureau	Guangxi Quality Improvement Demonstration Enterprise

PRODUCT RESPONSIBILITY

Product quality is considered essential to our operations. Trust from our clients is founded on the reliability, safety, and effectiveness of our offerings. The Group is dedicated to delivering products that meet the highest standards of quality and safety.

We have established comprehensive quality management systems, along with robust supply chain oversight and customer relationship practices. Our quality management framework clearly delineates the roles, responsibilities, and authority of personnel involved in ensuring product excellence, providing explicit guidance for consistently delivering superior products. We focus not only on the manufacturing process but also on critical areas such as equipment calibration, research and development, and supply chain oversight. Every component, whether a semi-finished or completed product, is subjected to stringent quality inspection protocols.

Additionally, the Group offers after-sales support services to our clients, ensuring the well-being of our end-users is prioritized and safeguarded.

Quality Assurance

The Group manages chemical and medical consumable products, addressing evolving regulatory requirements. Through collaboration across departments, we aim to deliver high-quality products and build customer confidence. Our Quality Management System is central to our strategy for continuous improvement, ensuring compliance with strict quality standards.

This system is audited regularly by independent certification bodies to verify adherence to ISO 9001:2015[7], ISO 13485:2016[8], ISO 14971:2007[9], and relevant EU Directives. Our facilities, including Yestar (Guangxi) Technology Co., Ltd. and Yestar (Guangxi) Medical System Co., Ltd., operate under these standards. Notably, Yestar (Guangxi) Medical System Co., Ltd. is certified under ISO 13485:2016 and ISO 14971:2007.

Additionally, it has received Annex V certification for Dental X-ray Film per Directive 93/42/EEC[10] and a valid EC type examination certificate under Annex III, which ensures all production meets regulatory standards.

We set quality objectives and implement equipment calibration procedures to monitor performance quantitatively, with targets of 100% passing rates for Yestar (Guangxi) Technology Co., Ltd. and over 99% for Yestar (Guangxi) Medical System Co., Ltd. A Management Practice for Measuring Instruments is in place to ensure accurate operation. During the Reporting Period, there were no product recalls.

Client Services

Yestar Holdings Limited prioritizes customer service quality, addressing complaints promptly and effectively through standardized procedures. The Quality Assurance Department investigates feedback to identify recurring issues, working with relevant departments to implement corrective and preventive measures, which are documented for future reference. During the Reporting Period, the Group received 24 valid complaints, mainly related to minor product defects.

The Group values customer relationships, offering complimentary warranty maintenance and support through multiple channels, including a hotline and dedicated email. Biannual customer satisfaction surveys assess product quality, delivery times, and service effectiveness, with results analyzed to drive continuous improvement. Annual quality targets and regular feedback collection further enhance after-sales management practices, ensuring high service standards and responsiveness to client needs.

7 ISO 9001, published by International Organisation for Standardisation (ISO), specifies the criteria for a quality management system.

8 ISO 13485, published by International Organisation for Standardisation (ISO), specifies requirements for a quality management system where an organisation needs to demonstrate its ability to provide medical devices and related services that consistently meet clients' requirements and regulatory requirements applicable to medical devices.

9 ISO 14971, published by International Organisation for Standardisation (ISO), specifies a process for a manufacturer to identify the hazards associated with medical devices, including in vitro diagnostic (IVD) medical devices, to estimate and evaluate the associated risks, to control these risks, and to monitor the effectiveness of the controls.

10 Directive 93/42/EEC of the European Union details the essential requirements that manufacturers shall meet to apply the CE mark and legally market or sell their devices in the EU.

ENVIRONMENT AND CLIMATE CHANGE

The interconnectedness between our ecosystem and human well-being is a fundamental understanding embraced by the Group. In the face of escalating demands on natural reservoirs and the repercussions of climate perturbations, it is imperative for the Group to bolster the resilience of our operations, unearth avenues for environmental amelioration across our value chain, and instil a culture of environmental custodianship. Noteworthy during the Reporting Period, Yestar (Guangxi) Imaging Technology Co., Ltd achieved the prestigious recognition as a national green factory.

In adherence to regulatory mandates, the Group diligently scrutinizes pertinent statutes such as the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on Environmental Impact Assessment, and the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, while also embracing an understanding of technical benchmarks like the Integrated Emission Standard of Air Pollutants (GB16297–1996). The Group formulates an Environmental Risk Management Plan, integrating the tenets delineated in ISO 31010:2009[11]. Moreover, cognizant of the escalating apprehensions surrounding climate shifts and associated risks, the Group is actively devising methodologies to identify salient climate-related concerns.

Air Emission

Evaluating fuel consumption is essential for estimating air emissions, which primarily consist of particulate matter (PM), nitrogen oxides (NOx), and sulphur oxides (SOx). Significant initiatives are underway to reduce these emissions, including the gradual transition from diesel to electric forklifts.

Additional measures to enhance air quality and reduce contamination include:

- Monitoring the use of air conditioning in production workshops and warehouses.
- Implementing automatic doors to help maintain temperature control within regulated areas.
- Utilizing air showers for personnel and materials to minimize dust entry into the production area.
- Establishing a personnel management system for cleanroom operations to reduce contamination from staff.

Greenhouse Gas Emissions and Energy Consumption

Energy use is primarily driven by the production of medical imaging films. The manufacturing process requires maintaining an environment with precise temperature, humidity, and air quality standards, which leads to significant energy demands. This elevated energy requirement not only increases overall consumption but also contributes to higher greenhouse gas (GHG) emissions.

In alignment with its commitment to operational sustainability, the Group has implemented measures to optimize energy performance across its production and operational units without compromising equipment efficiency. To further improve energy efficiency and reduce both operational costs and production-related expenses, the Group transitioned to LED lighting systems. During the Reporting Year, additional energy-saving initiatives were introduced, including the installation of automated door closers and tighter environmental controls for temperature and humidity. These enhancements collectively resulted in an estimated 10% reduction in electricity consumption.

[11] ISO 31010, published by International Organisation for Standardisation (ISO), provides guidance on selection and application of systematic techniques for risk assessment.

Packaging Materials and Waste Management

The issue of waste has become an increasingly prominent environmental challenge, drawing significant global attention. Within the Group's operations, waste is broadly categorized into non-hazardous waste and hazardous waste:

- Non-Hazardous Waste: Comprising materials like cardboard, plastic, foam, film, and other packaging components.

- Hazardous Waste: Generated primarily from the use of chemical solvents in production processes, including photographic developers and fixers.

The Group places a strong emphasis on minimizing the environmental impact of its waste across all operations. A series of measures have been implemented to improve waste management while ensuring product quality and operational efficiency. The following highlights the Group's key waste management strategies during the Reporting Year:

Action	Details
Optimizing carton box size	Reduced weight, volume, and space required for packaging.
Reducing tape width	Narrower carton sealing tape introduced for packaging.
Using recyclable materials	Transitioned to recyclable materials for packaging components.
Enhancing design	Adjusted packaging designs to ensure product safety while minimizing material usage.

The Group takes hazardous waste management seriously and strictly complies with the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes. Hazardous waste, such as photographic paper, film, and fixer liquids, is handled by licensed third-party providers to ensure proper disposal. Clear protocols are in place for managing chemical solvents, particularly photographic developer solutions, which are classified as hazardous. Employees undergo mandatory chemical management training and follow strict guidelines for handling and disposal.

Hazardous waste is stored in corrosion-resistant containers within secure facilities to prevent leaks and environmental exposure, ensuring compliance with safety and environmental regulations. The Group also prioritizes waste reduction and recycling, aligning with circular economy principles. Efforts include optimizing material use in manufacturing, redesigning packaging to minimize waste, and increasing the use of recyclable materials.

Additionally, the Group promotes sustainability in office operations by adopting paperless practices, implementing digital communication systems, and encouraging employees to reduce paper usage, fostering a more sustainable workplace.

Natural Resources

The Group adopts a holistic approach to environmental sustainability, addressing emissions, resource use, noise management, renewable energy adoption, and employee environmental awareness. Regular evaluations are conducted to identify and mitigate potential environmental impacts, reflecting the Group's commitment to sustainable development. Environmental impact assessments and lifecycle evaluations are performed in line with protocols such as PTD-P-GY-007 Risk Management Control Procedure, Initial Product Hazard Analysis, and Product Safety Characteristic Checklist.

To ensure compliance, noise assessments are conducted at facilities like Yestar (Guangxi) Technology Co., Ltd. and Yestar (Guangxi) Medical System Co., Ltd., adhering to the GB 12348:2008 Standard. Independent, certified environmental laboratories confirmed that noise levels meet required standards. The Group also promotes renewable energy, implementing wind and solar systems at facilities such as Yestar (Guangxi) Imaging Technology Co., Ltd., reducing its carbon footprint and reliance on traditional energy sources.

Employee engagement is central to sustainability efforts. Environmental awareness campaigns at Yestar (Guangxi) Technology Co., Ltd. and Yestar (Guangxi) Medical System Co., Ltd. use visual aids like posters to educate employees on unsustainable practices, such as the environmental impact of non-biodegradable materials and excessive water consumption. The Group has also expanded green spaces to nearly 10,000 square meters, enhancing the workplace environment.

Sustainable water management is a priority, with strict compliance to regulations like Law on the Water Resources of the People's Republic of China and Law on the Prevention and Control of Water Pollution. The Group ensures reliable water supply for operations and has implemented rainwater recycling systems for irrigation, conserving water resources and supporting broader environmental goals.

In addition to addressing emissions and resource use, the Group takes a holistic approach to environmental sustainability by considering other critical aspects, such as noise management, renewable energy adoption, and fostering environmental awareness among employees. Regular evaluations are conducted to identify and mitigate potential environmental impacts, demonstrating the Group's commitment to sustainable development.

Climate Change

The growing significance of climate change has drawn widespread attention due to its far-reaching impacts, such as rising sea levels, extreme weather events, and increased flooding, which pose material risks to businesses. These challenges highlight the urgency for organizations to adopt proactive strategies to mitigate and adapt to climate-related risks.

The Group is committed to managing climate-related risks and leveraging opportunities from the transition to a low-carbon economy. This approach aims to enhance informed decision-making, mitigate operational risks, and implement effective changes to strengthen resilience against climate change.

To achieve these goals, the Group regularly evaluates the effectiveness of its mitigation measures and identifies areas for improvement. This iterative process ensures strategies remain relevant and adaptable to emerging climate challenges, bolstering the Group's ability to respond to uncertainties and safeguarding long-term business sustainability and operational stability.

Climate-related risks	Our Responses
Physical Risks • Disruption of supply chain due to extreme weather events • Acute physical changes, such as increased severity and frequency of extreme weather events, e.g., typhoons, intense precipitation, droughts, flooding, and extreme temperature	• Increasing new shipping routes and adjusted raw material inventory levels to mitigate the impact of extreme weather events on production, while reshaping the inventory plan to address intermittent disruptions in the supply chain • Established an emergency response plan titled GBO-W-GY-008 Emergency Plan (Natural Disasters), focusing on closely monitoring local weather conditions to enhance preparedness for adverse events such as super typhoons and heavy rainstorms • Providing flexible work arrangements with precautionary measures in place to ensure the safety of our employees
Transition Risks • More ambitious climate policies and regulations to support national decarbonization efforts • Transition to a low-carbon economy	• Regularly monitoring the latest government policies, regulatory updates, and market trends • Reviewing and adjusting our climate-related policies • Consider environmental aspects in supplier screening requirements when procuring raw materials

To make our operations more resilient towards climate change, we have established the following green targets:

Our Green Targets		Progress*
Emission	• To reduce our air emissions and greenhouse gas ("**GHG**") emissions by improving energy efficiency and incorporating energy-saving measures	In Progress
Waste	• To minimize our waste generation by applying 4R principles, avoiding unnecessary consumption	Achieved
Energy	• To reduce our energy consumption by implementing energy conservation measures	In Progress
Water	• To improve water efficiency by implementing water conservation measures	Achieved

TALENT DEVELOPMENT

The Group firmly believes that its success and long-term growth are intricately linked to a highly skilled and professional workforce. Employees are regarded as one of the most valuable assets, and as such, the Group is dedicated to attracting and retaining top-tier talent. This is achieved through competitive remuneration packages, comprehensive benefit programs, and adherence to employment policies in strict compliance with the Labour Law of the People's Republic of China and the Labour Contract Law of the People's Republic of China. In addition, employee compensation is regularly reviewed and adjusted to align with prevailing market conditions, ensuring fairness and competitiveness.

To foster a positive and inclusive workplace, the Group is committed to cultivating an environment where employees feel appreciated, respected, and motivated. The Group invests in the professional development of its workforce by providing access to an online learning platform, where employees can acquire new knowledge and skills. Regular assessments are conducted to reinforce learning and enhance their capabilities, enabling them to contribute meaningfully to the Group's continued growth.

Development and Training

The Group is steadfast in its commitment to fostering career growth and professional development for all employees. By cultivating a culture of continuous improvement and a dynamic learning environment, the Group supports employees in building their capabilities, enhancing their strengths, and reaching their full potential. This dedication to development is underpinned by the establishment of an e-learning platform, designed to promote lifelong learning while optimizing the cost efficiency of training programs and enhancing the overall quality of learning experiences.

The e-learning platform offers an extensive range of training modules covering a variety of topics across three key categories: professional knowledge, management skills, and general knowledge. With approximately 3,000 training materials available, employees are empowered to acquire new skills and deepen their expertise. Key training areas include:

- **Professional Knowledge:**

  Occupational Health and Safety Regulations, Recruitment and Selection, Good Manufacturing Practices, Hazardous Waste Handling Practices, CE Certification, Customs Regulations, Efficient Warehouse Management Practices, Accounting, Taxation, and Software Encryption.

- **Management Knowledge:**

  Leadership Skills, Managing an Enterprise with a Financial Mindset, Safety Management Staff Training, KPI Management, Risk Identification, and Strategic Leadership.

- **General Knowledge:**

  Accountability in Safety Production, Communication Skills, Standard Operating Procedure Implementation, Effective Meeting Skills, Career Planning, Service Quality Awareness, and Safety Management.

Training requirements are tailored to employees' job responsibilities, ensuring relevance and effectiveness. To maximize learning outcomes, employees complete assessments before and after online courses, facilitating the effective transfer of knowledge and skills.

During the Reporting Period, the Group implemented an annual training plan, outlining key topics and schedules to align learning initiatives with organizational goals and employee needs. Beyond internal training, the Group offers a tuition reimbursement policy to support employees pursuing external education, fostering personal growth and development.

By providing diverse learning resources, structured training plans, and financial support for external education, the Group cultivates a culture of growth and innovation. These efforts enhance individual capabilities while contributing to the Group's overall success and sustainability.

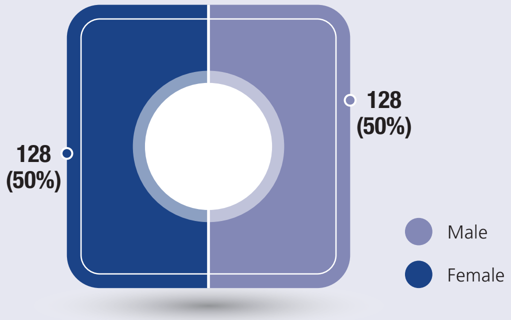
Employee Welfare

The Group is committed to upholding the entitlements of all staff members by providing paid annual leave, marriage leave, maternity leave, and other legally mandated holidays, thereby protecting their fundamental rights. In addition, we offer parental leave, paternity leave, and caregiving leave to support our employees during critical life events.

To enhance the well-being of our workforce, the Group provides a range of benefits, including free meals, communication allowances, birthday gifts, holiday bonuses, marriage and childbirth gifts, and support during illness. Additionally, we organize regular team-building activities.

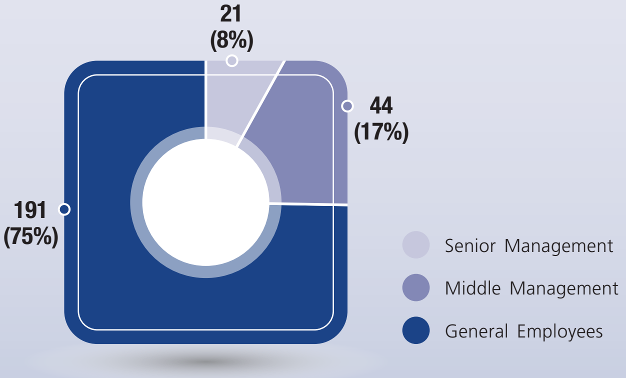
We also offer comprehensive medical and dental coverage, holiday bonuses, complimentary shuttle services, and educational subsidies for employees' children. Our commitment to improving employee welfare and satisfaction drives us to seek innovative initiatives and programs that foster a supportive work environment.

NUMBER OF EMPLOYEES BY GENDER

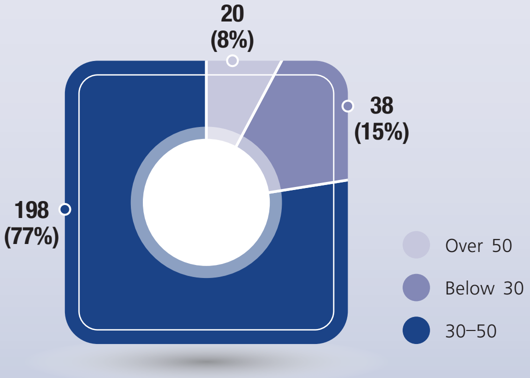


The Group's workforce is composed of individuals from various generational backgrounds. The unique perspectives and innovative ideas that each generation brings can significantly enhance value for stakeholders and contribute to the Group's overall success. We analyze this diversity to inform our employment and development strategies, ensuring that we leverage the strengths of our multi-generational team effectively.

NUMBER OF EMPLOYEES BY EMPLOYEE CATEGORY



NUMBER OF EMPLOYEES BY AGE GROUP



Recruitment and Performance Review

The Group is committed to providing competitive compensation packages that include a base salary, performance-driven incentives, allowances, statutory insurance benefits, discretionary bonuses, and a central pension scheme. This comprehensive remuneration framework is designed to attract and retain talent that contributes long-term value and supports the Group's financial growth. Performance-based compensation is structured to reward employees for their contributions to both short-term and long-term strategic objectives, assessed through an annual performance review process. Each employee participates in at least one performance review cycle annually, which facilitates goal setting and career development.

Labour Standards

The Group is acutely aware that child and forced labour infringe upon fundamental human rights and undermine sustainable economic and social progress. We maintain a strict prohibition against such practices and conduct thorough age verification for all applicants during the hiring process. Throughout the Reporting Period, no violations of the Labour Law of the People's Republic of China or any associated regulations were reported, and there were no instances of child or forced labour.

HEALTH AND SAFETY

Operational safety is fundamental to achieving optimal business performance. As a manufacturing entity, the Group is committed to maintaining a safe and injury-free workplace. The improper handling of machinery and equipment can lead to significant risks and accidents. To uphold these standards, Yestar (Guangxi) Imaging Technology has attained ISO 45001:2018 certification, ensuring that our occupational health and safety management system is robust and effectively implemented.

Safety Production

The Group complies with all occupational health and safety regulations, including the Administrative Measures for the Diagnosis and Identification of Occupational Diseases, Measures for Declaring Projects with Occupational Hazards, and Production Safety Law of the People's Republic of China. A robust occupational health and safety framework has been established to protect employees and promote a safety-focused workplace culture.

A Contingency Plan for Environmental Emergencies has been developed, outlining incident management protocols such as responsibility allocation, reporting procedures, emergency response, and post-incident analysis. A safety manual has been created to raise employee awareness and reduce injury risks, detailing rules for restricted access to hazardous areas, housekeeping standards, exposure limits, and emergency procedures. Employees in high-risk areas, such as darkrooms, must meet specific experience requirements and undergo regular assessments to ensure compliance.

In line with Production Safety Law of the People's Republic of China, the Group is committed to advancing safety practices and has set targets to further improve safety performance.

DESCRIPTION	TARGET
Work-Related Fatality	0
Severe Incident	0
Minor Injury Incident	<= 3
Fire Accident	0

Additionally, Guangxi Yestar launched a Month of Safety Production to promote safety practices and enhance employee awareness. The initiative includes activities such as equipment inspections, safety training audits, skill competitions, and informative seminars.

An emergency response task force has been established to manage incident scenes and coordinate with government departments, including environmental protection, safety oversight, and firefighting agencies. Regular monitoring of health and safety risks ensures a proactive approach to maintaining a safe workplace.

	2024	2023	2022
Number of Work-related Fatalities	0	0	0

Safety Training

To foster a healthy and secure workplace, the Group has implemented a Safety Education and Training Program, providing tailored safety training for employees at all levels and roles. Numerous initiatives have been introduced to strengthen safety in operations and production processes. Additionally, the Group actively monitors and enforces occupational health and safety measures through comprehensive hazard identification and control management, further enhancing the effectiveness of its risk management strategies.

BUSINESS ETHICS AND INTEGRITY

Establishing trust with stakeholders and maintaining transparent operations is crucial for the Group's growth. We have integrated anti-corruption measures, intellectual property rights, and privacy protections into our corporate policies, reflecting our commitment to integrity. All Group employees are expected to uphold high ethical standards and conduct business with honesty.

Anti-Corruption

The Group is dedicated to maintaining a high standard of business integrity across all operations. Our anti-corruption framework is fundamental to our sustainable development. We strictly comply with all relevant anti-corruption laws, including the Anti-Unfair Competition Law of the People's Republic of China, the Criminal Law of the People's Republic of China, and the Hong Kong Prevention of Bribery Ordinance (Chapter 201).

The Group is committed to upholding the highest standards of business integrity, with a robust anti-corruption framework central to its sustainable development. It strictly adheres to relevant laws, Anti-Unfair Competition Law of the People's Republic of China, the Criminal Law of the People's Republic of China, and the Hong Kong Prevention of Bribery Ordinance (Chapter 201).

Preventing corruption, fraud, malpractice, and other illegal activities is a top priority. Employees must follow the Code of Conduct, which prohibits offering advantages to influence business dealings, misusing client information, or engaging in unauthorized commissions or discounts. The Human Resources Department investigates suspected corrupt practices, reporting findings to management for decisive action. Any policy deviations require formal approval from senior leadership.

Entertainment for government officers, community groups, or key customers is permitted but must comply with legal standards. The employee handbook emphasizes compliance with the Code of Conduct, prohibiting extortion or abuse of power. Investigation outcomes are shared internally to ensure transparency.

Employees must follow local laws when engaging with customers. Guidelines for gifts and entertainment require prior approval and proper documentation. Procurement Department employees sign anti-corruption declarations, and all staff undergo anti-corruption training covering awareness, risk identification, and management.

Thanks to these measures, no legal cases related to corruption occurred during the Reporting Period.

Intellectual Property Rights

The Group is committed to respecting and adhering to regulations regarding intellectual property protection. To safeguard the Group's trademarks and prevent unauthorized use, we have implemented a trademark application procedure. Once an application receives approval from the Marketing Manager, General Manager, and the Legal Department, it is submitted to the Chinese Trademark Office to secure exclusive rights to that trademark in China. As part of our ongoing efforts, we have successfully obtained 3 newly registered patents, amounting to a total of 156 patents.

Data Protection

Employees and all stakeholders engaging with the Group trust that we will protect personal information in compliance with legal requirements and our internal policies. Our data management framework classifies documents into three main categories: strictly confidential, confidential, and private. Access rights for each document type are clearly defined.

All employees are required to sign a non-disclosure agreement to maintain confidentiality regarding sensitive information related to customers and suppliers.

To enhance data security, we have implemented standardized data backup and system restoration procedures, along with regular testing to ensure effectiveness.

Supply Chain Management

The Group is committed to sustainable practices in supplier management and procurement, focusing on several key initiatives:

- **Local Development:** We have begun localizing the development of packaging materials, including civilian film canisters and cores.
- **Supplier Certification:** 95% of our suppliers hold environmental certifications, with 20 demonstrating corporate social responsibility and 4 having received relevant social responsibility certifications.
- **Local Sourcing:** We prioritize procurement from local suppliers to reduce carbon emissions during transportation. In the current fiscal year, 50% of our suppliers are local.
- **Supplier Procurement Process:** Our procurement process includes supplier selection, sample testing, on-site evaluations, and monthly or annual reviews. Suppliers scoring over 60 are listed as qualified. We conducted annual evaluations for 23 existing suppliers this fiscal year.
- **Quality Assurance:** Upon purchasing raw materials, we perform sampling inspections according to established standards.

The Group fosters positive relationships with suppliers to promote sustainable industrial and societal development while fulfilling client expectations. We engage with 74 suppliers in Mainland China through long-term agreements and ongoing communication.

An internal audit team evaluates suppliers on quality and technical expertise, tracking performance monthly and conducting annual evaluations. Non-compliant suppliers are allowed three months for corrective action before re-evaluation.

Our standardized procurement procedures enhance effectiveness, with purchasing engineers ensuring suppliers meet the qualification criteria. We prioritize environmentally preferable products and maintain a comprehensive supplier management program to encourage continuous improvement in environmental and social initiatives.

COMMUNITY INVESTMENT

With the vision of "creating a better life," the Group is dedicated to generating social and economic benefits while driving positive change within the communities we serve. We actively promote community activities in areas such as healthcare, education, recreation, and cultural initiatives, making long-term contributions to address major sustainability challenges.

As a provider of medical consumables, the Group leverages its business knowledge, practical skills, and employee resources to share expertise and foster vibrant living environments. Each year, we develop a comprehensive annual plan for community activities, focusing on collaboration for mutual benefit and striving for win-win outcomes. Our initiatives emphasize poverty alleviation and environmental protection as key priorities. During the Year, we organised our employees to participate in blood donation.

PERFORMANCE SUMMARY TABLE

Social	2024	2023
Employee Overview[12]		
Total number of employees	256	417
By gender		
Female	128	178
Male	128	239
By employment category		
Senior Management	21	25
Middle Management	44	64
General Employees	191	328
By age group		
Below 30	38	79
30 to 50	198	312
Over 50	20	26
By employment type		
Full-time	251	416
Part-time	5	1
By geographical region		
Mainland China	256	417
Employee turnover rate	25.39%	28.30%
By gender		
Female	18.75%	25.84%
Male	32.03%	30.13%
By age group		
Below 30	36.84%	49.37%
30 to 50	21.72%	0%
Over 50	40.00%	34.62%
Development and Training		
Average training hours per employee	5.96	8.98
By gender		
Female	5.45	11.89
Male	6.47	6.82
By employment category		
Senior Management	6.45	11.11
Middle Management	4.26	6.80
General Employees	6.30	9.22
Health and Safety		
Number of work-related fatalities	0	0
Number of lost days due to work injury	0	0

[12] The employee overview only covers number of employees in (i) Shanghai Yestar Healthcare Technology Co., Ltd., (ii) Yestar (Guangxi) Technology Co., Ltd., (iii) Yestar (Guangxi) Medical System Co., Ltd., (iv) Yestar (Guangxi) Imaging Technology Co., Ltd., and (v) Yestar Biotech (Jiangsu) Company Limited, aligned with the scope of this Report.

Environmental	Units	2024	2023
Air Emissions[13]			
Particulate Matter (PM)	kg	40.88	10.42
Nitrogen Oxides (NOx)	kg	9,788.49	1,035.17
Sulphur Oxides (SOx)	kg	21.41	2.47
GHG Emissions[14]			
Total (Scope 1 and 2)	tCO2-eq	3,374.73	2,774.42
Scope 1: Direct emissions	tCO2-eq	667.68	332.74
GHG removal from trees (Scope 1)	tCO2-eq	4.49	4.58
Scope 2: Energy indirect emissions	tCO2-eq	2,711.53	2,446.25
Intensity	tCO2-eq/million RMB$ revenue	1.40	1.39
Hazardous Waste			
Total	tonnes	35.05	395.90
Intensity	tonnes/million RMB$ revenue	0.01	0.20
Non-Hazardous Waste			
Total	tonnes	33.80	153.99
Intensity	tonnes/million RMB$ revenue	0.01	0.08
Energy Consumption			
Total	MWh	5,602.66	4,321.33
Intensity	MWh/million RMB$ revenue	2.32	2.17
Purchased electricity	MWh	5,249.21	4,009.59
Diesel oil	MWh	42.77	74.04
Unleaded petrol	MWh	310.68	237.70
Water Consumption			
Total	m^3	31,743.40	34,611.07
Intensity	m^3/million RMB$ revenue	13.17	17.36
Packaging Materials			
Total	tonnes	809.29	2,292.42

13 Air emissions were prepared with reference to "How to prepare an ESG Report — Appendix 2: Reporting Guidance on Environmental KPIs" published by the HKEX.

14 Greenhouse Gas emissions were prepared with reference to "How to prepare an ESG Report — Appendix 2: Reporting Guidance on Environmental KPIs" published by the HKEX.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF YESTAR HEALTHCARE HOLDINGS COMPANY LIMITED
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Yestar Healthcare Holdings Company Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 96 to 179, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of comprehensive 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 its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board 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 Hong Kong Institute of Certified Public Accountants ("**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 judgement, 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.

Impairment assessment of goodwill

(refer to note 16)

As at 31 December 2024, the Group had goodwill in the consolidated financial statements amounted to RMB100,650,000, which was arising from acquisition of Guangzhou Hongen Medical Diagnostic Technologies Co., Ltd. in the prior years. Management performs impairment assessment for goodwill annually or when indicators of potential impairment are identified. The impairment test is based on the recoverable amount of the cash-generating unit ("**CGU**") to which the goodwill is allocated. The recoverable amount of CGU is the higher of its fair value less costs of disposal and its value in use, determined using a cash flow projection based on the approved financial budget covering a five-year period. In estimating the recoverable amount, the management has made a number of key assumptions which included discount rate, the forecast performance in respect of budgeted sales and budgeted results based on management's view of future business prospects. Management considered no impairment on goodwill based on the impairment assessment.

This matter is significant to our audit because the significance of the carrying value goodwill, subjective assumptions used in the impairment assessments and the determination of recoverable amount requires significant judgements and estimation by management for the future results of the related business.

Our response:

— evaluating the competence, capabilities and objectives of the management's specialist;

— understanding the process of how management performs impairment assessment of goodwill;

— involving a valuation specialist to assist us in

  — evaluating the methodologies adopted by management to estimate the recoverable amount;

  — checking the mathematical accuracy of the cash flow projection;

  — assessing the reasonableness of key assumptions in the cash flow forecast against business development and operation data, including future revenues and operating results by comparing the forecast with the historical performance of the CGU and the approved budget; and

  — assessing the reasonableness of the discount rate and growth rate based on our knowledge of the business and industry;

— performing sensitivity analysis on the key input data and assumptions to the impairment assessment, to understand the impact of reasonable alternative assumptions that would have on the estimated recoverable amount.

Impairment assessment of other intangible assets, property, plant and equipment and right-of-use assets

(refer to notes 13(a), 14(a) and 15)

As at 31 December 2024, the carrying values of other intangible assets (including distribution rights and customer relationship), property, plant and equipment and right-of-use assets in the consolidated financial statements amounted to RMB103,446,000, RMB85,926,000 and RMB34,962,000 respectively, which are related to the reporting segments of imaging printing products and medical products and equipment.

Management is required to perform impairment assessments on these assets where indicators of impairment are identified. For the purpose of assessing impairment, these assets were allocated to the respective CGUs, and management has assessed the recoverable amount of these assets based on higher of fair value less costs of disposal and value in use of the CGUs, using a cash flow projection based on an approved financial budget. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

Based on the result of management's assessment, impairment losses on other intangible assets, property, plant and equipment and right-of-use assets of approximately RMB51,470,000, RMB107,422,000 and RMB21,599,000 respectively, were recognised in profit or loss for the year.

This matter is significant to our audit because the significance of the carrying value of other intangible assets, property, plant and equipment and right-of-use assets and the determination of recoverable amounts require significant judgements and estimation by management for the future results of the related businesses.

Our response:

— assessing the appropriateness of the management's identification of CGUs which have indicators of impairment based on our understanding of the Group's business;

— discussing and evaluating management's identification of indicators of impairment;

— involving a valuation specialist to assist us in

  — assessing the valuation methodologies applied in the estimation of recoverable amounts of the CGUs;

  — checking the mathematical accuracy of the cash flow projections; and

  — assessing the appropriateness and reasonableness of key assumptions, inputs and estimates used by management in assessing the recoverable amounts.

Expected credit losses of trade receivables

(refer to note 20)

As at 31 December 2024, the Group had trade receivables with a gross carrying amount of RMB632,758,000, against which an allowance for expected credit losses of RMB64,084,000 was provided. The Group applies the simplified approach in calculating the expected credit losses for trade receivables. Under the simplified approach, the Group recognises a loss allowance based on lifetime expected credit losses at the end of the reporting period by establishing a provision matrix. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At the end of the reporting period, the historical observed default rates are updated and changes in the forward looking estimates are analysed. The assessment of the correlation among historical observed default rates, forecast economic conditions and expected credit loss allowance requires significant estimation by management.

We identified expected credit losses for trade receivables as a key audit matter due to the significance of balance of trade receivables to the consolidated financial statements as a whole and considerable amount of management judgment and estimation was required in determining the expected credit loss allowance.

Our response:

— testing, on a sample basis, the accuracy of the ageing analysis of trade receivables;

— testing the accuracy and evaluating the relevance of the historical loss data as an input to the expected credit loss calculation;

— involving a valuation specialist to assist us in

    — assessing the methodologies applied in the expected credit loss calculation;

    — evaluating the reasonableness on the key data and assumptions used in the expected credit loss calculation;

    — assessing the appropriateness of groupings of trade receivables into categories of similar credit risk characteristics; and

    — evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward looking information to assess the reasonableness of the expected credit loss rates.

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 IFRS Accounting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibilities in this regards.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, 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

Leung Tze Wai
Practising Certificate Number P06158
Hong Kong, 28 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Continuing operations			
Revenue	5	2,409,916	2,912,733
Cost of sales		(2,010,714)	(2,399,951)
Gross profit		399,202	512,782
Gain on extinguishment of senior notes	5	1,083,407	24,705
Other income and gains	5	16,408	27,483
Distribution and selling expenses		(152,426)	(116,357)
Administrative expenses		(209,979)	(264,221)
Impairment loss on non-financial assets	7	(180,491)	—
Reversal of impairment losses on financial assets, net		23,836	38,837
Other expenses		(20,152)	(17,480)
Finance costs	6	(30,162)	(164,709)
Profit before income tax	7	929,643	41,040
Income tax expense	10	(26,666)	(39,562)
Profit for the year from continuing operations		902,977	1,478
Discontinued operation			
Profit/(loss) for the year from discontinued operation, net of tax	27	536	(2,749)
Profit/(loss) for the year		903,513	(1,271)
Attributable to:			
Owners of the Company			
— from continuing operations		921,078	(9,316)
— from discontinued operation		536	(4,572)
		921,614	(13,888)
Non-controlling interests			
— from continuing operations		(18,101)	10,794
— from discontinued operation		—	1,823
		(18,101)	12,617
		903,513	(1,271)
Earnings/(loss) per share from continuing operations attributable to owners of the Company	12		
— Basic and diluted (RMB cents)		39.50	(0.40)
Earnings/(loss) per share attributable to owners of the Company	12		
— Basic and diluted (RMB cents)		39.53	(0.60)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	2024 RMB'000	2023 RMB'000
Profit/(loss) for the year	903,513	(1,271)
Other comprehensive income		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	(6,715)	(29,128)
Item that will not be reclassified subsequently to profit or loss:		
Exchange differences on translation of the Company	(2,659)	(963)
Other comprehensive income for the year, net of tax	(9,374)	(30,091)
Total comprehensive income for the year	894,139	(31,362)
Attributable to:		
Owners of the Company		
— from continuing operations	911,704	(39,407)
— from discontinued operation	536	(4,572)
	912,240	(43,979)
Non-controlling interests		
— from continuing operations	(18,101)	10,794
— from discontinued operation	—	1,823
	(18,101)	12,617
	894,139	(31,362)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment	13	85,926	180,466
Right-of-use assets	14(a)	34,962	77,859
Other intangible assets	15	103,877	177,958
Goodwill	16	100,650	100,650
Deferred tax assets	18	18,568	22,190
Total non-current assets		343,983	559,123
Current assets			
Inventories	19	281,284	295,784
Trade and bills receivables	20	582,513	690,423
Prepayments and other receivables	21	128,490	124,075
Pledged deposits	22	47	10
Cash and cash equivalents	22	93,765	203,130
Assets classified as held for sale	27	—	1,553,642
Total current assets		1,086,099	2,867,064
Current liabilities			
Interest-bearing bank and other borrowings	23	272,519	1,571,642
Trade payables	24	230,570	404,508
Contract liabilities	25	26,845	33,843
Other payables and accruals	26	191,383	646,590
Lease liabilities	14(b)	22,550	27,154
Tax payable		61,403	58,229
Liabilities associated with assets classified as held for sale	27	—	979,425
Total current liabilities		805,270	3,721,391
Net current assets/(liabilities)		280,829	(854,327)
Total assets less current liabilities		624,812	(295,204)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Non-current liabilities			
Interest-bearing bank borrowings	23	7,000	—
Lease liabilities	14(b)	14,827	29,601
Deferred tax liabilities	18	48,196	66,693
Other payables and accruals	26	46,548	6,944
Total non-current liabilities		116,571	103,238
NET ASSETS/(LIABILITIES)		508,241	(398,442)
Equity			
Equity attributable to owners of the Company			
Share capital	28	46,576	46,576
Reserves	29	415,023	(504,077)
		461,599	(457,501)
Non-controlling interests		46,642	59,059
TOTAL EQUITY/(CAPITAL DEFICIENCY)		508,241	(398,442)

The consolidated financial statements on pages 96 to 179 were approved and authorised for issue by the Board of Directors on 28 March 2025 and are signed on its behalf by:

Liao Changxiang
Director

Qiao Jinrong
Director

CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

As at 31 December 2024

	Attributable to owners of the Company										
	Share capital RMB'000 (note 28)	Share premium account* RMB'000 (note 29)	Contributed surplus* RMB'000 (note 29)	Put-options written on non-controlling interests* RMB'000 (note 29)	Statutory reserve funds* RMB'000 (note 29)	Other reserve* RMB'000	Accumulated losses* RMB'000	Exchange fluctuation reserve* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2023	46,576	766,062	84,991	(709,291)	227,581	(227,932)	(544,198)	(52,658)	(408,869)	67,010	(341,859)
Loss for the year	—	—	—	—	—	—	(13,888)	—	(13,888)	12,617	(1,271)
Other comprehensive loss for the year:											
Exchange differences on translation of foreign operations and the Company	—	—	—	—	—	—	—	(30,091)	(30,091)	—	(30,091)
Total comprehensive loss for the year	—	—	—	—	—	—	(13,888)	(30,091)	(43,979)	12,617	(31,362)
Transfer	—	—	—	—	13,708	—	(13,708)	—	—	—	—
Dividends paid to non-controlling shareholders	—	—	—	—	—	—	—	—	—	(15,078)	(15,078)
Changes in payables to non-controlling interests, net	—	—	—	(4,653)	—	—	—	—	(4,653)	(5,490)	(10,143)
At 31 December 2023	46,576	766,062	84,991	(713,944)	241,289	(227,932)	(571,794)	(82,749)	(457,501)	59,059	(398,442)

	Attributable to owners of the Company										
	Share capital RMB'000 (note 28)	Share premium account* RMB'000 (note 29)	Contributed surplus* RMB'000 (note 29)	Put-options written on non-controlling interests* RMB'000 (note 29)	Statutory reserve funds* RMB'000 (note 29)	Other reserve* RMB'000	Retained profits/ (Accumulated losses)* RMB'000	Exchange fluctuation reserve* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2024	46,576	766,062	84,991	(713,944)	241,289	(227,932)	(571,794)	(82,749)	(457,501)	59,059	(398,442)
Profit for the year	—	—	—	—	—	—	921,614	—	921,614	(18,101)	903,513
Other comprehensive income for the year:											
Exchange differences on translation of foreign operations and the company	—	—	—	—	—	—	—	(9,374)	(9,374)	—	(9,374)
Total comprehensive income for the year	—	—	—	—	—	—	921,614	(9,374)	912,240	(18,101)	894,139
Transfer	—	—	—	—	2,019	—	(2,019)	—	—	—	—
Dividends paid to non-controlling shareholders	—	—	—	—	—	—	—	—	—	(6,600)	(6,600)
Changes in payables to non-controlling interests, net	—	—	—	6,860	—	—	—	—	6,860	12,284	19,144
Transfer upon the completion of the disposal transaction (note 27)	—	—	—	555,403	—	(555,403)	—	—	—	—	—
At 31 December 2024	46,576	766,062	84,991	(151,681)	243,308	(783,335)	347,801	(92,123)	461,599	46,642	508,241

* These reserve accounts comprise the consolidated reserves of RMB415,023,000 (31 December 2023: negative consolidated reserves of RMB504,077,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Note	2024 RMB'000	2023 RMB'000
Cash flows from operating activities			
Profit before income tax from continuing operations		929,643	41,040
Profit before income tax from discontinued operation	27	536	44,190
Profit before income tax		930,179	85,230
Adjustments for:			
Finance costs		30,162	219,911
Provision of allowance for inventories		12,026	7,483
Reversal of impairment losses on financial assets, net		(23,836)	(37,622)
Impairment loss on non-financial assets		180,491	—
Impairment loss on disposal group classified as held for sale		—	34,000
Exchange gain		(4,957)	(5,456)
Interest income		(1,488)	(2,852)
Share of profit of an associate		—	(1,341)
Depreciation of property, plant and equipment		25,050	38,535
Depreciation of right-of-use assets		32,054	102,995
Amortisation of other intangible assets		22,611	29,526
Gain on extinguishment of senior notes		(1,083,407)	(24,705)
Gain on disposal of property, plant and equipment		(32)	(440)
Gain on disposal of right-of-use assets		—	(291)
Operating profit before working capital changes		118,853	444,973
Decrease/(increase) in trade and bills receivables		102,714	(30,386)
Decrease in prepayments and other receivables		25,105	42,302
Decrease/(increase) in inventories		2,474	(39,004)
(Decrease)/increase in trade payables		(173,938)	19,209
(Decrease)/increase in other payables and accruals		(18,610)	19,288
(Decrease)/increase in contract liabilities		(6,998)	8,484
Cash generated from operations		49,600	464,866
Interest received		1,488	2,852
Income tax paid		(38,367)	(81,849)
Net cash generated from operating activities		12,721	385,869

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Note	2024 RMB'000	2023 RMB'000
Cash flows from investing activities			
Purchases of property, plant and equipment		(39,173)	(93,332)
Additions to other intangible assets		—	(121)
Increase in pledged deposits		(40)	—
Release of pledged deposits		3	1,800
Proceeds from disposal of property, plant and equipment		1,273	3,634
Proceeds from disposal of subsidiaries, net	27	418,352	—
Net cash generated from/(used in) investing activities		380,415	(88,019)
Cash flows from financing activities			
New bank loans		473,099	382,329
Repayment of senior notes		(429,834)	—
Direct costs of debt restructuring		(79,552)	—
Repayment of bank loans		(387,828)	(399,735)
Repayment to a non-controlling shareholder		(25,148)	(62,000)
Principal portion of lease payments		(30,134)	(95,701)
Interest portion of lease payments		(2,380)	(9,729)
Dividends paid to non-controlling shareholders		(6,600)	(15,078)
Interest paid		(14,254)	(34,457)
Net cash used in financing activities		(502,631)	(234,371)
Net (decrease)/increase in cash and cash equivalents		(109,495)	63,479
Cash and cash equivalents at the beginning of year		203,130	294,290
Effect of foreign exchange rate changes, net		130	144
Transferred to disposal group classified as held for sale	27	—	(154,783)
Cash and cash equivalents at the end of year	22	93,765	203,130
Analysis of balances of cash and cash equivalents			
Cash and bank balances		93,812	203,140
Less: Pledged deposits		(47)	(10)
	22	93,765	203,130

1. CORPORATE AND GROUP INFORMATION

Yestar Healthcare Holdings Company Limited (the "**Company**") was incorporated in the Cayman Islands on 1 February 2012 as an exempted company with limited liability under the Companies Law, Chapter 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. In the opinion of the directors, the Company's ultimate controlling shareholders are Jeane Hartono, Rico Hartono, James Hartono and Chen Chen Irene Hartono.

The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 11 October 2013 (the "**Listing**").

The Company is an investment holding company. During the year, the Company's subsidiaries were involved in the following principal activities:

- manufacture and sale of colour photographic paper, industrial NDT x-ray films and PWB films, and trading of imaging equipment; and
- manufacture and sale of medical dry films, medical wet films and dental films, and distribution of medical equipment and diagnostic reagents.

Information about subsidiaries

Particulars of the Company's subsidiaries are as follows:

Name of company	Place and date of incorporation/registration and place of business	Issued and fully paid share capital/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Directly	Indirectly	
Yestar Asia Company Limited ("**Yestar BVI**")	BVI 1 February 2012	—*	100%	—	*Investment holding*
Yestar International (HK) Company Limited ("**Yestar HK**")	Hong Kong 29 February 2012	HKD10,000	—	100%	*Investment holding*
Shanghai Yestar Healthcare Technology Co., Ltd.[1]	PRC/Mainland China 20 July 2000	USD1,100,000	—	100%	*Marketing and sale of colour photographic paper, photo-related products, document printing equipment and consumables, industrial NDT x-ray films and dental films*
Yestar (Guangxi) Technology Co., Ltd	PRC/Mainland China 23 July 2004	USD14,000,000	—	92.86%	*Manufacture and sale of colour photographic paper and manufacture of industrial NDT x-ray films*

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (continued)

Name of company	Place and date of incorporation/registration and place of business	Issued and fully paid share capital/ registered share capital	Percentage of equity attributable to the Company Directly	Indirectly	Principal activities
Yestar (Guangxi) Medical System Co., Ltd.[1] ("**Yestar Medical**")	PRC/Mainland China 24 December 2009	USD153,049,936	—	100%	*Manufacture of dental films and manufacture and sale of medical dry films and medical wet films*
Yestar (Guangxi) Imaging Technology Co., Ltd.[1] ("**Yestar Imaging**")	PRC/Mainland China 23 November 2010	RMB18,000,000	—	100%	*Manufacture of colour photographic paper and manufacture and sale of PWB films*
Yestar (Guangxi) Smart Biotechnology Co. Ltd.[1] ("**Yestar Smart**")	PRC/Mainland China 3 November 2016	RMB800,000	—	100%	*Development of biotechnology and sale of medical equipment*
Yestar Biotech (Jiangsu) Company Limited[1] ("**Yestar Biotech**")	PRC/Mainland China 5 December 2011	RMB26,000,000	—	100%	*Sale of medical equipment and reagents*
Guangzhou Hongen Medical Diagnostic Technologies Co., Ltd. ("**Hongen**")	PRC/Mainland China 6 September 2015	RMB20,000,000	—	90%	*Sale of medical equipment and reagents*
Shenzhen De Run Li Jia Co., Ltd. ("**Derunlijia**")	PRC/Mainland China 18 October 2013	RMB36,000,000	—	70%	*Sale of medical equipment and reagents*
Guangzhou Shengshiyuan Trading Co., Ltd. ("**Shengshiyuan**")	PRC/Mainland China 9 April 2010	RMB40,000,000	—	70%	*Sale of medical equipment and reagents*
Beijing Kaihongda Technologies Co., Ltd. ("**Kaihongda**")	PRC/Mainland China 11 May 2011	RMB10,000,000	—	70%	*Sale of medical equipment and reagents*
Guangxi Simai Biotech Co., Ltd.[1]	PRC/Mainland China 10 August 2017	RMB2,700,000	—	100%	*Development of biotechnology and sale of medical equipment*
Nanjing Weien Biotech Co., Ltd.[1]	PRC/Mainland China 16 May 2017	RMB43,000,000	—	100%	*Development of biotechnology and sale of medical equipment*
Jiangsu Baike Supply Chain Management Co., Ltd.[1]	PRC/Mainland China 16 May 2017	RMB10,000,000	—	100%	*Management of supply chain and service of freight transportation equipment*
Anhui Peilin Biotech Co., Ltd.[1]	PRC/Mainland China 19 April 2018	RMB10,000,000	—	100%	*Sale of medical equipment and reagents*

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (continued)

* The total number of issued shares of Yestar BVI as at the date of this report was 10,172 and these shares are without par value, and the total subscription price of these issued shares was USD1,100.

Note:

[1] Registered as wholly-foreign-owned enterprises under PRC law

The English names of the subsidiaries registered in the PRC represent the best efforts made by the management of the Company to translate their Chinese names as they do not have official English names.

2.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards (which include all International Financial Reporting Standards, International Accounting Standards and Interpretations) issued by the International Accounting Standards Board, and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements included applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

The consolidated financial statements have been prepared under the historical cost convention.

The consolidated financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power on the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

2.2 CHANGE IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

The application of these amendments to IFRS Accounting Standards has no material impact on the Group's results and financial position for the current or prior years and financial statements disclosures.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The following new and amendments to IFRS Accounting Standards 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 IAS 21 and IFRS 1	*Lack of Exchangeability*[1]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*[2]
Amendments to IFRS Accounting Standards	*Annual Improvements to IFRS Accounting Standards — Volume 11*[2]
IFRS 18	*Presentation and Disclosure in Financial Statements*[3]
IFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to IFRS 10 and IAS 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 for annual periods beginning on or after a date to be determined.

The directors of the Company is currently assessing the impact of these amendments. Except for the below, these amendments to IFRS Accounting Standards are preliminary assessed and are not expected to have any significant impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS (CONTINUED)

IFRS 18 replaces IAS 1 Presentation of Financial Statements. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which is renamed as IAS 8 Basis of Preparation of Financial Statements. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 Statement of Cash Flows, IAS 33 Earnings per Share and IAS 34 Interim Financial Reporting. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group's financial statements.

2.4 ACCOUNTING POLICIES

Goodwill

Goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

2.4 ACCOUNTING POLICIES (CONTINUED)

Put options in relation to non-controlling interests

During the process of acquiring the majority stake of a subsidiary, the Group provides the non-controlling shareholders with the right to dispose of the equity interests held by them to the Group ("**Put Options**"). The equity interests in such subsidiary held by the minority shareholders shall be recognised as non-controlling interests in the consolidated financial statements of the Group. At the same time, for Put Options, the Group shall assume the obligations to acquire in cash the equity interests in such subsidiary held by the non-controlling interests. The present value of the amount payable at the time of buying of the corresponding equity interests of such Put Options shall be deducted from non-controlling interests and shall be recognised as the financial liabilities of the Group. Such financial liabilities shall be re-measured at the present value of future exercise in the subsequent period, with changes charged to equity.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, financial assets and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or the relevant cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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

2.4 ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets (Continued)

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

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

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

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

Buildings	20 years
Leasehold improvements	The shorter of the lease terms and their useful lives
Plant and machinery	5 to 10 years
Office equipment	5 years
Motor vehicles	5 years

2.4 ACCOUNTING POLICIES (CONTINUED)

Intangible assets (other than goodwill)

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

Computer software

Purchased software copyrights are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of five to ten years.

Distribution rights and customer relationship

Intangible assets including distribution rights and customer relationship are acquired through acquisitions of subsidiaries and are recognised according to their fair values on the acquisition date. Distribution rights and customer relationship are amortised over the estimated useful lives of fifteen years based on management's estimates on how long the Group will maintain the distribution rights and customer relationship.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

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

(a) Right-of-use assets

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

Leasehold land	50 years
Building	2 to 5 years
Other equipment	5 to 8 years

2.4 ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

Group as a lessee (continued)

(a) Right-of-use assets (continued)

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

(b) Short-term leases and leases of low-value assets

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

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

Investments and other financial assets

Measurement

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

Financial assets at amortised cost (debt instruments)

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

Impairment of financial assets

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

General approach

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

2.4 ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (continued)

General approach (continued)

Except for trade and bills receivables which apply the simplified approach as detailed below, financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs.

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

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

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

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.

The Group presumes that default does not occur later than when a financial asset, except for trade receivables, is 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Having regard to the industry practice as well as the financial background of certain customers, the Group has rebutted the presumptions that trade receivables are in default when they are more than 90 days past due having regard to the business cycle of the industry in which the customers are engaged.

2.4 ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (continued)

Simplified approach

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

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, for example, 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 three 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. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

Financial liabilities

Measurement

The Group's financial liabilities include trade and other payables, interest-bearing bank and other borrowings and payables to non-controlling interests. Financial liabilities are classified, at initial recognition, at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are amortised in the statement of profit or loss when the liabilities are amortised as well as through the effective interest amortisation process.

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

Derecognition of financial liabilities

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

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

2.4 ACCOUNTING POLICIES (CONTINUED)

Inventories

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

Cash and cash equivalents

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, and not restricted as to use.

Income tax

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

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

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

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

Government grants

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

2.4 ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Revenue from contracts with customers

For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

(a) Sale of goods

Revenue from the sale of imaging products, medical products and equipment is recognised at the point in time when control of the asset is transferred to the customer, generally on customer's acknowledgement of receiving the above goods.

(b) Rendering of maintenance services

Revenue from the rendering of maintenance services is recognised over time because the customer simultaneously receives and consumes the benefits provided by the Group.

Contract liabilities

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

Employee benefits

Pension scheme

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme. Under these schemes, the Group has no legal obligation for retirement benefits beyond the contributions made.

Accommodation fund and other social insurances

The Group has participated in defined social security contribution schemes for its employees pursuant to the relevant laws and regulations of the PRC. These schemes cover the accommodation fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes monthly contributions to the accommodation fund and other social insurances. The contributions are charged to profit or loss on an accrual basis. The Group has no further obligations beyond the contributions made.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Going concern consideration

In the process of applying the Group's accounting policies, apart from those involving estimations, management has prepared the consolidated financial statements on the assumption that the Group will be able to operate as a going concern in the coming year, which is a critical judgement that has the most significant effect on the amounts recognised in the consolidated financial statements. The assessment of the going concern assumption involves making a judgement by the Directors, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of finance in the preparation of a cash flow forecast covering a 18-month period from the end of the reporting period for assessing whether the Group will have sufficient financial resources to continue as a going concern. Management has also performed a sensitivity analysis by considering a reasonable change in operating cash flows on the forecast period and the headroom of the available working capital. The Directors also take into account the assumptions that the Group will be successfully negotiating with the Group's existing lenders for the renewal of outstanding borrowings and with various financial institutions for financing the Group's working capital in the foreseeable future. Accordingly, the Directors consider that the Group has the capability to continue as a going concern based on the above assessment.

Classification a disposal group held for sale

A disposal group to be classified as held for sale is available for immediate sale, and is highly probable to sale and complete within one year. The Group applies judgement in evaluating whether or not to reclassify the Anbaida Group Companies* as a disposal group held for sale, that is, whether the disposal of Anbaida Group Companies can be satisfied with the requirements of classification a disposal group held for sale.

* Shanghai Emphasis Investment Management Consulting Co., Ltd, Shanghai Jianchu Medical Instrument Co., Ltd, Shanghai Chaolian Trading Co., Ltd, Shanghai Haole Industrial Co., Ltd and Shanghai Dingpei Industrial Co., Ltd are totally referred as Anbaida Group Companies.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Judgements (continued)

Deferred tax liabilities

Deferred tax liabilities are recognised for withholding corporate income taxes relating to the unremitted earnings of the Group's subsidiaries established in Mainland China that are subject to withholding taxes. Significant management judgement is required to determine the amount of deferred tax liabilities, based upon the likely distribution level of such earnings from these subsidiaries in the foreseeable future. Further details are contained in note 18 to the financial statements.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use or fair value less costs of disposal of the cash-generating units to which the goodwill is allocated. Estimating the value in use or fair value less costs of disposal requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is measured using discounted cash flow projections, less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Provision for expected credit losses on trade and bills receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, and customer type).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (continued)

Provision for expected credit losses on trade and bills receivables (continued)

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

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 20 to the financial statements.

Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("**IBR**") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Details are contained in note 18 to the consolidated financial statements.

Useful lives of property, plant and equipment

The Group determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations, competitor actions in response to severe industry cycles or unforeseeable change in legal enforcement rights in future. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (continued)

Useful lives of intangible assets

The Group determines the estimated useful lives and related amortisation charges for its intangible assets. The useful lives of intangible assets are assessed to be finite. Intangible assets with finite lives are amortised over the useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of the reporting period.

Net realisable value of inventories

Net realisable value of inventories are the estimated selling price in the ordinary course of business, less estimated costs to be incurred to completion and disposal. These estimates are based on the current market conditions and the historical experience of selling products of a similar nature, which could change significantly as a result of changes in customer taste or competitor actions in response to severe consumer product industry cycles. Management reassesses these estimates at the end of the reporting period.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

(a) Imaging printing products: manufacture and sale of colour photographic paper, industrial NDT x-ray films and PWB films, and trading of imaging equipment; and

(b) Medical products and equipment: manufacture and sale of medical dry films, medical wet films and dental films, sale of medical equipment and diagnostic reagents.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before income tax. The adjusted profit before income tax is measured consistently with the Group's profit before income tax except that corporate and other unallocated income expenses, net are excluded from this measurement.

Segment assets principally comprise non-current assets and current assets directly attributable to each segment and exclude corporate and unallocated corporate assets.

Segment liabilities include trade payables, contract liabilities, other payables and accruals, lease liabilities, tax payable, interest-bearing bank and other borrowings and liabilities associated with assets classified as held for sale which are directly attributable to the business activities of the operating segments and exclude corporate and unallocated corporate liabilities.

4. OPERATING SEGMENT INFORMATION (CONTINUED)

	Continuing operations		
Year ended 31 December 2024	Imaging printing products RMB'000	Medical products and equipment RMB'000	Total RMB'000
Segment revenue			
Sales to external customers	233,698	2,176,218	2,409,916
Intersegment sales	84,200	400,678	484,878
	317,898	2,576,896	2,894,794
Reconciliation:			
Elimination of intersegment sales	(84,200)	(400,678)	(484,878)
Revenue	233,698	2,176,218	2,409,916
Segment results	(11,653)	939,683	928,030
Reconciliation:			
Corporate and other unallocated income and expenses, net			1,613
Profit before income tax from continuing operations			929,643
As at 31 December 2024			
Segment assets	139,374	1,285,767	1,425,141
Reconciliation:			
Corporate and other unallocated assets			4,941
Consolidated total assets			1,430,082
Segment liabilities	170,110	727,925	898,035
Reconciliation:			
Corporate and other unallocated liabilities			23,806
Consolidated total liabilities			921,841

4. OPERATING SEGMENT INFORMATION (CONTINUED)

	Continuing operations			
Year ended 31 December 2024	Imaging printing products RMB'000	Medical products and equipment RMB'000	Corporate and unallocated RMB'000	Total RMB'000
Other segment information				
Depreciation of property, plant and equipment	4,000	21,050	—	25,050
Depreciation of right-of-use assets	1,440	30,614	—	32,054
Amortisation of other intangible assets	55	22,556	—	22,611
Provision of allowance for inventories	3,111	8,915	—	12,026
(Reversal of)/provision for impairment losses on financial assets, net	(44,354)	20,741	(223)	(23,836)
Impairment of other intangible assets	—	51,470	—	51,470
Impairment of property, plant and equipment	11,209	96,213	—	107,422
Impairment of right-of-use assets	263	21,336	—	21,599
Gain on disposal of property, plant and equipment	(102)	70	—	(32)
Gain on disposal of right-of-use assets	—	—	—	—
Interest income	207	1,097	184	1,488
Finance costs	2,898	27,264	—	30,162
Gain on extinguishment of senior notes	—	1,083,407	—	1,083,407
Capital expenditure*	4,870	34,303	—	39,173

* Capital expenditure consists of additions to property, plant and equipment and other intangible assets.

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2023	Continuing operations: Imaging printing products RMB'000	Continuing operations: Medical products and equipment RMB'000	Continuing operations: Subtotal RMB'000	Discontinued operation: Medical products and equipment RMB'000	Total RMB'000
Segment revenue					
Sales to external customers	236,767	2,675,966	2,912,733	1,792,346	4,705,079
Intersegment sales	85,013	107,909	192,922	234	193,156
	321,780	2,783,875	3,105,655	1,792,580	4,898,325
Reconciliation:					
Elimination of intersegment sales	(85,013)	(107,909)	(192,922)	(234)	(193,156)
Revenue	236,767	2,675,966	2,912,733	1,792,346	4,705,079
Segment results	24,791	1,127	25,918	44,190	70,108
Reconciliation:					
Corporate and other unallocated income and expenses, net			15,122		15,122
Profit before income tax			41,040		85,230
As at 31 December 2023					
Segment assets	134,647	1,720,847	1,855,494	1,553,642	3,409,136
Reconciliation:					
Corporate and other unallocated assets			17,051		17,051
Consolidated total assets			1,872,545		3,426,187
Segment liabilities	152,749	2,669,457	2,822,206	979,425	3,801,631
Reconciliation:					
Corporate and other unallocated liabilities			22,998		22,998
Consolidated total liabilities			2,845,204		3,824,629

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2023	Continuing operations				Discontinued operation	
	Imaging printing products RMB'000	Medical products and equipment RMB'000	Corporate and unallocated RMB'000	Subtotal RMB'000	Medical products and equipment RMB'000	Total RMB'000
Other segment information						
Depreciation of property, plant and equipment	4,734	18,120	—	22,854	15,681	38,535
Depreciation of right-of-use assets	1,557	33,988	—	35,545	67,450	102,995
Amortisation of other intangible assets	53	22,558	—	22,611	6,915	29,526
Share of profit of an associate	—	—	—	—	(1,341)	(1,341)
Provision of allowance for inventories	624	4,981	—	5,605	1,878	7,483
Provision for/(reversal of) impairment losses on financial assets, net	(16,038)	10,665	(33,464)	(38,837)	1,215	(37,622)
Impairment loss on disposal group classified as held for sale	—	—	—	—	34,000	34,000
Gain on disposal of property, plant and equipment	(14)	(394)	—	(408)	(32)	(440)
Gain on disposal of right-of-use assets	—	—	—	—	(291)	(291)
Interest income	(222)	(1,747)	(422)	(2,391)	(461)	(2,852)
Finance costs	1,459	163,250	—	164,709	55,202	219,911
Gain on extinguishment of a portion of senior notes	—	(24,705)	—	(24,705)	—	(24,705)
Capital expenditure*	4,940	73,164	—	78,104	15,349	93,453

* Capital expenditure consists of additions to property, plant and equipment and other intangible assets.

Information about a major customer

During the year ended 31 December 2024, the Group had one customer from whom revenue of RMB558,271,000 (2023: RMB664,781,000) was generated through the sale of medical imaging products and printing imaging products, which accounted for approximately 23.2% (2023: approximately 22.8%) of the Group's total revenue from continuing operations during the year.

Geographical information

Since the Group solely operates its business in Mainland China and all of the non-current assets of the Group are located in Mainland China, geographical segment information required by IFRS 8 *Operating Segments* is not presented.

Seasonality of operations

The Group's operations are not subject to seasonality.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2024 RMB'000	2023 RMB'000
Continuing operations		
Revenue from contracts with customers	2,409,916	2,912,733

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2024

Segments	Imaging printing products RMB'000	Medical products and equipment RMB'000	Total RMB'000
Continuing operations			
Types of goods or services			
Sale of goods	228,994	2,143,720	2,372,714
Rendering of services	4,704	32,498	37,202
Total revenue from contracts with customers	233,698	2,176,218	2,409,916
Timing of revenue recognition			
Goods transferred at a point in time	228,994	2,143,720	2,372,714
Services transferred over time	4,704	32,498	37,202
Total revenue from contracts with customers	233,698	2,176,218	2,409,916

5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

Revenue from contracts with customers (continued)

(i) Disaggregated revenue information (continued)

For the year ended 31 December 2023

Segments	Imaging printing products RMB'000	Medical products and equipment RMB'000	Total RMB'000
Continuing operations			
Types of goods or services			
Sale of goods	227,093	2,635,087	2,862,180
Rendering of services	9,674	40,879	50,553
Total revenue from contracts with customers	236,767	2,675,966	2,912,733
Timing of revenue recognition			
Goods transferred at a point in time	227,093	2,635,087	2,862,180
Services transferred over time	9,674	40,879	50,553
Total revenue from contracts with customers	236,767	2,675,966	2,912,733

5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

Revenue from contracts with customers (continued)

(i) Disaggregated revenue information (continued)

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2024 RMB'000	2023 RMB'000
Revenue recognised that was included in contract liabilities (note 25) at the beginning of the reporting period:		
Sale of goods	22,011	24,528
Rendering of services	11,832	18,819
	33,843	43,347

(ii) Performance obligations

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

Sale of goods

The performance obligation is satisfied upon delivery of the products and payment is generally due within 30 to 90 days from delivery, except for new customers, where payment in advance is normally required.

Rendering of services

The performance obligation is satisfied over time as services are rendered and short-term advances are normally required before rendering the services. The service contracts which are related to the rendering of maintenance services are for periods of one year or less, or are billed based on the time incurred.

5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

Revenue from contracts with customers (continued)

(ii) Performance obligations (continued)

Rendering of services (continued)

The amount of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) at the end of the reporting period is as follows:

	2024 RMB'000	2023 RMB'000
Amounts expected to be recognised as revenue:		
Within one year	26,845	33,843

The remaining performance obligations relating to the sale of goods and rendering of maintenance services is expected to be satisfied within one year. The amounts disclosed above do not include variable consideration which is constrained.

(iii) Gain on extinguishment of senior notes

In respect of the Company's proposed offshore debt restructuring of USD197,864,523 9.5% senior notes due 2026, the Company had entered into the restructuring support agreement with holders of the senior notes to support the debt restructuring, which was implemented through a scheme of arrangement in the Cayman Island (the "**Scheme**"). The Scheme was approved by the creditors under the Scheme on 19 February 2024. On 28 February 2024, the Court sanctioned the Scheme pursuant to which, the Company has agreed to pay an amount of USD60,500,000, less certain costs and expenses (the "**Redemption Amount**") to the holders of the senior notes. On 14 March 2024, the Company effected payment of the Redemption Amount in accordance with the terms of the Scheme (note 23(a)).

Upon the completion of debt restructuring, the Group recognised a gain on extinguishment of senior notes amounted to RMB1,083,407,000 in consolidated statement of profit or loss for the year ended 31 December 2024 (2023: Gain on extinguishment of a portion of senior notes of RMB24,705,000)

5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

Revenue from contracts with customers (continued)

(iv) Other income and gains

	2024 RMB'000	2023 RMB'000
Continuing operations		
Government grants (note (a))	13,796	11,384
Compensation income (note (b))	—	11,022
Interest income	1,488	2,391
Gain on disposal of property, plant and equipment	32	408
Others	1,092	2,278
	16,408	27,483

Notes:

(a) The amount mainly represents the grants received from local PRC government authorities by the Group's subsidiaries in connection with certain financial support to local business enterprises for the purpose of encouraging business development. There are no unfulfilled conditions and other contingencies relating to these grants.

(b) The amount represents the compensations received from the vendor of equity interest in Derunlijia, one of the Company's subsidiaries in connection with profit guarantee for the acquisition of 70% equity interest in Derunlijia. As the actual net profit achieved by Derunlijia for the year ended 31 December 2019 was less than the annual actual guarantee profit, the vendor of Derunlijia was obliged and paid the compensation of approximately RMB9.8 million and related interest of approximately RMB1.2 million to the Group pursuant to the share transfer agreement dated 27 October 2016.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 RMB'000	2023 RMB'000
Continuing operations		
Interest on bank loans, overdrafts and other borrowings	26,685	141,686
Interest on overdue equity acquisition consideration	774	19,058
Interest on lease liabilities	2,380	3,710
Interest arising from discounted bills	323	255
	30,162	164,709

7. PROFIT BEFORE INCOME TAX

The Group's profit before income tax is arrived at after charging:

	2024 RMB'000	2023 RMB'000
Continuing operations		
Auditor's remuneration	2,950	3,500
Cost of inventories sold and services provided (including the related depreciation and amortisation), also included:	2,010,714	2,399,951
— Provision of allowance for inventories	12,026	5,605
Depreciation of property, plant and equipment	25,050	22,854
Depreciation of right-of-use assets	32,054	35,545
Amortisation of other intangible assets	22,611	22,611
Impairment of non-financial assets		
— Property, plant and equipment (note 13)	107,422	—
— Right-of-use assets (note 14)	21,599	—
— Other intangible assets (note 15)	51,470	—
	180,491	—
Research and development costs	33,799	35,735
Lease payments not included in the measurement of lease liabilities (note 14(c))	5,957	8,175
Employee benefit expense (included directors' remuneration as set out in note 8):		
Wages and salaries	153,271	152,625
Pension scheme contributions	9,788	10,872
	163,059	163,497
Foreign exchange differences, net	12,057	7,197

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

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

	2024 RMB'000	2023 RMB'000
Fees	612	610
Other emoluments:		
Salaries, allowances and benefits in kind	6,089	5,829
Discretionary bonuses	1,578	413
Pension scheme contributions	208	210
	7,875	6,452
	8,487	7,062

(a) Independent non-executive directors

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

	2024 RMB'000	2023 RMB'000
Mr. Zeng Jinsong	204	204
Mr. Zhao Ziwei[(a)]	204	116
Mr. Koeswondo Michael David[(b)]	204	116
Dr. Hu Yiming[(c)]	—	87
Mr. Sutikno Liky[(d)]	—	87
	612	610

Notes:

(a) Mr. Zhao Ziwei was appointed on 31 May 2023

(b) Mr. Koeswondo Michael David was appointed on 31 May 2023

(c) Dr. Hu Yiming resigned on 31 May 2023

(d) Mr. Sutikno Liky resigned on 31 May 2023

There were no other emoluments payable to the independent non-executive directors during the year (2023: nil).

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

(b) Non-executive director, executive directors and the chief executive

	Year ended 31 December 2024			
	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Pension Scheme contributions RMB'000	Total RMB'000
Mr. James Hartono	2,999	960	71	4,030
Ms. Liao Changxiang	1,621	260	39	1,920
Mr. Qiao Jinrong[(a)]	146	—	18	164
Ms. Wang Hong[(b)]	1,248	300	71	1,619
Mr. Liang Junxiong[(c)]	75	58	9	142
	6,089	1,578	208	7,875

Notes:

(a) Mr. Qiao Jinrong was appointed with effect from 15 October 2024.

(b) Ms. Wang Hong resigned with effect from 15 October 2024.

(c) Mr. Liang Junxiong resigned with effect from 28 March 2024.

	Year ended 31 December 2023			
	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Pension Scheme contributions RMB'000	Total RMB'000
Mr. James Hartono	2,845	237	68	3,150
Ms. Wang Hong	1,170	70	68	1,308
Ms. Liao Changxiang	1,513	96	37	1,646
Mr. Liang Junxiong	301	10	37	348
	5,829	413	210	6,452

No emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office for the year ended 31 December 2024 (2023: nil). In addition, there was no arrangement under which a director waived or agreed to waive any remuneration during the year ended 31 December 2024 (2023: nil).

9. FIVE HIGHEST PAID EMPLOYEES

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

	2024 RMB'000	2023 RMB'000
Salaries, allowances and benefits in kind	1,175	1,447
Discretionary bonuses	143	284
Pension scheme contributions	145	98
	1,463	1,829

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	2024	2023
Nil to HKD1,000,000	2	1
HKD1,000,001 to HKD2,000,000	—	1

10. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("**BVI**"), the Group is not subject to any income tax in the Cayman Islands and BVI.

Hong Kong profits tax is to be provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong.

The provision for current income tax in Mainland China is based on the statutory rate of 25% of the assessable profits of the Group as determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008.

Yestar Medical and Yestar Imaging which have been accredited as a high and new technology enterprise ("**HNTE**") in the years ended 31 December 2024 and 2023. The HNTE certificate needs to be renewed every three years so as to enable Yestar Medical and Yestar Imaging to enjoy the preferential tax rate of 15%.

10. INCOME TAX EXPENSE (CONTINUED)

The major components of income tax charge for the year are as follows:

	2024 RMB'000	2023 RMB'000
Continuing operations		
Current tax — PRC		
Charge for the year	31,212	44,675
Under-provision in respect of previous years	10,329	1,203
	41,541	45,878
Deferred tax (note 18)	(14,875)	(6,316)
Income tax expense	26,666	39,562

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

	2024 RMB'000	2023 RMB'000
Continuing operations		
Profit before income tax	929,643	41,040
Tax calculated at applicable tax rate of 25% (2023: 25%)	232,411	10,260
Lower tax rate for certain entities in different jurisdictions	(2,860)	(3,836)
Tax losses and deductible temporary differences not recognised	49,072	3,470
Tax effect of expenses not deductible for tax purpose	10,960	53,153
Tax effect of income not taxable for tax purpose	(269,706)	(14,721)
Utilisation of tax losses previously not recognised	(619)	(974)
Under-provision in respect of previous years	10,329	1,203
Tax incentives on eligible expenditures	(2,921)	(8,993)
Income tax expense	26,666	39,562

11. DIVIDENDS

There was no proposed final dividend for the year ended 31 December 2024 (2023: nil) which would be subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

12. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic earnings/(loss) per share amount is based on the profit/(loss) for the year attributable to owners of the Company, and the weighted average number of ordinary shares in issue during the years ended 31 December 2024 and 2023.

The calculation of basic earnings/(loss) per share is based on:

	2024 RMB'000	2023 RMB'000
Profit/(loss)		
Profit/(loss) for the year attributable to owners of the Company, used in the basic earnings/(loss) per share calculation:		
— from continuing operations	921,078	(9,316)
— from discontinued operation	536	(4,572)
	921,614	(13,888)

	2024 '000	2023 '000
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings/(loss) per share calculation	2,331,590	2,331,590
For continuing and discontinued operations		
Basic earnings/(loss) per share (RMB cents)	39.53	(0.6)
For continuing operations		
Basic earnings/(loss) per share (RMB cents)	39.50	(0.4)
For discontinuing operation		
Basic earnings/(loss) per share (RMB cents)	0.02	(0.2)

Diluted earnings/loss per share are same as the basic loss per share for the years ended 31 December 2024 and 2023, as there were no dilutive potential ordinary shares in existence during the year or in prior year.

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Leasehold improvements RMB'000	Plant and machinery RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2024							
As at 1 January 2024							
Cost	123,123	39,078	157,481	46,738	25,893	4,220	396,533
Accumulated depreciation	(39,888)	(23,305)	(93,039)	(39,071)	(19,935)	—	(215,238)
Impairment	—	—	(829)	—	—	—	(829)
Net carrying amount	83,235	15,773	63,613	7,667	5,958	4,220	180,466
At 1 January 2024, net of accumulated depreciation and impairment	83,235	15,773	63,613	7,667	5,958	4,220	180,466
Additions	—	—	5,006	12,025	880	21,262	39,173
Depreciation provided during the year	(4,862)	(5,351)	(8,698)	(4,787)	(1,352)	—	(25,050)
Disposals	—	(17)	(712)	(253)	(259)	—	(1,241)
Transfer	—	4,220	—	—	—	(4,220)	—
Impairment for the year	—	(14,625)	(55,575)	(11,932)	(4,028)	(21,262)	(107,422)
At 31 December 2024, net of accumulated depreciation and impairment	78,373	—	3,634	2,720	1,199	—	85,926
At 31 December 2024							
Cost	123,123	43,134	157,244	58,305	25,131	21,262	428,199
Accumulated depreciation	(44,750)	(28,509)	(97,206)	(43,653)	(19,904)	—	(234,022)
Impairment	—	(14,625)	(56,404)	(11,932)	(4,028)	(21,262)	(108,251)
Net carrying amount	78,373	—	3,634	2,720	1,199	—	85,926

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings RMB'000	Leasehold improvements RMB'000	Plant and machinery RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2023							
As at 1 January 2023							
Cost	123,123	25,937	105,246	124,912	49,905	432	429,555
Accumulated depreciation	(35,025)	(21,003)	(84,867)	(80,437)	(34,260)	—	(255,592)
Impairment	—	—	(829)	—	—	—	(829)
Net carrying amount	88,098	4,934	19,550	44,475	15,645	432	173,134
At 1 January 2023, net of accumulated depreciation and impairment	88,098	4,934	19,550	44,475	15,645	432	173,134
Additions	—	587	51,290	14,784	9,353	17,318	93,332
Depreciation provided during the year	(4,863)	(2,302)	(6,113)	(19,590)	(5,667)	—	(38,535)
Disposals	—	—	(2,059)	(1,013)	(122)	—	(3,194)
Transfer	—	12,554	945	—	—	(13,499)	—
Reclassified as held for sale (note 27)	—	—	—	(30,989)	(13,251)	(31)	(44,271)
At 31 December 2023, net of accumulated depreciation and impairment	83,235	15,773	63,613	7,667	5,958	4,220	180,466
At 31 December 2023							
Cost	123,123	39,078	157,481	46,738	25,893	4,220	396,533
Accumulated depreciation	(39,888)	(23,305)	(93,039)	(39,071)	(19,935)	—	(215,238)
Impairment	—	—	(829)	—	—	—	(829)
Net carrying amount	83,235	15,773	63,613	7,667	5,958	4,220	180,466

Notes:

(a) Impairment testing

The directors considered the impact of China's national and provincial drug bulk schemes and sharing medical imaging data nationwide on the Group's revenue, and the Group performed impairment assessments on the relevant property, plant, equipment and other non-current assets which collectively form the respective cash-generating units (the "**CGUs**") under the segments of imaging printing products and medical products and equipment as at 31 December 2024.

Details of the impairment assessments are disclosed as follows:

CGUs	Reportable segments	Notes
CGUs of medical equipment and reagents	Medical products and equipment	15 and 16
CGU of medical films#	Medical products and equipment	13(a)
CGU of industrial films#	Imaging printing products	13(a)

\# CGU of medical films represented the operation of manufacture and sale of medical dry films, medical wet films and dental films. CGU of industrial films represented the operations of manufacture and sale of colour photographic paper, industrial NDT x-ray films and PWB films, and trading of imaging equipment.

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Notes: (continued)

(a) Impairment testing (continued)

For the purpose of impairment testing on the CGUs of medical films and industrial films, certain property, plant and equipment and right-of-use assets related to these CGUs have been allocated to these CGUs.

The recoverable amounts of the CGUs of medical films and industrial films have been determined based on a fair value less costs of disposal calculation using cash flow projection based on financial budget covering a period of five-year approved by management. The discount rates applied to the cash flow projections was 17%.

Assumptions were used in the fair value less costs of disposal calculation of the respective CGU for the year ended 31 December 2024. Each key assumption on which management has based its cash flow projection to undertake impairment testing is as follows:

Budgeted sales and gross margins — Management determined the budgeted sales and gross margins based on past performance and expectations for the development of the market.

Discount rates — The discount rates used are after tax and reflect specific risks relating to the respective industry.

Operating expense rates — The basis for determining the value assigned to operating expenses is derived from past performance during the budget year.

Growth rate beyond the forecast period — The growth rate beyond the forecast period of 2.0% is the estimated rate of inflation.

Based on the impairment assessment, the recoverable amounts of the CGUs of medical films and industrial films were lower than their carrying values as at 31 December 2024 and the shortfall of RMB89,704,000 in aggregate was recognised as impairment loss.

The impairment loss was allocated to the carrying amounts of property, plant and equipment and right-of-use assets within each of the CGUs of medical films and industrial films on a pro rata basis. As a result of the impairment loss, the carrying amounts of property, plant and equipment and right-of-use assets were reduced by RMB89,441,000 and RMB263,000 respectively during the year (2023: nil).

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Notes: (continued)

(a) Impairment testing (continued)

During the year ended 31 December 2024, impairment loss on property, plant and equipment and right-of-use assets were analysed as follows:

	Property, plant and equipment RMB'000	Right-of-use assets RMB'000
Reportable segments:		
Imaging printing products		
— CGU of industrial films	11,209	263
Medical products and equipment		
— CGU of medical films	78,232	—
— CGUs of medical equipment and reagents (note 15)	17,981	21,336
	96,213	21,336
	107,422	21,599

(b) As at 31 December 2024, certain of the Group's buildings with a net carrying amount of approximately RMB71,723,000 (2023: RMB77,444,000) were pledged to secure bank loans granted to the Group (note 23).

14. LEASES

The Group as a lessee

The Group has lease contracts for various items of properties and other equipment used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of properties generally have lease terms between 2 and 5 years, while other equipment generally has lease terms between 3 and 8 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

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

	Leasehold land RMB'000	Building RMB'000	Other equipment RMB'000	Total RMB'000
As at 1 January 2023	12,663	50,179	196,217	259,059
Additions	—	7,796	54,027	61,823
Termination of leases	—	(12,369)	—	(12,369)
Depreciation charge	(327)	(23,867)	(78,801)	(102,995)
Reclassified as held for sale (note 27)	—	(8,034)	(119,625)	(127,659)
As at 31 December 2022 and 1 January 2023	**12,336**	**13,705**	**51,818**	**77,859**
Additions	**—**	**1,303**	**5,593**	**6,896**
Lease modifications	**—**	**3,860**	**—**	**3,860**
Depreciation charge	**(327)**	**(10,216)**	**(21,511)**	**(32,054)**
Impairment (note 13)	**—**	**(4,182)**	**(17,417)**	**(21,599)**
As at 31 December 2024	**12,009**	**4,470**	**18,483**	**34,962**

14. LEASES (CONTINUED)

The Group as a lessee (continued)

(b) Lease liabilities

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

	2024 RMB'000	2023 RMB'000
Carrying amount at 1 January	56,755	208,272
New leases	6,896	61,823
Lease modifications	3,860	—
Termination of leases	—	(12,660)
Accretion of interest recognised during the year	2,380	9,729
Leases payments	(32,514)	(105,430)
Reclassified as held for sale (note 27)	—	(104,979)
Carrying amount at 31 December	37,377	56,755
Analysed into:		
Current portion	22,550	27,154
Non-current portion	14,827	29,601

The maturity analysis of lease liabilities is disclosed in note 36 to the consolidated financial statements.

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

	2024 RMB'000	2023 RMB'000
Continuing operations		
Interest on lease liabilities	2,380	3,710
Depreciation charge of right-of-use assets	32,054	35,545
Expense relating to short-term leases (included in cost of sales and administrative expenses)	5,957	8,175
Aggregate undiscounted commitments for short-term lease	940	1,147

The total cash outflow for leases are disclosed in note 31(c) to the consolidated financial statements.

15. OTHER INTANGIBLE ASSETS

	Customer relationship RMB'000	Distribution rights RMB'000	Computer software RMB'000	Total RMB'000
31 December 2024				
Cost at 1 January 2024, net of accumulated amortisation and impairment	48,825	128,610	523	177,958
Amortisation provided during the year	(6,256)	(16,263)	(92)	(22,611)
Impairment during the year	(15,244)	(36,226)	—	(51,470)
At 31 December 2024	27,325	76,121	431	103,877
At 31 December 2024				
Cost	318,900	758,500	11,608	1,089,008
Accumulated amortisation	(124,850)	(291,904)	(11,177)	(427,931)
Accumulated impairment	(166,725)	(390,475)	—	(557,200)
Net carrying amount	27,325	76,121	431	103,877
31 December 2023				
Cost at 1 January 2023, net of accumulated amortisation and impairment	72,667	179,445	2,454	254,566
Additions	—	—	121	121
Amortisation provided during the year	(8,575)	(20,822)	(129)	(29,526)
Transfer	—	—	(1,896)	(1,896)
Reclassified as held for sale (note 27)	(15,267)	(30,013)	(27)	(45,307)
At 31 December 2023	48,825	128,610	523	177,958
At 31 December 2023				
Cost	318,900	758,500	11,608	1,089,008
Accumulated amortisation	(118,594)	(275,641)	(11,085)	(405,320)
Accumulated impairment	(151,481)	(354,249)	—	(505,730)
Net carrying amount	48,825	128,610	523	177,958

15. OTHER INTANGIBLE ASSETS (CONTINUED)

Impairment testing of other intangible assets

Customer relationship and distribution rights acquired through business combinations are allocated to the following CGUs under the segment of medical products and equipment for impairment testing:

- sale of medical equipment and reagents of Yestar Biotech
- sale of medical equipment and reagents of Hongen (the "Hongen CGU") (note 16)
- sale of medical equipment and reagents of Derunlijia
- sale of medical equipment and reagents of Shengshiyuan
- sale of medical equipment and reagents of Kaihongda

During the year ended 31 December 2024, management assessed the impairment of the CGUs of medical products and equipment due to the impact on the Group's revenue caused by China's national and provincial drug bulk schemes as mentioned in note 13(a). For the purpose of impairment testing, other intangible assets, certain property, plant and equipment and right-of-use assets have been allocated to the respective CGUs listed above.

Details of the impairment assessment on goodwill, property, plant and equipment, right-of-use assets and other intangible assets of the Hongen CGU are set out in note 16.

The recoverable amount of the respective CGU has been determined based on a fair value less costs of disposal calculation using cash flow projection based on financial budget covering a period of other intangible assets' residual useful lives approved by management. The discount rate applied to the cash flow projection was 17% (2023: 17%).

Assumptions were used in the fair value less costs of disposal calculation of the respective CGU for the years ended 31 December 2024 and 2023. Each key assumption on which management has based its cash flow projection to undertake impairment testing is as follows:

Budgeted sales and gross margins — Management determined the budgeted sales and gross margins based on past performance and expectations for the development of the market.

Discount rates — The discount rates used are after tax and reflect specific risks relating to the respective industries.

Operating expense rates — The basis for determining the value assigned to operating expenses is derived from past performance during the budget year.

Growth rate beyond the forecast period — The growth rates beyond the forecast period are the estimated rate of inflation.

15. OTHER INTANGIBLE ASSETS (CONTINUED)

Impairment testing of other intangible assets (continued)

Based on the impairment assessment, the recoverable amounts of the above CGUs, except the Hongen CGU, under the segment of medical products and equipment were lower than their carrying value as at 31 December 2024 and the shortfall of RMB90,787,000 in aggregate was recognised as impairment loss.

The impairment losses were allocated to the carrying amounts of property, plant and equipment, right-of-use assets and other intangible assets within the respective CGU on a pro rata basis. As a result of the impairment loss, the carrying amounts of property, plant and equipment, right-of-use assets and other intangible assets, under the sale of medical equipment and reagents CGUs were reduced by RMB17,981,000 (note 13), RMB21,336,000 (note 13) and RMB51,470,000 respectively during the year (2023: nil).

16. GOODWILL

	RMB'000
At 1 January 2023:	
Cost	925,999
Accumulated impairment	(801,348)
Net carrying amount	124,651
Cost at 1 January 2023, net of accumulated impairment	124,651
Reclassified as held for sale (note 27)	(24,001)
At 31 December 2023	100,650
At 31 December 2023:	
Cost	531,596
Accumulated impairment	(430,946)
Net carrying amount	100,650
Cost at 1 January 2024 and 31 December 2024, net of accumulated impairment	**100,650**
At 31 December 2024:	
Cost	**531,596**
Accumulated impairment	**(430,946)**
Net carrying amount	**100,650**

Impairment testing of goodwill

For the years ended 31 December 2024 and 2023

Goodwill acquired through business combinations is allocated to the Hongen CGU which represents the sale of medical equipment and reagents by Hongen, a non-wholly owned subsidiary of the Company and included in the medical products and equipment segment of the Group.

The carrying amount of the Hongen CGU mainly comprises the goodwill, property, plant and equipment (note 13) with carrying value of RMB100,650,000 (2023: RMB100,650,000), right-of-use assets (note 14) with carrying value of RMB14,469,000 (2023: RMB19,155,000) and other intangible assets (note 15) with carrying value of RMB103,446,000 (2023: RMB118,051,000) and working capital attributable to the Hongen CGU.

16. GOODWILL (CONTINUED)

Impairment testing of goodwill (continued)

The Hongen CGU is tested for impairment annually, and when impairment indication existed. The recoverable amount of the Hongen CGU has been determined based on a fair value less costs of disposal calculation using cash flow projections based on the financial budgets covering a five-year period approved by management. The discount rate applied to the cash flow projection was 17% (2023: 17%). The growth rate used to extrapolate the cash flows of the Hongen CGU beyond the five-year is 2.0% (2023: 2.3%). Management of the Hongen CGU believes that the growth rate is justified, given it is the estimated rate of inflation in the PRC. The fair value measurement is categorised into level 3 fair value hierarchy.

The net carrying amount of goodwill allocated to each of the cash-generating units is as follows:

	2024 RMB'000	2023 RMB'000
Anbaida Group Companies*	—	—
Hongen	100,650	100,650
Total	100,650	100,650

* As at 31 December 2023, the goodwill of Anbaida Group Companies was reclassified and included in disposal group classified as held for sale as set out in note 27.

Assumptions were used in the fair value less costs of disposal calculation of the Hongen CGUs for the years ended 31 December 2024 and 2023. Each key assumption on which management has based its cash flow projection to undertake impairment testing of goodwill is as follows:

Budgeted sales and gross margins — Management determined the budgeted sales and gross margins based on past performance and expectations for the development of the market.

Discount rate — The discount rate used is after tax and reflect specific risks relating to the respective industry.

Operating expense rates — The basis for determining the value assigned to operating expenses is derived from past performance during the budget year.

Growth rate beyond the forecast period — The growth rate beyond the forecast period is the estimated rate of inflation.

Based on the result of the impairment assessment, the recoverable amount of the Hongen CGU was higher than its carrying value as at 31 December 2024. Accordingly, the management of the Group determined that impairment loss is not required for the current year (2023: nil).

17. INVESTMENT IN AN ASSOCIATE

	2024 RMB'000	2023 RMB'000
Share of net assets	—	34,313
Reclassified as held for sale (note 27)	—	(34,313)
	—	—

Particulars of the Group's associate are as follows:

Company name	Place of registration and business	Nominal value of registered share capital RMB'000	Percentage of equity interest attributable to the Company Direct	Indirect	Principal activities
上海中科潤達精準醫學檢驗有限公司	PRC/Mainland China	52,650	—	37%	Medical examination and scientific researches

The following table illustrates the aggregate financial information of the Group's associate that is not individually material:

	2024 RMB'000	2023 RMB'000
Share of the associate's profit for the year (note 27)	—	1,341
Share of the associate's total comprehensive income (note 27)	—	1,341
Aggregate carrying amount of the Group's investment in associate (note 27)	—	34,313

18. DEFERRED TAX

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

Deferred tax assets

	Elimination of unrealised profits RMB'000	Accruals and provisions RMB'000	Lease liabilities* RMB'000	Losses available for offsetting against future taxable profits RMB'000	Public welfare donation expenditure RMB'000	Total RMB'000
At 1 January 2023	444	19,803	2,492	3,523	1,127	27,389
Credited/(Charged) to profit or loss for the year	(280)	4,107	(145)	(3,175)	—	507
Reclassified as held for sale (note 27)	—	(4,312)	(1,394)	—	—	(5,706)
At 31 December 2023 and 1 January 2024	164	19,598	953	348	1,127	22,190
Credited/(Charged) to profit or loss for the year	(47)	(3,342)	(365)	132	—	(3,622)
At 31 December 2024	117	16,256	588	480	1,127	18,568

* As at 31 December 2024 and 2023, the Group recognised deferred tax assets of RMB11,507,000 (2023: RMB17,032,000) and deferred tax liabilities of RMB10,919,000 (2023: RMB16,079,000) arising from leases on a net basis.

18. DEFERRED TAX (CONTINUED)

Deferred tax liabilities

	Fair value adjustments arising from acquisition of subsidiaries RMB'000	Undistributed profits of PRC subsidiaries RMB'000	Total RMB'000
At 1 January 2023	63,055	22,374	85,429
Credited to profit or loss for the year (note 10)	(7,349)	(67)	(7,416)
Reclassified as held for sale (note 27)	(11,320)	—	(11,320)
At 31 December 2023 and 1 January 2024	44,386	22,307	66,693
Credited to profit or loss for the year (note 10)	(18,497)	—	(18,497)
At 31 December 2024	25,889	22,307	48,196

The Group has tax losses arising in Mainland China of RMB280,003,000 (2023: RMB229,777,000) that will expire in five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding corporate income tax is levied on dividends declared to foreign investors from 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 corporate income 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 withholding tax 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.

For the years ended 31 December 2024 and 2023, no income tax related to deferred tax liability was provided for the withholding taxes that would be payable on the undistributed profits of the Group's subsidiaries established in Mainland China, which are subject to withholding taxes. In the opinion of the directors, it is not probable that these subsidiaries will distribute the undistributed profit for the year ended 31 December 2024 in the foreseeable future. The aggregate amount of deferred tax liabilities not recognised for temporary differences associated with investments in subsidiaries in Mainland China totalled approximately RMB134,297,000 at 31 December 2024 (2023: RMB128,926,000).

19. INVENTORIES

	2024 RMB'000	2023 RMB'000
Raw materials	55,683	57,427
Finished goods	294,919	295,649
	350,602	353,076
Less: Provision for inventories	(69,318)	(57,292)
	281,284	295,784

The movements in inventory provision are as follows:

	2024 RMB'000	2023 RMB'000
At beginning of year	57,292	54,860
Impairment provision recognised	12,026	7,483
Reclassified as held for sale	—	(5,051)
At end of year	69,318	57,292

20. TRADE AND BILLS RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables	632,758	721,832
Bills receivables	13,839	27,479
Provision for impairment	(64,084)	(58,888)
	582,513	690,423

The Group grants different credit periods to customers. The Group generally requires its customers to make payments at various stages of a sale transaction. The credit period of individual customers is considered on a case-by-case basis and set out in the sales contracts, as appropriate. Certain customers are required to make partial payments before or upon delivery. The Group seeks to maintain strict control over its outstanding receivables and closely monitors them to minimise credit risk. Overdue balances are reviewed regularly by management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

20. TRADE AND BILLS RECEIVABLES (CONTINUED)

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

	2024 RMB'000	2023 RMB'000
Within 90 days	239,997	320,808
91 to 180 days	121,821	135,096
181 to 365 days	118,972	110,678
1 to 2 years	49,148	60,247
Over 2 years	38,736	36,115
	568,674	662,944

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

	2024 RMB'000	2023 RMB'000
At the beginning of the year	58,888	61,710
Impairment losses, net	5,196	10,007
Reclassified as held for sale	—	(12,829)
At the end of the year	64,084	58,888

An impairment analysis is performed at the end of each reporting period using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the end of reporting period about past events, current conditions and forecasts of future economic conditions.

20. TRADE AND BILLS RECEIVABLES (CONTINUED)

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

At 31 December 2024

		Past due			
	Not past due	Less than 6 months	7 to 12 months	Over 12 months	Total
Expected credit loss rate	0.92%	2.07%	5.74%	52.87%	10.13%
Gross carrying amount (RMB'000)	329,977	149,992	48,443	104,346	632,758
Expected credit losses (RMB'000)	3,026	3,112	2,779	55,167	64,084

At 31 December 2023

		Past due			
	Not past due	Less than 6 months	7 to 12 months	Over 12 months	Total
Expected credit loss rate	1.14%	2.46%	7.08%	47.50%	8.16%
Gross carrying amount (RMB'000)	391,983	195,425	35,199	99,225	721,832
Expected credit losses (RMB'000)	4,459	4,804	2,491	47,134	58,888

Management assessed that the expected credit losses for bills receivable, which are all bank acceptance notes, was immaterial and it was not recognised for the year ended 31 December 2024 (2023: nil). Those banks who issued the bank acceptance notes are creditworthy banks with no recent history of default.

21. PREPAYMENTS AND OTHER RECEIVABLES

	2024 RMB'000	2023 RMB'000
Prepayments	42,045	52,921
Value added tax inputs	28,435	22,722
Deposit and other receivables	99,914	118,502
Financial assets measured at amortised cost	22,397	22,775
	192,791	216,920
Impairment allowance	(64,301)	(92,845)
	128,490	124,075

Deposits and other receivables mainly represent rental deposits and deposits with suppliers.

The movements in the loss allowance for impairment of deposits, other receivables and financial assets measured at amortised cost are as follows:

	2024 RMB'000	2023 RMB'000
At the beginning of the year	92,845	142,114
Reversal of impairment losses, net	(29,032)	(47,629)
Reclassified as held for sale	—	(2,361)
Exchange realignment	488	721
At the end of the year	64,301	92,845

As at 31 December 2024, the impairment allowance of deposits, other receivables and financial assets measured at amortised cost were approximately RMB41,904,000 and RMB22,397,000 (2023: RMB70,070,000 and RMB22,775,000), respectively.

22. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	2024 RMB'000	2023 RMB'000
Cash and bank balances	93,812	203,140
Less: Pledged deposits	(47)	(10)
Cash and cash equivalents	93,765	203,130

At the end of the reporting period, the cash and bank balances of the Group denominated in the United States dollar ("**USD**") and Hong Kong dollar ("**HKD**") amounted to RMB2,083,000 and RMB718,000 (2023: RMB12,899,000 and RMB1,002,000) respectively. The remaining balance is denominated in RMB.

At 31 December 2024 and 2023, pledged deposits were mainly pledged for litigation.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

RMB is not freely convertible into foreign currencies. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through the banks that are authorised to conduct foreign exchange business.

23. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2024			2023		
	Effective interest rate (%)	Maturity (note (c))	RMB'000	Effective interest rate (%)	Maturity (note (c))	RMB'000
Current						
Bank loans — unsecured	1.80–9.00	2025	42,900	2.47–6.90	On demand	48,886
Bank loans — secured (note (b))	2.50–6.90	2025	229,619	2.47–9.80	On demand	121,124
Current portion of long term bank loans — secured (note ((b))	—	—	—	2.40–3.00	On demand	24,000
Senior notes (note (a))	—	—	—	9.50	On demand	1,377,632
Non-current						
Non-current portion of long term bank loans — secured (note (b))	2.40	2026	7,000	—	—	—
			279,519			1,571,642
Analysed into:						
Bank loans and other borrowings repayable:						
Within one year or on demand			272,519			1,571,642
In the second year			7,000			—
			279,519			1,571,642

23. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

Notes:

(a) On 30 December 2021, the Company issued another five-year senior notes with a par value of USD197.9 million and an effective interest rate of 9.50% per annum. The interest is paid semi-annually in arrears. The maturity date of the senior notes is 29 December 2026.

The shares of Yestar BVI Limited and Yestar HK were pledged to the holders of the senior notes.

Since 30 December 2022, the Group defaulted on the repayment of overdue senior notes including 15% of the original principal amount of RMB206,645,000 and the interest of RMB196,313,000, which met the default condition, leading to the principal amounted to RMB1,377,632,000 and accrued and unpaid interest on the senior notes amounted to RMB196,313,000 became immediately due and payable.

On 7 December 2023, the Company announced a proposed offshore debt restructuring of the existing liabilities outstanding under the 9.5% senior notes due 2026 issued by the Company in the principal amount of US$194,506,648 by way of a Cayman scheme.

On 14 March 2024, the proposed debt restructuring was completed and accordingly the default as described above was remedied.

Following the completion of the debt restructuring, the Group recognised a gain of US$152,704,000 (equivalent to approximately RMB1,083,407,000), net of payment for expenses related to debt settlement, from the extinguishment of senior notes in profit or loss during the year ended 31 December 2024 (note 5(iii)).

(b) As at 31 December 2024, the Group's bank loans of RMB105,000,000 (2023: RMB61,124,000) were secured by the pledge of the Group's buildings of carrying amount of approximately RMB71,723,000 (2023: RMB77,444,000) (note 13(b)) and guaranteed by the Company's subsidiaries.

As at 31 December 2024, the Group's bank loans of RMB131,619,000 (2023: RMB84,000,000) were either guaranteed by a non-controlling shareholder or the Company's subsidiaries.

(c) As at 31 December 2023, due to the Group's default on the repayment of overdue senior notes, the Group's bank loans of RMB194,010,000 became immediately due and payable.

Upon the completion of debt restructuring, the repayment terms of the Group's bank loans resumed in accordance with the respective loan agreements.

As at 31 December 2024, all the borrowings are denominated in RMB. As at 31 December 2023, except for the senior notes of RMB1,377,632,000 and secured bank loans of RMB19,123,000 are denominated in USD, all the borrowings are in RMB.

24. TRADE PAYABLES

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

	2024 RMB'000	2023 RMB'000
Within 90 days	221,765	382,869
91 to 180 days	2,418	17,540
181 to 365 days	2,526	2,211
1 to 2 years	2,043	127
Over 2 years	1,818	1,761
	230,570	404,508

The trade payables are non-interest-bearing and are normally settled within 180 days.

25. CONTRACT LIABILITIES

	2024 RMB'000	2023 RMB'000
Short-term advances received from customers:		
Sale of goods	18,626	22,011
Rendering of maintenance services	8,219	11,832
	26,845	33,843

Contract liabilities include short-term advances received for the delivery of goods and render maintenance services. The change in contract liabilities in 2024 and 2023 was primarily attributable to the decrease in short-term advances received from customers related to the sale of goods and provision of maintenance services at the end of each year.

26. OTHER PAYABLES AND ACCRUALS

	2024 RMB'000	2023 RMB'000
Current portion		
Other payables	17,023	29,281
Other tax payable	41,360	39,442
Payroll and welfare payable	12,436	18,214
Interest payable	186	197,022
Payables to non-controlling interests (note)	120,378	362,631
	191,383	646,590
Non-current portion		
Payables to non-controlling interests (note)	39,793	—
Deferred government grant	6,755	6,944
	46,548	6,944
	237,931	653,534

Notes:

Payables to non-controlling interests mainly represent the contractual obligations of the Group to acquire the remaining 30% interests in each of Shengshiyuan and Kaihongda, and the remaining 5.83% interests in Anbaida Group Companies, amounting to RMB131,250,000. The 94.2% equity interests in Anbaida Group Companies were disposed of on 12 January 2024 under the 2022 equity transfer agreement (note 27), with the payable for a 5.8% interest offset against the consideration of RMB574,750,000. The details of the acquisition by the Company of the 70% interests in each of Anbaida Group Companies, Shengshiyuan and Kaihongda are as follows:

(a) Pursuant to the share purchase agreement entered into between Yestar Medical, a subsidiary of the Company, Mr. Li Bin, Mr. Li Changgui, Mr. Li Changkuan, Ms. Yu Liping and Ms. Liu Hong on 9 April 2015, Yestar Medical acquired the 70% equity interests in Anbaida Group Companies, and Mr. Li Bin and Mr. Li Changgui held the remaining 30% equity interest. The non-controlling equity interest holders shall have the right to require Yestar Medical to acquire the remaining 30% equity interest in Anbaida Group Companies if the respective net profits of Anbaida Group Companies in 2015, 2016 and 2017 have reached the annual guarantee profits. The maximum consideration shall not exceed RMB675 million. Since Anbaida Group Companies have met the annual guarantee profit targets for the years from 2015 to 2017, the Group is obligated to acquire the remaining 30% equity interest in Anbaida Group Companies. On 7 August 2020, Yestar Medical reached a new separate share transfer agreement with Mr. Li Bin and Mr. Li Changgui to acquire the remaining 30% equity interest in Anbaida Group Companies at a consideration of RMB675 million. Since 2021, the Company completed the acquisition of a 24.17% equity interest and paid RMB543,750,000 to Mr. Li Bin and Mr. Li Changgui, the remaining unpaid amount of RMB131,250,000 and related interest of RMB25,148,000 was recorded in payables to non-controlling interests as at 31 December 2023.

As at 31 December 2023, the carrying amount of RMB125,325,000 related to dividend payable to Mr. Li Bin and Mr. Li Changgui, which was reclassified to liabilities associated with assets classified as held for sale as set out in note 27.

During 2024, the Group has disposed of the equity interests in Anbaida Group Companies, details of the disposal are set out in note 27.

26. OTHER PAYABLES AND ACCRUALS (CONTINUED)

Notes: (continued)

(b) Pursuant to the share purchase agreement entered into between Yestar Medical, Ms. Liu Yanling, Ms. Li Xu, Mr. Ai Jiaying, Mr. Zhang Lixiong and Mr. Li Shenlian on 11 November 2016, Yestar Medical acquired the 70% equity interest in Shengshiyuan. Yestar Medical is obligated to acquire the remaining 30% equity interest in Shengshiyuan if the respective net profits of Shengshiyuan in 2017, 2018 and 2019 have reached the annual guarantee profits. The maximum consideration shall not exceed RMB120 million. Since Shengshiyuan has met the annual guarantee profit targets for the years from 2017 to 2019, Yestar Medical was negotiating with shareholders of the remaining 30% equity interest of Shengshiyuan to purchase their interest.

In 2024, Yestar Medical entered into a separate share transfer agreement with the aforementioned shareholders of Shengshiyuan to acquire the remaining 30% equity interest in Shengshiyuan for a total consideration of RMB99,266,000. As at 31 December 2024, an amount of RMB26,918,000 has been paid to the shareholders. However, the business registration change for the equity transfer has not been completed as of that date. As at 31 December 2024, the Group recognised the consideration payable of RMB66,676,000 (2023: RMB112,702,000) and the dividend payable to the above shareholders of Shengshiyuan of RMB23,093,000 (2023: RMB20,989,000) as payables to non-controlling interests. Since the payables to non-controlling interests have been agreed to be settled in 2025, 2026 and 2027, amounts of RMB49,976,000 and RMB39,793,000 were classified as current liabilities and non-current liabilities respectively as at 31 December 2024.

(c) Pursuant to the share purchase agreement entered into between Yestar Medical, Mr. Pang Haibin, Mr. Xie Dingjie, Ms. An Hong, Mr. Yu Huimin and Mr. Zhu Yongping on 20 September 2017, Yestar Medical acquired the 70% equity interest in Kaihongda. Yestar Medical is obligated to acquire the remaining 30% equity interest in Kaihongda if the respective net profits of Kaihongda in 2017, 2018 and 2019 have reached the annual guarantee profits. The maximum consideration shall not exceed RMB71.28 million. Since Kaihongda has met the annual guarantee profit targets for the years from 2017 to 2019, Yestar Medical was negotiating with shareholders of the remaining 30% equity interest of Kaihongda to purchase their equity interest. No agreement was reached as at the date of this report.

As at 31 December 2024, the Group recognised the consideration payable of RMB65,336,000 (2023: RMB65,336,000) and the dividend payable to the above shareholders of Kaihongda of RMB5,066,000 (2023: RMB7,206,000) as payables to non-controlling interests under current liabilities.

27. DISCONTINUED OPERATION

On 30 December 2022, Yestar Medical ("**the Vendor**"), and Mr. Li Bin (the "**Purchaser**"), the non-controlling shareholders of the Anbaida Group Companies (the "**Disposal Group**"), entered into an equity transfer agreement (the "**2022 Equity Transfer Agreement**") to sell the 94.2% equity interests in the Disposal Group to the Purchaser, at a consideration of RMB574,750,000.

The Purchaser was the founder of the Disposal Group and was appointed as an executive director on 18 June 2021 and resigned on 31 December 2021. As at the end of the reporting period, the Purchaser holds 164,600,600 shares, representing approximately 7.1% equity interests in the Company.

27. DISCONTINUED OPERATION (CONTINUED)

According to the 2022 Equity Transfer Agreement, the consideration is RMB574,750,000. The Purchaser agreed to pay the consideration less the outstanding amount of RMB131,250,000 and the interest expenses of RMB25,148,000 to be paid by the Vendor to the Purchaser. Pursuant to the 2022 Equity Transfer Agreement, the dividend payable of RMB125,325,000, which representing the undistributed profits shall be payable by the Vendor to the Purchaser, is exempt from payment. The net proceeds from the disposal transaction amounted to RMB418,352,000 were received upon its completion.

Details in relation to the 2022 Equity Transfer Agreement refer to the Company's announcement and circular dated 30 December 2022 and 13 December 2023 respectively.

On 28 December 2023, the terms of the 2022 Equity Transfer Agreement were approved by the shareholders in an extraordinary general meeting of the Company. The disposal transaction was completed subsequently on 12 January 2024. Following the completion of the disposal on 12 January 2024, the Disposal Group is no longer classified as held for sale as at 31 December 2024.

Details of the completion of the disposal referred to the announcement of the Company dated 12 January 2024.

Since the operation of the Disposal Group represents a separate major geographical area of operations, i.e. sales and distribution of In-Vitro Diagnostic products, medical equipment and other related consumables in Shanghai, it is therefore reclassified to discontinued operation in the consolidated statement of profit or loss and other comprehensive income. The results of the discontinued operation are presented for the period from 1 January 2024 to 12 January 2024 (date of disposal), together with comparative figures for the year ended 31 December 2023.

27. DISCONTINUED OPERATION (CONTINUED)

The financial performance and cashflow information of the discontinued operation presented below are for the years ended 31 December 2024 and 2023.

	2024 RMB'000	2023 RMB'000
Revenue	—	1,792,346
Cost of sales	—	(1,384,473)
Gross profit	—	407,873
Other income and gains	536	10,713
Selling and distribution expenses	—	(193,391)
Administrative expenses	—	(91,539)
Provision for impairment losses on financial assets	—	(1,215)
Other expenses	—	(34,390)
Finance costs	—	(55,202)
Share of profit of an associate	—	1,341
Profit before income tax	536	44,190
Income tax expense	—	(46,939)
Profit/(loss) for the year from discontinued operation	536	(2,749)
Cash flow from discontinued operation		
Net cash inflow from operating activities	—	201,086
Net cash outflow from investing activities	—	(15,230)
Net cash outflow from financing activities	—	(145,412)
Net cash inflow	—	40,444

Except for the profit for the year from discontinued operation, no further gain or loss recognised in relation to the disposal transaction during the year ended 31 December 2024. Upon the completion of the disposal transaction, the put option reserve of RMB555,403,000, which related to the put option written on non-controlling interests of the Disposal Group, was transferred to other reserve in the consolidated statement of changes in equity during the year.

27. DISCONTINUED OPERATION (CONTINUED)

The major classes of assets and liabilities of the discontinued operation classified as held for sale as at 31 December 2023 are as follows:

	2023 RMB'000
Assets	
Property, plant and equipment*	42,233
Right-of-use assets*	121,783
Other intangible assets*	43,222
Goodwill*	—
Investment in an associate	34,313
Deferred tax assets	5,706
Inventories	143,803
Trade and bills receivables	899,147
Prepayments and other receivables	108,652
Cash and cash equivalents	154,783
Assets classified as held for sale	1,553,642
Liabilities	
Interest-bearing bank and other borrowings	100,000
Trade payables	281,234
Contract liabilities	17,988
Other payables and accruals	265,832
Dividend payable	125,325
Lease liabilities	104,979
Tax payable	72,747
Deferred tax liabilities	11,320
Liabilities directly associated with assets classified as held for sale	979,425

* During the year ended 31 December 2023, an impairment loss totalled of RMB34,000,000 was recognised and included in discontinued activities against the carrying amount of goodwill, property, plant and equipment, right-of-use assets and other intangible assets of RMB24,001,000, RMB2,038,000, RMB5,876,000 and RMB2,085,000 respectively on the measurement of the disposal group to lower of its carrying amount and fair value less cost to sell.

28. SHARE CAPITAL

Shares

	2024 RMB'000	2023 RMB'000
Authorised		
Ordinary shares of 0.025 each (2023: HKD0.025 each)	100,000	100,000
Issued and fully paid		
2,331,590,000 (2023: 2,331,590,000) ordinary shares of HKD0.025 each	46,576	46,576

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue '000	Share capital RMB'000
At 1 January 2023, 31 December 2023 and 2024	2,331,590	46,576

29. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 100 of the financial statements.

Share premium account

The application of the share premium account of the Company is governed by the Companies Law (Revised) of the Cayman Islands. Under the constitutional documents and the Companies Law (Revised) of the Cayman Islands, the share premium is distributable as a dividend on the condition that the Company is able to pay its debts when they fall due in the ordinary course of business at the time the proposed dividend is to be paid.

Contributed surplus

The Group's contributed surplus represents the difference between the nominal value of shares of the subsidiaries acquired and the nominal value of the Company's shares issued in exchange therefor.

29. RESERVES (CONTINUED)

Put options written on non-controlling interests

The put options written on non-controlling interests represent the difference between the non-controlling interests that the non-controlling shareholders hold at each financial year end but have the right to dispose of the equity interests to the Group and the present value of the amount payable by the Group to the non-controlling shareholders at the time of acquiring the corresponding equity interests.

Statutory reserve fund

In accordance with the relevant regulations in Mainland China applicable to wholly-foreign-owned companies, certain entities within the Group are required to allocate a certain portion (not less than 10%), as determined by their boards of directors, of their profit after tax in accordance with People's Republic of China Generally Accepted Accounting Principles to the statutory reserve fund (the "**SRF**") until the reserve reaches 50% of the registered capital.

The SRF is non-distributable other than in the event of liquidation and, subject to certain restrictions set out in the relevant regulations in Mainland China, can be used to offset accumulated losses or be capitalised as issued capital.

In accordance with relevant regulations and the articles of association, a subsidiary registered in Mainland China as a domestic company is required to appropriate 10% of its net profit (after offsetting accumulated losses from prior years) to the statutory surplus reserve. After the balance of this reserve reaches 50% of the entity's capital, any further appropriation is at the discretion of the company. The statutory surplus reserve can be utilised to offset accumulated losses or increase capital. However, the balance of the statutory surplus reserve must be maintained at a minimum of 25% of the capital after these usages.

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

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

	2024	2023
Percentage of equity interest held by non-controlling interests:		
Anbaida Group Companies	—	5.83%
Hongen	10%	10%
Derunlijia	30%	30%

	2024 RMB'000	2023 RMB'000
Profit/(loss) for the year allocated to non-controlling interests:		
Anbaida Group Companies	—	1,823
Hongen	2,821	4,108
Derunlijia	(8,483)	2,753

	2024 RMB'000	2023 RMB'000
Dividends paid to non-controlling interests of:		
Anbaida Group Companies	—	—
Hongen	3,300	4,578
Derunlijia	3,300	10,500

	2024 RMB'000	2023 RMB'000
Accumulated balance of non-controlling interests at the end of the reporting period:		
Anbaida Group Companies (note)	—	244,924
Hongen	12,598	13,077
Derunlijia	23,979	35,762

Note:

The accumulated balances of Anbaida Group Companies were included in payables to non-controlling interests in the account of other payables and accruals (note 26) and dividend payable in liabilities directly associated with assets classified as held for sale (note 27).

30. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

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

2024	Anbaida Group Companies RMB'000	Hongen RMB'000	Derunlijia RMB'000
Revenue	—	517,125	142,768
Current assets	—	97,361	87,290
Non-current assets	—	19,447	7,596
Current liabilities	—	66,628	75,097
Net cash flows from operating activities	—	27,690	12,032
Net cash flows used in investing activities	—	(2,762)	(330)
Net cash flows used in financing activities	—	(40,742)	(14,680)
Net decrease in cash and cash equivalents	—	(15,814)	(2,978)
2023			
Revenue	1,792,580	588,951	186,677
Current assets	1,306,384	124,373	110,877
Non-current assets	211,976	22,123	17,273
Current liabilities	786,112	97,260	27,655
Net cash flows from operating activities	201,086	53,675	17,955
Net cash flows used in investing activities	(15,230)	(1,944)	(312)
Net cash flows used in financing activities	(145,412)	(50,635)	(37,138)
Net increase/(decrease) in cash and cash equivalents	40,444	1,096	(19,495)

31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB10,756,000 (2023: RMB61,822,000) and RMB10,756,000 (2023: RMB61,822,000), respectively, in respect of lease arrangements for properties and equipment.

(b) Changes in liabilities arising from financing activities

2024	Interest-bearing bank loans (note 23) RMB'000	Senior Notes (note 23) RMB'000	Interests payable (note 26) RMB'000	Lease liabilities (note 14(b)) RMB'000	Payables to a non-controlling shareholder RMB'000
At 1 January 2024	194,010	1,377,632	197,022	56,755	25,148
Changes from cash flow:					
New bank loans	473,099	—	—	—	—
Repayment of bank loans	(387,828)	—	—	—	—
Repayment of senior notes	—	(429,834)	—	—	—
Payment for expenses related to debt settlement	—	(79,552)	—	—	—
Repayment to a non-controlling shareholder	—	—	—	—	(25,148)
Principal portion of lease payments	—	—	—	(30,134)	—
Interest portion of lease payments	—	—	—	(2,380)	—
Interest paid	—	—	(14,254)	—	—
	85,271	(509,386)	(14,254)	(32,514)	(25,148)
Other changes:					
New leases	—	—	—	6,896	—
Lease modifications	—	—	—	3,860	—
Foreign exchange movement	238	4,289	508	—	—
Interest expense	—	—	27,782	2,380	—
Extinguishment of senior notes	—	(872,535)	(210,872)	—	—
	238	(868,246)	(182,582)	13,136	—
At 31 December 2024	279,519	—	186	37,377	—

31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(b) Changes in liabilities arising from financing activities (continued)

2023	Interest-bearing bank loans (note 23) RMB'000	Senior notes (note 23) RMB'000	Interest payable (note 26) RMB'000	Lease liabilities (note 14(b)) RMB'000	Payables to a non-controlling shareholder RMB'000
At 1 January 2023	311,011	1,378,048	66,150	208,272	238,000
Changes from cash flow:					
New bank loans	382,329	—	—	—	—
Repayment of bank loans	(399,735)	—	—	—	—
Repayment to a non-controlling shareholder	—	—	—	—	(62,000)
Principal portion of lease payments	—	—	—	(95,701)	—
Interest portion of lease payments	—	—	—	(9,729)	—
Interest paid	—	—	(34,457)	—	—
	(17,406)	—	(34,457)	(105,430)	(62,000)
Other changes:					
New leases	—	—	—	61,823	—
Foreign exchange movement	405	23,169	2,192	—	—
Interest expense	—	—	191,124	9,729	19,058
Extinguishment of a portion of senior notes	—	(23,585)	(1,120)	—	—
Termination of leases	—	—	—	(12,660)	—
Reclassified as held for sale	(100,000)	—	(26,867)	(104,979)	(169,910)
	(99,595)	(416)	165,329	(46,087)	(150,852)
As at 31 December 2023	194,010	1,377,632	197,022	56,755	25,148

(c) Total cash outflow for leases

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

	2024 RMB'000	2023 RMB'000
Within operating activities	5,957	8,175
Within financing activities	32,514	105,430
	38,471	113,605

32. PLEDGE OF ASSETS

At the end of reporting period, the Group's bank and other borrowings were secured by the pledge of the Group's building, guarantee by a non-controlling shareholder or the Company's subsidiaries, are detailed in note 23 to the consolidated financial statements.

33. RELATED PARTY TRANSACTIONS

The Group's principal related parties are as follows:

Name	Relationship with the Company
Guangxi MY Eurostar Co., Ltd.	Controlled by Mr. James Hartono

(a) Outstanding balances with related parties:

(i) The Group has an outstanding balance due from Guangxi MY Eurostar Co., Ltd. of RMB101,000 (2023: nil) as at 31 December 2024. The balance due is unsecured, interest-free and has no fixed terms of repayment.

(ii) The Group has no outstanding balance due to Guangxi MY Eurostar Co., Ltd. as at 31 December 2024 (2023: RMB1,000,000). The balance due was unsecured, interest-free and had no fixed terms of repayment.

(b) Compensation of key management personnel of the Group:

	2024 RMB'000	2023 RMB'000
Basic salaries and other benefits	6,089	5,829
Discretionary bonuses	1,578	413
Pension scheme contributions	208	210
	7,875	6,452

Further details of directors' and the chief executive's emoluments are included in note 8 to the consolidated financial statements.

34. FINANCIAL INSTRUMENTS BY CATEGORY

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

2024

Financial assets

	Financial assets at amortised cost RMB'000	Financial assets at fair value through other comprehensive income RMB'000
Trade receivables	568,674	—
Bills receivables (note)	—	13,839
Financial assets included in prepayments and other receivables	58,010	—
Pledged deposits	47	—
Cash and cash equivalents	93,765	—
	720,496	13,839

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade payables	230,570
Financial liabilities included in other payables and accruals	189,816
Lease liabilities	37,377
Interest-bearing bank and other borrowings	279,519
	737,282

34. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

2023

Financial assets

	Financial assets at amortised cost RMB'000	Financial assets at fair value through other comprehensive income RMB'000
Trade receivables	662,944	—
Bills receivables (note)	—	27,479
Financial assets included in prepayments and other receivables	48,432	—
Pledged deposits	10	—
Cash and cash equivalents	203,130	—
	914,516	27,479

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade payables	404,508
Financial liabilities included in other payables and accruals	607,148
Lease liabilities	56,755
Interest-bearing bank and other borrowings	1,571,642
	2,640,053

34. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

Note:

As at 31 December 2024 and 2023, the Group discounted certain bills accepted by banks in the PRC included in bills receivable (the "**Discounted Bills**") to certain banks to finance its operating cash flows with a carrying amount in aggregate of RMB59,694,000 and RMB130,462,000 respectively. The Discounted Bills had a maturity of one to five months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Discounted Bills may exercise the right of recourse against any, several or all of the persons liable for the Discounted Bills, including the Group, in disregard of the order of precedence (the "**Continuing Involvement**"). In the opinion of the directors, the risk of the Group being claimed by the holders of the Discounted Bills is remote in the absence of a default of the accepted banks. The Group has transferred substantially all risks and rewards relating to the Discounted Bills. Accordingly, it has derecognised the full carrying amounts of the Discounted Bills. The maximum exposure to loss from the Group's Continuing Involvement in the Discounted Bills and the undiscounted cash flows to repurchase these Discounted Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Discounted Bills are not significant.

During the years ended 31 December 2024 and 2023, the Group recognised finance costs on the date of transfer of the Discounted Bills. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively.

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amount		Fair value	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Financial liabilities				
Interest-bearing bank and other borrowings (senior notes)	—	1,377,632	—	352,894

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade and bills receivables, trade payables, financial assets included in prepayments and other receivables, financial liabilities included in other payables and accruals, the current portion of lease liabilities and the current portion of interest-bearing bank and other borrowings (except senior notes) approximate to their carrying amounts largely due to the short-term maturities of these instruments.

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	Total RMB'000
At 31 December 2024				
Bills receivables	—	13,839	—	13,839
At 31 December 2023				
Bills receivables	—	27,479	—	27,479

Liabilities measured at fair value

The Group did not have any financial liabilities measured at fair value as at 31 December 2024.

Liabilities for which fair values are disclosed

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	Total RMB'000
At 31 December 2023				
Interest-bearing bank and other borrowings — senior notes	352,894	—	—	352,894

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The main risks arising from the Group's financial instruments are, foreign currency risk, credit risk and liquidity risk. The Group does not hold or issue derivative financial instruments either for hedging or for trading purposes. The board of directors reviews and agrees policies for managing each of the risks which are summarised below:

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units and investing and financing activities by investment holding units in currencies other than the units' functional currencies. The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in USD, with all other variables held constant, of the Group's profit before tax due to differences arising on settlement or translation of monetary assets and liabilities and the Group's equity due to the changes of the exchange fluctuation reserves of certain overseas subsidiaries of which the functional currencies are currencies other than RMB.

As HKD is pledged to USD, the Group does not expect any significant movement in USD/HKD exchange rate.

	Increase/ (decrease) in USD rate %	Increase/ (decrease) in profit before income tax RMB'000	Increase/ (decrease) in retained profit (2024)/ (increase)/ decrease in accumulated losses (2023) RMB'000
Year ended 31 December 2024			
If USD weakens against the RMB	5	3	2
If USD strengthens against the RMB	(5)	(3)	(2)
Year ended 31 December 2023			
If USD weakens against the RMB	5	919	689
If USD strengthens against the RMB	(5)	(919)	(689)

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Head of Credit Control.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification at the end of the reporting period. The amounts presented are gross carrying amounts for the financial assets.

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
At 31 December 2024					
Trade receivables*	—	—	—	632,758	632,758
Bills receivables	13,839	—	—	—	13,839
Financial assets included in prepayments and other receivables**	58,458	—	63,853	—	122,311
Pledged deposits — Not yet past due	47	—	—	—	47
Cash and cash equivalents — Not yet past due	93,765	—	—	—	93,765
	166,109	—	63,853	632,758	862,720
At 31 December 2023					
Trade receivables*	—	—	—	721,832	721,832
Bills receivables	27,479	—	—	—	27,479
Financial assets included in prepayments and other receivables**	48,883	—	92,394	—	141,277
Pledged deposits — Not yet past due	10	—	—	—	10
Cash and cash equivalents — Not yet past due	203,130	—	—	—	203,130
	279,502	—	92,394	721,832	1,093,728

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Maximum exposure and year-end staging (continued)

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 20 to the consolidated financial statements.

** The credit quality of the financial assets included in prepayments and other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 20 to the consolidated financial statements.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables are widely dispersed in different sectors and industries.

Liquidity risk

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

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings and lease liabilities. In addition, banking facilities have been put in place for contingency purposes.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued)

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

2024

	On demand RMB'000	Less than 3 months RMB'000	3 to 12 months RMB'000	1 to 5 years RMB'000	Total RMB'000
Interest-bearing loans	—	88,233	189,460	7,312	285,005
Lease liabilities	—	8,149	15,605	17,260	41,014
Trade payables	8,805	221,765	—	—	230,570
Other payables and accruals	29,645	—	—	—	29,645
Payables to non-controlling interests	93,495	—	26,883	39,793	160,171
	131,945	318,147	231,948	64,365	746,405

2023

	On demand RMB'000	Less than 3 months RMB'000	3 to 12 months RMB'000	1 to 5 years RMB'000	Total RMB'000
Interest-bearing loans	194,010	—	—	—	194,010
Lease liabilities	—	8,186	21,321	30,861	60,368
Trade payables	21,639	382,869	—	—	404,508
Other payables and accruals	244,517	—	—	—	244,517
Senior notes	1,377,632	—	—	—	1,377,632
Payables to non-controlling interests	362,631	—	—	—	362,631
	2,200,429	391,055	21,321	30,861	2,643,666

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 31 December 2023.

The Group monitors capital using a gearing ratio, which is net debts divided by adjusted capital plus net debts. Net debts include interest-bearing bank and other borrowings less cash and cash equivalents. Capital includes equity attributable to owners of the Company. The gearing ratio as at the end of the reporting period is as follows:

	2024 RMB'000	2023 RMB'000
Interest-bearing bank and other borrowings (note 23)	279,519	1,571,642
Less: Cash and cash equivalents (note 22)	(93,765)	(203,130)
Net debts	185,754	1,368,512
Adjusted capital	461,599	(457,501)
Capital and net debts	647,353	911,011
Gearing ratio	29%	150%

37. CAPITAL COMMITMENT

At 31 December 2024, the Group had outstanding commitments as follows:

	2024 RMB'000	2023 RMB'000
Contracted but not provided in respect of:		
— Acquisition of property, plant and equipment	5,956	—

38. EVENTS AFTER THE REPORTING PERIOD

Dissolution of subsidiary Derunlijia

On 24 January 2025, the shareholders of Derunlijia, a subsidiary in which the Company holds 70% equity interest, passed a resolution to dissolve the subsidiary voluntarily and establish a liquidation group to oversee the dissolution process. This event occurred subsequent to the end of the reporting period on 31 December 2024. In the opinion of the directors, the dissolution is not expected to have a material impact on the Group's financial position or results of operations as at the end of reporting period. The liquidation process is in its preliminary stages, and further details regarding the financial effects, if any, will be assessed and disclosed as appropriate in subsequent reporting periods.

The financial information of Derunlijia refers to note 30 to the consolidated financial statements.

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2024 RMB'000	2023 RMB'000
Non-current asset		
Investment in a subsidiary	—	—
Current assets		
Amounts due from subsidiaries	274,190	1,399,446
Prepayments and other receivables	1,921	1,871
Cash and cash equivalents	2,605	1,073
	278,706	1,402,390
Current liabilities		
Interest-bearing bank and other borrowings	—	1,377,632
Amounts due to subsidiaries	77,540	352,851
Other payables and accruals	41	196,353
	77,581	1,926,836
Net current assets/(liabilities)	201,125	(524,446)
Net assets/(liabilities)	201,125	(524,446)
Equity		
Share capital	46,576	46,576
Reserves (note)	154,549	(571,022)
Total Equity/(Capital deficiency)	201,125	(524,446)

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note:

	Share premium account RMB'000	Accumulated losses RMB'000	Exchange fluctuation reserve RMB'000	Total RMB'000
Balance at 1 January 2023	766,062	(1,252,149)	39,050	(447,037)
Total comprehensive income for the year	—	(117,335)	(6,650)	(123,985)
At 31 December 2023 and 1 January 2024	**766,062**	**(1,369,484)**	**32,400**	**(571,022)**
Total comprehensive income for the year	**—**	**729,154**	**(3,583)**	**725,571**
Balance at 31 December 2024	**766,062**	**(640,330)**	**28,817**	**154,549**

40. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 28 March 2025.

FIVE YEARS FINANCIAL SUMMARY

For the year ended 31 December 2024

	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
RESULTS					
Revenue	2,409,916	2,912,733	4,293,982	4,930,692	4,106,938
Profit/(Loss) for the year	903,513	(1,271)	(779,433)	12,679	(645,298)
Profit/(Loss) for the year attributable to:					
Owners of the Company	921,614	(13,888)	(754,276)	3,327	(590,485)
Non-controlling interests	(18,101)	12,617	(25,157)	9,352	(54,813)
ASSETS AND LIABILITIES					
Total assets	1,430,082	3,426,187	3,542,150	4,558,881	4,655,255
Total liabilities	921,841	3,824,629	3,636,049	3,726,847	3,799,499
Net assets/(liabilities)	508,241	(398,442)	(93,899)	832,034	855,756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