



# IVD MEDICAL HOLDING LIMITED 華檢醫療控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1931



2024  
ANNUAL  
REPORT

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## CORPORATE INFORMATION

### DIRECTORS

#### Executive Directors

Mr. Ho Kuk Sing (*Chairman of the Board and Chief Executive Officer*)  
Mr. Lin Xianya  
Mr. Chan Siu Kei Ken (*appointed with effect from 28 March 2024*)  
Mr. Law Kim Fai (*appointed with effect from 28 March 2024*)

#### Non-executive Directors

Ms. Yao Haiyun  
Mr. Liu Fei (*appointed with effect from 8 March 2024*)

#### Independent Non-executive Directors

Dr. Zhong Renqian  
Dr. Leung Ka Sing  
Dr. Wong Sze Lok (*appointed with effect from 28 March 2024*)

### COMPANY SECRETARY

Mr. Law Kim Fai (*appointed with effect from 28 March 2024*)

### AUTHORISED REPRESENTATIVES

Mr. Law Kim Fai (*appointed with effect from 28 March 2024*)  
Mr. Chan Siu Kei Ken (*appointed with effect from 1 July 2024*)

### AUDIT COMMITTEE

Dr. Wong Sze Lok (*Chairman*) (*appointed with effect from 28 March 2024*)  
Dr. Zhong Renqian  
Dr. Leung Ka Sing

### REMUNERATION COMMITTEE

Dr. Wong Sze Lok (*Chairman*) (*appointed with effect from 28 March 2024*)  
Dr. Leung Ka Sing  
Mr. Law Kim Fai (*appointed with effect from 28 March 2024*)

### NOMINATION COMMITTEE

Mr. Ho Kuk Sing (*Chairman*)  
Dr. Leung Ka Sing  
Dr. Wong Sze Lok (*appointed with effect from 28 March 2024*)

### REGISTERED OFFICE

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

### HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PEOPLE'S REPUBLIC OF CHINA

Room 602, Building 6  
Lane 299, Bisheng Road  
Zhangjiang Hi-Tech Park  
Pudong New Area District  
Shanghai, China

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1703  
Grandtech Centre  
8 On Ping Street  
Sha Tin  
Hong Kong

## CORPORATE INFORMATION

### AUDITOR

Prism Hong Kong Limited  
Registered Public Interest Entity Auditor  
Units 1903A-1905, 19/F  
8 Observatory Road  
Tsim Sha Tsui  
Kowloon  
Hong Kong

### HONG KONG LEGAL ADVISER

HW Lawyers  
2511-2512, 25/F  
K11 Atelier King's Road  
728 King's Road  
Hong Kong

### 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

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

### COMPANY WEBSITE

[www.ivdholding.com](http://www.ivdholding.com)

### PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited  
(Hong Kong Branch)  
Bank of Communications Co. Ltd.  
(Hong Kong Branch)  
Hang Seng Bank (China) Limited  
(Shanghai Branch)  
The Hongkong and Shanghai Banking  
Corporation Limited

### LISTING INFORMATION AND STOCK CODE

The Company's ordinary shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (Stock Code: 1931.HK)



## FINANCIAL HIGHLIGHTS

	For the year ended 31 December		
	2024	2023	Change
	RMB'000	RMB'000	%
Revenue	<b>3,162,415</b>	3,088,387	2.4%
Gross profit	<b>751,173</b>	671,701	11.8%
Profit for the year	<b>266,034</b>	237,126	12.2%
Profit attributable to owners of the parent	<b>260,420</b>	238,163	9.3%
Adjusted profit for the year (Note)	<b>280,413</b>	262,124	7.0%
Adjusted profit attributable to owners of the parent (Note)	<b>274,246</b>	263,161	4.2%
<b>Earnings per share</b>			
Basic (RMB cents)	<b>17.42</b>	17.62	(0.20)
Diluted (RMB cents)	<b>17.42</b>	17.62	(0.20)

Note: Adjusted profit for the year and adjusted profit attributable to owners of the parent are non-GAAP financial measures. They are calculated by excluding certain impact of non-operating items which affect the results presented in the consolidated financial statements but which the Company considers them to be not indicative of the operating performance of the Group, and are included with the intent to provide shareholders of the Company ("**Shareholders**") and potential investors with supplementary information to assess the performance of the Group's core operations. See "Management discussion and analysis - Adjusted profit for the year" in this report for more information about these measures.

For the year ended 31 December 2024 (the "**Reporting Period**"), IVD Medical Holding Limited (the "**Company**") together with its subsidiaries (the "**Group**") achieved revenue of RMB3,162,415 thousand, which represented an increase of 2.4% as compared to the year ended 31 December 2023.

Profit of the Group for the Reporting Period recorded an increase of 12.2% as compared to the year ended 31 December 2023. Such increase was primarily attributable to the increase in gross profit margin of the Group's analysers and after-sales services business.

The Board did not recommended a final dividend in respect of 2024.

## CHAIRMAN'S STATEMENT

### DEAR SHAREHOLDERS,

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of the Company, I am pleased to present to you the annual report of the Company for the year ended 31 December 2024.

### REVIEW

During the Reporting Period, the Group recorded a revenue of RMB3,162,415 thousand, representing an increase of 2.4% as compared to the corresponding period of 2023. The Group's profit for the year recorded an increase of 12.2% and amounted to RMB266,034 thousand. Such increase was primarily attributable to the increase in gross profit margin of the Group's analysers and after-sales services business.

During the Reporting Period, the Group recorded adjusted profit for the year of RMB280,413 thousand, representing an increase of RMB18,289 thousand or 7.0% as compared to the corresponding period of 2023. The adjusted profit attributable to owners of the parent of the Group increased by 4.2% from RMB263,161 thousand for the year ended 31 December 2023 to RMB274,246 thousand.

- **Highlights of 2024**

During the Reporting Period, the Group continuously deepened the development of its core business and actively explored innovative areas to respond to market changes. The following is a summary of the main highlights for the year:

#### **Deepening the strategic layout of the “IVD Ecosystem”**

The Group has further expanded the product portfolio and cooperation network of the “IVD Ecosystem.” As of 31 December 2024, the Group has established partnerships with 20 local IVD manufacturers with proprietary intellectual property rights and 6 internationally leading IVD enterprises, with a product portfolio covering over 500 diagnostic products. As for the key fields, we still focus on Point-of-care testing (POCT) and precise diagnosis (Molecular Diagnostics, Microbiology, and Mass Spectrometry technologies), and further strengthen the technological reserves and research and development capabilities through equity acquisitions or additional investments in non-wholly owned subsidiaries or other local companies focusing on the research and development of mass spectrometry reagents.

#### **Maintaining a long-term strategic partnership with Sysmex**

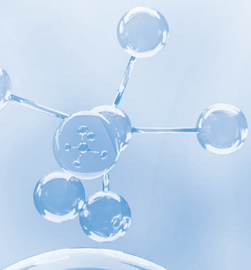
Vastec Medical Equipment (Shanghai) Co., Ltd. (“**Vastec**”) and Sysmex Shanghai Ltd. continuously deepened their cooperative relationship to jointly respond to the dynamic demands of the medical device market in China. Both parties maintained close collaboration in the areas such as distribution network optimization, technical support and end-user services, further consolidating Vastec's market position as the exclusive distributor of Sysmex' haemostasis products in mainland China. This collaboration also provides a solid business foundation for the Group in a regulatory environment characterized by changing policies.

## CHAIRMAN'S STATEMENT

### Exploring the application of artificial intelligence (AI) technology

In response to the trend of technological innovation, the Group officially entered the field of artificial intelligence ("AI") in 2024 by establishing a wholly-owned subsidiary, Goheal Technology Limited (更好科技有限公司) ("**Goheal Technology (Hong Kong)**"), which is incorporated in Hong Kong. Goheal Technology (Hong Kong) has also established Goheal Technology Holdings (Shenzhen) Company Limited (更好科技控股(深圳)有限公司) ("**Goheal Technology Holdings (Shenzhen)**") in China. Its business scope includes system integration services for applications in the AI industry, foundational resources and technology platforms for AI, technical consulting services for AI public service platforms, development of application software for AI, development of theoretical and algorithmic software for AI, as well as investment activities conducted with its own funds. In light of the recent vigorous development of high-tech industries in China, particularly in AI and robotics, the Board of the Company believes that carriers of AI, such as robots and data analysis platforms, computing hardware and software, platform as a service (PAAS), and infrastructure as a service (IAAS), are engines driving the development of companies in the new era, bringing both enormous and valuable business opportunities as well as challenges to the Group. The Group will leverage Goheal Technology (Hong Kong) and Goheal Technology Holdings (Shenzhen) as platforms to explore the potential of AI to assist its existing businesses and create economic value through Goheal Technology, such as researching how AI can optimize the operations of existing businesses like sample collection, analysis, and testing. On the other hand, the Group is actively exploring the opportunities brought by the rapid development of new technologies, capturing the business opportunities arising from the enormous demands for computing hardware and software, as well as IAAS due to the proactive development of new technologies (especially AI) both domestically and internationally. The Group, in addition to identifying AI-related hardware and software as well as infrastructure, is also committed to seeking companies focused on AI robotic solutions and intends to develop its AI robotics business through collaboration and capital increase, aiming to support the large-scale deployment of AI technology in the future, which marks an important step in the Group's strategic layout in the field of AI. Currently, AI technology has been preliminarily applied to the data analysis and research and development process optimization of the Group's IVD products, enhancing testing efficiency and accuracy.

On this basis, the Group is actively assessing the potential value of AI technology in the R&D of intelligent devices and cross-industry solutions, exploring cutting-edge directions including automated process control, intelligent sensing systems and **AI robotics** technology. Such attempts not only inject innovative momentum into existing businesses, but also provide the Group with key technological reserves and experience accumulation for its future expansion into independent technology tracks.



## CHAIRMAN'S STATEMENT

- **Core Business Data**

### **Distribution Business and After-sales Service**

The distribution of IVD products forms the cornerstone of the Group's business. As of 31 December 2024, 6,763 haemostasis analysers manufactured by Sysmex Corporation ("**Sysmex**") have been installed by the Group and in use at hospitals and healthcare institutions accumulatively.

In 2024, the Group's product portfolio was expanded by Vastec's provision of 4 Thrombotic Markers (Note 1) to the market. As of 31 December 2024, 101 Sysmex haemostasis immunoassay analysers installed by the Group at the hospitals and healthcare institutions in the People's Republic of China ("**PRC**") performed the 4 Thrombotic Markers.

In 2024, the Group provided solution services to nine Class III hospitals in the PRC. Solution services contributed revenue of RMB239,381 thousand for the Reporting Period, representing a decrease of 1.1% as compared to RMB241,944 thousand for the year ended 31 December 2023.

As of 31 December 2024, the Group had 351 direct customers, including hospitals and healthcare institutions, and 1,253 distributors in its established distribution network. As of 31 December 2024, the Group also covered 1,674 Class III hospitals mainly through its sub-distribution networks in the PRC, which further enhanced the competitiveness of the Group.

Apart from distributing IVD products in the PRC, the Group also derived its revenue from providing after-sales services to end customers of Sysmex haemostasis analysers in the PRC. During the Reporting Period, the after-sales services business has been sustainably and steadily developing.

Note 1: 4 Thrombotic Markers refer to: 1) TAT: Thrombin-antithrombin complex 凝血酶-抗凝血酶複合物, 2) PIC: Plasmin- $\alpha$ 2-plasmin inhibitor complex 纖溶酶- $\alpha$ 2纖溶酶抑制物複合物, 3) TM: Thrombomodulin 血栓調節蛋白, 4) t-PAI-C: Tissue plasminogen activator/plasminogen activator inhibitor-1 complex 組織纖溶酶原激活物-纖溶酶原激活物抑制劑-1複合物



## CHAIRMAN'S STATEMENT

### OUTLOOK AND FUTURE PLAN

Looking ahead, the healthcare industry in China is facing multiple structural opportunities: there will be significant growth potential for the healthcare and medical device market, especially the IVD market in the PRC with the aggravating trend of ageing population, the growth of medical expenses per capita and the progress of technology development. According to Frost & Sullivan, by 2027, PRC IVD market at ex-factory price level is projected to reach RMB278.7 billion with a compound annual growth rate ("CAGR") of 15.7% during 2021 to 2027. Import substitution and localisation is a significant trend in IVD market, which will bring great opportunities to local manufacturers.

At the same time, breakthroughs in artificial intelligence, automation, advanced manufacturing technologies and intelligent robotic systems around the world are profoundly reshaping the R&D paradigms and clinical application scenarios of medical devices, while creating vast opportunities for cross-industry technological integration and layout of emerging fields, driving industry participants to explore high value-added technological paths and innovation of business models.

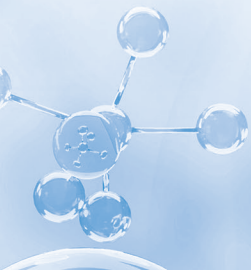
Against this backdrop, the Group will continue to seize the growth opportunities in the IVD market in the PRC, while actively exploring the potential of emerging technology fields to lay the foundation for long-term sustainable development:

#### 1. Strengthening the leading advantages of the core IVD business

The Group will continue to expand its distribution network and hospital coverage and deepen cooperation with global IVD manufacturers and R&D institutions through the "IVD Ecosphere", so as to expand its product portfolio and enhance the penetration rate of its distribution network. At the same time, we will increase our investment in the R&D of cutting-edge technologies such as mass spectrometry reagents and molecular diagnostics to consolidate our competitive barriers in the field of precision medicine. The Group is currently reviewing its non-wholly-owned subsidiaries and other local companies, and is actively considering to further strengthen its technological reserves and research and development capabilities through equity acquisitions or additional investments in non-wholly owned subsidiaries or other local companies focusing on the research and development of mass spectrometry reagents.

#### 2. Accelerating the R&D and application of AI technology

The Group will increase its investment in the R&D of artificial intelligence technology and focus on exploring the deep applications of AI in medical data analysis, automated testing processes and intelligent diagnostic algorithms. We promote the collaborative innovation of AI with existing IVD products and enhance R&D efficiency and clinical accuracy through the technology platform of wholly-owned subsidiary, Goheal Technology, thereby facilitating the large-scale deployment of AI technology.



## CHAIRMAN'S STATEMENT

### 3. Exploring the frontier of intelligent technology and deploying a cross-field innovation ecology

In addition to its principal business of healthcare, the Group is actively assessing the application potential of intelligent technologies across different industries, with a focus on cutting-edge directions such as automation control, intelligent sensing systems and AI robot. Such technologies not only optimize existing business processes, but also provide a critical reserve for building independent technological capabilities. The Group is committed to seeking companies focused on AI robotic solutions and intends to develop its AI robotics business through collaboration and capital increase, aiming to support the large-scale deployment of AI technology in the future. Moreover, the Group will further develop its technology business and bring more revenue to the Company by investing in AI-related equipment and systems.

### APPRECIATION

I would like to express my sincere gratitude on behalf of the Board to the Shareholders, customers, and strategic partners for their trust and support to the Company, and my heartfelt thanks to the management team and staff for their hard work.

**Ho Kuk Sing**  
*Chairman*

Hong Kong, 11 April 2025



# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS OVERVIEW

The Group is a leading distributor of IVD products in the PRC. The Group is also engaged in the research, development, manufacturing and sales of its self-branded IVD products. The Group has been able to increase its market share and profits steadily by taking advantage of its competitive and diverse product portfolio, extensive distribution network and hospital coverage.

During the Reporting Period, the Group recorded a revenue of RMB3,162,415 thousand, representing an increase of 2.4% as compared to the corresponding period of 2023. The Group's profit for the year increased by 12.2% to RMB266,034 thousand for the Reporting Period.

## Business Segments

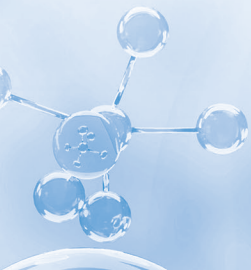
The Group's business can be broadly categorised into the following three segments:

- **Distribution Business**

The distribution of IVD products forms the cornerstone of the Group's business. It primarily involves the trading of IVD analysers, reagents and other consumables to customers such as distributors, hospitals and healthcare institutions and logistics providers. The Group's distribution of IVD products was primarily conducted through Vastec, a subsidiary of the Company. Vastec is primarily engaged in the distribution of Sysmex' haemostasis products in the PRC, it has been the sole national distributor of Sysmex' haemostasis products with exclusive distribution rights in the PRC since 1997. It also procures a diversified portfolio of IVD products from other leading international brands for distribution in the PRC. As of 31 December 2024, 6,763 of Sysmex' haemostasis analysers have been installed by the Group and in use at hospitals and healthcare institutions accumulatively.

Having worked together for 27 years, Vastec and Sysmex Shanghai Ltd. continue to deepen their cooperative relationship. In the Reporting Period, they jointly responded to the dynamic demands of the medical device market in the PRC, further consolidating Vastec's market position as the exclusive distributor of Sysmex's haemostasis products in Chinese Mainland, and also providing a robust business foundation for the Group in a regulatory environment characterized by changing policies.

The Group also provides 4 Thrombotic Markers products manufactured by Sysmex to the market. These products adopt highly sensitive chemiluminescence technology, which may facilitate early diagnosis of thrombosis and fibrinolysis. As of 31 December 2024, 101 Sysmex' haemostasis immunoassay analysers which performed the 4 Thrombotic Markers have been installed by the Group at the hospitals and healthcare institutions in the PRC.



## MANAGEMENT DISCUSSION AND ANALYSIS

In addition, the Group provides solution services to the clinical laboratories of hospitals. This has enabled the Group to establish and maintain direct relationships with local medical practitioners so as to keep the Group close to the frontline of medical practice and market demand of IVD products. In 2024, the Group provided solution services to nine Class III hospitals in the PRC. Solution services contributed revenue of RMB239,381 thousand for the Reporting Period, representing a decrease of 1.1% as compared to RMB241,944 thousand for the year ended 31 December 2023.

Through years of operations, the Group has established an expansive distribution network across 31 provinces, municipalities and autonomous regions in the PRC with an extensive hospital coverage. As of 31 December 2024, the Group had 351 direct customers, including hospitals and healthcare institutions, and 1,253 distributors in its established distribution network. As of 31 December 2024, the Group also covered 1,674 Class III hospitals mainly through its sub-distribution networks in the PRC, which further enhanced the competitiveness of the Group.

- **After-sales Services**

Apart from distributing IVD products in the PRC, the Group also derives its revenue from providing after-sales services to end customers of Sysmex' haemostasis analysers in the PRC. In 2017, Vastec entered into an after-sales services agreement with Sysmex to provide after-sales services to haemostasis analysers procured by its end customers. The after-sales services provided by Vastec generally include maintenance and repair services, installation services and end customer trainings. Vastec primarily provides its after-sales services to hospitals and healthcare institutions. During the Reporting Period, the after-sales services business has been sustainably and steadily developing.

- **Self-branded Products Business**

The Group has also engaged in the research, development, manufacturing and sales of IVD analysers and reagents under its own brand. The Group's self-branded IVD reagents were manufactured by Suzhou DiagVita Biotechnology Co., Ltd. and Bazoe Medical Co., Ltd., and the Group's IVD analysers were produced by the Group's equipment manufacturer, Huajian Intelligent Manufacturing (Shandong) Biotechnology Co. Ltd. These self-developed IVD products primarily include IVD analysers and reagents under the IVD testing category of point-of-care testing, mass spectrometry and microbiology.



## MANAGEMENT DISCUSSION AND ANALYSIS

### INDUSTRY OVERVIEW

The continual growth of the healthcare market in the PRC is driven by a combination of favourable socio-economic factors including (i) the growth of the PRC population's disposable income and spending on healthcare, (ii) the increase of the overall PRC population and the accelerated ageing population, (iii) the expansion of the PRC economy, and (iv) strong support from the PRC government on healthcare spending as well as on continuous technological innovation. The Group expects that there will be significant growth potential for the healthcare market, especially the medical device market in the PRC. The integrated distribution value chain of the Group will provide strong support for the Group's development in the future.

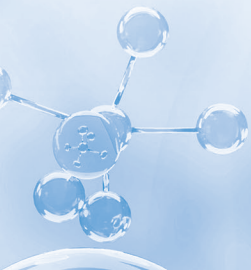
According to Frost & Sullivan, by 2027, the PRC IVD market at ex-factory price level is projected to reach RMB278.7 billion with a compound annual growth rate of 15.7% during 2021 to 2027. In the future, the PRC IVD market is expected to grow with the aggravating trend of an ageing population, the growth of medical expenses per capita and the progress of technological development. The haemostasis analysis and other segmented fields are expected to continue to maintain a highly concentrated competitive landscape.

At the same time, global AI technology is accelerating its penetration into the real economy, giving rise to disruptive innovations across multiple fields. AI-driven robotic technology has become a key engine for driving industrial upgrades, with application scenarios covering intelligent manufacturing, logistics automation, service interaction, and high-end equipment operation and maintenance, demonstrating cross-industry commercialization potential. The versatility of such technologies enables them to quickly adapt to diverse scenario requirements, becoming an emerging growth pole independent of traditional industries. The Group closely monitors the reshaping effects of such technological breakthroughs on the global industrial landscape and continuously evaluates their commercialization pathways in different verticals to explore the possibilities of expanding future business boundaries.

### BUSINESS OUTLOOK AND DEVELOPMENT STRATEGIES

On 12 July 2019, the Company successfully commenced its listing on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), providing the Group with a good opportunity for further development. Based on continuous insights into technological innovations and market demands in the healthcare industry, the Group will further expand the boundaries of technological innovation while consolidating its core IVD business, actively exploring the strategic value of robotic technology and cutting-edge technologies to seize growth opportunities brought about by global technological changes.

Looking ahead, the Group will leverage the capital market to continue consolidating its leading position in the IVD industry in the PRC and adopt active development strategies, including but not limited to the following key directions:





## MANAGEMENT DISCUSSION AND ANALYSIS

### **Expanding product portfolio, the reach of distribution network and hospital coverage**

To capitalise on the high growth potential in the IVD market, the Group aims to continuously expand its product portfolio by diversifying product categories, increasing brand coverage, and expanding the breadth of its distribution network and hospital coverage. To achieve these purposes, the Group intends to (i) establish and maintain relationships with well-known IVD manufacturers and suppliers by way of stocking sufficient target IVD products to secure more distribution rights; (ii) strengthen its relationship with hospitals in urban areas, community clinics at the provincial and municipal levels and other customers in rural areas; and (iii) establish a new department and hire more sales personnel to manage the expansion of its distribution coverage.

### **Enhancing the intelligence of its solution services to continue to develop its distribution business**

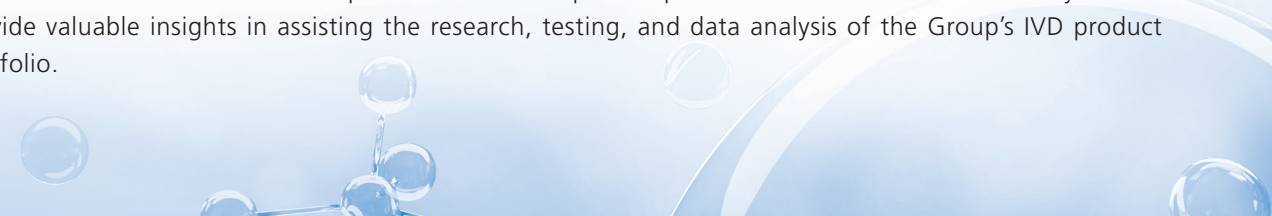
The Group has been providing solution services to hospitals in the PRC since 2013. By being the general supplier of the clinical laboratory department in such hospitals, the Group participates in the design of laboratory layouts, provides centralised procurement of IVD products, conducts real-time inventory monitoring and provides other after-sales services to clinical laboratories. Through years of operation, the Group has accumulated a wealth of operational experience and a diversified product portfolio, thus being able to promote the same to other hospitals and healthcare institutions.

The Group plans to further upgrade the technical architecture of providing solution services to hospitals by introducing data-driven operational models and automated process management tools to enhance the operational efficiency and service response capability of clinical laboratories. Including but not limited to, optimizing inventory monitoring systems using intelligent algorithms to achieve precise demand forecasting; or enhancing real-time collaboration capabilities with medical institutions through remote diagnostic platforms. Such innovative initiatives will create higher added value for customers and provide technical support for the Group to explore the mid to high-end market.

The Group plans to hire more sales personnel to manage the promotion and marketing of solution services of the Group and to stock sufficient IVD products of various brands to strengthen the Group's advantages in centralized procurement. In addition, the Group intends to continuously participate in national and local IVD symposiums and academic conferences to enhance brand awareness.

### **Accelerating the upgrading of research and development capabilities to promote the strategic integration of intelligent hardware and automation technology**

Strong research and development capabilities are critical to securing future development and sustainable growth of the Group. The Group will continue to increase its investment in research and development, focusing on advancing technological breakthroughs in the fields of mass spectrometry, molecular diagnostics, and microbiology. The Group, in addition to actively considering further strengthening its technological reserves and research and development capabilities through equity acquisitions or additional investments in non-wholly owned subsidiaries or other local companies focusing on the research and development of mass spectrometry reagents, also plans to further adopt AI in its operations to enhance the development of the Group's IVD products. AI-driven tools and analyzes can provide valuable insights in assisting the research, testing, and data analysis of the Group's IVD product portfolio.



## MANAGEMENT DISCUSSION AND ANALYSIS

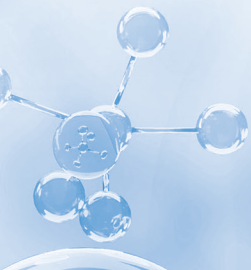
Meanwhile, the Group is also actively exploring the application potential of intelligent hardware development and high-precision sensing technology, including but not limited to the application potential of AI robotics technology in industrial automation, precision operations, and complex scenario services. This type of technological layout will focus on building core algorithm and hardware integration capabilities, laying the foundation for potential commercialization paths in the future. The Group is committed to seeking companies focused on AI robotic solutions and intends to develop its AI robotics business through collaboration and capital increase, aiming to support the large-scale deployment of AI technology in the future, which marks an important step in the Group's strategic layout in the field of AI. The Group will further develop its technology business and bring more revenue to the Company by investing in AI-related equipment and systems. The Group officially entered the AI field in 2024 by establishing a wholly-owned subsidiary, Goheal Technology (Hong Kong), which is incorporated in Hong Kong. Goheal Technology (Hong Kong) has also established Goheal Technology Holdings (Shenzhen) in China. Its business scope includes system integration services for applications in the AI industry, foundational resources and technology platforms for AI, technical consulting services for AI public service platforms, development of application software for AI, development of theoretical and algorithmic software for AI, as well as investment activities conducted with its own funds. In light of the recent vigorous development of high-tech industries in China, particularly in AI and robotics, the Board of the Company believes that carriers of AI, such as robots and data analysis platforms, computing hardware and software, platform as a service (PAAS), and infrastructure as a service (IAAS), are engines driving the development of companies in the new era, bringing both enormous and valuable business opportunities as well as challenges to the Group. The Group will leverage Goheal Technology (Hong Kong) and Goheal Technology Holdings (Shenzhen) as platforms to explore the potential of AI new technologies to assist its existing businesses and create economic value through Goheal Technology, such as researching how AI can optimize the operations of existing businesses like sample collection, analysis, and testing. On the other hand, the Group is actively exploring the opportunities brought by the rapid development of new technologies, capturing the business opportunities arising from the enormous demands for computing hardware and software, as well as IAAS due to the proactive development of new technologies (especially AI) both domestically and internationally.

In addition, the Group is actively assessing the potential for cross-industry technological synergies, including but not limited to collaboration with intelligent system development institutions to explore diversified application scenarios in precision engineering and algorithm-driven technologies. Such collaboration aims to break through the technological framework of traditional medical equipment, preparing the Group with forward-looking technological capabilities for the future.

## FINANCIAL REVIEW

### Overview

The financial summary set out below is extracted or calculated from the audited consolidated financial statements of the Group for the Reporting Period which were prepared in accordance with International Financial Reporting Standards.



## MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the Group recorded revenue of RMB3,162,415 thousand, representing an increase of RMB74,028 thousand or 2.4% as compared to the corresponding period of 2023.

During the Reporting Period, the Group recorded a net profit for the year of RMB266,034 thousand, representing an increase of RMB28,908 thousand or 12.2% as compared to the corresponding period of 2023. Profit attributable to owners of the parent amounted to RMB260,420 thousand, representing an increase of RMB22,257 thousand or 9.3% as compared to the corresponding period of 2023.

During the Reporting Period, the Group recorded non-GAAP adjusted profit for the year of RMB280,413 thousand, representing an increase of RMB18,289 thousand or 7.0% as compared to the corresponding period of 2023.

	For the year ended 31 December		
	2024	2023	Change
	RMB'000	RMB'000	
<b>Operating Results</b>			
Revenue	3,162,415	3,088,387	2.4%
Gross profit	751,173	671,701	11.8%
Earnings before interest and depreciation and amortization (EBITDA)	475,956	397,928	19.6%
Profit attributable to owners of the parent	260,420	238,163	9.3%
Adjusted profit for the year (Note 1)	280,413	262,124	7.0%
Adjusted profit attributable to owners of the parent (Note 1)	274,246	263,161	4.2%
<b>Financial Ratios</b>			
Gross profit margin (%) (Note 2)	23.8%	21.7%	increased by 2.1 percentage point
Net profit margin (%) (Note 2)	8.4%	7.7%	increased by 0.7 percentage point
Adjusted profit for the year margin (%) (Note 3)	8.9%	8.5%	increased by 0.4 percentage point
Return on assets (%) (Note 2)	5.2%	5.2%	–
Return on equity (%) (Note 2)	7.4%	7.3%	increased by 0.1 percentage point
<b>Operating Efficiency</b>			
Average turnover days of trade receivables (days) (Note 2)	59	65	(6)
Average turnover days of inventories (days) (Note 2)	178	131	47
Average turnover days of trade payables (days) (Note 2)	83	63	20

## MANAGEMENT DISCUSSION AND ANALYSIS

	31 December		
	2024	2023	Change %
	RMB'000	RMB'000	
<b>Financial Position</b>			
Total assets	<b>5,523,884</b>	4,785,052	15.4%
Equity attributable to owners of the parent	<b>3,714,618</b>	3,344,935	11.1%
Cash and cash equivalents	<b>1,774,358</b>	1,224,786	44.9%
<b>Financial Ratios</b>			
Current ratio (times) (Note 2)	<b>2.4</b>	2.5	(0.1)
Quick ratio (times) (Note 2)	<b>1.6</b>	1.6	–
Debt to equity ratio (times) (Note 2)	<b>0.2</b>	0.1	0.1

Note 1: Adjusted profit for the year and adjusted profit attributable to owners of the parent are non-GAAP financial measures. See also the paragraph headed "Adjusted profit for the year" below for more information.

Note 2: Gross profit margin equals gross profit divided by revenue.

Net profit margin equals net profit divided by revenue.

Return on assets equals net profit divided by average total assets during the reporting period.

Return on equity equals net profit attributable to owner of the Company divided by average equity attributable to owner of the Company during the reporting period.

Average turnover days of trade receivables equal to the average of the opening and closing balances of trade receivables of the reporting period divided by revenue and multiplied by 365 days.

Average turnover days of inventories equal to the average of the opening and closing balances of inventories of the reporting period divided by cost of sales and multiplied by 365 days.

Average turnover days of trade payables equal to the average of the opening and closing balances of trade payables of the reporting period divided by cost of sales and multiplied by 365 days.

Current ratio equals total current assets divided by total current liabilities as at the end of the reporting period.

Quick ratio equals total current assets less inventories divided by total current liabilities as at the end of the reporting period.

Debt to equity ratio equals total debt divided by total equity as at the end of the reporting period. Debt means interest-bearing borrowings.

Note 3: Adjusted profit for the year margin is a financial ratio and is calculated by adjusted profit for the year (see Note 1 above), a non-GAAP financial measure, divided by the revenue for the year.

## MANAGEMENT DISCUSSION AND ANALYSIS

### REVENUE

Revenue of the Group amounted to RMB3,162,415 thousand for the Reporting Period, representing an increase of 2.4% as compared to RMB3,088,387 thousand for the year ended 31 December 2023.

#### Revenue by business segment

The table below sets out the breakdown of the Group's revenue by business segment for the years indicated:

Business segment	For the year ended 31 December				Change
	2024		2023		
	RMB'000	% of total	RMB'000	% of total	
Distribution business	2,946,782	93.2	2,898,390	93.9	1.7%
After-sales services	205,989	6.5	179,374	5.8	14.8%
Self-branded products business	9,644	0.3	10,623	0.3	(9.2%)
Total	3,162,415	100.0	3,088,387	100.0	2.4%

#### Revenue by product type

The table below sets out the breakdown of the Group's revenue generated from distribution business and self-branded products business by product type for the years indicated:

Product type	For the year ended 31 December				Change
	2024		2023		
	RMB'000	% of total	RMB'000	% of total	
IVD analysers					
– Distribution business	304,658	10.3	330,517	11.3	(7.8%)
– Self-branded products business	1,821	0.1	1,868	0.1	(2.5%)
Subtotal	306,479	10.4	332,385	11.4	(7.8%)
IVD reagents and other consumables					
– Distribution business	2,642,124	89.3	2,567,873	88.3	2.9%
– Self-branded products business	7,823	0.3	8,755	0.3	(10.6%)
Subtotal	2,649,947	89.6	2,576,628	88.6	2.8%
Total	2,956,426	100.0	2,909,013	100.0	1.6%



## MANAGEMENT DISCUSSION AND ANALYSIS

### Revenue by channel

The table below sets out the breakdown of the Group's revenue generated from distribution business and self-branded products business by sales channels for the years indicated:

Sales channel	For the year ended 31 December				Change
	2024		2023		
	RMB'000	% of total	RMB'000	% of total	
Distribution business					
– Distributors	2,374,583	80.4	2,355,731	80.9	0.8%
– Hospitals and healthcare institutions	391,676	13.2	377,043	13.0	3.9%
– Logistics providers	180,523	6.1	165,616	5.7	9.0%
Subtotal	2,946,782	99.7%	2,898,390	99.6	1.7%
Self-branded products business					
– Distributors	9,096	0.3	9,130	0.3	(0.4%)
– Hospitals and healthcare institutions	548	0.0	1,493	0.1	(63.3%)
Subtotal	9,644	0.3	10,623	0.4	(9.2%)
Total	2,956,426	100.0	2,909,013	100.0	1.6%

### Cost of sales

Cost of sales of the Group amounted to RMB2,411,242 thousand for the Reporting Period, representing a decrease of 0.2% as compared to RMB2,416,686 thousand for the year ended 31 December 2023. Such decrease was primarily due to the decrease in cost of analysers.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Cost of sales by business segment

The table below sets out the breakdown of the Group's cost of sales by business segment for the years indicated:

Business segment	For the year ended 31 December				Change
	2024		2023		
	RMB'000	% of total	RMB'000	% of total	
Distribution business	2,318,979	96.2	2,316,752	95.9	0.1%
After-sales services	89,281	3.7	97,140	4.0	(8.1%)
Self-branded products business	2,982	0.1	2,794	0.1	6.7%
Total	2,411,242	100.0	2,416,686	100.0	(0.2%)

### Cost of sales by product type

The table below sets out the breakdown of the Group's cost of sales for distribution business and self-branded products business by product type for the years indicated:

Product type	For the year ended 31 December				Change
	2024		2023		
	RMB'000	% of total	RMB'000	% of total	
IVD analysers					
– Distribution business	236,222	10.2	283,454	12.2	(16.7%)
– Self-branded products business	815	0.0	836	0.0	(2.5%)
Subtotal	237,037	10.2	284,290	12.2	(16.6%)
IVD reagents and other consumables					
– Distribution business	2,082,756	89.7	2,033,298	87.7	2.4%
– Self-branded products business	2,168	0.1	1,958	0.1	10.7%
Subtotal	2,084,924	89.8	2,035,256	87.8	2.4%
Total	2,321,961	100.0	2,319,546	100.0	0.1%

## MANAGEMENT DISCUSSION AND ANALYSIS

### GROSS PROFIT AND GROSS PROFIT MARGIN

Gross profit represents revenue less cost of sales. Gross profit of the Group amounted to RMB751,173 thousand for the Reporting Period, representing an increase of 11.8% as compared to RMB671,701 thousand for the year ended 31 December 2023. Such increase was primarily attributable to increase in gross profit margin of the Group's analysers and after-sales services business.

Gross profit margin is calculated as gross profit divided by revenue. Gross profit margin of the Group was 23.8% for the Reporting Period, which increased from 21.7% for the year ended 31 December 2023. The increase was primarily attributable to the decrease in cost of analysers and services rendered.

### Gross profit and gross profit margin by business segment

The table below sets out the breakdown of the Group's gross profit and gross profit margin by business segment for the years indicated:

Business segment	For the year ended 31 December				Change
	2024		2023		
	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %	
Distribution business					
– IVD reagents and other consumables	559,368	21.2	534,575	20.8	4.6%
– IVD analysers	68,436	22.5	47,063	14.2	45.4%
Subtotal	627,803	21.3	581,638	20.1	7.9%
After-sales services	116,708	56.7	82,234	45.8	41.9%
Self-branded products business					
– IVD reagents and other consumables	5,655	72.3	6,797	77.6	(16.8%)
– IVD analysers	1,006	55.2	1,032	55.2	(2.5%)
Subtotal	6,662	69.1	7,829	73.7	(14.9%)
Total	751,173	23.8	671,701	21.7	11.8%

## MANAGEMENT DISCUSSION AND ANALYSIS

### Gross profit and gross profit margin by product type

The table below sets out the breakdown of the Group's gross profit and gross profit margin generated from distribution business and self-branded products business by product type for the years indicated:

Product type	For the year ended 31 December				Change
	2024		2023		
	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %	
IVD analysers					
– Distribution business	68,436	22.5	47,063	14.2	45.4%
– Self-branded products business	1,006	55.2	1,032	55.2	(2.5%)
Subtotal	69,442	22.7	48,095	14.5	44.4%
IVD reagents and other consumables					
– Distribution business	559,368	21.2	534,575	20.8	4.6%
– Self-branded products business	5,655	72.3	6,797	77.6	(16.8%)
Subtotal	565,023	21.3	541,372	21.0	4.4%
Total	634,465	21.5	589,467	20.3	7.6%

## MANAGEMENT DISCUSSION AND ANALYSIS

### OTHER INCOME AND GAINS, NET

Other income and gains, net of the Group amounted to RMB21,813 thousand for the Reporting Period, representing a decrease of 25.1% as compared to RMB29,131 thousand for the year ended 31 December 2023. Such increase was primarily due to the decrease in foreign exchange gain.

	For the year ended	
	31 December	
	2024	2023
	RMB'000	RMB'000
Other income		
Bank interest income	2,672	2,910
Rental income	350	301
Government subsidies	15,524	15,996
Others	1,635	576
Total other income	20,181	19,783
Gains or losses		
Written-off of prepayment	(143)	—
(Loss)/gain on termination/modification of lease contracts	(66)	7
Gain on disposal of items of property, plant and equipment, net	47	141
Foreign exchange differences, net	1,794	9,200
Total gains, net	1,632	9,348
Total other income and gains, net	21,813	29,131

### SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses of the Group amounted to RMB139,805 thousand for the Reporting Period, representing an increase of 2.6% as compared to RMB136,313 thousand for the year ended 31 December 2023. Such increase was primarily due to the increase of the Group's marketing activities.

### ADMINISTRATIVE EXPENSES

Administrative expenses of the Group amounted to RMB165,332 thousand for the Reporting Period, representing an increase of 3.3% as compared to RMB159,980 thousand for the year ended 31 December 2023. Such increase was primarily due to the increase of the Group's business activities.



## MANAGEMENT DISCUSSION AND ANALYSIS

### OTHER EXPENSES

There were no significant other expenses of the Group for the Reporting Period (2023: RMB1,838 thousand).

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
Loss on deregistration of a subsidiary	–	1,838
	–	1,838

### FINANCE COSTS

Finance costs of the Group amounted to RMB35,979 thousand for the Reporting Period, representing an increase of 71.0% as compared to RMB21,040 thousand for the year ended 31 December 2023. Such increase was primarily due to the increase in average bank borrowing amount during the Reporting Period.

### PROFIT FOR THE YEAR

Profit of the Group for the year amounted to RMB266,034 thousand for the Reporting Period, representing an increase of 12.2% as compared to RMB237,126 thousand for the year ended 31 December 2023. Such increase was primarily attributable to increase in gross profit margin of the Group's analysers and after-sales service business.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Adjusted profit for the year

Adjusted profit of the Group is a non-GAAP financial measure which excludes certain impact of non-operating items which affect the results presented in the consolidated financial statements but which the Company considers to be not indicative of the operating performance of the Group. Such non-GAAP measures are presented, with the intent to provide the Shareholders and potential investors with supplementary information to assess the performance of the Group's core operations. Adjusted profit for the year is calculated by deducting the items listed below from the profit for the year. Adjusted profit for the year amounted to RMB280,413 thousand for the Reporting Period, representing an increase of 7.0% as compared to RMB262,124 thousand for the year ended 31 December 2023. Such increase was primarily attributable to increase in gross profit margin of analysers and after-sales service business.

	2024 RMB'000	2023 RMB'000
Profit for the year	266,034	237,126
Adjusted for non-operating items:		
Fair value loss on financial assets at fair value through profit or loss	9,468	20,631
Share of loss/(profit) of a joint venture	8,612	5,822
Deferred tax on fair value adjustments of equity investments at fair value through profit or loss	(3,701)	(1,455)
Adjusted profit for the year (non-GAAP)	280,413	262,124

\* The aforementioned joint venture focuses on equity investment in IVD industry, see Company's announcement dated 3 August 2020.

\*\* Non-GAAP financial measure does not have a standardised meaning prescribed by GAAP and therefore may not be comparable to similar measures presented by other companies. Non-GAAP financial measure should be considered in addition to, not as a substitute for, measures of the Group's financial performance prepared in accordance with relevant GAAP.

## MANAGEMENT DISCUSSION AND ANALYSIS

### USE OF PROCEEDS FROM THE PLACEMENT OF NEW SHARES UNDER GENERAL MANDATE

The net proceeds from the placing of new shares under general mandate on 24 July 2024, after deducting the commissions and other fees and expenses in relation to the placing, amounted to approximately HK\$189.6 million. Up to the date of this report, the Group had used the net proceeds as follows:

Intended uses of the net proceeds		Original allocation of net proceeds HK\$ (million)	Utilized up to the date of this report HK\$ (million)	Remaining balance of net proceeds as at the date of this report HK\$ (million)
(A)	Medical related business development			
	(i) Acquisition of and/or investment in business(es) or cooperation with other companies	151.3	140.0	11.3
	(ii) Support the research and development of biologic project products	18.9	3.9	15.0
		170.2	143.9	26.3
(B)	General working capital of the Company	18.9	18.9	–
Total		189.1	162.8	26.3

There was no material change between the intended use and the actual use of the net proceeds. Unutilized net proceeds of approximately HK\$26.3 million is currently expected to be fully utilized within two years from the completion date of such share placement.

### LIQUIDITY AND FINANCIAL RESOURCES

As of 31 December 2024, the Group had cash and cash equivalents of RMB1,774,358 thousand (primarily denominated in HK\$, RMB and US\$), as compared to RMB1,224,786 thousand as of 31 December 2023. The approach adopted by the Board to manage the liquidity of the Group is to ensure sufficient liquidity at any time to meet its matured liabilities as to avoid any unacceptable loss or damage to the Group's reputation.

### CAPITAL STRUCTURE

As of 31 December 2024, the Group's total equity attributable to owners of the parent was RMB3,714,618 thousand (31 December 2023: RMB3,344,935 thousand), comprising share capital of RMB5,603 thousand (31 December 2023: RMB4,637 thousand) and reserves of RMB3,709,015 thousand (31 December 2023: RMB3,340,298 thousand).

## MANAGEMENT DISCUSSION AND ANALYSIS

### NET CURRENT ASSETS

The Group had net current assets of RMB2,169,969 thousand as of 31 December 2024, representing an increase of RMB386,878 thousand as compared to RMB1,783,091 thousand as of 31 December 2023.

### INTEREST RATE RISK

The Group's exposure to the risk of changes in market interest rates primarily relates to its cash and bank balances. The Group has not used any interest rate swaps to hedge its interest rate risk, and will consider hedging significant interest rate risk should the need arise.

### FOREIGN CURRENCY RISK

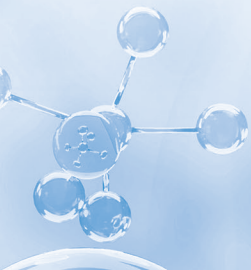
The Group faces transactional currency exposures arising from bank deposits held by operating units in currencies other than the units' functional currency. The currencies giving rise to such risk are primarily US\$ and HK\$. For the Reporting Period, the Group recorded a net foreign exchange gain of RMB1,794 thousand, as compared to a net foreign exchange gain of RMB9,200 thousand for the year ended 31 December 2023. As of 31 December 2024, the Group did not have any significant hedging arrangements to manage foreign exchange risks but has been actively monitoring and overseeing its foreign exchange risks.

### MATERIAL ASSET VALUATION

Management of the Company has engaged Colliers International (Hong Kong) Limited to perform the impairment assessment on the Distribution CGU (cash generating unit of distribution of IVD reagents and medical equipment) for the Reporting Period, which was based on value-in-use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The recoverable amount of the Distribution CGU has a significant headroom of not less than RMB100 million over the carrying amount of net assets of Distribution CGU. Management, based on the sensitivity analysis performed, is not aware of any possible change in key assumptions used that would cause a cash generating unit's carrying amount to exceed its recoverable amount.

### 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 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.



## MANAGEMENT DISCUSSION AND ANALYSIS

### LIQUIDITY RISK

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings and projected cash flows from operations.

### CAPITAL EXPENDITURE

For the Reporting Period, the Group's total capital expenditure amounted to RMB67,103 thousand, which was primarily used in purchase of property, plant and equipment and addition of right-of-use assets.

### CHARGE/PLEDGE OF ASSETS

As of 31 December 2024, the Group's bank deposits of RMB83,378 thousand were pledged to secure the Group's letter of credit in the aggregate amount of RMB564,932 thousand.

### BORROWINGS

The Group had bank borrowings of RMB732,566 thousand as of 31 December 2024 denominated in RMB, which bore interest at fixed rates. All of the Group's bank borrowings as of 31 December 2024 were repayable on or before 31 December 2025.

### CONTINGENT LIABILITIES AND GUARANTEES

As of 31 December 2024, the Group did not have any material contingent liabilities, guarantees or litigation against it (as of 31 December 2023: nil).

### GEARING RATIO

As of 31 December 2024, the Group's gearing ratio, which is equivalent to total debt divided by total assets, was 13.3% (as of 31 December 2023: 6.7%).

### SIGNIFICANT INVESTMENTS AND FUTURE PLANS FOR INVESTMENT AND CAPITAL ASSETS

As of 31 December 2024, the Group had a capital commitment to a joint venture of RMB29,332 thousand (as of 31 December 2023: RMB29,829 thousand). As of 31 December 2024, the Group did not hold any other significant investments in the equity interests of other companies. The Group does not have other plans for material investments and capital assets which have been authorised by the Board except as referred to in this report.



## MANAGEMENT DISCUSSION AND ANALYSIS

### FINAL DIVIDEND

The Board has resolved not to recommend a final dividend for the Reporting Period (2023: HK6.209 cents per ordinary share of the Company (“**Share(s)**”)).

### EMPLOYEE AND REMUNERATION POLICY

As of 31 December 2024, the Group had 863 employees (as of 31 December 2023: 803 employees). Total staff remuneration expenses, including remuneration for Directors, for the Reporting Period amounted to RMB221,693 thousand (2023: RMB183,869 thousand).

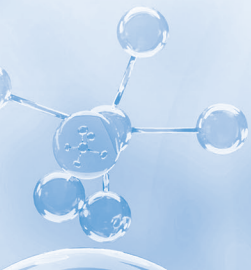
The Group has adopted a performance-based remuneration policy for its employees. Remuneration is determined with reference to performance, skills, qualifications and experience of the staff concerned and with reference to the Group’s operating results and comparable market practices.

In addition to salary payments, other staff benefits include pension, social insurance and housing provident contribution made by the Group, performance-based compensation, bonus, share incentives through the Company’s share option scheme and share award scheme. These share schemes provide flexibility to the Group in attracting and retaining personnel, and in providing incentive to employees in recognition of their contribution to the Group. As of 31 December 2024, there were 23,334,500 outstanding share options granted under the Company’s share option scheme.

### OTHER IMPORTANT EVENTS DURING THE REPORTING PERIOD

#### Placement of new shares under general mandate

The Company issued 270,918,016 Shares on 24 July 2024 (representing approximately 16.67% of the issued Shares as enlarged by such allotment, with an aggregate nominal value of USD135,459.01) to not less than six placees (being third parties who are independent of, and not connected with, the Company and its connected persons (as defined in the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”)) at the price of HK\$0.7 per Share, pursuant to a placing agreement between the Company and Sunhigh Financial Holdings Limited (as placing agent) dated 25 June 2024. These Shares were issued under the general mandate. The Company received net proceeds of approximately HK\$189 million. More information is set out in the paragraph “Use of proceeds from the placement of new shares under general mandate” above, and the Company’s announcements dated 25 June 2024 and 24 July 2024, respectively.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Renewal of lease transactions

The Company entered into the framework property lease agreement on 31 December 2024 with Mr. Ho Kuk Sing and Mr. Lin Xianya (both are Directors) and Mr. Leung King Sun (a former Director) with respect to lease transactions by the Group (as leasee) from 1 January 2025 to 31 December 2027, and the annual caps in respect of the total value of right-of-use assets related to such leases for the years ending 31 December 2025, 2026, and 2027 are RMB15,000,000, RMB8,500,000 and RMB2,000,000, respectively. Vastec Medical Equipment (Shanghai) Co., Ltd. ("**Vastec**") (a member of the Group) entered into a warehouse lease agreement on 31 December 2024 with Shanghai Shinva Tai Kang Biotechnology Co., Ltd. (a subsidiary of Shinva, a substantial shareholder of the Company) with respect to lease by Vestec (as leasee) from 1 January 2025 to 31 December 2026, with an expected rent and property management fee payable by Vestec to be approximately RMB3,676 thousand per year for the above term. Each of Mr. Ho, Mr. Leung, Mr. Lin and Shanghai Shinva Tai Kang Biotechnology Co., Ltd. are connected persons of the Company. These agreements and the transactions contemplated thereunder constitute continuing connected transactions and/or connected transactions of the Company, subject to the reporting, announcement and annual review requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules. More information is set out in the Company's announcement dated 31 December 2024.

### Change of auditor

Ernst & Young resigned as the Company's auditor on 28 October 2024, and Moore CPA Limited was appointed as the Company's auditor with effect from 28 October 2024. More information with respect to the change of auditor is set out in the Company's announcement dated 28 October 2024 and the paragraph headed "Subsequent events" below.

### Change of composition of the Board and other personnel

The following changes of the composition of the Board took place during the Reporting Period:

- (a) The following appointments took place: Mr. Chan Siu Kei Ken as an executive Director, Mr. Law Kim Fai as an executive Director, chief financial officer and company secretary, Mr. Liu Fei as a non-executive Director, and Dr. Wong Sze Lok as an independent non-executive Director. They have obtained the legal advice referred to in Rule 3.09D of the Listing Rules, and each of them has confirmed he understood his obligations as a director of a listed issuer (For Mr. Liu Fei, on 8 March 2024, and for other new Directors, on 28 March 2024); Dr. Wong has also confirmed his independence in respect of the factors set out in Rule 3.13 of the Listing Rules; and
- (b) The following resignations became effective: Mr. Leung King Sun as an executive Director and chief operating officer, Mr. Sun Tao and Mr. Yang Zhaoxu as non-executive Directors and Mr. Lau Siu Ki as an independent non-executive Director.

Ms. Lam Wai Yan ceased to be a company secretary and an authorised representative of the Company with effect from 1 July 2024.

## MANAGEMENT DISCUSSION AND ANALYSIS

More information with respect to the above and other associated changes in the Board committees and personnel is set out in the Company's announcements dated 31 January 2024, 8 March 2024, 28 March 2024 and 28 June 2024, respectively.

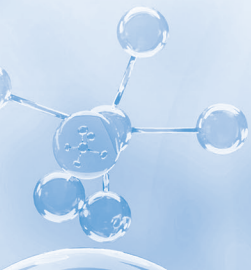
### Subsequent events

Prism Hong Kong Limited ("**Prism**") was appointed as the Company's auditor with effect from 20 February 2025 to fill the vacancy following the resignation of Moore CPA Limited which took effect on 17 February 2025. More information is set out in the Company's announcements dated 17 February 2025, 20 February 2025, 11 March 2025 and 13 March 2025.

Save as referred to in this annual report, the Group did not have any material event which affected the Group significantly and required to be disclosed under the Listing Rules since the end of the Reporting Period and up to the date of this annual report.

### MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES OR JOINT VENTURES

The Group did not have any material acquisition or disposal of subsidiaries, associates or joint ventures during the Reporting Period except as referred to in this annual report.



## BOARD OF DIRECTORS AND SENIOR MANAGEMENT

### DIRECTORS

#### Executive Directors



**Mr. Ho Kuk Sing (何鞠誠)**, aged 66, is the chairman of the Board (the “Chairman” or “Mr. Ho”), the Chief Executive Officer of the Company and an executive Director. He is primarily responsible for the overall strategic planning and development of the Group. He was appointed as a Director on 27 May 2016 and was designated as the Chairman, the Chief Executive Officer of the Company and an executive Director on 21 June 2019.

Mr. Ho is one of the founders of the Group and has over 37 years of experience in the IVD industry. He is currently a director of various subsidiaries of the Company and the chairman of the Nomination Committee. He founded Vastec in August 1993 and has been the chief executive officer of Vastec since May 1995. Prior to joining the Group, Mr. Ho worked as a technical specialist, a technology and marketing manager and a marketing and business manager in Instrumentation Laboratory (Far East) Ltd. (merged with Coulter Electronics (Hong Kong) Ltd. in November 1992), a company principally engaged in the development, manufacturing and distribution of IVD products, from January 1985 to December 1987, from December 1987 to January 1992 and from January 1992 to October 1992, respectively. He served in various positions including a marketing manager and a regional business manager in Coulter Electronics (Hong Kong) Ltd. from November 1992 to February 1995.

Mr. Ho obtained a master’s degree in Philosophy from The University of Hong Kong in 1988. He obtained a bachelor’s degree in Science from The University of Hong Kong in 1982.

## BOARD OF DIRECTORS AND SENIOR MANAGEMENT



**Mr. Lin Xianya (林賢雅)**, aged 49, is the General Manager of the Company and an executive Director primarily responsible for overseeing the business development of the Group. He joined the Group in 2000, and was appointed as a Director on 15 January 2016 and was designated as the General Manager of the Company and an executive Director on 21 June 2019.

Mr. Lin has over 23 years of experience in the IVD industry. He founded Dacheng Medical Equipments (Shanghai) Co., Ltd. ("**Dacheng**") in February 2011 and has been the general manager of Dacheng since April 2011. He also serves as a director of IVD International Limited. Prior to establishing Dacheng in February 2011, Mr. Lin worked in Vastec as a sales manager from February 2000 to January 2008 and as a sales director from January 2008 to March 2011, during which time he was primarily responsible for sales management.

Mr. Lin obtained a Master of Business Administration (MBA) specialising in sales and management from Fudan University in 2009. He obtained a bachelor's degree in Medical Laboratory from the School of Medicine of Shanghai Jiao Tong University (formerly known as Shanghai Second Medical University\* (上海第二醫科大學)) in September 1999.

## BOARD OF DIRECTORS AND SENIOR MANAGEMENT

**Mr. Chan Siu Kei Ken (陳兆基)**, aged 42, joined the Group when he was appointed as an executive Director on 28 March 2024. He is also an authorised representative. He is responsible for the overall management and operations of the Group.

Mr. Chan has extensive experience in financial auditing, accounting and management. Mr. Chan was the finance director of a wholly-owned subsidiary of an enterprise whose shares are listed on the Main Board of the Stock Exchange. Mr. Chan has been a director of Optimum Accounting Services Limited since February 2017.

Mr. Chan obtained a Bachelor of Business (Accountancy) from Queensland University of Technology in Australia in March 2005 and a Master of Corporate Governance from The Hong Kong Polytechnic University in September 2016. Mr. Chan is a member of the Certified Practising Accountant Australia, a member of the Chartered Governance Institute in the United Kingdom, a member of the Institute of Chartered Secretaries and Administrators in the United Kingdom and the Hong Kong Institute of Chartered Secretaries.

**Mr. Law Kim Fai (羅劍輝)**, aged 54, joined the Group when he was appointed as an executive Director on 28 March 2024. He is responsible for the overall management and operations of the Group. He is also a member of the remuneration committee of the Company (the “**Remuneration Committee**”), the chief financial officer, the company secretary and an authorised representative of the Company.

Mr. Law has extensive working experience in accounting and company secretarial matters in a number of listed companies in Hong Kong, and he has held positions such as qualified accountant, company secretary, authorised representative and/or finance director in a number of companies whose shares were listed on the Stock Exchange. Mr. Law currently serves as an independent non-executive director of World Super Holdings Limited (HKSE stock code: 8612).

Mr. Law obtained a Bachelor of Business in Business Administration from the Royal Melbourne Institute of Technology in Australia in April 1994 and a Master of Business Administration (Electronic Commerce) from Charles Sturt University in Australia in November 2002. Mr. Law is a fellow member of the Hong Kong Institute of Certified Public Accountants, and a member of the Hong Kong Chartered Governance Institute, a member of the Chartered Governance Institute in the United Kingdom and a fellow member of Association of International Accountants.





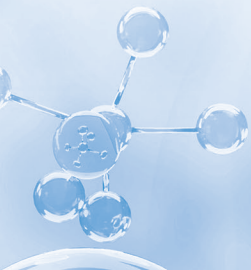
## BOARD OF DIRECTORS AND SENIOR MANAGEMENT

### Non-Executive Directors

**Ms. Yao Haiyun** (姚海雲), aged 49, has been appointed as a non-executive Director primarily responsible for providing advice on strategies to the Group. She joined the Group when she was appointed as a non-executive Director on 19 October 2021.

Ms. Yao has approximately 28 years of experience in finance and accounting work. She entered the finance department of Shinva Medical Instrument Co., Ltd (“**Shinva**”, a controlling shareholder of the Company whose shares are listed and traded on the Shanghai Stock Exchange (stock code: 600587)) in 1995. Ms. Yao served various roles in the finance department of Shinva for the approximately 13 years thereafter, participating in the pre-listing process of Shinva, and its post-listing financial compliance process. Through such processes, Ms. Yao accumulated working experiences relating to finance and accounting of listed companies. Ms. Yao served in the finance department of various subsidiaries and related entities of Shinva for over 14 years since 2008. She has been the person-in-charge of finance of Xinhua Surgical Instrument Co., Ltd. (新華手術器械有限公司) from July 2010, person-in-charge of finance of Shandong Shinva United Orthopedic Equipment Co., Ltd. (山東新華聯合骨科器材股份有限公司) from May 2015, and deputy head of finance department of Shandong Shinva Medical Instrument Co., Ltd (山東新華醫療器械股份有限公司) since July 2021. She acted as the person-in-charge of finance of Shinva GE Medical Systems Co., Ltd. (新華通用電氣醫療系統有限公司), and was also the person-in-charge of finance of Shandong Shinva Health Industry Co., Ltd. (山東新華健康產業有限公司), of Zibo Huanuo Health Industry Equity Investment Partnership (Limited Partnership) (淄博華諾健康產業股權投資合夥企業(有限合夥)), of Zibo Huakang Equity Investment Management Co., Ltd. (淄博華康股權投資管理有限公司) concurrently from May 2014 to April 2019. She was also responsible for the finance work related to the initial formation of Karlmed GmbH and Shandong Shinsun Biotechnology Co., Ltd (山東新華普陽生物技術有限公司) from May 2014 to April 2019. Ms. Yao has also been appointed as a director of Vastec and Vastec Medical Limited (both are subsidiaries of the Company).

Ms. Yao graduated from Hefei University of Technology in the PRC, majoring in accounting and statistic, in July 1995. She has been conferred the Intermediate Level of Accounting Speciality by the Ministry of Finance of the PRC in May 2002.



## BOARD OF DIRECTORS AND SENIOR MANAGEMENT

**Mr. Liu Fei (劉飛)**, aged 38, was appointed as a non-executive Director on 8 March 2024. He is primarily responsible for providing advice on the strategies to the Group.

Mr. Liu has over a decade of working experience in research and development and in management. He joined Shinva in July 2009. He served in different positions in Shinva, including working in the infection control business department from July 2009 to September 2018, as the factory head of the Oral Technology Factory of Shinva from September 2018 to December 2023. Since December 2023, he has been the general manager of the in vitro diagnostics business department of Shinva, the chairman of the board of directors of Changchun Bioxun Biotech Co., Ltd. (長春博迅生物技術有限公司), the chairman of the board of directors and legal representative of Shandong Shinsun Biotechnology Co., Ltd. (山東新華普陽生物技術有限公司), and a director of Beijing Wetech Biological and Technological Co., Ltd. (北京威泰科生物技術有限公司).

Mr. Liu graduated from Qingdao University of Technology in China in June 2009, majoring in mechanical design, manufacturing and automation. He obtained the qualification of senior engineer in China in March 2021.

### Independent Non-Executive Directors

**Dr. Wong Sze Lok (黃思樂)**, aged 52, joined the Group when he was appointed as an independent nonexecutive Director on 28 March 2024. He is responsible for overseeing the management of the Group independently. He is the chairman of the audit committee of the Company (the “**Audit Committee**”) and the Remuneration Committee, and a member of the Nomination Committee.

Dr. Wong has extensive experience in auditing and corporate governance. Dr. Wong currently serves as an independent non-executive director of Aowei Holding Limited (HKSE stock code: 1370), Cocoon Holdings Limited (HKSE stock code: 428), TBK & Sons Holdings Limited (HKSE stock code: 1960), and China e-Wallet Payment Group Limited (HKSE stock code: 802), respectively; and he also serves as a company secretary of Uitas Holdings Limited (HKSE stock code: 8020) and Wai Hung Group Holdings Limited (HKSE stock code: 3321), respectively. He served as an independent non-executive director of Grand Field Group Holdings Limited (HKSE stock code: 115) until July 2021, and served as the chief financial officer of Amax International Holdings Limited (now known as Century Entertainment International Holdings Limited, HKSE stock code: 959) until February 2022. Dr. Wong served as the senior manager of Crowe Horwath Corporate Consultancy Limited from January 2007 to July 2012.

Dr. Wong obtained a Bachelor of Arts in Accountancy from The Hong Kong Polytechnic University in November 1996, a Master of Management from Macquarie University in Australia in November 2004, and a Certificate of Higher Education in Law from the University of Essex in the United Kingdom in December 2021 and an executive doctor of business administration from Sabi University in December 2024. Dr. Wong is a fellow member of the Hong Kong Institute of Certified Public Accountants, a member of The Institute of Chartered Accountants in England and Wales and a Certified Information Systems Auditor.

## BOARD OF DIRECTORS AND SENIOR MANAGEMENT

**Dr. Zhong Renqian** (仲人前), aged 62, was appointed as an independent non-executive Director on 21 June 2019. He is responsible for overseeing the management of the Group independently. He is a member of the Audit Committee.

Dr. Zhong is experienced in teaching and medical research in the fields of clinical laboratory and diagnostics. He previously served as the president of the Shanghai Immunology Association\* (上海市免疫學會), the vice president of the Laboratory Medicine Committee of Chinese Research Hospital Association (中國研究型醫院學會), the president of the Laboratory Medicine Committee of Shanghai Medical Association (上海市醫學會檢驗醫學專科分會), the vice president of the Laboratory Medicine Committee of Medical Science and Technology Committee of Chinese Army\* (中國人民解放軍醫學科學技術委員會) and the vice president of the Committee of Tumor Biomarker of Chinese Anti-cancer Association\* (中國抗癌協會腫瘤標誌專業委員會).

Dr. Zhong received his bachelor's degree, master's degree and doctorate degree in Medicine from Second Military Medical University (中國人民解放軍第二軍醫大學) in July 1984, August 1987 and July 1991, respectively. Dr. Zhong held various positions in the Clinical Immunology Research Centre of Shanghai Changzheng Hospital (上海長徵醫院) (also known as the Second Affiliated Hospital of the Second Military Medical University (第二軍醫大學第二附屬醫院)) from July 1991 to July 2017, including as an assistant researcher, associate researcher and director of laboratory diagnostics. He holds various patents relating to laboratory medicine and clinical immunology and various regional awards in the PRC in recognition of his achievement in medical science and technology.

**Dr. Leung Ka Sing**, aged 74, was appointed as an independent non-executive Director on 21 June 2019. He is responsible for overseeing the management of the Group independently. He is a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee.

Dr. Leung has over 42 years of experience in chemistry, food science and safety management and occupational health and safety. From August 1980 to May 1986, he served as a technical director of Instrumentation Laboratory (Far East) Ltd., specialising in technical marketing and support in atomic spectroscopy. From June 1986 to July 1996, he served as a chemist in the Government Laboratory, specialising in quality management and the inspection of food and radiochemistry. From July 1996 to December 2001, he was seconded to the Labour Department where he served as a senior chemist, specialising in occupational health and safety, and from December 2001 to October 2006, he served as a senior chemist in the Food and Environmental Hygiene Department, specialising in food safety control. From October 2006 to July 2010, he was transferred back to the Government Laboratory, where he served as a senior chemist, specialising in chemical safety and food science. He was an Adjunct Associate Professor of the Department of Applied Biology and Chemical Technology of The Hong Kong Polytechnic University from July 2010 to June 2023, where he undertook the education and research of food safety and technology. He has been an Adjunct Associate Professor of the Department of Food Science and Nutrition of The Hong Kong Polytechnic University since June 2023. Dr. Leung has participated in numerous international meetings in the fields of food safety and risk management since 2003.



## BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Dr. Leung graduated from the University of Hong Kong with a doctorate degree in Philosophy in November 1981, a master's degree in Philosophy in November 1975 and a bachelor's degree in Science in November 1972. He has been a member of various overseas professional committees. He became a member and a Chartered Chemist of The Royal Society of Chemistry since July 1984, an academican of The Royal Society of Chemistry since July 2002 and a Certified Food Scientist of The International Food Science Certification Commission since January 2013.

### SENIOR MANAGEMENT

**Mr. Li Zuhou (李祖后)**, aged 50, is the vice general manager of Dacheng primarily responsible for general management and operations. Mr. Li has 22 years of experience in business management. He joined the Group in November 2012 as a vice general manager of Dacheng. Prior to joining the Group, Mr. Li worked as the factory manager of Cangnan County Longgang Jingcheng Gift Box Craft Factory (蒼南縣龍港精誠禮盒工藝廠) from August 2001 to October 2012.

Mr. Li obtained his diploma in Economic Management from Zhejiang Staff University of Economics and Management (浙江經濟管理職工大學) in July 2009.

**Mr. Yang Bo (楊波)**, aged 47, is the financial controller of the Company. Mr. Yang has over 17 years of experience in accounting and financial management. He joined the Group in February 2016 as the financial controller, primarily responsible for overseeing the daily operation of the finance and logistics department of Vastec. Prior to joining the Group, Mr. Yang worked at CSSC Jiangnan Heavy Industry Co., Ltd. (中船江南重工股份有限公司), a company listed on the Shanghai Stock Exchange since 1997 (stock code: 600072), as the deputy director of finance department from 2009 to 2016 and as the assistant of the deputy director of finance department from 2007 to 2009.

Mr. Yang obtained a bachelor's degree in International Accounting from East China University of Science and Technology in 1999. Mr. Yang is an international affiliate of the Hong Kong Institute of Certified Public Accountants, a member of the Australia Institute of Certified Public Accountants, a member of Institute of Public Accountants and a member of Institute of Financial Accountants.

Please also refer to the section headed "Report of the Directors" in this annual report for further information of the Directors, including without limitation, their interests in shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, and the common control confirmation between Mr. Ho, Mr. Leung King Sun and Mr. Lin.

*As of 11 April 2025 (being the date of this annual report)*

*Certain Chinese names of institutions, natural persons or other entities have been translated into English and included in this annual report as unofficial translations for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.*

## REPORT OF THE DIRECTORS

The Board is pleased to present this Report of the Directors together with the audited financial statements of the Group for the year ended 31 December 2024 (the “**Reporting Period**”).

### PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and the activities of its principal subsidiaries are set out in note 1 to the consolidated financial statements. There were no significant changes in the nature of Group’s activities during the Reporting Period.

### BUSINESS REVIEW

A fair review of the business of the Group and a discussion and analysis of the Group’s performance during the Reporting Period and the material factors underlying its results and financial position are provided in the section headed “Management Discussion and Analysis” in this annual report, which forms a part of this Report of the Directors.

### PRINCIPAL RISKS AND UNCERTAINTIES

There are a number of factors affecting the results and business operations of the Group, some of which are inherent in the market and some are due to external environment. Major risks and uncertainties are summarised as follows:

- The Group is heavily reliant on its relationship with Sysmex

Sysmex haemostasis and urinalysis products are two of the Group’s most sold types of products. During the Reporting Period, the Group relied heavily on Sysmex brand recognition and reputation in the sales and marketing of its products. There is no assurance that Sysmex will maintain the strength of its brand recognition and that its products will keep generating stable profits for the Group on a continuous basis. Any detriment to Sysmex reputation, change of its sales or marketing strategy or any adverse impact on its business and financial performance would in turn materially and adversely affect the Group’s business operations and results of operations.

- The Group may face intense competition in light of the government’s policies in encouraging the expansion of large distributors through acquisition of smaller ones

The Group may face intense competition because the IVD product distribution industry in the PRC is highly fragmented and competitive. The PRC government encourages the consolidation in the drugs and medical device distribution industry and supports the expansion of large distributors to acquire smaller distributors in order to compress the multi-layer distribution value chain into one single layer. As a result, the Group’s key competitors may expand their market shares by aggressive acquisition and the Group will have to face more fierce competition in the market.

The Group will keep on monitoring the aforesaid competition situation and adopt corresponding measures.

## REPORT OF THE DIRECTORS

### KEY RELATIONSHIP

The Group fully understands that employees, customers and suppliers are the key to its sustainable and stable development. The Group is committed to establishing a close relationship with its employees, customers, and suppliers so as to ensure the Group's sustainable development.

#### Employees

The Group's employees are regarded as the Group's most significant resources. The Group's recruiting policy emphasises the importance of attracting competent employees through a combination of competitive salary incentives, on-the-job training and opportunities for development. The Group places significant emphasis on staff training and development. The Group invests in continuing education and training programs offered to its management staff and other employees to upgrade their skills and knowledge.

#### Customers

The principal customers of the Group are distributors, hospitals and healthcare institutions and logistics providers. The Group has been devoted to providing excellent customer services with the purpose of maintaining long term co-operation relationship, increasing sales volume and improving profitability.

A well-established and nationwide distribution network is one of the Group's most important strengths and valuable assets. The Group also adopts stringent guidelines to select, assess and monitor its distributors. In relation to the distribution of analysers and reagents that is conducted by distributors with which the Group had entered into sales agreements, the Group typically conducts background searches, attends onsite visits and conducts onsite evaluation for potential distributors. The Group also considers a wide range of factors, including their relevant experience and reputation, credibility, capability in operation and management, location, customer base and hospital sales volume, when determining whether to partner with such distributors.

The Group has also maintained strong ties with several leading hospitals through its subsidiaries in the PRC.

#### Suppliers

The Group has developed long-standing relationships with a number of suppliers and taken great care to ensure that they share the Group's commitment to quality and ethics.

In 2023, Vastec and Sysmex Shanghai Ltd. entered into the Strategic Cooperation Agreements, under which the parties agreed to amend Vastec's distribution right to a long-term right and Sysmex Shanghai Ltd. has made a capital injection to and has become a shareholder of Vastec.





## REPORT OF THE DIRECTORS

### ENVIRONMENTAL POLICY

As a responsible corporation, the Group is committed to maintaining the highest environmental and social standards to ensure sustainable development of its business. The Group has complied with all relevant laws and regulations in relation to its business including health and safety, workplace conditions, employment and the environment in all material aspects during the Reporting Period.

The Group understands that a better future depends on everyone's participation and contribution. It has encouraged employees, customers, suppliers and other stakeholders to participate in environmental and social activities which benefit the community as a whole.

The Group has maintained strong relationships with its employees, has enhanced cooperation with its suppliers and has provided high quality products and services to its customers so as to ensure sustainable development.

More information about the Company's environmental, social and governance (ESG) policies and performance are disclosed in the "Environmental, Social and Governance Report" published on the website of the Company and the Stock Exchange on the same date.

### COMPLIANCE WITH LAWS AND REGULATIONS

The Group's operations are mainly carried out by the Company's subsidiaries in Chinese Mainland while the Company is a holding company incorporated in the Cayman Islands with its Shares listed on the Main Board of the Stock Exchange. The Group's establishments and operations accordingly shall comply with relevant laws and regulations in Chinese Mainland, the Cayman Islands and Hong Kong. During the Reporting Period, the Group's businesses were in compliance with all relevant laws and regulations in Chinese Mainland, the Cayman Islands and Hong Kong that have a significant impact on the Group.

### RESULTS AND DIVIDENDS

The Group's profit for the Reporting Period and the state of affairs of the Group as of 31 December 2024 are set out in the consolidated financial statements in this annual report.

The Board did not recommended a final dividend in respect of 2024. The Board did not declare the payment of an interim dividend for the six months ended 30 June 2024.

As of the date of this annual report, the Board was not aware that any Shareholders had waived or agreed to any arrangement to waive dividends.

### AGM AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company (the "**AGM**") is scheduled to be held on Monday, 30 June 2025. For the purpose of determining shareholders who are entitled to attend, speak and vote at the AGM, the register of members of the Company will be closed from Tuesday, 24 June 2025 to Monday, 30 June 2025 (the AGM record date). To be eligible to attend, speak and vote at the AGM, all transfer

## REPORT OF THE DIRECTORS

documents must be lodged for registration with Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Monday, 23 June 2025.

### FIVE YEARS FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the past five financial years is set out on page 180 of this annual report. The summary does not form part of the audited consolidated financial statements.

### PROPERTY, PLANT AND EQUIPMENT

Details of the movements during the Reporting Period in the Group's property, plant and equipment are set out in note 13 to the consolidated financial statements in this annual report.

### MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period, sales to the Group's five largest customers accounted for approximately 25.5% of the Group's total sales and sales to the largest customer included therein amounted to approximately RMB197,676 thousand, which accounted for approximately 6.3% of the Group's total sales.

Purchases from the Group's five largest suppliers in aggregate accounted for approximately 90.9% of the Group's total purchases for the Reporting Period and purchase from the largest supplier included therein amounted to approximately RMB2,183,324 thousand, which accounted for approximately 87.6% of the Group's total purchases.

None of the Directors, their close associates or any Shareholders (that to the knowledge of the Directors own more than 5% of the issued Shares) had any interest in the Group's five largest customers or suppliers during the Reporting Period.

### SHARE CAPITAL

As of 31 December 2024, the authorised share capital of the Company was US\$1,500,000, divided into 3,000,000,000 Shares of US\$0.0005 each. Details of the movements in the share capital of the Company for the Reporting Period are set out in note 26 to the consolidated financial statements in this annual report.

### RESERVES

Details of the movements in the reserves of the Group for the Reporting Period are set out in the section headed "Consolidated Statement of Changes in Equity" in the consolidated financial statements in this annual report.

As of 31 December 2024, the Company's reserves available for distribution to the Shareholders were approximately RMB2,610,691 thousand. Under the Companies Law of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to Shareholders subject to

## REPORT OF THE DIRECTORS

the provisions of its Articles of Association and provided that immediately following the distribution or dividend payment, the Company is able to pay its debts as they fall due in the ordinary course of business. In accordance with the Articles of Association, dividends shall be distributed out of the retained earnings, including the share premium, of the Company.

### BOARD COMPOSITION

The Directors as of the date of this annual report are:

#### Executive Directors ("ED")

Mr. Ho Kuk Sing (*Chairman & Chief Executive Officer*)

Mr. Lin Xianya (*General Manager*)

Mr. Chan Siu Kei Ken

Mr. Law Kim Fai

#### Non-executive Directors ("NED")

Ms. Yao Haiyun

Mr. Liu Fei

#### Independent Non-executive Directors ("INED")

Dr. Zhong Renqian

Dr. Leung Ka Sing

Dr. Wong Sze Lok

The following changes in the Board composition took place during the Reporting Period:

Name	Directorship	Effective date
Mr. Sun Tao	Cessation Non-executive Director	30 January 2024
Mr. Liu Fei	Appointment – Non-executive Director	8 March 2024
Mr. Yang Zhaoxu	Cessation – Non-executive Director	8 March 2024
Dr. Wong Sze Lok	Appointment – Independent non-executive Director	28 March 2024
Mr. Chan Siu Kei Ken	Appointment – Executive Director	28 March 2024
Mr. Law Kim Fai	Appointment – Executive Director	28 March 2024
Mr. Lau Siu Ki	Cessation – Independent non-executive Director	28 March 2024
Mr. Leung King Sun	Cessation – Executive Director	28 March 2024

In light of the above changes, Dr. Wong was appointed the chairman of the audit committee and the remuneration committee, and a member of the nomination committee in place of Mr. Lau Siu Ki; Mr. Law was appointed a member of the remuneration committee in place of Mr. Leung, all with effect from 28 March 2024.

## REPORT OF THE DIRECTORS

### SERVICE CONTRACTS AND TERM OF DIRECTORS

Each of the Directors has entered into a service contract or letter of appointment with the Company. Directors' service contract/letter of appointment generally have a term of three years (or for newly appointed Director, up to the first annual general meeting after their appointment at which he/she would be subject to re-election). Service term of Directors shall be terminable by either party giving not less than three months' notice in writing to the other Directors' service term.

The term of the Directors is also subject to mechanism regarding retirement, re-election and removal pursuant to the Company's articles of association (the "**Articles**"). More information about the Directors standing for re-election at the forthcoming AGM will be set out the circular to the shareholders to be published with this annual report. None of the Directors proposed for re-election at the AGM has a service contract with any member of the Group which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

### EMOLUMENT POLICY

The Group's emolument policy for the Directors and senior management of the Company is to determine the payable emolument with reference to the Group's operating results, individual role and duties, experience, responsibilities and performance and comparable market practices. Review and evaluation are conducted from time to time to consider individual performance and achievements, and consider if adjustment shall be made. The Group also operates the share incentive schemes as further detailed in the paragraph headed "Share Schemes" below in this Report of the Directors.

Details of the Directors' remuneration and the five highest paid individuals in the Group are set out in notes 8 and 9 to the consolidated financial statements in this annual report. The executive Directors' emoluments set out therein were for their services in connection with the management of the affairs of the Company and the Group. There was no arrangement under which a Director has waived or agreed to waive any emoluments during the Reporting Period. The independent non-executive Directors' emoluments set out therein were for their services as directors of the Company.

The annual remuneration of the senior management by band for the Reporting Period is as follows:

Annual remuneration paid by the Group	Number of persons
RMB0 to RMB1,000,000	1
RMB2,000,001 to RMB3,000,000	1

## REPORT OF THE DIRECTORS

### PENSION SCHEMES

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the “**MPF Scheme**”) under the Mandatory Provident Fund Schemes Ordinance for its employees in Hong Kong. Contributions are made based on a percentage of the employees’ basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group’s subsidiaries which operate in Chinese Mainland are required to participate in a central pension scheme operated by the local municipal government. Such 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.

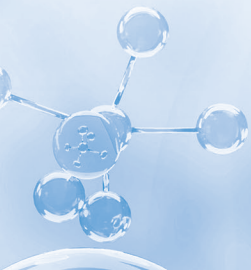
As of 31 December 2024, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years.

### INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of its independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. Having regard to the criteria under Rule 3.13 of the Listing Rules and the confirmations received, the Company considers the independent non-executive Directors to be independent.

### TRANSACTION, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

Save as disclosed in this annual report, (i) no transaction, arrangement or contract of significance subsisted or had been entered into by the Company or any of the Company’s subsidiaries or specified undertaking during or at the end of the Reporting Period in which a Director or an entity connected with a Director is or was materially interested, either directly or indirectly; (ii) no contract of significance subsisted or had been entered into between the Company or any of its subsidiaries, and a controlling Shareholder or any of its subsidiaries during the Reporting Period; and (iii) no contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling Shareholder or any of its subsidiaries subsisted or had been entered into during the Reporting Period.



## REPORT OF THE DIRECTORS

### INFORMATION ABOUT LOANS, QUASI-LOANS AND OTHER DEALINGS IN FAVOUR OF THE DIRECTORS

There were no loans, quasi-loans, or other dealings in favour of the Directors, bodies corporate controlled by such Directors and entities connected with such Directors subsisted as at 31 December 2024 or at any time during the Reporting Period.

### NON-COMPETE UNDERTAKINGS

Each of Mr. Ho, Mr. Leung, Mr. Lin, KS&KL Investment Co. Limited, King Sun Limited and Lucan Investment Limited (collectively the “**Founding Group Covenantors**”) has entered into a deed of non-competition dated 26 June 2019 in favour of the Company (the “**Founding Group Deed**”). Pursuant to the Founding Group Deed, each of the Founding Group Covenantors shall not, and shall procure its close associates (other than members of the Group) not to, directly or indirectly, engage in, invest in, participate in, or attempt to participate in, whether on its own account or with each other or in conjunction with or on behalf of any person or company, any business directly or indirectly in competition with or likely to be in competition with the existing business activities of the Group.

Separately, each of Shinva and Huatuo International Development Co., Limited (華佗國際發展有限公司) (“**Huatuo**”) (collectively the “**Shinva Covenantors**”) has entered into a deed of non-competition dated 26 June 2019 in favour of the Company (the “**Shinva Deed**”). Pursuant to the Shinva Deed, each of the Shinva Covenantors shall not, and shall procure its close associates (other than members of the Group) not to, directly or indirectly, engage in, invest in, participate in, or attempt to participate in, whether on its own account or with each other or in conjunction with or on behalf of any person or company, any business in competition with or likely to be in competition with the Relevant Business, save for the Excluded Business (each term as defined therein).

Further details of the Founding Group Deed and the Shinva Deed are set out in the Prospectus.

The Company has received confirmations from the Founding Group Covenantors and the Shinva Covenantors on their full compliance with the Founding Group Deed and the Shinva Deed, respectively, for the Reporting Period. The independent non-executive Directors have reviewed these confirmations and concluded that Founding Group Deed and the Shinva Deed have been complied with and have been effectively enforced during the Reporting Period.





## REPORT OF THE DIRECTORS

### EQUITY-LINKED AGREEMENTS AND ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURE

Save for the share schemes of the Company (including its share option schemes, the Share Award Scheme, and any options, awards and grant made thereunder) and matters disclosed in this annual report, during or as of the end of the Reporting Period (i) 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; and (ii) no arrangement to which the Company (or a specified undertaking of the Company) is a party, and whose objects are, or one of whose objects is, to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate subsisted.

### INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVES IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

Below are the Directors and chief executive of the Company as of 31 December 2024, who on that date, had interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) which were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 to the Listing Rules:

Name of Directors	Capacity/Nature of interest	Number of Shares <sup>(1)</sup>	Percentage of Shares in issue
Mr. Ho <sup>(2)(4)</sup>	Interest in controlled corporation	175,517,429 (L)	10.80%
	Beneficial owner	8,000,400 (L)	0.49%
Mr. Lin <sup>(3)(4)</sup>	Interest in controlled corporation	112,664,041 (L)	6.93%
	Beneficial owner	7,333,700 (L)	0.45%

## REPORT OF THE DIRECTORS

Notes:

- (1) The letter "L" denotes the long position in the Shares.

As of 31 December 2024:

- (2) Mr. Ho was the sole shareholder and a director of KS&KL Investment Co. Limited. Therefore, Mr. Ho was deemed to be interested in KS&KL Investment Co. Limited's interest in the Shares pursuant to the SFO. The disclosed interest represents (i) 175,517,429 Shares held by KS&KL Investment Co. Limited; and (ii) 8,000,400 options held by Mr. Ho under the Share Option Scheme, as of 31 December 2024.
- (3) Mr. Lin was the sole shareholder and a director of Lucan Investment Limited. Therefore, Mr. Lin was deemed to be interested in Lucan Investment Limited's interest in the Shares pursuant to the SFO. The disclosed interest represents (i) 112,664,041 Shares held by Lucan Investment Limited; and (ii) 7,333,700 options held by Mr. Lin under the Share Option Scheme, as of 31 December 2024.
- (4) By virtue of the Common Control Confirmation, Mr. Ho Kuk Sing, Mr. Leung King Sun (a former executive Director) and Mr. Lin Xianya and their respective wholly-owned investment holding companies, namely KS&KL Investment Co. Limited, King Sun Limited and Lucan Investment Limited, collectively held 465,185,899 Shares as of 31 December 2024.

Save as disclosed above, as of 31 December 2024, none of the Directors and chief executives of the Company at that relevant time had any interests or short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were recorded in the register in the required to be kept by the Company under section 352 of the SFO, or which were otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## REPORT OF THE DIRECTORS

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES OR UNDERLYING SHARES OF THE COMPANY

So far as the Directors are aware of, as of 31 December 2024, substantial shareholders' and other persons' (other than the Directors or chief executive of the Company at that time) interests or short positions in the Shares and the underlying Shares as recorded in the register required to be kept under section 336 of the SFO are as follows:

Name	Capacity/Nature of interest	Number of Shares <sup>(1)</sup>	Percentage of Shares in issue
<b>Substantial Shareholders</b>			
KS&KL Investment Co. Limited	Beneficial owner	175,517,429 (L)	10.80%
King Sun Limited <sup>(2)</sup>	Beneficial owner	175,517,429 (L)	10.80%
Leung King Sun <sup>(2)</sup>	Beneficial owner/ interest in controlled corporation	185,004,829 (L)	11.38%
Lucan Investment Limited	Beneficial owner	112,664,041 (L)	6.93%
Huatuo International Development Co., Limited <sup>(3)</sup>	Beneficial owner	443,654,371 (L)	27.29%
Shinva Medical Instrument Co., Ltd <sup>(3)</sup>	Interest in controlled corporation	443,654,371 (L)	27.29%
<b>Other Persons</b>			
HKND Gene Biotechnology Limited <sup>(4)</sup>	Beneficial owner/ interest in controlled corporation(s)	116,659,000 (L)	7.18%
SHEN Li <sup>(4)</sup>	Interest in controlled corporation(s)	116,659,000 (L)	7.18%
Hong Kong Medicine Group Limited <sup>(4)</sup>	Beneficial owner/ interest in controlled corporation(s)	108,659,000 (L)	6.68%

## REPORT OF THE DIRECTORS

Name	Capacity/Nature of interest	Number of Shares <sup>(1)</sup>	Percentage of Shares in issue
MA Zhuowei <sup>(4)</sup>	Interest in controlled corporation(s)	108,659,000 (L)	6.68%
North Haven Private Equity Asia IVD Company Limited <sup>(5)</sup>	Beneficial owner	92,646,730 (L)	5.70%
North Haven Private Equity Asia IVD Holding Limited <sup>(5)</sup>	Interest in controlled corporation(s)	92,646,730 (L)	5.70%
North Haven Private Equity Asia IV Holdings Limited <sup>(5)</sup>	Interest in controlled corporation(s)	92,646,730 (L)	5.70%
North Haven Private Equity Asia IV, L.P. <sup>(5)</sup>	Interest in controlled corporation(s)	92,646,730 (L)	5.70%
Morgan Stanley Private Equity Asia IV, L.L.C. <sup>(5)</sup>	Interest in controlled corporation(s)	92,646,730 (L)	5.70%
Morgan Stanley Private Equity Asia IV, Inc. <sup>(5)</sup>	Interest in controlled corporation(s)	92,646,730 (L)	5.70%
MS Holdings Incorporated <sup>(5)</sup>	Interest in controlled corporation(s)	92,646,730 (L)	5.70%

Notes:

(1) The letter "L" denotes long position in the Shares.

Based on the information available to the Company, as of 31 December 2024:

- (2) Leung King Sun 100% controlled King Sun Limited. Therefore, Leung King Sun is deemed to be interested in King Sun Limited's interest in the Shares pursuant to the SFO. The disclosed interest represents (i) 175,517,429 Shares held by King Sun Limited; (ii) 1,487,000 Shares held by him; and (iii) 8,000,400 options held by him under the Share Option Scheme.
- (3) Huatuo International Development Co., Limited was 100% controlled by Shinva Medical Instrument Co., Ltd. Therefore, Shinva Medical Instrument Co., Ltd was deemed to be interested in Huatuo International Development Co., Limited's interest in Shares pursuant to the SFO.
- (4) Shen Li 100% controlled HKND Gene Biotechnology Limited. Shen Li was deemed to be interested in HKND Gene Biotechnology Limited's interest in Shares pursuant to the SFO.

## REPORT OF THE DIRECTORS

HKND Gene Biotechnology Limited controlled 20% of China International Trust Limited ("**CITL**"), who in turn 100% controlled 3W.com Holding Limited ("**3W.COM**"). HKND Gene Biotechnology Limited reported that it was interested (or deemed to be interested) in (a) 38,000,000 Shares as a beneficial owner; (b) 76,460,000 Shares which 3W.COM was directly interested in; and (c) 2,199,000 Shares which CITL was directly interested in.

Ma Zhuowei 100% controlled Hong Kong Medicine Group Limited. Ma Zhuowei was deemed to be interested in Hong Kong Medicine Group Limited's interest in Shares pursuant to the SFO.

Hong Kong Medicine Group Limited controlled 20% of CITL. Hong Kong Medicine Group Limited reported that it was interested (or deemed to be interested) in (a) 30,000,000 Shares as a beneficial owner; (b) 76,460,000 Shares which 3W.COM was directly interested in; and (c) 2,199,000 Shares which CITL was directly interested in.

- (5) The register recorded showed: North Haven Private Equity Asia IVD Company Limited as beneficial owner of 92,646,730 Shares (L). North Haven Private Equity Asia IVD Company Limited is 100% controlled by North Haven Private Equity Asia IVD Holding Limited, which is in turn 100% controlled by North Haven Private Equity Asia IV Holdings Limited. North Haven Private Equity Asia IV Holdings Limited is 100% controlled by North Haven Private Equity Asia IV, L.P., which is in turn 100% controlled by Morgan Stanley Private Equity Asia IV, L.L.C.. Morgan Stanley Private Equity Asia IV, L.L.C. is 100% controlled by Morgan Stanley Private Equity Asia IV, Inc.. Morgan Stanley Private Equity Asia IV, Inc. is 100% controlled by MS Holdings Incorporated. Therefore, MS Holdings Incorporated is deemed to be interested in Shares which North Haven Private Equity Asia IVD Company Limited was directly interested in pursuant to the SFO.

Save as disclosed above, the Directors are not aware of any other persons (other than the Directors and the chief executives of the Company at that time) who had any interests or short positions in the Shares and underlying Shares as of 31 December 2024 as recorded in the register required to be kept under section 336 of the SFO.

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

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of its listed securities (including sale of treasury shares as defined under the Listing Rules). As of 31 December 2024, the Company did not hold any treasury shares.

## SHARE SCHEMES

### Share Option Scheme

The following is a summary of the principal terms of the Share Option Scheme, more details of which are set out in the Prospectus:

The Share Option Scheme is a share incentive scheme and is established to (a) attract and retain the best quality personnel for the development of the Group's businesses, (b) to provide additional incentives to the Qualifying Grantees (as defined below), and (c) to promote the long term financial success of the Group by aligning the interests of option holders to the Shareholders.

Subject to the provisions of the Listing Rules and applicable law and other regulations from time to time in force, the Board may, in its discretion, select Qualifying Grantees to whom options may be granted under the Share Option Scheme (the "**Options**").

## REPORT OF THE DIRECTORS

“Qualifying Grantee” means any Eligible Person, any trust for the benefit of an Eligible Person or his immediate family members, or any company controlled by an Eligible Person or his immediate family members.

“Eligible Person” means (a) any employee (whether full-time or part-time employee) of any member of the Group or any affiliate and any person who is an officer of any member of the Group or any affiliate, (b) any person who is seconded to work for any member of the Group or any affiliates, (c) any consultant, agent, representative, adviser, customer, contractor of the Group or any affiliate, or (d) any business partner/ally/alliance, joint venture partner, supplier of goods or services to the Group or any affiliate or any employee thereof.

The number of Options that can be granted to any Qualifying Grantee during any 12-month period shall be subject to the restriction that the total number of Shares issued and to be issued upon exercise of Options (whether exercised or outstanding) granted in such 12-month period must not exceed 1% of the Shares in issue. Where any further grant of Options to a Qualifying Grantee would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant shall be subject to separate approval by the Shareholders in general meeting with the relevant Qualifying Grantee and his close associates (or his associates if the participant is a connected person) abstaining from voting.

Unless such further grant is approved by the Shareholders in general meeting, no Option may be granted to any substantial Shareholder or an independent non-executive Director, or any of their respective associates, which would result in the Shares issued and to be issued upon exercise of all options already granted or to be granted (including options exercised, cancelled and outstanding) to such person under the Share Option Scheme and any other scheme(s) of the Company in the 12-month period up to and including the date of board meeting for proposing such further grant (a) representing in aggregate over 0.1% of the issued share capital of the Company in issue, and (b) having an aggregate value, based on the closing price of the Shares at the date of the board meeting for proposing such further grant, in excess of HK\$5 million.

An offer shall remain open for acceptance by the Qualifying Grantee concerned for a period of 28 days from the date of the offer (or such period as the Board may specify in writing). A consideration of HK\$1.00 is payable on acceptance of the offer of grant of an Option.

The subscription price in respect of any particular Option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant Option (and shall be stated in the letter containing the offer of the grant of the Option) but the subscription price shall not be less than whichever is the higher of:

- (a) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the date on which the Option is deemed to have been granted in accordance with the terms of the Share Option Scheme (the “**Date of Grant**”), which must be a day on which the Stock Exchange is open for the business of dealing in securities;



## REPORT OF THE DIRECTORS

- (b) the average closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five Business Days immediately preceding the Date of Grant; and
- (c) the nominal value of a Share.

Subject to the provisions of the Listing Rules, applicable law and other regulations from time to time in force and the terms of the Share Option Scheme, the Board may, in its discretion, determine the period during which the Options may be exercised, and the minimum period, if any, for which an Option must be held before it vests or becomes exercisable in whole or in part.

Subject to earlier termination by the Company in general meeting or by the Board and the terms of the Share Option Scheme, the Share Option Scheme shall be valid and effective for a period of 10 years from 12 July 2019.

Further information of the outstanding Options under the Share Option Scheme during the Reporting Period is set out below:

Name/category of grantees	Date of grant	Number of Options granted	Exercise price <sup>3</sup>	Outstanding	During the Reporting Period			Outstanding	Vesting and exercise period
				as of 1 January 2024	Exercised (Relevant closing price <sup>4</sup> )	Cancelled	Lapsed	as of 31 December 2024	
Directors									
Ho Kuk Sing	22 November 2019	8,000,400	3.042	8,000,400	–	–	–	8,000,400	Note 5
Lin Xianya	22 November 2019	7,333,700	3.042	7,333,700	–	–	–	7,333,700	Note 5
Other connected person									
Leung King Sun <sup>8</sup>	22 November 2019	8,000,400	3.042	8,000,400	–	–	–	8,000,400	Note 5
Employees participants									
One employee (a senior management and a top-five highest paid employee for the year 2024, not being a director/chief executive)	22 November 2019	200,010	3.042	200,010	–	–	(200,010)	–	Note 6
One other senior management	22 November 2019	666,700	3.042	666,700	–	–	(666,700)	–	Note 6
Other employees, in aggregate <sup>7</sup>	22 November 2019	866,710	3.042	866,710	–	–	(866,710)	–	Note 6
Total				25,067,920 <sup>9</sup>	–	–	(1,733,420)	23,334,500 <sup>9</sup>	

Notes:

- No Options were granted during the Reporting Period.

The total number of Shares which may be issued upon exercise of all Options available for grant under the Share Option Scheme was 106,672,000 Shares as of the beginning, the end of the Reporting Period and the date of this annual report, representing approximately 6.56% of the total issued Shares as at the relevant time, respectively.

## REPORT OF THE DIRECTORS

2. A consideration of HK\$1 was payable by each grantee upon acceptance of the Option.
3. The exercise price of HK\$3.042 per Share represents the higher of: (i) the closing price of HK\$3.04 per Share as stated in the daily quotation sheet of the Stock Exchange on the date of grant (also being the date on which the exercise price was fixed); (ii) the average closing price of HK\$3.042 per Share as stated in the daily quotation sheets of by the Stock Exchange for the five business days immediately preceding the date of grant; and (iii) the nominal value of US\$0.0005 per Share. The closing price per Share as stated in the daily quotation sheet of the Stock Exchange on the date immediately before the date of grant was HK\$3.04. Further information about the fair values of the Options granted under the Share Option Scheme during the year of grant (i.e. 2019) is set out in the 2019 Annual Report of the Company, which is available at the websites of the Stock Exchange and the Company, respectively.
4. Being the weighted average closing price per Share immediately before the date on which the Options were exercised.
5. These Options were vested on 3 June 2020 (the date on which the grants were approved by the Shareholders at a general meeting). Their exercise period is from 3 June 2020 to 2 June 2025, subject to earlier cancellation, lapse or termination in accordance with the Share Option Scheme.
6. These Options were vested on 22 November 2019 (date of grant). Their exercise period is from 22 November 2019 to 21 November 2024, subject to earlier cancellation, lapse or termination in accordance with the Share Option Scheme. These Options lapsed on 21 November 2024.
7. None of these employees were connected person, senior management, related entity participant or service provider of the Company save as disclosed above. None of them has options and awards granted and to be granted in excess of 1% of the total issued Shares of the Company save as disclosed above.
8. Mr. Leung King Sun is a connected person of the Company. He resigned as a Director in March 2024, and is currently a senior consultant of the Company. See also "Substantial Shareholders and Other Persons' Interest and Short Positions in Shares or Underlying Shares of the Company".
9. Representing approximately 1.85% of the total issued Shares as of the beginning of the Reporting Period, and approximately 1.43% of the total issued Shares as of the end of the Reporting Period, and the date of this annual report, respectively.

### Pre-IPO Share Option Scheme ("ESOP")

The Company previously operated the ESOP (which was approved by the Board on 29 December 2017, and amended on 27 March 2019, More details about the ESOP is set out in the Prospectus of the Company). The ESOP and all options granted thereunder expired.

#### (a) Purpose

To attract and retain the best available personnel, to provide additional incentives to the employees, officers and Directors of the Company and to promote the success of the businesses of the Group.

Upon adoption of the ESOP, the Company granted to DVI Investment Limited (the "**Master Option Grantee**") an option (the "**Master Option**") to purchase up to such number of Shares equal to 5% of the total number of the then outstanding Shares on a non-diluted basis (the "**Total Option Shares**"). The Master Option Grantee is a limited liability company organised under the laws of the Cayman Islands and an SPV designated by the Company to be the Master Option Grantee.

## REPORT OF THE DIRECTORS

### (b) Who may join

Beneficial interest in the Master Option (the “**Management Option**”, each represents one underlying Share under the ESOP) may be granted to full-time employees, including such officers and Directors of the Company who are full-time employees (the “**Participants**”) upon vesting of any option of the Master Option (the “**Management Option Grantee**”). An employee, officer or Director of the Company who has been granted a Management Option may, if otherwise eligible, be granted additional Management Options.

### (c) Maximum number of underlying Shares

The overall limit on the number of underlying Shares was 32,507,627 Shares with a par value of US\$0.0005 each.

### (d) Administration

The ESOP was administered by the Board or the committee authorised by the Board (the “**Committee**”) constituted in such a manner as to satisfy applicable laws and company charter documents (the “**Administrator**”). Subject to applicable laws and provisions of the ESOP and except as otherwise provided by the Board, the Administrator had the authority, in its discretion, to:

- (i) select the employees, officers and Directors to whom the Management Options may be granted from time to time under the ESOP;
- (ii) determine whether and to what extent the Management Options are granted under the ESOP;
- (iii) determine the number of Shares or the amount of other consideration to be covered by each Management Option granted under the ESOP;
- (iv) approve forms of Management Option Agreement (as defined below) for use under the ESOP;
- (v) determine the terms and conditions of any Master Option or Management Option granted under the ESOP (including the Notice of Management Option Grant (as defined below) or any option agreement evidencing the grant of a Master Option or a Management Option executed by the Company and the Management Option Grantee);
- (vi) amend the terms of any outstanding Master Option or Management Option granted under the ESOP, provided that any amendment that would materially and adversely affect the Master Option Grantee’s or the Management Option Grantee’s rights under an outstanding Master Option or Management Option shall not be made without the Master Option Grantee’s and/or the Management Option Grantee’s written consent;

## REPORT OF THE DIRECTORS

- (vii) construe and interpret the terms of the ESOP and the Master Options and Management Options, including, without limitation, any notice of award or option agreement granted pursuant to the ESOP;
- (viii) grant Management Options to employees, officers and Directors on such terms and conditions different from those specified in the ESOP as may, in the judgment of the Administrator, be necessary or desirable to further the purpose of the ESOP; and
- (ix) take such other action not inconsistent with the terms of the ESOP as the Administrator deems appropriate.

### (e) Option grants

The Committee was authorised to grant options to purchase a specified number of Shares at a specified price during specified time periods. The Committee will issue a notice of Management Option grant (the “**Notice of Management Option Grant**”) with a Management Option agreement (the “**Management Option Agreement**”) attached thereto to the relevant Management Option Grantee, notifying him/her the number of Management Options that have been granted to him/her and the exercise price per Share. The Management Option Agreement includes additional provisions of the Management Option.

### (f) Term of the ESOP

Seven years from 29 December 2017 (“**Effective Date**”) unless terminated earlier in accordance with applicable laws and provisions of the ESOP or otherwise approved by the Board.

### (g) Exercise of option

The option may not be exercised until vested. Except as approved by the Board and subject to provisions hereunder, in respect of the audited consolidated financial statements of the Company for each full calendar year from 2017 to 2021 (both years inclusive):

- (i) if the consolidated net income attributable to equity shareholders of the Company, after tax and minority interest (and excluding any extraordinary or one-time income or gain) of the Company on a consolidated basis meets the respective target as set out below (the “**Net Income Target**”) in such calendar year, 20% of the Management Options (whenever granted) will vest and become exercisable:

Year	2017	2018	2019	2020	2021
<b>Net Income Target</b> (RMB million)	110	130	281	325	375

- (ii) in the event that the Net Income Target is not met in a calendar year, no Management Option may vest or become exercisable.

## REPORT OF THE DIRECTORS

### (h) Exercise price

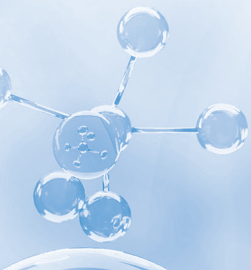
The exercise price was to be determined by the Committee and set forth in the Management Option Agreement and will be not lower than RMB1.69.

The Administrator was authorised under the ESOP to award any type of arrangement to an employee, officer or Director that is not inconsistent with the provisions of the ESOP and that by its terms involves or might involve the issuance of Shares or Master Option or similar right with a fixed or variable price related to the Fair Market Value (as defined below) of the Shares and with an exercise or conversion privilege related to the passage of time, the occurrence of one or more events, or the satisfaction of performance criteria or other conditions.

“Fair Market Value” means, as of any date, the value of Shares determined as follows:

- (i) if the Shares are traded on a securities exchange, the value shall be deemed to be the average of the security's closing prices on such exchange over the thirty-day period ending one day prior to such date, as reported in The Wall Street Journal or such other source as the Administrator deems reliable;
- (ii) if the Shares are traded over the counter, the value shall be deemed to be the average of the closing prices over the thirty-day period ending three days prior to such date as reported in The Wall Street Journal or such other source as the Administrator deems reliable; and
- (iii) in the absence of an established market for the Shares of the type described in (i) and (ii) above, the Fair Market Value thereof shall be determined by the Administrator in good faith.

The method of valuation of securities subject to investment letter or other restrictions on free marketability shall be adjusted to make an appropriate discount from the market value determined as above in sub-clauses (i), (ii) or (iii) to reflect the fair market value thereof as determined in good faith by the Administrator or by a liquidator if one is appointed.



## REPORT OF THE DIRECTORS

### (i) Outstanding options

All options under the ESOP lapsed as of 31 December 2024. No further options could be granted as the ESOP expired. Below shows further information of the options under the ESOP during the Reporting Period:

Name of Grantees	Date of grant <sup>2, 3</sup>	Number of Management Options	Exercise price (RMB per Share)	Outstanding as of 1 January 2024	During the Reporting Period			Outstanding as of 31 December 2024	Vesting and exercise period
					Exercised	Cancelled	Lapsed		
Directors									
Ho Kuk Sing	12 July 2019	20,479,805	1.69	8,191,922	–	–	8,191,922	–	Note 4
Lin Xianya	12 July 2019	8,126,907	1.69	3,250,763	–	–	3,250,763	–	Note 4
Others									
Leung King Sun	12 July 2019	3,900,915	1.69	1,560,366	–	–	1,560,366	–	Note 4
Total		32,507,627		13,003,051 <sup>5</sup>	–	–	13,003,051	–	

Notes:

1. No Management Options were granted or available for grant during the Reporting Period. No Management Options were outstanding as of the end of the Reporting Period and the date of this report.
2. A consideration of RMB0.1 was payable by each grantee upon acceptance of the Management Option.
3. The grant was made prior to the Company's listing on the Stock Exchange.
4. Each grantee, upon accepting the options under the ESOP, is deemed to have undertaken to the Company that he will hold and exercise his option in accordance with the rules of the ESOP and the Management Option Agreement, including with respect to the allotment and issue of Shares to him upon exercise of his option and the holding of such Shares.

See also "(d) Exercise of option" above regarding the vesting periods and performance targets of the Management Options. All Management Options have been vested prior to the Reporting Period, they might be exercised after vesting and until their expiration on 28 December 2024.

5. Representing approximately 0.96% of the total issued Shares as of the beginning of the Reporting Period.

### Share Award Scheme

The Company adopted the Share Award Scheme on 19 May 2020. The following is a summary of the principal terms of the Share Award Scheme, more details as set out in the announcement dated 19 May 2020.



## REPORT OF THE DIRECTORS

### (a) Purpose

To recognise the contributions by certain employees and to provide incentives thereto to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group.

### (b) Duration

Subject to any early termination determined by the Board and the rules of the Share Award Scheme, the Share Award Scheme shall be valid and effective for a term of 10 years commencing on 19 May 2020.

### (c) Administration

The Share Award Scheme shall be subject to the administration of the Board and Bank of Communications Trustee Limited (the “**Trustee**”) in accordance with the rules relating to the Share Award Scheme and a trust deed dated 19 May 2020 entered into between the Company as settler and the Trustee as trustee.

Pursuant to the Share Award Scheme, the Board may from time to time cause to be paid a contributed amount to the trust by way of settlement or otherwise contributed by the Company, any subsidiary, any of the controlling shareholders of the Company who are natural persons, or any party designated by the Company or any of the controlling shareholders of the Company who are natural persons as directed by the Board which shall constitute part of the trust fund, for the purchase or subscription (as the case may be) of the Shares.

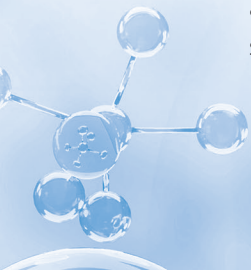
### (d) Maximum limit

The Board shall not make any further award of Shares to certain selected employee which will result in the aggregate number of Shares awarded by the Board under the Share Award Scheme to be in excess of 10% of the issued share capital of the Company from time to time. The maximum number of Shares which may be awarded to certain selected employee under the Share Award Scheme shall not exceed 1% of the issued share capital of the Company from time to time.

### (e) Participants, vesting period and conditions of award

Only employees (including executive directors) of any member of the Group could be awarded Awarded Shares under the Share Award Scheme.

Any grant of Awarded Shares to select employee shall be at no consideration. The Board is entitled to impose any conditions (including a period of continued service within the Group), as it deems appropriate in its absolute discretion with respect to the vesting of the Awarded Shares on the selected employees.



## REPORT OF THE DIRECTORS

In determining the number of Awarded Shares to be granted, the Board shall take into consideration matters including, but without limitation to:

- (i) the present contribution and expected contribution of the relevant selected employee to the profits of the Group;
- (ii) the general financial condition of the Group;
- (iii) the Group's overall business objectives and future development plan; and
- (iv) any other matter which the Board considers relevant.

As of 31 December 2024, there were no unvested Award Shares at any time during the Reporting Period (including the beginning and the end of the Reporting Period).

Notes:

1. As of 31 December 2024, 2,711,000 Shares were held by the Trustee in trust under the Share Award Scheme.

During the Reporting Period, no Awarded Shares were granted vested, cancelled, lapsed and/or issued.

The number of Awarded Shares available for grant under the Share Award Scheme was 107,141,000 Shares (representing approximately 7.91% and 6.59% of the total issued Shares as at the relevant time) as of both the beginning of the Reporting Period and as of the end of the Reporting Period, respectively. There has been no change after the Reporting Period and up to the date of this annual report in this regard.

2. Grantees were not required to pay any application/acceptance amount, purchase price or exercise price for the Awarded Shares under the Share Award Scheme.
3. The Board resolved on 15 December 2020 to allot and issue 30,000,000 new Awarded Shares to the Trustee under the general mandate. These 30,000,000 Awarded Shares were granted by the Board to 405 selected employees (who are all employees of the Company or its subsidiaries) at nil consideration on 29 March 2021. The Awarded Shares were issued at its nominal value of US\$0.0005 per Share, and the total subscription price of USD15,000 (being the aggregate nominal value of the Awarded Shares) such was paid by the Company. These Awarded Shares were allotted to the Trustee on 20 April 2021. All Awarded Shares were vested on 1 April 2022 in a single tranche, according to the terms of grant and none of them were outstanding at any time during the Reporting Period. The grant and vesting the these Awarded Shares were not subject to any performance target. None of these employees were connected person, senior management, related entity participant or service provider of the Company save as disclosed above. None of them has options and awards granted and to be granted in excess of 1% of the total issued Shares of the Company save as disclosed above.
4. Since the adoption date of the Share Award Scheme and up to the date of this report, the total number of Shares being awarded was 30,000,000 Shares, representing approximately 2.25% of the total issued Shares as of the adoption date, and 1.85% of the total issued Shares as of the date of this annual report.

Further details of the Share Award Scheme are set out in note 28 to the consolidated financial statement in this annual report.

No grants were made under the above share schemes of the Company during the Reporting Period.

## REPORT OF THE DIRECTORS

### CONNECTED TRANSACTIONS

During the Reporting Period, the Group had conducted the following transactions which constituted non-exempt continuing connected transactions under Chapter 14A of the Listing Rules:

#### (A) Rental of premises from the Founding Group

On 31 December 2021, the Company entered into a framework property lease agreement with Mr. Ho, Mr. Leung King Sun and Mr. Lin (together with their associates, the **"Founding Group"**) regarding the Group leasing premises owned by the Founding Group (as landlords) for use as office premises, dormitory, warehouse, or for other business needs (the **"Founding Group Framework Tenancy Agreement"**). In accordance with the HKFRS 16 applicable to the Group, the Group recognises rental payments to be paid by the Group under the Founding Group Framework Lease Agreement as acquisition of right-of-use asset and a lease liability, which are measured at the present value, discounted using the lessee's incremental borrowing rate in the year of entering into the lease where the relevant member(s) of the Group act as a lessee. The transactions under the Founding Group Framework Lease Agreement are being treated as continuing connected transactions of the Company. The annual caps in respect of the total value of right-of-use assets to be recognised by the Company for the years ended 31 December 2022, 2023 and 2024 are RMB18,000,000, RMB12,000,000 and RMB6,000,000, respectively.

Pursuant to the Founding Group Framework Lease Agreement, the Group (as tenant) rented properties from members of the Founding Group in Hong Kong, Shanghai and Hangzhou for use as office premises and dormitory during the Reporting Period. These individual leases have a lease term of not more than three years, with rental at fixed amount. The total value of right-of-use assets to be recognized by the Group to the Founding Group and their associates in respect of these leases under the Founding Group Framework Lease Agreement as of 31 December 2024 was approximately nil, and the aggregate value recognised during the Reporting Period was nil.

#### (B) Rental of premises from the Shinva Group

On 31 December 2021, the Company entered into the framework property lease agreement with Shinva (a controlling shareholder of the Company) regarding the Group leasing premises owned by Shinva and its associates (**"Shinva Group"**) (as landlords) for use as office premises, dormitory, warehouse, or for other business needs (the **"Shinva Framework Lease Agreement"**).

Short-term individual leases are being entered into under the Shinva Framework Lease Agreement, and the rental payments from the Group are being recognised as expenses in the consolidated statement of profit or loss and other comprehensive income of the Company. The annual caps in respect of the total rental payment payable by the Group as contemplated under Shinva Framework Lease Agreement for the years ended 31 December 2022, 2023 and 2024 are RMB4,500,000, RMB4,600,000 and RMB4,700,000, respectively.

Pursuant to the Shinva Framework Lease Agreement, the Group (as tenant) rented properties from members of the Shinva Group in Shanghai and Jinan for use as office premises and warehouse during the Reporting Period. These individual leases are short term leases with a lease term of not

## REPORT OF THE DIRECTORS

more than one year, with rental at fixed amount and utilities and management fee. The actual rental fees paid by the Group to the Shinva Group for the Reporting Period were approximately RMB4,393,000.

### (C) Distribution of Shinva Products

On 15 December 2023, Vastec (a member of the Group) entered into the sales contract with Shinva (a controlling shareholder of the Company) at the time of the entering into of the contract, under which Shinva designated Vastec as its distributor of Shinva's thromboelastography instruments and its ancillary reagents and consumables in the Chinese Mainland (excluding Shandong, Henan, Hong Kong, the Macau SAR and Taiwan) for a period from 1 January 2024 to 31 December 2024. The transaction amount under this agreement is capped at RMB20,000,000 (tax inclusive) for the year ended 31 December 2024. The actual transaction amount was approximately RMB595,000.

### Listing Rules implications and annual review

Each of the Founding Group and Shinva was a controlling shareholder under the definition of the Listing Rules at the time of entering into of the aforesaid agreement. The above transactions therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. The applicable percentage ratios of these transactions are less than 5%, and these transactions were subject to the reporting, announcement and annual review requirements but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules. More details about these transactions have been disclosed in the Company's announcements dated 31 December 2021, 15 December 2023 and 29 December 2023.

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors have reviewed the continuing connected transactions disclosed above and confirmed that these transactions have been entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms or better; and
- (iii) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Actual transaction amount of the transactions disclosed above for the Reporting Period has not exceeded their respective annual caps. The Group has followed the pricing policies and guidelines when determining the consideration and terms of the above transactions conducted during the Reporting Period.

The Board has received a letter from Prism, the Company's auditor, to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and with reference to Practice Note 740 (Revised) *Auditor's Letter on Continuing Connected Transactions*

## REPORT OF THE DIRECTORS

*under the Hong Kong Listing Rules* issued by the Hong Kong Institute of Certified Public Accountants. Such letter contains Prism's findings and conclusions in respect of the continuing connected transactions disclosed above in accordance with Rule 14A.56 of the Listing Rules, that nothing has come to their attention that causes it to believe the continuing connected transactions disclosed above:

- (i) have not been approved by the Board;
- (ii) were not, in all material respects, in accordance with the pricing policies of the Group regarding, (if applicable) provisions of goods or services;
- (iii) were not entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and
- (iv) have exceeded the corresponding annual cap.

See also "Management discussion and analysis – Renewal of lease transactions" for more information regarding the renewal of these lease transactions.

## RELATED PARTY TRANSACTIONS

Note 31 to the consolidated financial statements in this annual report contains further information about the Group's material transactions with related parties during the Reporting Period. During the Reporting Period, except for the transactions set out in "Connected Transactions" above, the other related party transactions in the said note 31 either do not fall under the definition of "connected transaction" or "continuing connected transaction" under Chapter 14A of the Listing Rules, or are fully exempt from shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules. The Company has complied with all the disclosure requirements in accordance with Chapter 14A of the Listing Rules, and has followed its policies and guidelines when determining the price and terms of the continuing connected transactions conducted during the Reporting Period in line with guidance letter HKEx-GL73-14.

## COMPETITION AND CONFLICT OF INTERESTS

None of the Directors or their respective associates (as defined under the Listing Rules) has any interest in a business which competes or is likely to compete with the business of the Group, either directly or indirectly, or has any other conflict of interests during the Reporting Period.

## BOARD DIVERSITY

The Company has adopted a diversity policy with respect to the composition of the Board (the "**Board Diversity Policy**"). Further information is set out in "Corporate Governance Report – Board Diversity Policy" in this annual report. Details on the biographies and experience of the Directors are set out on pages 31 to 37 of this annual report.

## REPORT OF THE DIRECTORS

### SUFFICIENCY OF PUBLIC FLOAT

From information publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this annual report, at least 25% of the Company's total issued Shares was held by the public at all times during the Reporting Period and up to the date of this annual report, and the Company believes it has maintained a sufficient public float as required under the Listing Rules.

### PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to the existing Shareholders.

### TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief available to the Shareholders by reason of their holding of the Shares.

### DONATION

In 2024, the Group made a total donation of RMB190 thousand.

### PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association, every Director or other officer of the Company shall be entitled to 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 subject to applicable laws and regulations. Such provision was in force during the Reporting Period and remained in force as of the date of this annual report. The Company has also arranged appropriate directors' and officers' liability insurance for the Directors and officers of the Group.

### ANNUAL GENERAL MEETING

The AGM will be held on Monday, 30 June 2025. The notice of the AGM will be published on the websites of the Stock Exchange and the Company in due course.

### CORPORATE GOVERNANCE

The Corporate Governance Report is set out on pages 65 to 81 of this annual report.



## REPORT OF THE DIRECTORS

### MANAGEMENT CONTRACT

Except for service contracts or letters of appointment engaging the Directors and the Group's management in their employment, no contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or subsisting during the Reporting Period.

### SUBSEQUENT EVENTS

Save as referred to in this annual report, the Group has had no material event since the end of the Reporting Period and up to 11 April 2025 (being the date of this annual report).

### AUDITOR

Ernst & Young resigned as the auditor of the Company with effect from 28 October 2024 as the Company and Ernst & Young could not reach a consensus on the proposed audit fee for the year ending 31 December 2024. The consolidated financial statements of the Company for the years ended 31 December 2021, 2022 and 2023 were audited by Ernst & Young.

With effect from 28 October 2024, Moore CPA Limited was appointed as the Company's auditor. Moore CPA Limited resigned as the auditor of the Company with effect from 17 February 2025, the reasons of which are disclosed in the announcements of the Company dated 17 February, 11 March and 13 March 2025.

With effect from 20 February 2025, Prism was appointed as the Company's auditor to fill the vacancy following the resignation of Moore CPA Limited and to hold office until the conclusion of the AGM. The consolidated financial statements of the Company for the Reporting Period were audited by Prism.

A resolution will be proposed for approval by Shareholders at the AGM to re-appoint Prism as the auditor of the Company.

Save as disclosed above, there was no change in auditor of the Company in the preceding three years.

On behalf of the Board

**Ho Kuk Sing**

*Chairman, Chief Executive Officer and Executive Director*

Hong Kong, 11 April 2025

Certain figures in this annual report have been subject to rounding adjustments.

This annual report contains forward-looking statements that reflect the Company's beliefs, plans or expectations about the future. These statements are based on a number of assumptions, current estimates and projections, and subject to inherent risks, uncertainties and other factors which may not be beyond the Company's control. The actual outcomes may differ. Nothing contained in these statements is, or shall be, relied upon as any assurance, representation or warranty otherwise. Neither the Company nor its directors, staff, agents, advisers or representatives assume any responsibility to update, supplement, correct these statements or adapt them to future events.

## CORPORATE GOVERNANCE REPORT

The Board is pleased to present this Corporate Governance Report for the Reporting Period.

### CORPORATE GOVERNANCE PRACTICES

The Board is committed to achieving high corporate governance standards.

The Board believes that high corporate governance standards are essential in providing a framework for the Group. The Board strives to apply and adhere to the principles under Part 2 of the Corporate Governance Code (the “**CG Code**”) in Appendix C1 to the Listing Rules as basis of the Company’s corporate governance practices, based on the Company’s individuality to safeguard the interests of the Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Board is of the view that throughout the Reporting Period, the Company has complied with all the code provisions as set out in Part 2 of the CG Code, except for Code Provision C.2.1 (the details of which are set out in the paragraph headed “Chairman and chief executive officer” below).

### DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules regarding directors’ securities transactions. Specific enquiry has been made of all the Directors and each Director has confirmed that he/she has complied with the Model Code throughout the Reporting Period.

### BOARD OF DIRECTORS

The Board oversees the Group’s businesses, strategic decisions and performance and should make decisions objectively in the best interests of the Company. The Directors place great emphasis on the fiduciary nature of the Board’s responsibilities and strive to be accountable to the Shareholders as a whole.

The Board regularly reviews the contribution required from a Director to perform his/her responsibilities to the Company, and whether the Director is spending sufficient time on the Company’s affairs and in performing their responsibilities. The Company is satisfied with the devotion shown by the Directors during the Reporting Period, and nothing has come to the Company’s attention of any non-Director’s performance was being hindered by his/her other engagements (if any).



## CORPORATE GOVERNANCE REPORT

Mr. Ho, Mr. Lin (both are executive Directors), and Mr. Leung King Sun (a former Director) are parties to a common control confirmation dated 27 May 2016, under which they confirmed, among others, the existence of their collective control and management arrangements over the Group to consolidate their control over the Group. For further information, see the Prospectus and “Report of the Directors – Interests and Short Positions of Directors and Chief Executives in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations”. Save as the above, the members of the Board do not have any financial, business, family or other material/relevant relationships with each other.

Note: More information about the Board composition during the Reporting Period is set out in “Report of the Directors – Board composition” and “Board Meetings and General Meetings” below.

### Board Diversity Policy

The Board has formulated the Board Diversity Policy setting out the approach to maintaining a Board with a diversity of directors. The Company recognises the benefits of diversity at the Board level as an essential element in supporting its sustainable development. All Board appointments will continue to be based on meritocracy with due regard for the benefits of diversity on the Board. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Board would, from time to time, use its best endeavour and on suitable basis to seek female candidates into the Board as appropriate. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Directors believe that the composition of the Board reflects the necessary balance of skills and experience, which are appropriate for the requirements of the business development of the Group and for effective leadership. During the Reporting Period, the executive Directors possess extensive experience in IVD and medical equipment industry and in management while the non-executive Directors (including independent non-executive Directors) possess professional knowledge and broad experience in IVD and medical equipment, finance and accounting industry. As of the date of this annual report, the Board comprised both male and female (one out of eight), providing the Board with a direct and diversified channel of the opinion of both genders. The Directors are of the opinion that Board diversity (including gender diversity) has been achieved with reference to the current circumstances of the Company, and the present structure of the Board can ensure the independence and objectivity of the Board and provide a system for checks and balances to safeguard the interests of the Shareholders. The Board will continue to maintain Board diversity (including gender diversity), and maintain at least one female representation to ensure the opinions from different gender are well represented. If the Board determines that an additional or replacement or Director may be appropriate or desirable for the development of the Group, the Company will deploy multiple channels for identifying suitable candidates, for examples, referral from Directors, shareholders, management, advisors of the Company, with regarding to the range of diversity perspectives (including gender diversity) set forth in the Board Diversity Policy.

## CORPORATE GOVERNANCE REPORT

As of 31 December 2024, around 37.4% of the Group's workforce (including senior management) was female. The Group adheres to the recruitment principle of equality and merit selection. The Group considers the current employees' gender ratio to be appropriate with respect to the Group's circumstances, and intends to maintain similar level of gender balance. More information regarding the gender ratio and other information about the Group's workforce, and the Group's plan for achieving diversity is included in the Company's Environmental, Social and Governance Report.

### Mechanism for ensuring independent views and input

Mechanism is available for ensuring independent views and input are available to the Board. The Board currently comprises a majority of non-executive Directors (including independent non-executive Directors). They have full and timely access to the Group's information, and are entitled to seek advice from the company secretary as well as independent professional advisers at the Company's expenses in appropriate circumstances. Supported also by the Company's conflict management and other internal control measures, these non-executive Directors (including independent non-executive Directors) provide a balance in the Board, bring in view and opinion independent of the executive Directors and the management, and oversee the Group's operation and corporate action. The Board and the Nomination Committee review at least once in every year for the Company's governance structure and such mechanism. Periodic review and evaluation are also being conducted to assess the Board and management's performance, monitoring and enhancing the effectiveness of the Company's governance structure and mechanism.

### Board Meetings and General Meetings

Below sets out the attendance at the eight Board meetings and one general meeting of the Company by the Directors in the Reporting Period:

Name of Director	Number of Board meeting attended/held	Number of general meeting attended/held
Mr. Ho Kuk Sing	8/8	1/1
Mr. Leung King Sun ( <i>Resigned on 28 March 2024</i> )	3/3	0/0
Mr. Lin Xianya	8/8	1/1
Mr. Chan Siu Kei Ken ( <i>Appointed on 28 March 2024</i> )	5/5	1/1
Mr. Law Kim Fai ( <i>Appointed on 28 March 2024</i> )	5/5	1/1
Ms. Yao Haiyun	8/8	1/1
Mr. Liu Fei ( <i>Appointed on 8 March 2024</i> )	7/7	1/1
Mr. Yang Zhaoxu ( <i>Resigned on 8 March 2024</i> )	1/1	1/1
Mr. Sun Tao ( <i>Resigned on 30 January 2024</i> )	0/0	0/0
Mr. Lau Siu Ki ( <i>Resigned on 28 March 2024</i> )	3/3	0/0
Dr. Zhong Renqian	7/8	1/1
Dr. Leung Ka Sing	7/8	1/1
Dr. Wong Sze Lok ( <i>Appointed on 28 March 2024</i> )	5/5	1/1

Note: Attendance is presented by reference to number of meetings held during the tenure of a Director.

## CORPORATE GOVERNANCE REPORT

Each of the Directors appointed after 1 January 2024 has obtained legal advice from a firm of solicitors with reference to Rule 3.09D of the Listing Rules, and has confirmed that he understood his obligations as a director (for Mr. Liu Fei, on 8 March 2024, and for Dr. Wong Sze Lok, Mr. Chan Siu Kei Ken and Mr. Law Kim Fai, on 28 March 2024).

The Board holds at least four meetings in each year at approximately quarterly intervals to discuss the Group's business development, operations and financial performance to comply with Code Provision C.5.1. Notice of at least 14 days was given to all Directors for all regular Board meetings and a formal agenda was addressed to the Directors together with the notice. All Directors were provided with adequate information which enabled them to make informed decisions on the matters discussed and considered at the Board meetings. The Chairman also held a meeting with all independent non-executive Directors without the presence of other Directors during the Reporting Period.

### Compliance with the corporate governance code

During the Reporting Period, save for the code provision addressed below, the Company has complied with the applicable code provisions as set out in Part 2 of Appendix C1 to the Listing Rules.

Code provision C.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. The chairman and chief executive officer of the Company are held by Mr. Ho Kuk Sing is one of the founders of the Group and has extensive experience in the industry. The Board is of the view that given that Mr. Ho had been responsible for leading the strategic planning and business development of the Group, the arrangement would allow for effective and efficient planning and implementation of business decisions and strategies under his strong and consistent leadership, and should be overall beneficial to the management and development of the Group's business.

### Independent Non-executive Directors

During the Reporting Period, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules. Having regard to the criteria under Rule 3.13 of the Listing Rules and the confirmations received, the Company is of the view that all independent non-executive Directors are independent.

### Appointment and Re-election of Directors

The non-executive Directors (including independent non-executive Directors) are appointed for a specific term of three years, subject to renewal after the expiry of the current term.

The Articles of Association provides that all Directors appointed to fill a casual vacancy shall be subject to election by the Shareholders at the first general meeting after appointment.

## CORPORATE GOVERNANCE REPORT

Under the Articles of Association, at each annual general meeting, one-third of the Directors for the time being, or if their number is not three or a multiple of three, 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 by rotation at least once every three years. The retiring Directors shall be eligible for re-election.

### **Responsibilities of the Board and Management**

The Board assumes responsibility for leadership and control of the Company, and is collectively accountable and responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place. The management reports to the Directors.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them.

All major matters relating to policies, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company are reserved for the Board's decision. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

The Company has arranged appropriate insurance coverage on directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management of the Company arising out of corporate activities.

### **Continuous Professional Development of Directors**

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remain informed and relevant.



## CORPORATE GOVERNANCE REPORT

Every newly appointed Director (if any) will receive 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.

The Directors have also been informed of the requirement under Code Provision C.1.4 of Part 2 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.

All Directors understand the importance of continuous professional development and are committed to participating in any suitable training to develop and refresh their knowledge and skills. The Company provides to the Directors updates and materials on Listing Rules and key corporate governance matters to assist them in keeping abreast of the regulatory requirements. Directors may also attend courses/training session provided by external professional bodies on topics relevant to the duties and responsibilities of a director. Below are the Directors during the Reporting Period, and they have provided to the Company the following records on trainings they received during the Reporting Period:

	Attending courses and reading materials
<b>Executive Directors</b>	
Mr. Ho Kuk Sing	✓
Mr. Leung King Sun ( <i>up to 28 March 2024</i> )	✓
Mr. Lin Xianya	✓
Mr. Chan Siu Kei Ken	✓
Mr. Law Kim Fai	✓
<b>Non-executive Directors</b>	
Mr. Yang Zhaoxu ( <i>up to 8 March 2024</i> )	✓
Mr. Sun Tao ( <i>up to 30 January 2024</i> )	✓
Ms. Yao Haiyun	✓
Mr. Liu Fei	✓
<b>Independent Non-executive Directors</b>	
Mr. Lau Siu Ki ( <i>up to 28 March 2024</i> )	✓
Dr. Zhong Renqian	✓
Dr. Leung Ka Sing	✓
Dr. Wong Sze Lok	✓

## CORPORATE GOVERNANCE REPORT

### BOARD COMMITTEES

The Audit Committee, the Remuneration Committee, and the Nomination Committee are established for overseeing particular aspects of the Company's affairs, with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of these Board committees are posted on the websites of the Company and the Stock Exchange.

#### Audit Committee

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The Audit Committee is responsible for reviewing and monitoring the financial reporting, risk management and internal control principles of the Company, and assists the Board to fulfill its responsibility over the audit. The Audit Committee holds meetings at least twice in a year to comply with its terms of reference. The duties and powers of the Audit Committee include:

1. To oversee, monitor and making recommendations regarding the Company's relationship with the Company's external auditor;
2. To review the Group's financial information;
3. To oversee of the Group's financial reporting system, risk management and internal control systems; and
4. To perform the Group's corporate governance functions.

Members of the committee during the Reporting Period, and their attendance of the four committee meetings held in such period is set out below:

Name of members	Number of meetings attended/held
Mr. Lau Siu Ki ( <i>INED</i> ) ( <i>Chairman of the committee</i> ) ( <i>Resigned on 28 March 2024</i> )	1/1
Dr. Wong Sze Lok ( <i>INED</i> ) ( <i>Chairman of the committee</i> ) ( <i>Appointed on 28 March 2024</i> )	3/3
Dr. Zhong Renqian ( <i>INED</i> )	4/4
Dr. Leung Ka Sing ( <i>INED</i> )	3/4

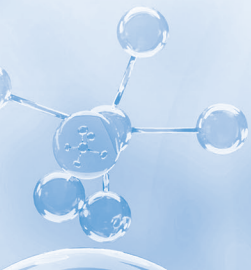
Note: Attendance is presented by reference to number of meetings held during the tenure of a Director.

During the Reporting Period, two meetings were held between the Audit Committee and the Company's external auditor. At least one of these meetings was held in the absence of the management to discuss matters relating to the audit fees, any issues arising from the audit and any other matters the auditor wish to raise in order to comply with its terms of reference.

## CORPORATE GOVERNANCE REPORT

The Audit Committee had performed the following work during the Reporting Period:

- (i) reviewed the audited annual financial statements for the year ended 31 December 2023;
- (ii) reviewed the unaudited interim financial statements for the six months ended 30 June 2024;
- (iii) reviewed the continuing connected transactions of the Company;
- (iv) made recommendations to the Board for approval of the above-mentioned financial statements;
- (v) reviewed and approved the internal audit plans and reviewed reports from the internal control adviser engaged by the Company and reviewed the effectiveness of the Group's internal audit function;
- (vi) reviewed and monitored the external auditor's independence, and objectivity and effectiveness of the audit process;
- (vii) reviewed and approved the audit service memorandum presented by the external auditor;
- (viii) discussed with the management and the external auditor on the issues concerning accounting policies and practices which may affect the Group, along with financial reporting matters;
- (ix) reviewed the risk management and internal control systems;
- (x) made recommendation to the Board on the re-appointment of the external auditors, and determined the interim review and annual audit fees and other terms of engagement of the external auditors;
- (xi) reviewed the terms of reference of the Audit Committee and whistleblowing policy and system of the Company to consider if any proposed changes that deemed appropriate or advisable; and
- (xii) performed other duties under the CG Code and the terms of reference of the Audit Committee.



## CORPORATE GOVERNANCE REPORT

### Remuneration Committee

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code. The duties and powers of the Remuneration Committee include:

1. To make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
2. To review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
3. To make recommendations to the Board on the remuneration packages of individual executive Directors and senior management. This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
4. To make recommendations to the Board on the remuneration of non-executive Directors;
5. To consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
6. To review and approve the compensation payable to executive Directors and senior management of the Company for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
7. To review and approve compensation arrangements in relating of dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
8. To ensure that no Director or any of his/her associates (as defined in the Listing Rules) is involved in deciding his/her own remuneration;
9. To review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules;
10. In respect of any service agreement to be entered into between any members of the Group and its Director or proposed Director, to review and provide recommendation to the Shareholders of the Company (other than Shareholder(s) who is/are Director(s) with a material interest in the relevant service agreements and their respective associates) as to whether the terms of the service agreements are fair and reasonable and whether such service agreements are in the interests of the Company and the Shareholders as whole, and to advise the Shareholders on how to vote; and
11. To consider other matters, as defined or assigned by the Board, or otherwise required by the Listing Rules and/or other applicable laws and rules from time to time.

## CORPORATE GOVERNANCE REPORT

Members of the committee during the Reporting Period, and their attendance of the three committee meetings held in such period is set out below:

Name of members	Number of meeting attended/held
Mr. Lau Siu Ki ( <i>INED</i> ) ( <i>Chairman of the committee</i> ) ( <i>Resigned on 28 March 2024</i> )	3/3
Dr. Wong Sze Lok ( <i>INED</i> ) ( <i>Chairman of the committee</i> ) ( <i>Appointed on 28 March 2024</i> )	0/0
Mr. Leung King Sun ( <i>ED</i> ) ( <i>Resigned on 28 March 2024</i> )	3/3
Dr. Leung Ka Sing ( <i>INED</i> )	3/3
Mr. Law Kim Fai ( <i>ED</i> ) ( <i>Appointed on 28 March 2024</i> )	0/0

Note: Attendance is presented by reference to number of meetings held during the tenure of a Director.

During the Reporting Period, the Remuneration Committee reviewed the remuneration policy of executive Directors and senior management of the Company; assessed performance of executive Directors and senior management of the Company; reviewed the composition of senior management of the Company; discussed and recommended the remuneration packages and service contracts/letters of appointment of the Directors and senior management of the Company and of new candidate(s) to the Board for the Board's approval; reviewed the rules of the share schemes and relevant documentation of the Company to ensure they support the compensation and incentive framework of the Group; reviewed the terms of reference of the Remuneration Committee to consider any proposed changes that were deemed appropriate or advisable and performed other duties under the CG Code and the terms of reference of the Remuneration Committee.

### Nomination Committee

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code. The duties and powers of the Nomination Committee include:

1. To review the structure, size and diversity (including without limitation, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
2. To identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

## CORPORATE GOVERNANCE REPORT

3. To assess the independence of independent non-executive Directors;
4. To make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the Chief Executive Officer of the Company;
5. To review the Board Diversity Policy and any measurable objectives for implementing the Board Diversity Policy as may be adopted by the Board from time to time and to review the progress on achieving the objectives, and to make disclosure or its review results in the annual report of the Company annually; and
6. To consider other matters, as defined or assigned by the Board from time to time.

When considering the composition of the Board, and candidates for directorship and management of the Company (including in the re-election process), the Nomination Committee would consider the need of and balance of the Group and the Board, the Group's objectives and strategy, and assess the suitability of the candidate on his/her individual qualities, and benefits he/she could bring.

Nomination of candidates for directorship would be made in accordance with the Company's nomination policy, requiring the Nomination Committee to consider (among others) the above aspects, taking into account non-exhaustive factors in the assessment of individual candidate including his/her character, accomplishment and experience, qualifications, commitment, diversity in all aspects (see also the paragraph headed "Board Diversity Policy" above). The Nomination Committee would then make recommendation to the Board.

The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.





## CORPORATE GOVERNANCE REPORT

Members of the committee during the Reporting Period, and their attendance of the three committee meetings held in such period is set out below:

Name of members	Number of meeting attended/held
Mr. Ho Kuk Sing ( <i>Chairman of the committee</i> ) ( <i>ED</i> )	3/3
Mr. Lau Siu Ki ( <i>INED</i> ) ( <i>Resigned on 28 March 2024</i> )	3/3
Dr. Leung Ka Sing ( <i>INED</i> )	3/3
Dr. Wong Sze Lok ( <i>INED</i> ) ( <i>Appointed on 28 March 2024</i> )	0/0

Note: Attendance is presented by reference to number of meetings held during the tenure of a Director.

During the Reporting Period, the Nomination Committee reviewed the composition of the Board and its committees, assessed the suitability and qualification of candidate(s) proposed to be appointed as director and made recommendation to the Board on the same, reviewed and make recommendation to the Board on changes to the composition to the Board and its committees reviewed and made recommendation to the Board on candidates for re-election by Shareholders at annual general meeting, reviewed the independence of the independent non-executive Directors, reviewed the time commitment and succession planning of the Board and the management, reviewed the terms of reference of the Nomination Committee and the Board diversity policy of the Company and performed other duties of the Nomination Committee under the CG Code and the terms of reference of the Nomination Committee. The Nomination Committee holds at least one meeting each year to perform its duties.

## CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance functions set out in the Code Provision A.2.1 of Part 2 of the CG Code, such as developing and reviewing the Company's corporate governance policies and practices, reviewing and monitoring training and continuous professional development of the Directors and senior management of the Company, reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements, and reviewing and monitoring the compliance with the Model Code and other applicable corporate compliance manuals, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

## DIVIDEND POLICY

The Board has the discretion to declare and distribute dividends to the Shareholders, subject to the Articles of Association and all applicable laws and regulations. In recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and future growth as well as its shareholder value. A general dividend policy of declaring and paying an annual dividend of not less than 20% of the Group's distributable net profit attributable to the equity Shareholders was adopted by the Board in principle.

## CORPORATE GOVERNANCE REPORT

### RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for maintaining the risk management and internal control systems and reviewing their effectiveness. 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.

The main feature of the Group's risk management and internal control system is its ability to dynamically and effectively capture and evaluate significant emerging risks and risk changes, both quantitatively and qualitatively, and to timely manage risks by appropriate risk responses and mitigation strategies.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The Company has developed and adopted various risk management procedures and guidelines with defined authority for implementation by key business processes and office functions, including policy on securities trading, safety control system for production and fire, methods of prevention from occupational disease, guidelines regarding using official seal, policy on confidential control (as updated and amended from time to time), policy on employees' external training, guidelines regarding information management and transition.

All divisions/departments of the Company conducted internal control assessment regularly to identify risks that potentially impact the business of the Group and various aspects including key operational and financial processes, regulatory compliance and information security. The senior management of the Company, in coordination with division/department heads, assessed the likelihood of risk occurrence, provide treatment plans, and monitor the risk management progress. No significant control failings or weaknesses have been identified during the Reporting Period.



## CORPORATE GOVERNANCE REPORT

The management has confirmed to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the year ended 31 December 2024.

The internal control team is responsible for performing internal audit function and conducting independent review of the adequacy and effectiveness of the risk management and internal control systems. The internal control team examined key issues in relation to the accounting practices and all material controls and provided its findings and recommendations for improvement to the Audit Committee.

In addition, the Group has engaged an internal control adviser to assist the Group to review and provide recommendations on improving the Group's internal control system. The Group has improved its internal control system in accordance with the recommendation of such review.

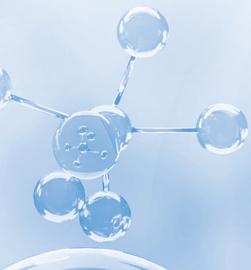
The Board, as supported by the Audit Committee, reviewed the effectiveness of the risk management and internal control systems, including the financial, operational and compliance controls periodically during the Reporting Period and considered that such systems are effective and adequate for the purpose of financial reporting and Listing Rules compliance. The Board conducts such review at least once every year.

The Company has developed its inside information and disclosure policy which provides a general guide to the Company's Directors, officers, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries, and to ensure that inside information is disseminated to the public in fair and timely manner in accordance with applicable laws and regulations. Monitoring and control procedures have been implemented to ensure that unauthorised access and use of inside information are strictly prohibited.

Whistleblowing procedures are in place to facilitate employees of the Company to raise, in confidence and anonymity, concerns about improprieties (such as criminal offences or financial impropriety) or other matters of the Company.

### COMPANY SECRETARY

Mr. Law Kim Fai is the company secretary of the Company. He has complied with Rule 3.29 of the Listing Rules in respect of professional training requirements for the Reporting Period.



## CORPORATE GOVERNANCE REPORT

### DIRECTORS' RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Company for the Reporting Period.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditor of the Company, Prism, about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report on pages 82 to 86 of this annual report.

### AUDITOR'S REMUNERATION

A breakdown of the remuneration paid/payable to the external auditor of the Company, Prism, in respect of the following services for the Reporting Period is set out below:

Services rendered	Remuneration paid and payable RMB'000
Audit services	3,400
Non-audit services:	—
Total	3,400

## CORPORATE GOVERNANCE REPORT

### SHAREHOLDERS' RIGHTS

The Company engages with its Shareholders through various communication channels and a shareholders' communication policy is in place to ensure that the Shareholders' views and concerns are appropriately addressed.

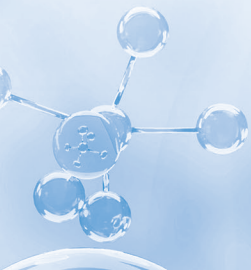
To safeguard the Shareholders' interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings of the Company, including the election of individual Director. All resolutions put forward at general meetings of the Company will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting of the Company.

#### **Convening an Extraordinary General Meeting by Shareholders and Putting Forward Proposals at Shareholders' Meetings**

Pursuant to Article 58 of the Articles of Association, any one or more member(s) holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business or add resolution specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one 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.

#### **Putting Forward Enquiries to the Board**

For putting forward any enquiries to the Board, the Shareholders may send written enquiries to the Company. The Company normally would not deal with verbal or anonymous enquiries.



## CORPORATE GOVERNANCE REPORT

### Contact Details

The Shareholders may send their enquiries or requests as mentioned above to the following:

Address: IVD Medical Holding Limited  
Room 1703  
Grandtech Centre  
8 On Ping Street  
Sha Tin, Hong Kong  
(For the attention to Directors' Office)

For the avoidance of doubt, the Shareholder(s) must deliver the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and must provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law or as may be appropriate.

### COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with the Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with the Shareholders and in particular, through annual general meetings and other general meetings. The Directors (or their delegates as appropriate) will attend annual general meeting to meet the Shareholders and answer their enquiries.

The Company discloses information and publishes periodic reports and announcements to the public in accordance with the Listing Rules, the relevant law and regulations. The primary focus of the Company is to ensure information disclosure is timely, fair, accurate, truthful and complete, thereby enabling the Shareholders and investors of the Company as well as the public to make rational and informed decisions.

The Company has reviewed the Shareholders and investors communication activities conducted in 2024 and was satisfied with the implementation and effectiveness of the Company's shareholders communication policy.

### COMPANY'S ARTICLES OF ASSOCIATION

There were no significant changes in the Articles during the Reporting Period.





## INDEPENDENT AUDITOR'S REPORT



Prism Hong Kong Limited  
Units 1903A - 1905, 19/F, 8 Observatory Road,  
Tsim Sha Tsui, Hong Kong  
T: +852 2774 2188 F: +852 2774 2322  
[www.prism.com.hk](http://www.prism.com.hk)

### To the shareholders of IVD Medical Holding Limited

(Incorporated in the Cayman Islands with limited liability)

### OPINION

We were engaged to audit the consolidated financial statements of IVD Medical Holding Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages 87 to 179, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards Accounting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB") 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 ("HKSA") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

## INDEPENDENT AUDITOR'S REPORT

### KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
<b><i>Impairment assessment of goodwill and trademarks</i></b>	
<p>As at 31 December 2024, the Group has (i) goodwill of RMB898,083,000 and trademarks of RMB737,802,000, which related to the cash-generating unit ("CGU") of distribution of IVD reagents and medical equipment ("Distribution CGU").</p> <p>Given the size of the carrying values of the goodwill and trademarks, which have indefinite useful life and are tested for impairment annually, management of the Company engaged an external valuer to perform impairment assessments on goodwill and trademarks by using value-in-use calculations with cash flow projections based on financial budgets covering a five-year period.</p> <p>Based on the results of impairment tests, no impairment was considered necessary during the year.</p> <p>The impairment assessment has been identified as a key audit matter due to the significant estimations involved in the assessment of the recoverable amounts of goodwill and trademarks.</p> <p>The accounting policies and disclosures in relation to the impairment of goodwill and trademarks are included in notes 2.4, 2.5 and 14 to the consolidated financial statements.</p>	<p>We evaluated the impairment assessment performed by the management of the Company and our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>obtaining and reviewing the valuation report prepared by the external valuer engaged by the Group;</li> <li>assessing the external valuer's qualification, experience and expertise and considering its competence, objectivity and independence;</li> <li>enquiring of management in relation to the key assumptions applied in the cash flow projections, such as the revenue growth rates and gross margins, and comparing them to historical information and our understanding of the latest market information and conditions;</li> <li>involving our independent valuation specialists to assist us in the assessment of the methodologies and the discount rates used to determine the recoverable amounts; and</li> <li>assessing the adequacy of the disclosures of the Group's impairment assessment of goodwill and other intangible assets in the consolidated financial statements.</li> </ul>

## INDEPENDENT AUDITOR'S REPORT

### OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than 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.

### RESPONSIBILITIES OF THE DIRECTORS OF THE COMPANY AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

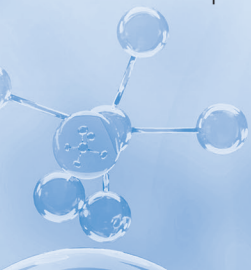
The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine 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 of the Company 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 of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

### 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. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.



## INDEPENDENT AUDITOR'S REPORT

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's 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 HKSA's, we exercise professional judgement and maintain professional scepticism 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 audit work performed for purpose of the group audit. We remain solely responsible for our audit opinion.

## INDEPENDENT AUDITOR'S REPORT

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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

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

From the matters communicated with the Audit Committee, 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.

The engagement partner on the audit resulting in this independent auditor's report is Lee Kwok Lun.

**Prism Hong Kong Limited**

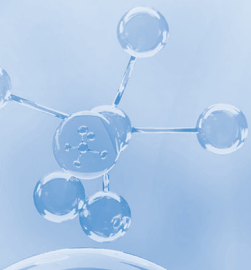
*Certified Public Accountants*

**Lee Kwok Lun**

Practising Certificate Number: P06294

Hong Kong

11 April 2025



## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
<b>Revenue</b>	4	<b>3,162,415</b>	3,088,387
Cost of sales		<b>(2,411,242)</b>	(2,416,686)
<b>Gross profit</b>		<b>751,173</b>	671,701
Other income and gains, net	5	<b>21,813</b>	29,131
Selling and distribution expenses		<b>(139,805)</b>	(136,313)
Administrative expenses		<b>(165,332)</b>	(159,980)
(Impairment of)/reversal of impairment of trade receivables		<b>(1,796)</b>	958
Other expenses		<b>–</b>	(1,838)
Finance costs	6	<b>(35,979)</b>	(21,040)
Fair value loss on financial assets at fair value through profit or loss		<b>(9,468)</b>	(20,631)
Share of losses of associates		<b>(10,217)</b>	(16,837)
Share of loss of a joint venture		<b>(8,612)</b>	(5,822)
<b>Profit before tax</b>	7	<b>401,777</b>	339,329
Income tax expense	10	<b>(135,743)</b>	(102,203)
<b>Profit for the year</b>		<b>266,034</b>	237,126
<b>Profit/(loss) for the year attributable to:</b>			
Owners of the parent		<b>260,420</b>	238,163
Non-controlling interests		<b>5,614</b>	(1,037)
<b>Profit for the year</b>		<b>266,034</b>	237,126



## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Note	2024 RMB'000	2023 RMB'000
<b>OTHER COMPREHENSIVE INCOME/(EXPENSE)</b>			
<b>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</b>			
Exchange differences on translation of foreign operations		756	781
Realisation of exchange fluctuation reserve upon deregistration of a subsidiary		–	1,691
		756	2,472
<b>Other comprehensive income/(expense) that will not be reclassified to profit or loss in subsequent periods:</b>			
Exchange differences on translation of the Company's financial statements		12,127	(2,405)
<b>Other comprehensive income for the year, net of tax</b>		12,883	67
<b>Total comprehensive income for the year</b>		278,917	237,193
<b>Total comprehensive income/(expense) attributable to:</b>			
Owners of the parent		273,303	238,230
Non-controlling interests		5,614	(1,037)
		278,917	237,193
<b>Earnings per share attributable to ordinary equity holders of the parent</b>			
Basic (RMB cents)	12	17.42	17.62
Diluted (RMB cents)		17.42	17.62

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	13	104,312	91,448
Intangible assets	14	1,635,885	1,635,885
Investments in associates	15	10,806	10,123
Investment in a joint venture	16	25,167	33,197
Financial assets at fair value through profit or loss	17	16,011	25,256
Deferred tax assets	25	15,065	6,930
Total non-current assets		1,807,246	1,802,839
<b>CURRENT ASSETS</b>			
Inventories	18	1,236,751	1,109,554
Trade receivables	19	484,276	532,158
Prepayments and other receivables	20	137,875	42,740
Pledged deposits	21	83,378	72,975
Cash and cash equivalents	21	1,774,358	1,224,786
Total current assets		3,716,638	2,982,213
<b>CURRENT LIABILITIES</b>			
Trade payables	22	595,183	506,567
Other payables and accruals	23	188,311	330,790
Interest-bearing bank borrowings	24	732,566	319,896
Tax payable		30,609	41,869
Total current liabilities		1,546,669	1,199,122
<b>NET CURRENT ASSETS</b>		<b>2,169,969</b>	<b>1,783,091</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>3,977,215</b>	<b>3,585,930</b>

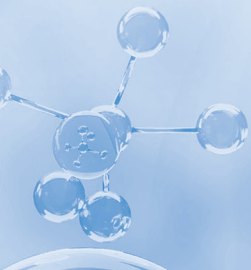
## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
<b>NON-CURRENT LIABILITIES</b>			
Other payables and accruals	23	13,167	13,289
Deferred tax liabilities	25	202,862	186,752
<b>Total non-current liabilities</b>		<b>216,029</b>	200,041
Net assets		<b>3,761,186</b>	3,385,889
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	26	5,603	4,637
Reserves	29	3,709,015	3,340,298
		<b>3,714,618</b>	3,344,935
<b>Non-controlling interests</b>		<b>46,568</b>	40,954
<b>Total equity</b>		<b>3,761,186</b>	3,385,889

.....  
**Mr. Ho Kuk Sing**  
*Director*

.....  
**Mr. Lin Xianya**  
*Director*



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

Attributable to owners of the Company													
Notes	Share capital	Share premium	Shares held for Award Scheme	Merger reserve	Capital reserve	Statutory reserve	Share Option reserve	Award Share reserve	Exchange Fluctuation reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000 (note 26)	RMB'000 (note 29)	RMB'000 (note 28)	RMB'000 (note 29)	RMB'000 (note 29)	RMB'000 (note 29)	RMB'000 (note 29)	RMB'000 (note 29)	RMB'000 (note 29)	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	4,637	2,224,295	(1,820)	60,700	44,320	26,440	37,166	50,456	8,632	890,109	3,344,935	40,954	3,385,889
Profit for the year	-	-	-	-	-	-	-	-	-	260,420	260,420	5,614	266,354
Other comprehensive income for the year:													
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	756	-	756	-	756
Exchange differences on translation of the Company	-	-	-	-	-	-	-	-	12,127	-	12,127	-	12,127
Total comprehensive income for the year	-	-	-	-	-	-	-	-	12,883	260,420	273,303	5,614	278,917
Placing of new shares	26 966	172,176	-	-	-	-	-	-	-	-	173,142	-	173,142
Final 2023 dividend	11 -	(76,762)	-	-	-	-	-	-	-	-	(76,762)	-	(76,762)
Lapse of share options	27 -	-	-	-	-	-	(18,190)	-	-	18,190	-	-	-
Transfer from retained profits	-	-	-	-	-	438	-	-	-	(438)	-	-	-
At 31 December 2024	5,603	2,319,709*	(1,820)*	60,700*	44,320*	26,878*	18,976*	50,456*	21,515*	1,168,281*	3,714,618	46,568	3,761,186

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

		Attributable to owners of the Company												
		Shares held for					Share	Award	Exchange				Non-	Total
		Share capital	Share premium	Award Scheme	Merger reserve	Capital reserve	Statutory reserve	Option reserve	Share reserve	Fluctuation reserve	Retained profits	Total	controlling interests	equity
Notes		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(note 26)	(note 29)	(note 28)	(note 29)	(note 29)	(note 29)	(note 29)	(note 29)	(note 29)				
At 1 January 2023		4,637	2,328,800	(1,557)	60,700	(13,767)	25,787	37,166	50,456	8,565	652,599	3,153,386	78	3,153,464
Profit for the year		-	-	-	-	-	-	-	-	-	238,163	238,163	(1,037)	237,126
Other comprehensive income/(loss) for the year:														
Exchange differences on translation of foreign operations		-	-	-	-	-	-	-	-	781	-	781	-	781
Realisation of exchange fluctuation reserve upon deregistration of a subsidiary		-	-	-	-	-	-	-	-	1,691	-	1,691	-	1,691
Exchange differences on translation of the Company		-	-	-	-	-	-	-	-	(2,405)	-	(2,405)	-	(2,405)
Total comprehensive income for the year		-	-	-	-	-	-	-	-	67	238,163	238,230	(1,037)	237,193
Purchase of shares for the Award Scheme		28	-	-	(263)	-	-	-	-	-	-	(263)	-	(263)
Final 2022 dividend		11	-	(67,570)	-	-	-	-	-	-	-	(67,570)	-	(67,570)
Interim 2023 dividend		11	-	(36,935)	-	-	-	-	-	-	-	(36,935)	-	(36,935)
Deemed disposal of partial interest in a subsidiary			-	-	-	-	58,087	-	-	-	-	58,087	41,913	100,000
Transfer from retained profits		-	-	-	-	-	653	-	-	-	(653)	-	-	-
At 31 December 2023		4,637	2,224,295*	(1,820)*	60,700*	44,320*	26,440*	37,166*	50,456*	8,632*	890,109*	3,344,935	40,954	3,385,889

\* These reserve accounts comprise the consolidated reserves of RMB3,709,015,000 (2023: RMB3,340,298,000) in the consolidated statement of financial position.

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		<b>401,777</b>	339,329
Adjustments for:			
Finance costs	6	<b>35,979</b>	21,040
Share of losses of associates		<b>10,217</b>	16,837
Share of loss of a joint venture		<b>8,612</b>	5,822
Interest income	5	<b>(2,672)</b>	(2,910)
Gain on disposal of items of property, plant and equipment	5	<b>(47)</b>	(141)
Fair value loss on financial assets at fair value through profit or loss		<b>9,468</b>	20,631
Impairment/(reversal of impairment) of trade receivables	7	<b>1,796</b>	(958)
Loss on deregistration of a subsidiary	7	<b>–</b>	1,838
Write-down of inventories to net realisable value	7	<b>3,658</b>	4,239
Written-off of prepayments	5	<b>143</b>	–
Depreciation of owned assets	7	<b>22,910</b>	23,968
Depreciation of right-of-use assets	7	<b>15,290</b>	13,591
Loss/(gain) on termination/modification of lease contracts	5	<b>(66)</b>	(7)
		<b>507,065</b>	443,279
Increase in inventories		<b>(130,855)</b>	(485,145)
Decrease in trade receivables		<b>46,096</b>	36,698
(Increase)/decrease in prepayments and other receivables		<b>(94,938)</b>	197,396
Increase in trade payables		<b>88,616</b>	179,550
(Decrease)/increase in other payables and accruals		<b>(77,093)</b>	36,817
		<b>338,891</b>	408,595
Cash generated from operations		<b>(139,028)</b>	(116,171)
Income tax paid			
		<b>140,287</b>	292,424
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of items of property, plant and equipment		<b>(51,602)</b>	(40,508)
Proceeds from disposal of items of property, plant and equipment		<b>12,772</b>	11,176
Proceeds from disposal of financial assets at fair value through profit or loss		<b>–</b>	13,812
Advance to shareholders		<b>(340)</b>	–
Repayment from associates		<b>–</b>	171
Investments in associates		<b>(10,900)</b>	(9,500)
Investment in a joint venture		<b>–</b>	(572)
Interest received		<b>2,672</b>	2,910
Increase in pledged deposits		<b>(10,403)</b>	(55,074)
		<b>(57,801)</b>	(77,585)
Net cash flows used in investing activities			



## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of new ordinary shares	26	173,142	–
Purchases of shares for the Award Scheme	28	–	(263)
New bank loans		1,918,724	1,349,940
Repayment of bank loans		(1,506,388)	(1,359,541)
Repayment to an associate		(35)	–
(Advance from)/repayment to shareholders		(400)	251
Repayment to non-controlling interests		(38)	–
Principal portion of lease payments		(13,125)	(12,454)
Dividends paid		(140,771)	(76,346)
Interest paid		(35,979)	(21,040)
Proceeds from deemed partial disposal of interest in a subsidiary		–	100,000
Net cash flows from/(used in) financing activities		395,130	(19,453)
NET INCREASE IN CASH AND CASH EQUIVALENTS		537,182	195,386
Cash and cash equivalents at beginning of year		1,224,786	1,020,626
Effect of foreign exchange rate changes, net		12,390	8,774
CASH AND CASH EQUIVALENTS AT END OF YEAR		1,774,358	1,224,786
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	21	1,767,049	1,105,742
Non-pledged time deposits with original maturity of less than three months when acquired	21	7,309	119,044
Cash and cash equivalents as stated in the consolidated statement of financial position		1,774,358	1,224,786

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands. The registered office of the Company is located at the office of Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company is located at Room 1703, Grandtech Centre, 8 On Ping Street, Shatin, Hong Kong. The shares of the Company commenced listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 12 July 2019 (the "Listing Date").

The Company is an investment holding company. During the year, the Company's subsidiaries were principally engaged in the sale and manufacture of medical equipment and consumables and provision of after-sales services related to medical equipment.

### Information about subsidiaries

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

Name	Place of incorporation/ registration and place of operations	Nominal value of issued ordinary/registered share capital/ contributed capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
IVD International Limited	Hong Kong	HK\$10,000	100	–	Investment holding
IVD Medical Capital Limited	Hong Kong	–	100	–	Investment holding
IVD China Limited	Hong Kong	HK\$24,051,250	100	–	Sale of medical equipment and consumables
Vastec Medical Limited	Hong Kong	HK\$10,000	100	–	Sale of medical equipment and consumables, and provision of after-sales services related to medical equipment
Dacheng Medical Equipments (Shanghai) Co., Ltd. *# 達承醫療設備(上海)有限公司	People's Republic of China ("PRC")/ Chinese Mainland	RMB50,000,000	–	100	Sale of medical equipment and consumables, and provision of after-sales services related to medical equipment
Suzhou DiagVita Biotechnology Co., Ltd. *^ 蘇州德沃生物技術有限公司	PRC/Chinese Mainland	RMB20,046,519	–	51	Manufacture and sale of medical equipment and consumables
Vastec Medical Equipment (Shanghai) Co., Ltd. ** 威士達醫療設備(上海)有限公司	PRC/Chinese Mainland	US\$315,790	–	95	Sale of medical equipment and consumables, and provision of after-sales services related to medical equipment

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 1. CORPORATE INFORMATION *(Continued)*

#### Information about subsidiaries *(Continued)*

Name	Place of incorporation/ registration and place of operations	Nominal value of issued ordinary/registered share capital/ contributed capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Yunnan Vastec Medical Equipment Co. Ltd. ** 雲南威士達醫療設備有限公司	PRC/Chinese Mainland	RMB30,000,000	–	66.5**	Sale of medical equipment and consumables
Bazoe Medical Co., Ltd. ("Bazoe") ** 貝知(上海)醫療科技有限公司	PRC/Chinese Mainland	RMB20,000,000	–	48.45**	Sale of medical equipment and consumables and research and development
Jiaxing Huineng Investment Partner (Limited Partner)** 嘉興惠能股權投資合夥企業 (有限合夥)	PRC/Chinese Mainland	–	–	95**	Investment in private funds
Huajian Intelligent Manufacturing (Shandong) Biotechnology Co. Ltd (formerly known as Langmai (Shandong) Biotechnology Co., Ltd.)** 華檢智造(山東)生物技術 有限公司(前稱朗邁(山東) 生物科技有限公司)	PRC/Chinese Mainland	RMB10,000,000	–	48.45**	Sale of medical equipment and consumables and research and development

\* The English names of the companies are direct translation of their Chinese names as no English names have been registered or are available.

\*\* These companies are subsidiaries of a non-wholly-owned subsidiary of the Company and, accordingly, accounted for as subsidiaries by virtue of the Company's control over it.

# A wholly-foreign-owned enterprise under PRC law.

+ A sino-foreign equity joint ventures under PRC law.

^ A limited liability company under PRC law.

® A limited partnership under PRC law.

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

None of the subsidiaries has issued any debt securities at the end of the year.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 2.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss which have measured at fair value. 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 over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

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

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

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 2.1 BASIS OF PREPARATION *(Continued)*

### **Basis of consolidation** *(Continued)*

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

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

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following amendments to IFRSs for the first time for the current year’s consolidated financial statements.

Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i> <i>(the “2020 Amendments”)</i>
Amendments to IAS 1	<i>Non-current Liabilities with Covenants</i> <i>(the “2022 Amendments”)</i>
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

The nature and the impact of the amendments to IFRSs that are applicable to the Group are described below:

- (a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's consolidated financial statements.

The adoption of the above amendments to IFRSs has had no significant financial effect on this financial information. Other than above mentioned, the accounting policies adopted in the preparation of the financial information are consistent with those used in the annual financial statements for the year ended 31 December 2023.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

IFRS 18	<i>Presentation and Disclosure in Financial Statements<sup>3</sup></i>
IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures<sup>3</sup></i>
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments<sup>2</sup></i>
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity<sup>2</sup></i>
Annual Improvements to IFRS Accounting Standards – Volume 11	<i>Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7<sup>2</sup></i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture<sup>4</sup></i>
Amendments to IAS 21	<i>Lack of Exchangeability<sup>1</sup></i>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2025

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2026

<sup>3</sup> Effective for annual/reporting periods beginning on or after 1 January 2027

<sup>4</sup> No mandatory effective date yet determined but available for adoption

Further information about those IFRSs that are expected to be applicable to the Group is described below.

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 IFRSs. IFRS 18 and the consequential amendments to other IFRSs are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS *(Continued)*

IFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRSs. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10 Consolidated Financial Statements, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with IFRSs.

Amendments to IFRS 9 and IFRS 7 clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS *(Continued)*

To allow companies to better report the financial effects of nature-dependent electricity contracts, the IASB published the Amendments to IFRS 9 and IFRS 7 Contracts Referencing Nature-dependent Electricity, which clarifying the application of the 'own-use' requirements; permitting hedge accounting if these contracts are used as hedging instruments; and adding new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows.

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, the Group considers that, these new and revised IFRSs are unlikely to have a significant impact on the Group's financial statements.

### 2.4 MATERIAL ACCOUNTING POLICIES

#### **Investments in associates and joint ventures**

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

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

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

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

#### **Investments in associates and joint ventures** *(Continued)*

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

#### **Business combinations and goodwill**

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

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

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

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

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



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

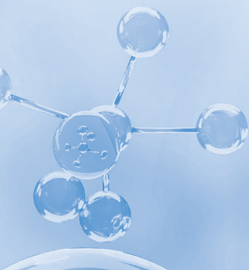
#### **Business combinations and goodwill** *(Continued)*

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, 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.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

#### **Fair value measurement**

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

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

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

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

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

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



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

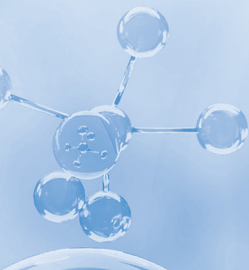
#### **Impairment of non-financial assets**

Where an indication of impairment exists, or when annual impairment testing for non-financial asset is required (other than inventories, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset 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 pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

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



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

#### **Related parties**

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Group are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Group are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

#### **Property, plant and equipment and depreciation**

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

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

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

#### *Owned assets*

Fixtures and furniture	10%
Service equipment	20%
Plant and machinery	20% – 33.3%
Office equipment	20% – 33.3%
Motor vehicles	20%
Leasehold improvement	25%

#### *Rights-of-use assets*

Buildings	Over the lease term of 2 to 7 years
Service equipment	5 years or over the lease term, whichever is shorter

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

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

#### **Right-of-use assets**

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities and are included in property, plant and equipment. 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 lease terms and the estimated useful lives of the assets.

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.

#### **Intangible assets (other than goodwill)**

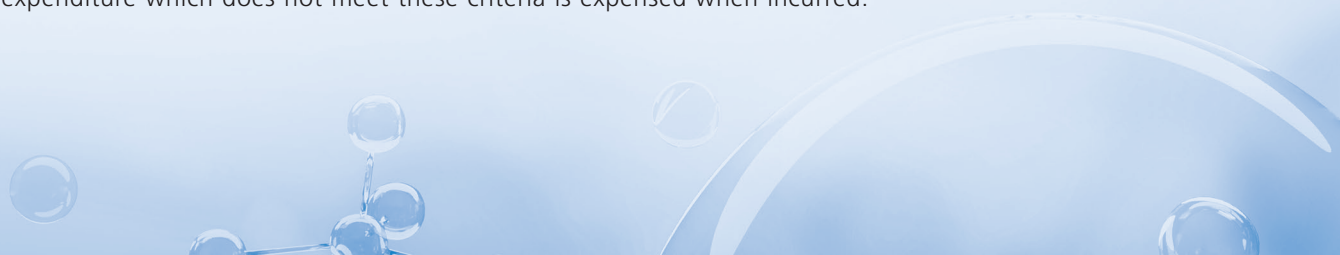
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with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

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

#### **Research and development costs**

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

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



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

#### **Intangible assets (other than goodwill)** *(Continued)*

##### **Trademarks**

Trademarks acquired in a business combination are registered in the PRC and the current registration will expire in 2026. In the opinion of directors, the Group will not incur significant costs to renew the registration of the trademarks which is a routine administrative procedure. The Group would review the trademarks continuously and has the ability to do so. Accordingly, the trademarks are deemed to have an indefinite useful life and are stated at fair value at the date of acquisition less any subsequent accumulated impairment losses.

##### **Patents**

Purchased patents are stated at fair value at the date of acquisition less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 12 years.

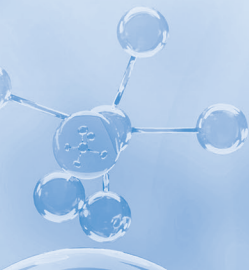
##### **Leases**

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

##### **Group as a lessee**

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

At inception or on reassessment of a contract that contains a lease component and non-lease component, the Group adopts the practical expedient not to separate non-lease component and to account for the lease component and the associated non-lease component (e.g., property management services for leases of properties) as a single lease component.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

#### **Leases** *(Continued)*

##### **Group as a lessee** *(Continued)*

###### *(a) Lease liabilities*

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

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

The Group's lease liabilities are included in other payables and accruals.

###### *(b) Short-term leases*

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).

Lease payments on short-term leases and leases of low-value assets that are not capitalised are recognised as an expense on a straight-line basis over the lease term.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

#### **Investments and other financial assets**

##### **Initial recognition and measurement**

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

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

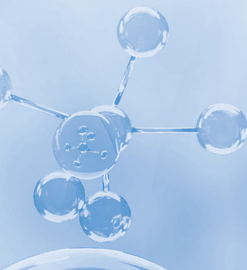
In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are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

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

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

##### **Subsequent measurement**

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





## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

#### **Investments and other financial assets** *(Continued)*

##### **Financial assets at amortised cost (debt instruments)**

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

##### **Financial assets at fair value through profit or loss**

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

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

##### **Derecognition of financial assets**

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

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

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

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

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

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

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

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

#### **Impairment of financial assets** *(Continued)*

##### **General approach** *(Continued)*

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 except for trade receivables which apply the simplified approach as detailed below.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

##### **Simplified approach**

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

#### **Financial liabilities**

##### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as loans and borrowings, or payables.

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

The Group's financial liabilities include trade and bills payables, other payables and accruals and interest-bearing bank borrowings.

##### **Subsequent measurement**

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

#### **Financial liabilities** *(Continued)*

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

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

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

##### **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 profit or loss.

##### **Offsetting of financial instruments**

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

##### **Treasury shares and shares held for a share award scheme ("Award Scheme")**

Own equity instruments which are reacquired and held by the Company (treasury shares and shares held for Award Scheme) are recognised directly in equity at cost. No gain or loss is recognised in profit or loss on the purchase, sale issue or cancellation of the Group's own equity instruments.

##### **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost method 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.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

#### Cash and cash equivalents

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

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

#### Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

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

#### Income tax

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

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

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



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

#### **Income tax** *(Continued)*

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of the reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

#### **Income tax** *(Continued)*

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

#### **Government grants**

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

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

#### **Revenue recognition**

##### **Revenue from contracts with customers**

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

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

#### **Revenue recognition** *(Continued)*

##### **Revenue from contracts with customers** *(Continued)*

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. 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.

##### **Sales of goods**

Revenue from the sales of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

##### **Provision of after-sales services**

Revenue from provision of after-sales services is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group.

##### **Other income**

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

Rental income is recognised on a time proportion basis over the lease terms.

##### **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).

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

#### Share-based payments

The Company operates share option schemes. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options and award shares ("Awarded Shares") is reflected as additional share dilution in the computation of earnings per share.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

#### Other employee benefits

##### Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiary which operates in Chinese Mainland are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is 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.

##### Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

##### Foreign currencies

These financial statements are presented in RMB, while the functional currency of the Company is Hong Kong dollar ("HK\$"). As the major revenues and assets of the Group are derived from operations in the Chinese Mainland, RMB is chosen as the presentation currency to present the financial statements. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 2.4 MATERIAL ACCOUNTING POLICIES *(Continued)*

#### **Foreign currencies** *(Continued)*

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

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

The functional currencies of the Company and certain Hong Kong subsidiaries are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their profit or loss is translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

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

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of the Company and Hong Kong subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the Company and Hong Kong subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 2.5 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:

##### **Derecognition of financial assets – Receivable purchase arrangement**

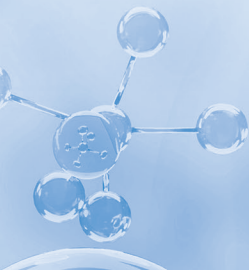
The Group has entered into certain receivable purchase arrangements with a financial institution on its trade receivables. As at 31 December 2024, the Group has determined that it has transferred substantially all risks and rewards of ownership associated with certain trade receivables factored to a financial institution under these arrangements. Accordingly, the relevant trade receivables with an aggregate carrying amount of RMB118,807,000 (2023: RMB50,044,000) are fully derecognised. Further details are given in note 19 to the consolidated financial statements.

##### **Assessment of fund investments as structured entities**

Management has assessed whether the funds in which it invests should be classified as structured entities. Management has considered the voting rights and other similar rights afforded to investors in these funds, including the rights to remove the fund manager or redeem holdings. Judgement is made on an individual investment in each fund where the Group has ownership interest. Management has evaluated whether these rights of investors are the dominant factor in controlling the funds, or whether the contractual agreement with the fund manager is the dominant factor in controlling these funds. As at 31 December 2024, having considered the fact patterns surrounding each of the investment funds in which the Group has interest, the Group considers that it controls one (2023: one) investment fund and has joint control over one (2023: one) investment fund.

#### 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.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 2.5 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

#### **Estimation uncertainties** *(Continued)*

##### **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 of the cash-generating units to which the goodwill is allocated. Estimating the value in use 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. Further details are given in note 14 to the financial statements. Significant judgements and estimation are involved in the assessment of their recoverable amounts.

##### **Impairment of intangible assets (other than goodwill)**

The Group assesses whether there are any indicators of impairment of all intangible 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. Intangible assets with finite useful lives are tested for impairment when there are indicators that the carrying amounts may not be recoverable. Given that the intangible assets relating to the Distribution CGU are with indefinite useful lives, the management of the Company performed an impairment assessment on the intangible assets of the Distribution CGU. This requires an estimation of the value in use of the CGU to which the intangible assets belong. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are given in note 14 to the financial statements.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 3. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the sale and manufacture of medical equipment and consumables and the provision of after-sales services related to medical equipment. For the purpose of resource allocation and performance assessment, the Group's management focuses on the operating results of the Group. As such, the Group's resources are integrated and no discrete operating segment information is available. Accordingly, no operating segment information is presented.

#### Geographical information

##### (a) Revenue from external customers

	2024 RMB'000	2023 RMB'000
Chinese Mainland	3,154,904	3,075,304
Others	7,511	13,083
Total revenue	3,162,415	3,088,387

The revenue information above is based on the locations of the customers.

##### (b) Non-current assets

	2024 RMB'000	2023 RMB'000
Chinese Mainland	1,769,684	1,765,767
Others	6,486	4,886
Total non-current assets	1,776,170	1,770,653

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

#### Information about major customers

During the years ended 31 December 2024 and 2023, no revenue from transactions with a single external customer amounted for 10% or more of the total revenue of the Group.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 4. REVENUE

An analysis of revenue is as follows:

	2024 RMB'000	2023 RMB'000
<i>Revenue from contracts with customers</i>		
Sales of trading goods	2,946,782	2,898,390
Sales of manufactured goods	9,644	10,623
Provision of after-sales services	205,989	179,374
Total revenue	3,162,415	3,088,387

#### Revenue from contracts with customers

##### (i) Disaggregated revenue information

	2024 RMB'000	2023 RMB'000
<b>Types of goods and services</b>		
Sales of medical equipment	306,478	332,385
Sales of medical consumables	2,649,948	2,576,628
Provision of after-sales services	205,989	179,374
Total revenue from contracts with customers	3,162,415	3,088,387
<b>Types of customers</b>		
Sales to hospitals and healthcare institutions	365,645	378,536
Sales to logistics providers	180,523	165,616
Sales to distributors	2,410,258	2,364,861
Sales to service customers	205,989	179,374
Total revenue from contracts with customers	3,162,415	3,088,387
<b>Timing of revenue recognition</b>		
Goods transferred at a point in time	2,956,426	2,909,013
Services transferred over time	205,989	179,374
Total revenue from contracts with customers	3,162,415	3,088,387

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 4. REVENUE *(Continued)*

#### Revenue from contracts with customers *(Continued)*

##### (i) Disaggregated revenue information *(Continued)*

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

	2024 RMB'000	2023 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
– Sales of goods	80,041	36,937

##### (ii) Performance obligations

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

###### (i) Sales of goods

The performance obligation is satisfied upon delivery of the goods and payment is generally in advance or due within 120 days from delivery.

###### (ii) Provision of after-sales services

The performance obligation is satisfied over time in which the services are rendered. After-sales service contracts are billed for a period of one year or less, or are billed based on the time incurred.

No performance obligation was unsatisfied or partially unsatisfied as at 31 December 2024.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 5. OTHER INCOME AND GAINS, NET

	2024 RMB'000	2023 RMB'000
<b>Other income</b>		
Bank interest income	2,672	2,910
Rental income	350	301
Government subsidies*	15,524	15,996
Others	1,635	576
<b>Total other income</b>	<b>20,181</b>	<b>19,783</b>
<b>Gains or losses</b>		
Written-off of prepayments	(143)	–
(Loss)/gain on termination/modification of lease contracts	(66)	7
Gain on disposal of items of property, plant and equipment, net	47	141
Foreign exchange differences, net	1,794	9,200
<b>Total gains, net</b>	<b>1,632</b>	<b>9,348</b>
<b>Total other income and gains, net</b>	<b>21,813</b>	<b>29,131</b>

\* Government grants have been received from the PRC local government authorities to support subsidiaries' daily operating activities. There are no unfulfilled conditions or contingencies relating to these grants.

### 6. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 RMB'000	2023 RMB'000
Interest on bank loans	26,883	19,944
Interest on lease liabilities	1,049	993
Interest on factored trade receivables	8,047	103
<b>Total finance costs</b>	<b>35,979</b>	<b>21,040</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 7. PROFIT BEFORE TAX

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

	2024 RMB'000	2023 RMB'000
Cost of inventories sold	2,321,961	2,319,546
Cost of services provided	89,281	97,140
Depreciation of owned assets	22,910	23,968
Depreciation of right-of-use assets	15,290	13,591
Research and development costs	7,402	8,665
Expenses relating to short term leases	7,207	13,841
Auditors' remuneration	3,400	3,200
Employee benefit expenses (including directors' and chief executive's remuneration):		
Wages and salaries	183,798	148,939
Pension scheme contributions	37,895	34,930
Total	221,693	183,869
Write-down of inventories to net realisable value	3,658	4,239
Loss on deregistration of a subsidiary	–	1,838

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 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	601	504
Other emoluments:		
Salaries, allowances and benefits in kind	7,488	8,257
Performance-related bonuses	7,019	–
Pension scheme contributions	187	167
Sub-total	14,694	8,424
Total fees and other emoluments	15,295	8,928

#### (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. Lau Siu Ki <sup>(Note 2)</sup>	110	264
Dr. Zhong Renqian	120	120
Dr. Leung Ka Sing	120	120
Dr. Wong Sze Lok <sup>(Note 3)</sup>	251	–
Total	601	504

There were no other emoluments paid or payable to the independent non-executive directors of the Company during the year (2023: Nil).

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

#### (b) Executive directors, non-executive directors and the chief executive

	Salaries, allowances and benefits in kind RMB'000	Performance- related bonuses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
2024				
Executive directors:				
Mr. Ho Kuk Sing <sup>(Note 1)</sup>	2,640	2,974	–	5,614
Mr. Leung King Sun <sup>(Note 4)</sup>	1,915	1,811	–	3,726
Mr. Lin Xianya	1,699	2,234	161	4,074
Mr. Chan Siu Kei Ken <sup>(Note 5)</sup>	418	–	13	431
Mr. Law Kim Fai <sup>(Note 6)</sup>	836	–	13	849
Sub-total	7,488	7,019	187	14,694
Non-executive directors:				
Mr. Yang Zhaoxu <sup>(Note 7)</sup>	–	–	–	–
Ms. Yao Haiyun	–	–	–	–
Mr. Sun Tao <sup>(Note 8)</sup>	–	–	–	–
Mr. Liu Fei <sup>(Note 9)</sup>	–	–	–	–
Sub-total	–	–	–	–
Total	7,488	7,019	187	14,694
2023				
Executive directors:				
Mr. Ho Kuk Sing <sup>(Note 3)</sup>	3,692	–	8	3,700
Mr. Leung King Sun <sup>(Note 4)</sup>	2,564	–	–	2,564
Mr. Lin Xianya	2,001	–	159	2,160
Sub-total	8,257	–	167	8,424
Non-executive directors:				
Mr. Yang Zhaoxu <sup>(Note 7)</sup>	–	–	–	–
Ms. Yao Haiyun	–	–	–	–
Mr. Sun Tao <sup>(Note 8)</sup>	–	–	–	–
Mr. Chan Kwok King, Kingsley <sup>(Note 10)</sup>	–	–	–	–
Sub-total	–	–	–	–
Total	8,257	–	167	8,424

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

#### (b) Executive directors, non-executive directors and the chief executive (Continued)

- 1 Mr. Ho Ku Sing is also the chief executive of the Company.
- 2 Mr. Lau Siu Ki has resigned as an independent non-executive director of the Company on 28 March 2024.
- 3 Dr. Wong Sze Lok has been appointed as an independent non-executive director of the Company on 28 March 2024.
- 4 Mr. Leung King Sun has resigned as an executive director of the Company on 28 March 2024.
- 5 Mr. Chan Siu Kei Ken has been appointed as an executive director of the Company on 28 March 2024.
- 6 Mr. Law Kim Fai has been appointed as an executive director and chief financial officer of the Company on 28 March 2024.
- 7 Mr. Yang Zhaoxu has resigned as a non-executive director of the Company on 8 March 2024.
- 8 Mr. Sun Tao was appointed as a non-executive director of the Company on 17 August 2023, and has resigned on 30 January 2024.
- 9 Mr. Liu Fei was appointed as a non-executive director of the Company on 8 March 2024.
- 10 Mr. Chan Kwok King, Kingsley resigned as a non-executive director of the Company on 17 August 2023.

There were emoluments payable of RMB8,307,000 to the executive directors of the Company as at 31 December 2024 (31 December 2023: RMB8,291,000).

During the year, no remuneration was paid by the Group to any of these directors as an inducement to join or upon joining the Group, or as a compensation for loss of office.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

### 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	1,778	1,487
Performance-related bonuses	1,607	2,460
Pension scheme contributions	326	273
Employee share-based compensation benefit under the Award Scheme (as herein defined in note 28)	—	—
Total	3,711	4,220



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 9. FIVE HIGHEST PAID EMPLOYEES *(Continued)*

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

	Number of employees	
	2024	2023
HK\$1,500,001 to HK\$2,000,000	1	–
HK\$2,000,001 to HK\$2,500,000	1	2
Total	2	2

In prior year, Awarded Shares (as herein defined in note 28) were granted to employees in respect of their services to the Group, further details of which are included in the disclosures in note 28 to the consolidated financial statements. The fair value of such Awarded Shares, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the prior year is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

### 10. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2023: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2023: 8.25%) and the remaining assessable profits are taxed at 16.5% (2023: 16.5%). Tax on profits assessable in Chinese Mainland has been calculated at the applicable PRC corporate income tax ("CIT") rate of 25% during the year.

	2024 RMB'000	2023 RMB'000
Current – Hong Kong		
Over-provision in prior years	–	(1,914)
Charge for the year	1,615	4,184
Current – Chinese Mainland		
(Over-provision)/under-provision in prior years	(1,621)	516
Charge for the year	127,774	117,312
Deferred (note 25)	7,975	(17,895)
Total tax charge for the year	135,743	102,203

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 10. INCOME TAX (Continued)

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate, is as follows:

	2024 RMB'000	2023 RMB'000
Profit before tax	401,777	339,329
Tax at the statutory tax rate	103,407	84,226
Lower tax rate for specific provinces or enacted by local authority	(221)	(148)
Effect of withholding tax at 5% on the distributable profits of the Group's PRC subsidiaries	20,169	2,726
Adjustment in respect of current tax of previous periods	(1,621)	(1,399)
Profits and losses attributable to associates and joint venture	4,782	5,633
Income not subject to tax	(982)	(262)
Expense not deductible for tax	3,788	4,086
Tax losses utilised from previous periods	–	816
Tax losses not recognised	6,421	6,485
Tax charge at the Group's effective rate	135,743	102,203

### 11. DIVIDENDS

	2024 RMB'000	2023 RMB'000
Interim – Nil (2023: HK2.970 cents) per ordinary share	–	36,935
Proposed final – Nil (2023: HK6.209 cents) per ordinary share	–	76,762
	–	113,697

No dividend was proposed for the year ended 31 December 2024, nor has any dividend been proposed since the end of the reporting period.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to owners of the parent, and the weighted average number of ordinary shares in issue during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to owners of the parent.

The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year ended 31 December 2024, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The Group had no potentially dilutive ordinary shares in issue during the year ended 31 December 2023 and 2024.

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

	2024 RMB'000	2023 RMB'000
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	260,420	238,163
	Number of shares 2024	2023
<b>Shares</b>		
Weighted average number of ordinary shares in issue less shares held for Share Award Scheme held by the Company during the year used in the basic earnings per share calculation	1,495,230,580	1,351,885,316

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

## 13. PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets			Owned assets							Total RMB'000
	Buildings RMB'000	Service equipment RMB'000	Total RMB'000	Fixtures and furniture RMB'000	Service equipment RMB'000	Plant and machinery RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Total RMB'000	
<b>31 December 2024</b>											
At 1 January 2024											
Cost	41,800	12,167	53,967	465	178,036	9,381	4,102	12,907	7,657	212,548	266,515
Accumulated depreciation and impairment	(20,586)	(7,801)	(28,387)	(250)	(129,944)	(4,608)	(3,410)	(4,117)	(4,351)	(146,680)	(175,067)
Net carrying amount	21,214	4,366	25,580	215	48,092	4,773	692	8,790	3,306	65,868	91,448
At 1 January 2024	21,214	4,366	25,580	215	48,092	4,773	692	8,790	3,306	65,868	91,448
Additions	15,501	-	15,501	67	18,275	21,553	3,313	5,009	3,385	51,602	67,103
Depreciation provided during the year	(13,582)	(1,708)	(15,290)	(103)	(6,892)	(10,515)	(1,475)	(2,862)	(1,063)	(22,910)	(38,200)
Disposals/write-off	-	-	-	-	(9,595)	(3,033)	-	(97)	-	(12,725)	(12,725)
Lease modification	(3,337)	-	(3,337)	-	-	-	-	-	-	-	(3,337)
Exchange realignment	1	-	1	-	-	-	2	20	-	22	23
At 31 December 2024, net of accumulated depreciation and impairment	19,797	2,658	22,455	179	49,880	12,778	2,532	10,860	5,628	81,857	104,312
At 31 December 2024											
Cost	52,068	12,167	64,235	529	178,734	27,342	7,219	16,702	11,042	241,568	305,803
Accumulated depreciation and impairment	(32,271)	(9,509)	(41,780)	(350)	(128,854)	(14,564)	(4,687)	(5,842)	(5,414)	(159,711)	(201,491)
Net carrying amount	19,797	2,658	22,455	179	49,880	12,778	2,532	10,860	5,628	81,857	104,312

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 13. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Right-of-use assets			Owned assets							Total RMB'000
	Buildings RMB'000	Service equipment RMB'000	Total RMB'000	Fixtures and furniture RMB'000	Service equipment RMB'000	Plant and machinery RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Total RMB'000	
<b>31 December 2023</b>											
At 1 January 2023											
Cost	38,413	9,388	47,801	434	164,289	8,106	3,454	8,832	7,340	192,455	240,256
Accumulated depreciation and impairment	(19,005)	(6,087)	(25,092)	(80)	(114,372)	(5,890)	(2,251)	(4,175)	(5,293)	(132,061)	(157,163)
Net carrying amount	19,408	3,301	22,709	354	49,917	2,216	1,203	4,657	2,047	60,394	83,103
At 1 January 2023	19,408	3,301	22,709	354	49,917	2,216	1,203	4,657	2,047	60,394	83,103
Additions	13,722	2,968	16,690	35	27,225	3,282	1,314	6,135	2,517	40,508	57,198
Depreciation provided during the year	(11,688)	(1,903)	(13,591)	(173)	(18,211)	(670)	(1,696)	(1,960)	(1,258)	(23,968)	(37,559)
Disposals/write-off	-	-	-	(1)	(10,839)	(25)	(128)	(42)	-	(11,035)	(11,035)
Written off of deregistration of a subsidiary	-	-	-	-	-	(30)	(1)	-	-	(31)	(31)
Lease termination	(235)	-	(235)	-	-	-	-	-	-	-	(235)
Exchange realignment	7	-	7	-	-	-	-	-	-	-	7
At 31 December 2023, net of accumulated depreciation and impairment	21,214	4,366	25,580	215	48,092	4,773	692	8,790	3,306	65,868	91,448
At 31 December 2023											
Cost	41,800	12,167	53,967	465	178,036	9,381	4,102	12,907	7,657	212,548	266,515
Accumulated depreciation and impairment	(20,586)	(7,801)	(28,387)	(250)	(129,944)	(4,608)	(3,410)	(4,117)	(4,351)	(146,680)	(175,067)
Net carrying amount	21,214	4,366	25,580	215	48,092	4,773	692	8,790	3,306	65,868	91,448

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 14. INTANGIBLE ASSETS

	Goodwill RMB'000	Trademarks RMB'000	Total RMB'000
<b>31 December 2024</b>			
Cost at 1 January and 31 December 2024, net of accumulated amortisation and impairment	<b>898,083</b>	<b>737,802</b>	<b>1,635,885</b>
At 31 December 2024			
Cost	<b>898,083</b>	<b>737,802</b>	<b>1,635,885</b>
Accumulated amortisation and impairment	–	–	–
Net carrying amount	<b>898,083</b>	<b>737,802</b>	<b>1,635,885</b>
	Goodwill RMB'000	Trademarks RMB'000	Total RMB'000
<b>31 December 2023</b>			
Cost at 1 January and 31 December 2023, net of accumulated amortisation and impairment	898,083	737,802	1,635,885
At 31 December 2023			
Cost	898,083	737,802	1,635,885
Accumulated amortisation and impairment	–	–	–
Net carrying amount	898,083	737,802	1,635,885

#### Impairment testing of intangible assets

During the year, the Group has performed impairment testing for the following cash generating units ("CGU"):

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 14. INTANGIBLE ASSETS *(Continued)*

#### Impairment testing of intangible assets *(Continued)*

##### Distribution CGU

Goodwill acquired through business combinations has been allocated to the distribution of IVD reagents and medical equipment cash-generating unit ("Distribution CGU").

Trademarks were purchased as part of the step acquisition of Vastec and its subsidiary in January 2019 and were recognised at their fair values at the date of acquisition. The directors of the Company are of the opinion that the upkeep of these trademarks is at minimal cost and the Group would renew these trademarks continuously. These trademarks are considered by the management of the Group as having an indefinite useful life and will not be amortised until their useful life is determined to be finite upon reassessment of their useful life annually by management. Instead, they will be tested for impairment annually and whenever there is an indication that they may be impaired. Trademarks acquired through business combination have been allocated to the Distribution CGU for impairment testing.

The carrying amount of goodwill is allocated to the following cash-generating unit:

	2024 RMB'000	2023 RMB'000
Distribution CGU	898,083	898,083

The carrying amount of intangible assets with indefinite useful lives is allocated to the following cash-generating unit:

	2024 RMB'000	2023 RMB'000
Distribution CGU	737,802	737,802

During the year, the management of the Company determined that there was no impairment of goodwill and trademarks in the Distribution CGU.

The recoverable amount of the Distribution CGU has been determined by Miles Valuation Advisory Limited, an independent professionally qualified valuer for the years ended 31 December 2024 (2023: Colliers International (Hong Kong) Limited). The recoverable amount is based on a value-in-use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The average growth rate applied to the cash flow projection was 9.0% (2023: 12.6%). The discount rate applied to the cash flow projection was 14.5% (2023: 17.8%). The growth rate used to extrapolate the cash flows of this CGU beyond the five-year period was 2.0% (2023: 2.2%).



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 14. INTANGIBLE ASSETS *(Continued)*

#### Impairment testing of intangible assets *(Continued)*

##### Distribution CGU *(Continued)*

Assumptions were used in the value-in-use calculation of the Distribution CGU for the year. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Forecasted growth rates – The rates are based on historical operating results, expected market development as well as industry forecast.

Budgeted gross margins – The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development of the medical equipment and consumables industry.

Discount rates – The discount rates used are before tax and reflect specific risks relating to the relevant units. The values assigned to the key assumptions on market development of the medical equipment and consumables industry and discount rates are consistent with external information sources.

### 15. INVESTMENTS IN ASSOCIATES

The following table illustrates the aggregate summarised financial information of the Group's associates that are not individually material:

	2024 RMB'000	2023 RMB'000
Share of the associates' loss for the year	(10,217)	(16,837)
Aggregate carrying amount of the Group's investments in the associates	10,806	10,123

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 16. INVESTMENT IN A JOINT VENTURE

The following table illustrates the aggregate summarised financial information of the Group's joint venture that is not individually material:

	2024 RMB'000	2023 RMB'000
Share of the joint venture's loss for the year	(8,612)	(5,822)
Aggregate carrying amount of the Group's investment in a joint venture	25,167	33,197

### 17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 RMB'000	2023 RMB'000
Unlisted fund investments	12,188	15,239
Unlisted equity investments	3,823	10,017
Total	16,011	25,256

The above unlisted fund and equity investments at 31 December 2024 and 2023 were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

### 18. INVENTORIES

	2024 RMB'000	2023 RMB'000
Raw materials	3,498	2,889
Finished goods	1,233,253	1,106,665
Total	1,236,751	1,109,554

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 19. TRADE RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables	489,779	535,827
Impairment	(5,503)	(3,669)
Net carrying amount	484,276	532,158

The majority of the Group' sales of products were mainly made on the payment-in-advance basis or granted with credit periods ranging from 30 to 180 days. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. There is a certain concentration of credit risk. The total trade receivables from the five largest debtors at 31 December 2024 represented 38.7% (2023: 41.1%) of the total trade receivables, while 19.7% (2023: 17.6%) of the total trade receivables was due from the largest debtor.

The Group does not hold any collateral or other credit enhancement over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	2024 RMB'000	2023 RMB'000
Within 1 month	392,336	396,049
1 to 2 months	47,932	84,936
2 to 3 months	19,592	22,075
Over 3 months	24,416	29,098
Total	484,276	532,158

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 19. TRADE RECEIVABLES *(Continued)*

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

	2024 RMB'000	2023 RMB'000
At beginning of year	3,669	5,422
Impairment losses, net	1,834	(958)
Amounts written off as uncollectible	–	(797)
Exchange realignment	–	2
At end of year	5,503	3,669

An impairment analysis is performed at each reporting date 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 customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

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

	Current	Past due			Total
		Less than 1 month	1 to 3 months	Over 3 months	
As at 31 December 2024					
Expected credit loss rate	0.003%	0.26%	0.18%	25.16%	1.17%
Gross carrying amount (RMB'000)	420,319	29,412	18,704	21,344	489,779
Expected credit losses (RMB'000)	23	76	34	5,370	5,503
As at 31 December 2023					
Expected credit loss rate	0.1%	0.7%	0.3%	21.0%	0.7%
Gross carrying amount (RMB'000)	497,075	13,867	9,735	15,150	535,827
Expected credit losses (RMB'000)	373	96	25	3,175	3,669

A subsidiary of the Group has entered into receivable purchase agreements with a financial institution for the factoring of trade receivables with certain designated customers. As at 31 December 2024, trade receivables factored to the financial institution aggregated to RMB118,807,000 (2023: RMB50,044,000), all of which were derecognised from the consolidated statement of financial position because, in the opinion of the directors of the Company, the Group has transferred substantially all the risks and rewards of ownership in respect of the relevant factored receivables to the financial institution.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 20. PREPAYMENTS AND OTHER RECEIVABLES

	Note	2024 RMB'000	2023 RMB'000
Prepayments		111,361	25,943
Deposits and other receivables		24,925	15,548
Amount due from an associate	(i)	14	14
Amounts due from shareholders	(i)	1,575	1,235
Total		137,875	42,740

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 December 2024 and 2023, the loss allowance was assessed to be minimal.

#### (i) Particulars of the amounts due from associates and shareholders are as follows:

	Note	At 1 January 2024 RMB'000	Maximum amount outstanding during the year RMB'000	At 31 December 2024 RMB'000
<b>Due from an associate</b>				
Alifax Diagnostics Co., Limited ("Alifax SH")	(a)	14	14	14
<b>Due from shareholders</b>				
Mr. Lin Xianya ("Mr. Lin") and his affiliate	(a)	149	149	120
Mr. Ho Kuk Sing ("Mr. Ho") and his affiliate	(a)	613	613	–
Mr. Leung King Sun ("Mr. Leung") and his affiliates	(a)	151	151	–
Shinva Medical Instrument Co., Ltd. ("Shinva") and its subsidiaries (collectively referred to as "Shinva Group")*	(a)	322	1,455	1,455
		1,235		1,575

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 20. PREPAYMENTS AND OTHER RECEIVABLES *(Continued)*

**(i) Particulars of the amounts due from associates and shareholders are as follows: *(Continued)***

		At 1 January 2023 RMB'000	Maximum amount outstanding during the year RMB'000	At 31 December 2023 RMB'000
	Note			
<b>Due from an associate</b>				
Alifax Diagnostics Co., Limited ("Alifax SH")	(a)	185	185	14
<b>Due from shareholders</b>				
Mr. Lin Xianya ("Mr. Lin") and his affiliate	(a)	149	149	149
Mr. Ho Kuk Sing ("Mr. Ho") and his affiliate	(a)	613	613	613
Mr. Leung King Sun ("Mr. Leung") and his affiliates	(a)	110	151	151
Shinva Medical Instrument Co., Ltd. ("Shinva") and its subsidiaries (collectively referred to as "Shinva Group")*	(a)	614	614	322
		1,486		1,235

\* Shinva is the ultimate holding company of Huatuo International Development Co., Limited ("Huatuo"), a substantial shareholder of the Company.

Note:

- (a) The balances with the associate and the shareholders are unsecured, non-interest-bearing and repayable on demand.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 21. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	2024 RMB'000	2023 RMB'000
Cash and bank balances	1,850,427	1,178,717
Time deposits	7,309	119,044
Subtotal	1,857,736	1,297,761
Less: Pledged deposits pledged for bank facilities	(83,378)	(72,975)
Cash and cash equivalents	1,774,358	1,224,786

The cash and cash equivalents of the Group are denominated in HK\$, RMB, EUR and US\$.

At the end of the reporting period, the Group's cash and bank balances denominated in RMB amounted to RMB354,778,000 (2023: RMB295,083,000). The RMB is not freely convertible into other currencies, however, under Chinese Mainland Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

### 22. TRADE PAYABLES

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

	2024 RMB'000	2023 RMB'000
Within 1 month	438,723	406,783
1 to 2 months	143,770	71,606
2 to 3 months	5,761	502
Over 3 months	6,929	27,676
Total	595,183	506,567



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 22. TRADE PAYABLES *(Continued)*

Included in the trade payables are trade payables of RMB58,000 (2023: RMB131,000) due to an associate which are repayable within 60 days, which represents credit terms similar to those offered by the associate to its major customers.

Trade payables are non-interest-bearing and are normally settled on terms of 60-days.

### 23. OTHER PAYABLES AND ACCRUALS

	Notes	2024 RMB'000	2023 RMB'000
Contract liabilities	(i)	32,433	80,041
Other payables		13,586	39,582
Accruals		49,432	52,745
Dividend payables		82,628	146,637
Lease liabilities	(ii)	23,399	24,425
Others		—	649
		201,478	344,079
Less: other payables included in non-current liabilities		(13,167)	(13,289)
Total		188,311	330,790

Notes:

(i) Details of contract liabilities are as follows:

	2024 RMB'000	2023 RMB'000
<i>Short-term advances received from customers</i>		
Sales of goods	32,433	80,041
Provision of services	—	—
Total contract liabilities	32,433	80,041

Contract liabilities include short-term advances received to deliver goods and services.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 23. OTHER PAYABLES AND ACCRUALS *(Continued)*

Notes: *(Continued)*

(ii) The Group as a lessee

The Group has lease contracts for offices and warehouses and medical equipment used in operations. Leases of offices and warehouses generally have lease terms between 2 and 7 years while medical equipment generally has a lease term of 5 years. Other equipment generally has lease terms of 12 months or less and/or is individually of low value.

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	24,425	20,424
New leases	15,501	16,690
Accretion of interest recognized during the year	1,050	993
Payments	(14,175)	(13,447)
Lease termination/modification	(3,403)	(242)
Exchange realignments	1	7
Carrying amount at 31 December	23,399	24,425
Analysed into:		
Current portion	10,232	11,136
Non-current portion	13,167	13,289
Total	23,399	24,425

The maturity analysis of lease liabilities is disclosed in note 34 to the consolidated financial statements.

The Group has applied practical expedient to all eligible rent concessions granted by the lessors for leases of certain offices and warehouses during the year.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 23. OTHER PAYABLES AND ACCRUALS *(Continued)*

Notes: *(Continued)*

(ii) The Group as a lessee *(Continued)*

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

	2024 RMB'000	2023 RMB'000
Interest on lease liabilities	1,040	993
Depreciation charge of right-of-use assets	14,815	13,591
Expenses relating to short term leases	7,207	13,841
Loss/(gain) on termination/modification of lease contracts	66	(7)
Total amount recognised in profit or loss	23,128	28,418

(iii) Other payables are non-interest-bearing and have an average term of 60 days.

### 24. INTEREST-BEARING BANK BORROWINGS

31 December 2024				31 December 2023			
	Note	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
<b>Current:</b>							
Bank loans – unsecured	(a)	3.0-6.0	2025	732,566	3.45-4.2	2024	319,896
Total – current				732,566			319,896

	2024 RMB'000	2023 RMB'000
Analysed into:		
Bank loans repayable:		
Within one year	732,566	319,896

Notes:

(a) The bank loans bear interest at fixed rates ranging from 3.0% to 6.0% (2023: 3.45% to 4.2%) and are denominated in RMB and HKD (2023: RMB).

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 25. DEFERRED TAX

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

#### Deferred tax liabilities

	Fair value adjustments of equity investments at fair value through profit or loss RMB'000	Withholding taxes RMB'000	Fair value gains arising from business combination RMB'000	Right-of-use assets RMB'000	Total RMB'000
At 1 January 2023	5,771	15,729	184,451	–	205,951
Deferred tax (credited)/charged to profit or loss during the year	(1,455)	(14,774)	–	4,855	(11,374)
At 31 December 2023 and 1 January 2024	4,316	955	184,451	4,855	194,577
Deferred tax (credited)/charged to profit or loss during the year	(1,538)	13,919	–	759	13,140
At 31 December 2024	<b>2,778</b>	<b>14,874</b>	<b>184,451</b>	<b>5,614</b>	<b>207,717</b>

#### Deferred tax assets

	Lease liabilities RMB'000	Impairment of trade receivables RMB'000	Unrealised gains resulting from intra- group transactions RMB'000	Total RMB'000
At 1 January 2023	–	3,151	5,083	8,234
Deferred tax credited to profit or loss during the year	4,388	407	1,726	6,521
At 31 December 2023 and 1 January 2024	4,388	3,558	6,809	14,755
Deferred tax credited to profit or loss during the year	1,462	414	3,289	5,165
At 31 December 2024	<b>5,850</b>	<b>3,972</b>	<b>10,098</b>	<b>19,920</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 25. DEFERRED TAX *(Continued)*

#### Deferred tax assets *(Continued)*

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes.

	2024 RMB'000	2023 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	15,065	6,930
Net deferred tax liabilities recognised in the consolidated statement of financial position	(202,862)	(186,752)
As at 31 December	(187,797)	(179,822)

The Group has tax losses arising in Hong Kong of RMB1,033,000 (2023: RMB938,000) that were available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The Group also has tax losses arising in Chinese Mainland of RMB82,557,000 (2023: RMB51,800,000) that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as they have arisen from 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.

The Group is liable for withholding taxes on dividends distributed by those subsidiaries established in Chinese Mainland in respect of earnings generated from 1 January 2008. The applicable rate is 5% or 10% for the Group.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 26. SHARE CAPITAL

	2024 RMB'000	2023 RMB'000
Authorised:		
3,000,000,000 ordinary shares of US\$0.0005 each (2023: 3,000,000,000 ordinary shares of US\$0.0005 each)	10,280	10,280
Issued and fully paid:		
1,625,508,096 ordinary shares of US\$0.0005 each (2023: 1,354,590,080 ordinary shares of US\$0.0005 each)	5,603	4,637

The movements in the Company's issued share capital during the year ended 31 December 2024 and 2023 were as follows:

	Number of ordinary shares	Nominal value of ordinary shares US\$'000	Equivalent to RMB'000
At 1 January 2023, 31 December 2023 and 1 January 2024	1,354,590,080	678	4,637
Placement of new shares (note a)	270,918,016	141	966
At 31 December 2024	1,625,508,096	819	5,603

Note:

- (a) On 25 June 2024, the Company and a placing agent entered into a placing agreement pursuant to which the Company has conditionally agreed to place a maximum of 270,918,016 placing shares to independent investors at a price of HK\$0.7 per share. The placing was completed on 24 July 2024 pursuant to which the Company has allotted and issued 270,918,016 placing shares. The net proceeds derived from the placing amounted to approximately HK\$189,453,000 (equivalent to RMB173,142,000) and resulted in the increase in share capital of approximately HK\$1,057,000 (equivalent to RMB966,000) and share premium of approximately HK\$188,396,000 (equivalent to RMB172,176,000), net of transaction costs of approximately HK\$190,000 (equivalent to RMB175,000).

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 27. SHARE OPTION SCHEMES

The Company operates a pre-initial public offering share option scheme (the “ESOP Scheme”) and a share option scheme (the “Share Option Scheme”) (collectively, the “Schemes”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Eligible participants of the Schemes include the Company’s directors, employees, executives, officers, advisers, consultants, suppliers, customers and agents of the Group and such other persons who, in the sole opinion of the Board, will contribute or have contributed to the Group.

#### a) Share Option Scheme

The Share Option Scheme was approved on 21 June 2019 and became effective on 12 July 2019 and, unless otherwise cancelled or amended, will remain in force for a period of 10 years from the Listing Date.

The maximum number of unexercised share options currently permitted to be granted under the Share Option Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at the Listing Date. The maximum number of shares issued and issuable under share options to each eligible participant in the Share Option Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at the date of grant. Any further grant of share options in excess of this limit is subject to among others, shareholders’ approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates would result in the total number of shares of the Company issued and to be issued upon exercise of all options already granted and to be granted under the Share Option Scheme to such person in any 12-month period up to and including the date of such grant, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company’s shares at the date of grant) in excess of HK\$5 million, are subject to shareholders’ approval in a general meeting.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 27. SHARE OPTION SCHEMES *(Continued)*

#### a) Share Option Scheme *(Continued)*

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings of the Company.

The offer of a grant of share option under the Share Option Scheme may be accepted within 7 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted under the Share Option Scheme is determinable by the directors, and ends on a date which is not later than 10 years from the date of grant of the share options. The exercise price of share options under the Share Option Scheme is determinable by the Board, but shall be at least the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet on the date of grant of the share options, which must be a business day; (ii) the average of the closing prices of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of offer; and (iii) the nominal value of the Company's shares on the date of offer.

The following share options were outstanding under the Share Option Scheme during the year:

	2024		2023	
	Weighted average exercise price HK\$ per share	Number of options	Weighted average exercise price HK\$ per share	Number of options
At beginning of year	3.042	25,067,920	3.042	26,668,000
Lapsed during the year	3.042	(1,733,420)	3.042	–
Exercised during the year	3.042	–	3.042	(1,600,080)
At beginning and at end of year	3.042	23,334,500	3.042	25,067,920

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 27. SHARE OPTION SCHEMES *(Continued)*

#### a) Share Option Scheme *(Continued)*

The exercise prices and exercise period of the Share Options outstanding as at the end of the reporting period are as follows:

#### 2024

Number of options	Exercise price* HK\$ per share	Exercise period
23,334,500	3.042	Note 2

#### 2023

Number of options	Exercise price* HK\$ per share	Exercise period
1,733,420	3.042	Note 1
23,334,500	3.042	Note 2

\* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

Note 1: All share options are exercisable from 22 November 2019 to 21 November 2024.

Note 2: All share options are exercisable from 3 June 2020 to 2 June 2025.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 27. SHARE OPTION SCHEMES *(Continued)*

#### a) Share Option Scheme *(Continued)*

There was no share option expense recognised during the year ended 31 December 2024 and 2023. There was no new share option granted during the year ended 31 December 2024 and 2023.

At the end of the reporting period, the Company had 23,334,500 (2023: 25,067,920) share options outstanding under the Share Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 23,334,500 (2023: 25,067,920) additional ordinary shares of the Company and additional share capital of RMB76,000 (2023: RMB82,000) (before issue expenses).

At the date of approval of these consolidated financial statements, the Company had 23,334,500 (2023: 25,067,920) share options outstanding under the Share Option Scheme, which represented approximately 1.72% (2023: 1.85%) of the Company's shares in issue as at that date.

#### b) ESOP Scheme

The ESOP Scheme became effective on 29 December 2017 (the "Effective Date") and was further amended on 27 March 2019. The ESOP Scheme will remain in force for 7 years from the Effective Date unless terminated in accordance with the applicable laws and provisions of the ESOP Scheme or otherwise approved by the Board.

The principal terms of the ESOP Scheme are similar to the terms of the Share Option Scheme except that (i) no further options could be granted under the ESOP Scheme prior to the Listing Date; and (ii) the exercise conditions, exercise price and exercise period of the share options granted under the ESOP Scheme ("Management Options") are different as further detailed below.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 27. SHARE OPTION SCHEMES (Continued)

#### b) ESOP Scheme (Continued)

The following Management Options were outstanding under the ESOP Scheme during the year:

	2024		2023	
	Weighted average exercise price RMB per share	Number of options	Weighted average exercise price RMB per share	Number of options
At beginning of year	1.69	13,003,051	1.69	13,003,051
Lapsed during the year	1.69	(13,003,051)	–	–
At end of year	–	–	1.69	13,003,051

The exercise prices and exercise periods of the Management Options outstanding as at the end of the reporting period are as follows:

2023

Number of options	Exercise price* RMB per share	Exercise period
13,003,051	1.69	Note

\* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 27. SHARE OPTION SCHEMES *(Continued)*

#### b) ESOP Scheme *(Continued)*

Note: The Management Options may not be exercised until vested, except as approved by the Board and subject to the provisions hereunder, in respect of the audited consolidated financial statements of the Company for each full calendar year from 2017 to 2021 (both years inclusive):

- (i) if the consolidated net income attributable to equity shareholders of the Company, after tax and minority interest (and excluding any extraordinary or one-time income or gain) of the Company on a consolidated basis meets the respective target as set out below (the "Net Income Target") in such calendar year, 20% of the Management Options (whenever granted) will vest and become exercisable:

	2017	2018	2019	2020	2021
	RMB (million)	RMB (million)	RMB (million)	RMB (million)	RMB (million)
Net Income Target	110	130	281	325	375

- (ii) in the event that the Net Income Target is not met in a calendar year, no Management Options may vest or become exercisable.

There was no share option expense recognised in profit or loss during the year ended 31 December 2024 and 2023. There was no new share option granted under the ESOP Scheme during the years ended 31 December 2024 and 2023.

At the end of the reporting period, the Company had no Management Options (2023: 13,003,051 Management Options) outstanding under the ESOP Scheme.

### 28. SHARE AWARD SCHEME

On 19 May 2020 (the "Adoption Date"), the Board of directors ("the Board") adopted a share award scheme (the "Award Scheme") under which shares of the Company (the "Awarded Shares") may be awarded to selected employees (the "Selected Employees") in accordance with the provisions of the Award Scheme and the maximum number of the Awarded Shares awarded to each of the Selected Employees under the Award Scheme shall not exceed 1% of the issued share capital of the Company from time to time.

Pursuant to the Award Scheme, the Board shall select the Selected Employees and determine the number of shares to be awarded. The Board shall pay Bank of Communications Trustee Limited (the "Trustee"), the Trustee engaged by the Company for the purpose of administering the Award Scheme, the purchase price and the related expenses from the Company's resources for the shares to be purchased by the Trustee. The Trustee shall purchase from the market such a number of shares awarded as specified by the Board and shall hold such shares until they vest in accordance with the rules of the Award Scheme.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 28. SHARE AWARD SCHEME *(Continued)*

Also, the Board shall not make any further award of the Awarded Shares which will result in the aggregate number of the Shares awarded by the Board under the Award Scheme exceeding 10% of the issued share capital of the Company from time to time.

The Award Scheme shall be effective from the Adoption Date and shall continue in full force and effect for a term of 10 years unless sooner terminated as determined by the Board provided that such termination shall not affect any subsisting rights of the Selected Employees under the Award Scheme.

On 29 March 2021, the Board resolved to grant the Awarded Shares to 405 Selected Employee (the "Grantees") in accordance with the terms of the Award Scheme at nil consideration. Each of the Grantees is an employee of the Company or its subsidiaries.

The following Awarded Shares were outstanding under the Award Scheme during the year:

		<b>2024</b>	2023
		<b>Number of</b>	Number of
		<b>Awarded</b>	Awarded
		<b>Shares</b>	Shares
	Notes	<b>'000</b>	<b>'000</b>
At 1 January			
Number of Awarded Shares held by the Trustee		<b>2,556</b>	2,556
Number of Awarded Shares granted but not yet vested		–	–
Maximum number of Awarded Shares available for grant		<b>107,141</b>	107,141
At 31 December			
Number of Awarded Shares held by the Trustee		<b>2,711</b>	2,711
Number of Awarded Shares granted but not yet vested		–	–
Maximum number of Awarded Shares available for grant*		<b>107,141</b>	107,141
Granted during the year	(a)	–	–
Lapsed during the year		–	–
Vested during the year	(a)	–	–
Purchased during the year	(b)	–	155

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 28. SHARE AWARD SCHEME *(Continued)*

Notes:

- (a) A total of 30,000,000 Awarded Shares were granted to the Selected Persons who are employees of the Group for the year ended 31 December 2021. The fair value of the Awarded Shares granted to the Selected Employees was HK\$63,600,000, equivalent to RMB53,550,000 (HK\$2.12 per share), of which the Group recognised employee share-based compensation benefits under the Awarded Share expense of RMB11,993,000 during the year ended 31 December 2022 (2021: RMB38,555,000) in respect of the Awarded Shares granted to the Selected Employees. All the Awarded Share were vested to the Selected Employees on 1 April 2022.
- (b) For the year ended 31 December 2023, the Trustee purchased 155,000 (2024: nil) Awarded Shares at a total cost (including transaction costs) of approximately HK\$304,000 (equivalent to RMB263,000) (2024: nil).
- \* As mentioned above, the Board shall not make any further award of Awarded Shares which will result in the aggregate number of the Awarded Shares granted under the Award Scheme exceeding 10% of the number of issued shares of the Company from time to time. For the avoidance of doubt, Awarded Shares awarded but lapsed in accordance with the terms of the Award Scheme will not be counted for the purpose of calculating the aforesaid 10% scheme limit; yet, those Awarded Shares conditionally granted on 29 March 2021 were counted towards the 10% scheme limit. No further Awarded Shares have been granted thereafter up to 31 December 2024 and the date of approval of these financial statements.

Therefore, the maximum number of Awarded Shares available for grant equal to the said 10% scheme limit less those Awarded Shares conditionally granted on 29 March 2021 plus those lapsed Awarded Shares out of the aforesaid granted Awarded Shares.

### 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 12 of the consolidated financial statements.

#### (a) Share premium

The Group's share premium represents the difference between the par value of the shares issued and the consideration received. Details of the movements in the share premium are set out in the consolidated statement of changes in equity.

#### (b) Merger reserve

The Group's merger reserve represents the nominal value of the shares of subsidiaries and acquisition of non-controlling interests pursuant to the reorganisation in 2016.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 29. RESERVES *(Continued)*

#### **(c) Capital reserve**

The Group's capital reserve represents the difference between the amounts of net consideration and the carrying values of non-controlling interests acquired or disposed of.

#### **(d) Statutory reserve**

In accordance with the Company Law of the PRC, the Company's subsidiary registered in the PRC is required to appropriate 10% of the annual statutory profit after tax (after offsetting any prior years' losses), determined in accordance with PRC GAAP, to the statutory reserve until the balance of the reserve fund reaches 50% of the entity's registered capital. The statutory reserve can be utilised to offset prior years' losses or to increase capital, provided the remaining balance of the statutory reserve is not less than 25% of the registered capital.

#### **(e) Share option reserve**

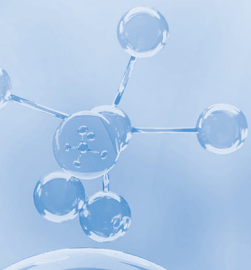
The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payments in note 2.4 to the financial statements. The amount will either be transferred to the share premium account when the related options are exercised, or be transferred to related profits should the related options expire after the vesting period.

#### **(f) Award share reserve**

The award share reserve represents the excess of the fair value of the Awarded Shares over the total cost (including related transaction costs) of the Awarded Shares awarded and vested to the Selected Persons at the date of award.

#### **(g) Exchange fluctuation reserve**

The Group's exchange fluctuation reserve comprises all relevant exchange differences arising from the translation of the financial statements of foreign operations and the Company.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

#### (a) Major non-cash transactions

- (i) During the year, the Group had non-cash additions to the right-of-use assets and lease liabilities of RMB15,501,000 and RMB15,501,000, respectively, in respect of lease arrangements for buildings and service equipment.

#### (b) Changes in liabilities arising from financing activities:

2024

	Lease liabilities included in other payables RMB'000	Interest- bearing bank borrowings RMB'000
As at 1 January 2024	24,425	319,896
Changes from financing cash flows	(13,125)	412,336
New leases	15,501	–
Lease modification	(3,403)	–
Exchange realignment	1	334
Accretion of interest recognised	1,050	–
Interest paid	(1,050)	–
As at 31 December 2024	23,399	732,566

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

#### **(b) Changes in liabilities arising from financing activities:** *(Continued)*

2023

	Lease liabilities included in other payables RMB'000	Interest- bearing bank borrowings RMB'000
As at 1 January 2023	20,424	329,497
Changes from financing cash flows	(12,454)	(9,601)
New leases	16,690	—
Lease termination	(242)	—
Exchange realignment	7	—
Accretion of interest recognised	993	—
Interest paid	(993)	—
As at 31 December 2023	24,425	319,896

#### **(c) Total cash outflow for leases**

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

	2024 RMB'000	2023 RMB'000
Within operating activities	7,207	13,841
Within financing activities	14,175	13,447
Total	21,382	27,888

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 31. RELATED PARTY TRANSACTIONS

#### (a) Transactions with related parties

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

	Notes	2024 RMB'000	2023 RMB'000
Purchases of products:			
Alifax SH	(i)	4,144	2,403
Shinva Group	(ii)	595	521
Rental expense:			
Shinva Group *	(iii)	4,393	3,656
Recognition of right-of-use assets:			
Mr. Ho *	(iv)	—	—
Mr. Leung *	(iv)	—	—
Mr. Lin *	(iv)	—	—

Notes:

- (i) The purchases from an associate, Alifax SH, were made according to the prices and conditions mutually agreed by the Group and the associate.
- (ii) The purchases from the Shinva Group were made according to the prices and conditions mutually agreed by the Group and the Shinva Group.
- (iii) The rental expense paid was based on the market rate.
- (iv) On 1 January 2022, the Group entered into several lease agreements with Mr. Ho, Mr. Lin and Mr. Leung, the shareholders of the Group, in relation to the leasing of an office for a term of three years. Right-of-use assets and lease liabilities of RMB14,462,000 and RMB14,462,000, respectively, were recognised on the same date in respect of the lease agreements. No addition of right-of-use asset in relation to leasing from related parties was recognised in 2024.

\* The related party transactions are constituting continuing connected transactions as defined in Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 31. RELATED PARTY TRANSACTIONS *(Continued)*

#### (b) Compensation of key management personnel of the Group:

	2024 RMB'000	2023 RMB'000
Short term employee benefits	1,881	2,878
Performance-related bonuses	647	1,264
Post-employment benefits	288	453
Total compensation paid to key management personnel	2,816	4,595

The above compensation of key management personnel excludes the directors' remuneration, details of which are set out in note 8 to the consolidated financial statements.

### 32. FINANCIAL INSTRUMENTS BY CATEGORY

Except for financial assets at fair value through profit or loss disclosed in note 17 to the consolidated financial statements, all financial assets and liabilities of the Group as at 31 December 2024 and 2023 are classified as financial assets and liabilities at amortised cost, respectively.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 33. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amount and the fair value of the Group's financial instruments, other than those carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	31 December 2024 RMB'000	31 December 2023 RMB'000	31 December 2024 RMB'000	31 December 2023 RMB'000
<b>Financial assets</b>				
Financial assets at fair value through profit or loss	<b>16,011</b>	25,256	<b>16,011</b>	25,256
<b>Financial liabilities</b>				
Interest-bearing bank borrowings	<b>732,566</b>	319,896	<b>732,566</b>	309,228

Management has assessed that the fair values of cash and bank balances, trade receivables, trade payables, financial assets included in prepayments and other receivables, and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following method and assumption were used to estimate the fair values:

The fair values of financial assets at fair value through profit or loss are determined based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly.

The fair values of the interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 33. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(Continued)

#### Fair value hierarchy

Below is a summary of significant unobservable inputs to the valuation of financial instruments as at 31 December 2024 and 2023:

	Valuation technique	Significant unobservable inputs
Unlisted funds investments	Net assets value per share	Net assets of the underlying funds
Unlisted equity investments	Market approach	Median of value-to-sales ratio multiples of 6.43 Marketability discount rate of 20.5%

The following table illustrates the fair value measurement hierarchy of the Group's financial instruments as at 31 December 2024:

#### Assets measured at fair value:

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets at fair value through profit or loss:				
Unlisted fund investments	–	12,188	–	12,188
Unlisted equity investments	–	–	3,823	3,823
Total	–	12,188	3,823	16,011



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 33. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(Continued)

The following table illustrates the fair value measurement hierarchy of the Group's financial instruments as at 31 December 2023:

#### Assets measured at fair value:

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets at fair value through profit or loss:				
Unlisted fund investments	–	15,239	–	15,239
Unlisted equity investments	–	–	10,017	10,017
Unlisted equity investments	–	15,239	10,017	25,256

During the year, there was no transfer of fair value measurements between Level 1 and Level 2 and no transfer into or out of Level 3 (2023: Nil).

### 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank borrowings, cash and cash equivalents and pledged deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities, such as trade receivables, other receivables, trade payables and other payables, which arise directly from its operations.

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

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

#### Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's cash and bank balances. The Group has not used any interest rate swaps to hedge its interest rate risk, and will consider hedging significant interest rate risk should the need arise.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on cash and bank balances).

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax RMB'000
<b>2024</b>		
RMB	100	3,033
HK\$	100	198
US\$	100	34
RMB	(100)	(3,033)
HK\$	(100)	(198)
US\$	(100)	(34)

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax RMB'000
<b>2023</b>		
RMB	100	1,010
HK\$	100	1,143
US\$	100	35
RMB	(100)	(1,010)
HK\$	(100)	(1,143)
US\$	(100)	(35)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

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

#### Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from bank deposits held by operating units in currencies other than the units' functional currencies. Approximately 80.9% (2023: 77.3%) of the Group's cash and cash equivalents were denominated in currencies other than the functional currency of the operating units.

The following table demonstrates the sensitivity to a reasonably possible change in the foreign currency exchange rate, with all other variables held constant, of the Group's profit before tax.

	Increase/ (decrease) in foreign currency rate %	Increase/ (decrease) in profit before tax RMB'000
<b>2024</b>		
If RMB weakens against HK\$	1	10,172
If RMB strengthens against HK\$	(1)	(10,172)
If RMB weakens against US\$	1	4,851
If RMB strengthens against US\$	(1)	(4,851)
	Increase/ (decrease) in foreign currency rate %	Increase/ (decrease) in profit before tax RMB'000
<b>2023</b>		
If RMB weakens against HK\$	1	5,203
If RMB strengthens against HK\$	(1)	(5,203)
If RMB weakens against US\$	1	4,850
If RMB strengthens against US\$	(1)	(4,850)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 34. 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 as at 31 December. The amounts presented are gross carrying amounts for the financial assets.

#### As at 31 December 2024

	12-month ECLs	Lifetime ECLs			Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	
Trade receivables*	–	–	–	489,779	489,779
Financial assets included in prepayments and other receivables**					
– Normal	25,388	–	–	–	25,388
Cash and cash equivalents					
– Not yet past due	1,774,358	–	–	–	1,774,358
Pledged deposits	83,378	–	–	–	83,378
Total	1,883,124	–	–	489,779	2,372,903

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

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

#### Maximum exposure and year-end staging *(Continued)*

As at 31 December 2023

	12-month ECLs	Lifetime ECLs		Simplified approach	Total
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000		
Trade receivables*	–	–	–	535,827	535,827
Financial assets included in prepayments and other receivables**					
– Normal	16,797	–	–	–	16,797
Cash and cash equivalents					
– Not yet past due	1,224,786	–	–	–	1,224,786
Pledged deposits	72,975	–	–	–	72,975
<b>Total</b>	<b>1,314,558</b>	<b>–</b>	<b>–</b>	<b>535,827</b>	<b>1,850,385</b>

\* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 19 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”.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

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

#### Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of short-term bank loans and projected cash flows from operations.

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

#### 2024

	Less than 3 months RMB'000	3 to less than 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Lease liabilities	3,523	9,504	16,093	–	29,120
Interest-bearing bank borrowings	437,078	309,704	–	–	746,782
Trade payables	595,183	–	–	–	595,183
Other payables and accruals	145,646	–	–	–	145,646
<b>Total</b>	<b>1,181,430</b>	<b>319,208</b>	<b>16,093</b>	<b>–</b>	<b>1,516,731</b>

#### 2023

	Less than 3 months RMB'000	3 to less than 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Lease liabilities	2,197	9,889	13,033	208	25,327
Interest-bearing bank borrowings	206,104	116,200	–	–	322,304
Trade payables	–	506,567	–	–	506,567
Other payables and accruals	–	238,964	–	–	238,964
<b>Total</b>	<b>208,301</b>	<b>1,053,832</b>	<b>13,033</b>	<b>208</b>	<b>1,093,162</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

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

#### Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual equity investments included in financial assets at fair value through profit or loss (note 17) as at 31 December 2024 and 2023.

	Carrying amount RMB'000	Increase/ (decrease) in price %	Increase/ (decrease) in profit before tax RMB'000
<b>2024</b>			
Private equity investments			
– Financial assets at fair value through profit or loss	<b>16,011</b>	<b>10%</b> <b>(10%)</b>	<b>1,601/</b> <b>(1,601)</b>
<b>2023</b>			
Private equity investments			
– Financial assets at fair value through profit or loss	25,256	10% (10%)	2,526/ (2,526)



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 34. 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 and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made to 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 total debt divided by total assets. Total debt represented total interest-bearing bank borrowings. The gearing ratios as at the end of the reporting periods were as follows:

	31 December 2024 RMB'000	31 December 2023 RMB'000
Interest-bearing bank borrowings (note 24)	732,566	319,896
Total assets	5,523,884	4,785,052
Gearing ratio	13.3%	6.7%

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

### 35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS		
Investments in subsidiaries	2,017,148	2,017,148
Property, plant and equipment	61	–
Financial assets at fair value through profit or loss	12,188	15,239
Total non-current assets	2,029,397	2,032,387
CURRENT ASSETS		
Other receivables	53,656	257,818
Cash and cash equivalents	1,537,458	994,766
Total current assets	1,591,114	1,252,584
CURRENT LIABILITIES		
Other payables	722,578	594,641
Interest-bearing borrowings	103,180	–
Total current liabilities	825,758	594,641
NET CURRENT ASSETS	765,356	657,943
Net assets	2,794,753	2,690,330
EQUITY		
Share capital	5,603	4,637
Reserves (note)	2,789,150	2,685,693
Total equity	2,794,753	2,690,330

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

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

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

	Share premium RMB'000	Merger reserve RMB'000	Shares held for Award scheme RMB'000 (Note 28)	Share option reserve RMB'000 (Note 29(e))	Award share reserve RMB'000 (Note 29(f))	Exchange reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2024	2,224,295	63,907	(1,820)	37,166	50,456	16,623	295,066	2,685,693
Loss for the year	-	-	-	-	-	-	(4,084)	(4,084)
Other comprehensive income for the year:								
Exchange differences on translation of the Company's financial statements	-	-	-	-	-	12,127	-	12,127
Total comprehensive income for the year	-	-	-	-	-	12,127	(4,084)	8,043
Placing of new shares	172,176	-	-	-	-	-	-	172,176
Final 2023 dividend	(76,762)	-	-	-	-	-	-	(76,762)
At 31 December 2024	2,319,709	63,907	(1,820)	37,166	50,456	28,750	290,982	2,789,150

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

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

Note: A summary of the Company's reserves is as follows: *(Continued)*

	Share premium RMB'000	Merger reserve RMB'000	Shares held for award scheme RMB'000 (Note 28)	Share option reserve RMB'000 (Note 29(e))	Award share reserve RMB'000 (Note 29(f))	Exchange reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2023	2,328,800	63,907	(1,557)	37,166	50,456	19,028	10,322	2,508,122
Profit for the year	–	–	–	–	–	–	284,744	284,744
Other comprehensive income for the year:								
Exchange differences on translation of the Company's financial statements	–	–	–	–	–	(2,405)	–	(2,405)
Total comprehensive income for the year	–	–	–	–	–	(2,405)	284,744	282,339
Purchase of shares for the Award Scheme	–	–	(263)	–	–	–	–	(263)
Final 2022 dividend	(67,570)	–	–	–	–	–	–	(67,570)
Interim 2023 dividend	(36,935)	–	–	–	–	–	–	(36,935)
At 31 December 2023	2,224,295	63,907	(1,820)	37,166	50,456	16,623	295,066	2,685,693

### 36. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 11 April 2025.

## FIVE YEARS FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the past five financial years is set out below.

### RESULTS

	Year ended 31 December				
	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
Revenue	<b>3,162,415</b>	3,088,387	2,748,809	2,730,670	2,428,210
Profit before tax	<b>401,777</b>	339,329	283,789	267,940	231,956
Income tax expense	<b>(135,743)</b>	(102,203)	(88,259)	(106,190)	(77,338)
Profit for the year	<b>266,034</b>	237,126	195,530	161,750	154,618
Attributable to:					
Owners of the parent	<b>260,420</b>	238,163	209,999	174,541	158,718
Non-controlling interests	<b>5,614</b>	(1,037)	(14,469)	(12,791)	(4,100)
	<b>266,034</b>	237,126	195,530	161,750	154,618

### ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December				
	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
Total assets	<b>5,523,884</b>	4,785,052	4,314,277	4,367,361	3,907,096
Total liabilities	<b>(1,762,698)</b>	(1,399,163)	(1,160,813)	(1,373,949)	(1,047,821)
Non-controlling interests	<b>(46,568)</b>	(40,954)	(78)	(14,547)	(8,122)
	<b>3,714,618</b>	3,344,935	3,153,386	2,978,865	2,851,153

The summary of the consolidated results of the assets, liabilities and non-controlling interests of the Group for the past five years has been extracted from the published audited financial statements.