2024 ANNUAL REPORT

Austar Lifesciences Limited
奥星生命科技有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 6118

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CORPORATE INFORMATION

PLACE OF LISTING
The Stock Exchange of Hong Kong Limited

STOCK CODE
6118

EXECUTIVE DIRECTORS
Mr. Ho Kwok Keung, Mars
(Chairman & Chief Executive Officer)
Mr. Ho Kin Hung
Mr. Chen Yuewu
Madam Zhou Ning

NON-EXECUTIVE DIRECTOR
Madam Ji Lingling

INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr. Cheung Lap Kei
Madam Chiu Hoi Shan
Mr. Leung Oi Kin

AUDIT COMMITTEE
Mr. Cheung Lap Kei *(Chairman)*
Madam Chiu Hoi Shan
Madam Ji Lingling

REMUNERATION COMMITTEE
Madam Chiu Hoi Shan *(Chairlady)*
Mr. Cheung Lap Kei
Madam Zhou Ning

NOMINATION COMMITTEE
Mr. Ho Kwok Keung, Mars *(Chairman)*
Mr. Cheung Lap Kei
Madam Chiu Hoi Shan

CORPORATE GOVERNANCE COMMITTEE
Madam Zhou Ning *(Chairlady)*
Mr. Ho Kwok Keung, Mars
Madam Chiu Hoi Shan

RISK MANAGEMENT COMMITTEE
Madam Zhou Ning *(Chairlady)*
Mr. Chen Yuewu
Madam Ji Lingling

COMPANY SECRETARY
Madam Mak Yuk Kiu

AUTHORISED REPRESENTATIVES
(For the purpose of the Listing Rules)
Madam Zhou Ning
Madam Mak Yuk Kiu

PRINCIPAL BANKERS
Bank of China (Hong Kong) Limited
Deutsche Bank AG

REGISTERED OFFICE
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Grand Cayman KY1-1111
Cayman Islands

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AUDITOR

Moore CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditor
1001-1010, North Tower, World Finance Centre
Harbour City, 19 Canton Road
Tsim Sha Tsui, Kowloon, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited
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Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

HONG KONG COMPANY WEBSITE

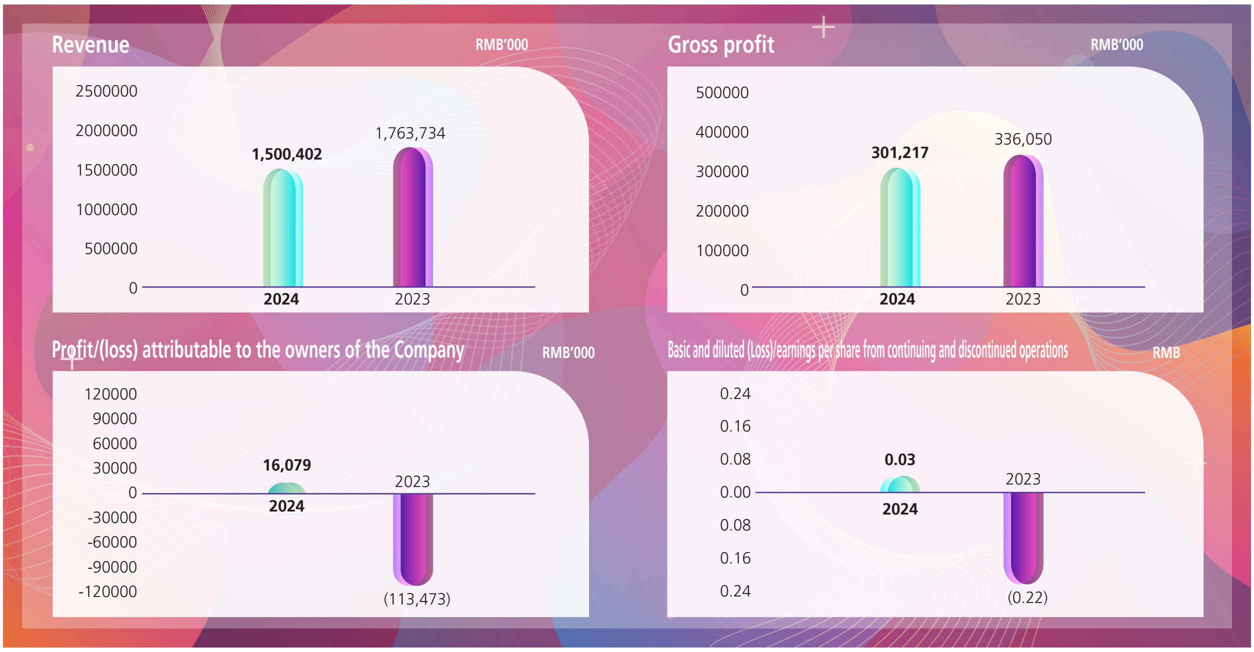
www.austar.com.hk

FINANCIAL HIGHLIGHTS

	For the year ended 31 December 2024 RMB'000	2023 RMB'000	Change
Key financials on Consolidated Statement of Profit or Loss			
Revenue	**1,500,402**	1,763,734	-14.9%
Gross profit	**301,217**	336,050	-10.4%
Gross profit margin	**20.1%**	19.1%	
Profit/(loss) attributable to owners of the Company from continuing and discontinued operations	**16,079**	(113,473)	
Basic and diluted earnings/(loss) per share from continuing and discontinued operations (RMB) *(Note)*	**0.03**	(0.22)	
Basic and diluted earnings/(loss) per share from continuing operations (RMB) *(Note)*	**0.03**	(0.06)	

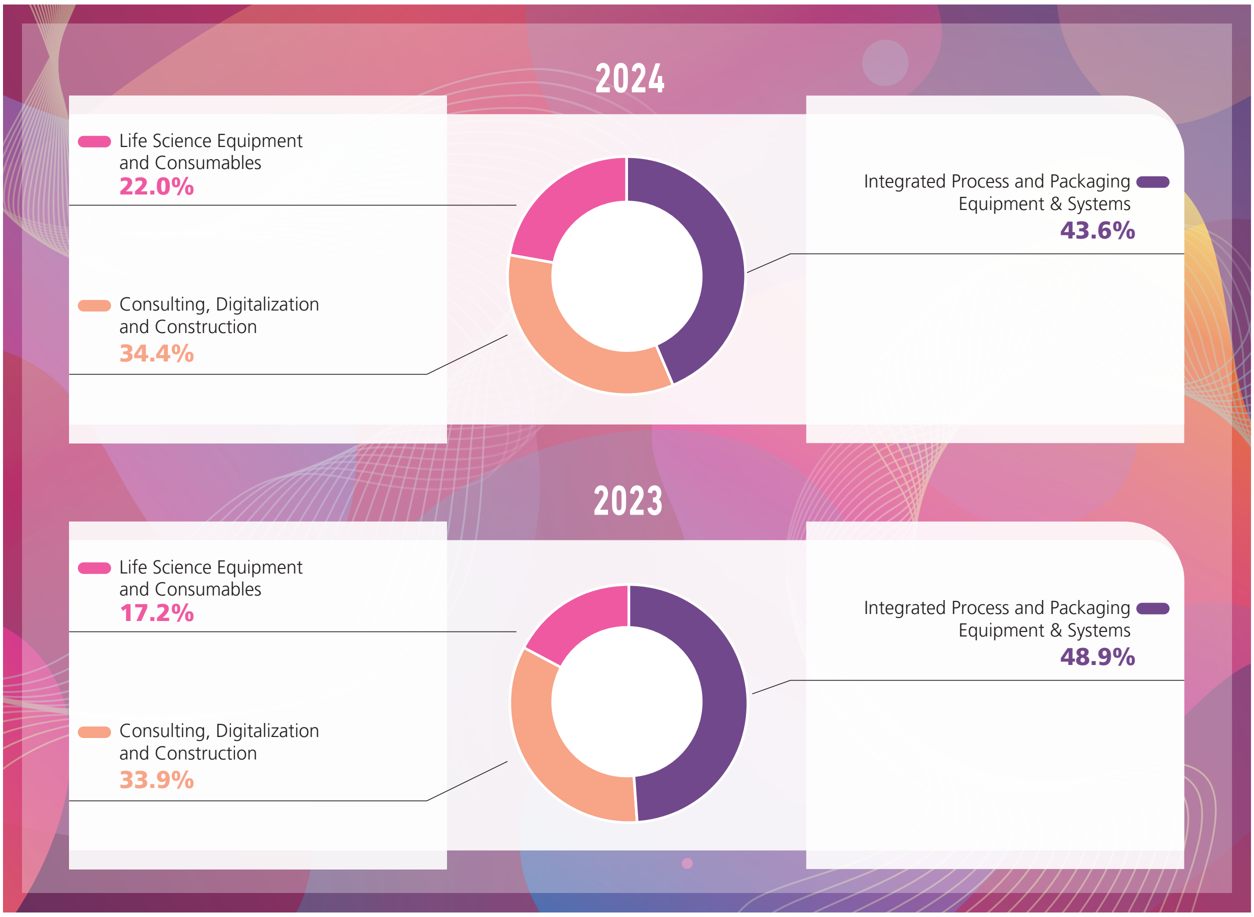
	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000	Change
Key financials on Consolidated Statement of Financial Position			
Total assets	**2,083,635**	2,158,972	-3.5%
Net assets	**793,468**	775,473	2.3%
Gearing ratio	**33.9%**	39.2%	

Note: The calculation of earnings/(loss) per share is based on the profit/(loss) attributable to owners of the Company for each of the years ended 31 December 2024 and 2023 and the weighted average number of shares during that year. The Company had no dilutive ordinary shares for each of the years ended 31 December 2024 and 2023.



REVENUE CONTRIBUTION BY BUSINESS SEGMENT

Revenue by business segment	2024 RMB'000	2024 %	2023 RMB'000 (Restated)	2023 %
Integrated Process and Packaging Equipment & Systems	**655,205**	**43.6%**	863,086	48.9%
Consulting, Digitalization and Construction	**515,814**	**34.4%**	597,255	33.9%
Life Science Equipment and Consumables	**329,383**	**22.0%**	303,393	17.2%
Total	**1,500,402**	**100.0%**	1,763,734	100.0%



OUR PATH OF GROWTH

2003

Shanghai Austar Pharmaceutical Technology Equipment Co., Ltd was established and commenced the manufacturing of purified water generators, the foundation of AUSTAR's Liquid and Bioprocess System business

2004

Austar Shijiazhuang Technology Centre was established and commenced AUSTAR's Clean Room and Automation Control and Monitoring System business

2006

AUSTAR formed a joint venture with STERIS Corporation

2007

AUSTAR formed a joint venture with ATMI Packaging N.V. (now known as PALL Life Sciences Belgium BV)

2008

AUSTAR commenced its Liquid and Bioprocess System business

2011

AUSTAR was certified as Siemens AG Solution Partner

2012

AUSTAR was certified as Rockwell Automation, Inc. Recognized System Integrator

2013

AUSTAR was certified as Siemens Gold Solution Partner

AUSTAR assisted Chengdu Institute of Biological Products Co. Ltd to pass WHO pre-qualification of Japanese encephalitis vaccine

2014

AUSTAR was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited

2015

AUSTAR signed first contract of bioprocess configuration system for human vaccine in the PRC

AUSTAR's self-developed and produced oral solid dosage granulation system and freeze-drying system including isolator, vial loading and unloading system and freeze-dryer have been launched and displayed at 2015 Autumn CIPM

OUR PATH OF GROWTH

2016

AUSTAR acquired one-third shares of ROTA Verpackungstechnik GmbH & Co. KG and ROTA Verpackungstechnik Verwaltungsgesellschaft mbH (collectively, "**ROTA**"), a world famous liquid filling line provider

2018

The first ROTA filling machine and AUSTAR's freeze-drying machine integrated production line was exhibited at the ACHEMA exhibition in Germany

AUSTAR signed the first turnkey project with a pharmaceutical engineering company in Algeria, Africa

2020

A subsidiary in UK was established in March 2020

New AUSTAR Logo was launched with branding activities in April 2020

Tianjin University established an Industry-University-Research Collaboration Base with AUSTAR

Endress+Hauser signed a strategic partnership agreement with AUSTAR at Shanghai

2022

AUSTAR acquired the technology and ancillary business in sterile liquid and powder filling line to enhance technology in customized sterile filling solutions for liquid and powder in February 2022

AUSTAR acquired shareholding interests in a company specializing in complete superb solutions for the preparation in nanomedicine, inhalation in July 2022

AUSTAR successfully promoted the digital transformation of the production lines of several leading domestic pharmaceutical enterprises of production of 10 billion tablets in 2022

2017

AUSTAR formed its first SMEPAC testing technology R&D laboratory for powder containment facilities in China

AUSTAR signed first contract of laboratory equipment packaged services in Ethiopia

AUSTAR signed first contract of VHP space sterilization service contract in food and beverage industries

2019

Europe holding company structure with European Team was established in August 2019

A subsidiary in India and two subsidiaries in Malaysia were established in 2019

2021

AUSTAR disposed of 60% interest in PALL-AUSTAR joint venture in March 2021

AUSTAR developed the own-brand BIOSYSTEC bioreactor in July 2021

AUSTAR won The Most Outstanding Partner of SIEMENS in 2021

2023

AUSTAR formally commenced operation of its new manufacturing centres in Shanghai and Shijiazhuang in the first half of 2023

AUSTAR successfully delivered OBiO Intelli-M construction project in October 2023

AUSTAR launched a new OSD continuous manufacturing R&D platform in October 2023

AUSTAR launched the REMOIIS digital brand in November 2023

2024

The Group consolidated its six business segments into three business segment groups

AUSTAR awarded the 2024 Siemens Digital Industries China Best Partner Award

AUSTAR successfully completed the project delivery of the synthetic polypeptide production line, which client has completed the trial production, and product quality has fully met the standards

Exported the Fill-Finish Product production line to the USA (injection production line)

CHAIRMAN'S STATEMENT

Dear shareholders,

On behalf of the board ("**Board**") of directors ("**Directors**") of Austar Lifesciences Limited ("**Company**"), I am pleased to present the annual report of the Company and its subsidiaries (collectively as the "**Group**" or "**AUSTAR**") for the year ended 31 December 2024 ("**Year**").

The year of 2024 is a year of struggle and turnaround for the Company. Thanks to the efforts of our leadership team, we are able to deliver a financial result having a positive direction after enduring a substantial loss in 2023, even though the market environment and competitive status were still very tough in 2024 with sales revenue drop by 14.9%. The positive trend is that with our structural improvements in organization, our resilience was evident with the fact that order-in-take for the full year in 2024 had an 12.1% of increase compared to the year of 2023. Our operation team delivered a relatively satisfactory operation cash flow due to their efforts on improvements in working capital. The achievement in 2024 is partly attributed to the organization and business structural changes by the action of merging the previous 6 business segments into 3 business groups in the last quarter of 2023; this strategic action was made with a clear objective of resources consolidation and business focus and adaption to tackle the latest market trends and observed changes.

Looking forward to 2025 and upcoming 3 years ahead, there are opportunities and challenges. Equipment sales is under severe competitive situation due to lower capital expenditure (CAPEX) investment in the biopharma sector, further aggravated by new rounds of tougher centralized procurement policy in China squeezing profit margins of pharmaceutical companies to a terrifying level, which impacted not only classical generic drugs but also affecting innovative drugs as well. Optimism in China on some drug product prospects such as antibody-drug conjugates (ADCs), bispecific monoclonal antibodies (mAbs), polypeptides and oligonucleotides are still generating a reasonable quantity of enquiries of new equipment, engineering and consumables by clients' new CAPEX investment. Even though overall CAPEX investment in China in the pharmaceutical sector is in decline mode, the operation improvement and cost-saving concerns of clients are helping the business of automation, digitalization and energy-management consulting.

In 2025, we believe that there are sufficient project enquiries on hand ensuring a conservative optimism on order-in-take growth opportunities, but its successful realization of order-in-take growth will heavily depend on the intensity of market competition in 2025. Facing keen competition has become our new normal way of business operations, as identifying our unique benefit offerings to clients is crucial to product differentiation. Brand recognition and client satisfaction are believed to be our core elements of the foundation pillars of success, especially in the life sciences industry where long-term trust developed between vendors and clients is essential to business transactions.

Global expansion, especially focusing on sales, appears to be one of the key indispensable action items in 2025 as it is evident that some essential product portfolio such as process and packaging system has more global regional sales order-in-take than in the mainland China region, noting the order breakthroughs in the United States, Korea and India. Our consumable business, previously focused in the mainland China region, has proactively allocated its efforts in some global regions by engaging more dealers after realizing the potential and profit opportunities.

A key initiative to reduce reliance on the biologics sectors in the last several years has helped AUSTAR survive and grow, after facing such sharp decline in the biologics sector in China. AUSTAR has been engaging and creating technical competence and client contacts in various sectors in the life sciences industry covering not only biopharmaceutical but also active pharmaceutical ingredients and its intermediate chemicals, animal health, medical devices, human vaccines, medical beauty, and cell and gene therapy.

The revised key strategy of our Life Sciences Consumable business group on niche consumables specialized in sterility assurance and sterile transfer bundled with its contamination control services has been contributing a significant portion of cash flow and profit to the Group. Such pattern of contribution will continue as more own-developed products will be rolling out with the newly established manufacturing facility. In 2025, a green-field construction project of manufacturing facility for disinfection products will be launched, which is expected to contribute a new stream of revenue and profit from 2026 and more years to come.

In the coming 3 to 5 years, the narrative about long-term investment might benefit the future profitability and create foundations for opportunities shall change to that of a managed balance of current profitability and long-term objectives as a guidance for AUSTAR leadership, which is more justified especially in the present market environment full of uncertainty and unforeseeability.

On the behalf of the Board, I would like to express my special thanks to our employees, who have dedicated their utmost efforts to fight for the best possible results for the Company in 2024.

Ho Kwok Keung, Mars
Chairman

26 March 2025

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In 2024, China's pharmaceutical industry underwent a profound transformation driven by policy adjustments, capital restructuring, and innovation breakthroughs. Although the biopharmaceutical sector has demonstrated great potential in technology and market, delays in capital expenditure projects remain a challenge, geopolitical uncertainties continued to which negatively influence the stability of the global pharmaceutical supply chain, leading to unpredictable changes. Compared with biologics, the proportion of investment in chemical drug projects has increased. Driven by national policies promoting equipment renewal, technological upgrades, and digital transformation in the pharmaceutical industry, as well as the expectations and guidelines outlined in the EU GMP (Good Manufacturing Practice) Annex 1 for sterile products — covering pharmaceutical quality systems, contamination control strategies, airflow patterns, new technologies, and new processes — investment in the construction, renovation and expansion of GMP facilities for sterile products, along with upgrades to process equipment, are expected to increase. Additionally, cost reduction and efficiency improvement have become essential strategies for pharmaceutical companies to maintain competitiveness. By adopting advanced information technologies and digital tools, companies can realize automation and intelligence in production processes, enhancing production efficiency and reducing costs, thereby creating new business opportunities.

On 22 September 2023, the National Medical Products Administration (NMPA) officially submitted its application to join the Pharmaceutical Inspection Co-operation Scheme (PIC/S), and received the confirmation letter on 8 November 2023. According to PIC/S procedures, the maximum duration for completing the joining process is 6 years. During this period, the NMPA may need to take measures to meet PIC/S requirements and allow sufficient time for the industry to comply with PIC/S GMP guidelines. This initiative will create business opportunities in quality and compliance demands.

The global pharmaceutical sector will continue to experience new breakthroughs. In terms of technology, Antibody-Drug Conjugates (ADC) are becoming increasingly mature, and T Cell Engagers (TCE) are expected to become the next mainstream. In the field of diseases, tumors, diabetes, and autoimmune disorders will continue to dominate the largest share of the drug market, while significant progress has been made in areas such as neurology and Metabolic Dysfunction-Associated Steatohepatitis (MASH). The pipeline for cell and gene therapies, as well as mRNA vaccine technologies, has continued to expand, with development activities in these areas maintaining its continuous growth. This growth highlights the sector's ongoing response to global demand for advanced therapeutics, driving innovation in drug delivery and manufacturing technologies. As the innovative drugs market remains robust, in China, Newly Created Company (NewCo) has become the mainstream model for companies to enter into the global market. Meanwhile, China-made GLP-1 drugs, ADC, and autoimmune drugs are expected to experience significant growth in 2025. Several autoimmune drugs are expected to gain approval, all of which will accelerate the pace of domestic substitution.

The Chinese government has expressed clear support for the innovation of traditional Chinese medicine (TCM). The 2024 government work report emphasized the need to "promote the inheritance and innovation of TCM and strengthen the development of specialized TCM". On 3 January 2025, the General Office of the State Council issued the "Opinions on Comprehensively Deepening the Reform of Drugs and Medical Devices Regulation to Promote High-Quality Development of the Pharmaceutical Industry", which called for increased support for TCM research and innovation, improvements to the TCM regulatory system to align with its characteristics, and encouragement of the use of new technologies, processes, and dosage forms to improve existing TCM products.

Compared with traditional subcutaneous injections, microneedle drug delivery systems are safer and enable painless and minimally invasive administration. In China, they were initially applied to medical aesthetics and dermatology, and the market demand continues to grow. Current research primarily focuses on delivering vaccines, small-molecule drugs, biologics for the treatment of tumors, diabetes, cosmetics, osteoporosis, and skin diseases. Among these, soluble microneedle technology has emerged as a popular research and application direction in drug delivery due to its advantages of safety, efficiency, precision, and controlled release.

The adoption of artificial intelligence (AI) and machine learning (ML) in drug discovery has also accelerated, allowing for more efficient identification of therapeutic targets and shortening of development timelines. These advancements have created opportunities for technology partnerships and investments in the digital infrastructure.

With the continuous advancements in gene sequencing technology, rapid developments in AI and big data, as well as interdisciplinary technology integration, precision medicine, personalized and intelligent diagnosis and treatment for patients offer great development potentials. Precision medicine is expected to have significant value, particularly in areas such as tumor treatment, genetic disease screening, and personalized management of chronic diseases. The growth of precision medicine has increased higher demands for the accuracy and specificity of diagnostic reagents. Meanwhile, the widespread application of personalized treatment methods, such as targeted therapy and immunotherapy, will substantially increase the market demand for diagnostic reagents. As the centralized procurement of In vitro diagnostic reagents continues to expand, market resources will likely to become increasingly concentrated among leading enterprises.

BUSINESS REVIEW

For the Year, the Group recorded approximately RMB1,500.4 million in revenue, a decrease of 14.9% compared to same period of 2023 mainly due to the decrease in opening backlog as the Group suffered from a significant order-in-take decline around 32.7% for the whole year of 2023. However, the net profit after tax for 2024 showed a positive turnaround as compared to the losses recorded in 2023 and the order-in-take for 2024 increased by 12.1% compared to the same period of 2023. Such turnaround achievement is attributed to the management's resilient efforts of being able to tackle the challenges of severe competition in the China market.

Our strategies are to boost up the share of service business which offers benefits of being able to achieve higher profit margin and lesser reliance on possible fluctuation of client capital expenditure (CAPEX) investments. The service business is not easy to be replicated. In 2024, the Group incorporated the Environmental Monitoring and Detection System related product line into its service business portfolio. This initiative will further streamline the technical resources within the team and enhance the capability of the service business.

The front-end engineering design and consulting services business, focusing on biopharmaceutical process design, facility compliance, and consulting effectiveness, obtained more awareness and recognition in 2024. The first-tier clients in China and multinational companies (MNCs), requiring production facilities that meet international regulatory standards, have led to a significant rise in demand for high-quality engineering consulting and design services. To meet the increasing market needs and to better synergize the Group's technology resources, the Strategy Consulting & Engineering (SCE) business unit was established, specializing in early-stage engineering consulting, design, technical services, and project management. By leveraging its 12 technology application capabilities, SCE could offer end-to-end services, from pre-sales technical solutions, cost estimation to bid proposals and project execution. This ensures quality compliance, schedule control, and cost efficiency, fully addressing clients' diverse needs.

At the end of 2024, the Group completed the acquisition of the 51% equity interest in AUSTAR Pharmaceutical Systems (Hong Kong) Limited (formerly known as STERIS-AUSTAR Pharmaceutical Systems Hong Kong Limited) ("**AUSTAR Pharmaceutical**"), which had been a joint venture of the Group since its establishment in 2006. To better serve clients and further realize economies of scale, both partners have decided to transfer the manufacturing of all AUSTAR Pharmaceutical's products to AUSTAR under a new licensing agreement to integrate resources and improve efficiency. The Group will continue to deliver high quality products and services under the Finn Aqua brand.

Due to intense competition in the China market, and following the COVID-19 pandemic, efforts in reorganization of the international business team have been placed, aiming at capturing more projects and increasing the share of international business relative to China. The number of enquiries and orders received in 2024 showed a significant increase in order acquisition in markets such as East Asia, Southeast Asia, India, the Middle East, North Africa and South America. It is expected that the percentage of increase in international business revenue will rise and begin to reflect in next year as the backlogs to international business are gradually converted into revenue. Notably, the business of integrated fill finish packaging system achieved more than 50% of order-in-take in territories other than China. Global expansion has been a corporate strategy of the Group for a number of years, and 2024 is the year of witnessing the successful implementation of such strategy.

The Group has been working on continuous upgrading of its technical solutions and services. The intelligent material weighing and dispensing solution is continuously being refined and upgraded in respect of improving material flowability, controlling material residue, packaging material adaptability, and increasing efficiency. At the same time, the automatic solution extending from raw materials and excipients to the inner packaging materials has been realized. By leveraging the Group's strength in information technology, a continuous integration of the two capabilities has been achieved, and a core production area turnkey solution has been successfully offered and delivered.

Continuous efforts have been made in Large Volume Parenteral (LVP) production lines. Relying on a solid technical foundation, we achieved the whole system automation of the LVP production line from unpacking, weighing, to transferring of the raw materials, excipients, granules, and assembled caps, and successfully secured contracts in 2024.

In the area of continuous manufacturing (CM), as a new technology for Oral Solid Dosage (OSD), the government has introduced several policies to encourage the application of new technologies in the pharmaceutical industry. As a leading enterprise in this field, the Group has continued its investment in technology development, and successfully conducted process development and feasibility assessments for multiple products varieties from batch to CM, which laid a solid foundation for upcoming commercial production. Meanwhile, AUSTAR actively collaborates with the Center for Drug Evaluation (CDE) in China and pharmaceutical enterprises planning CM pipelines, to discuss and explore the construction models from batch to CM, covering feasibility assessment, process technology transfer, process system design and construction, control system design and evaluation, process analytical technology (PAT) modeling, and regulatory compliance.

To establish a more synergized and efficient business platform, the Group completed its business restructuring adjustment following a serious review of its production lines. From 2024 onwards, the six business segments of the Group have been consolidated into three business segment groups, namely, (1) Integrated Process and Packaging Equipment & Systems; (2) Consulting, Digitalization and Construction; and (3) Life Science Equipment and Consumables (SIC). This restructuring adjustment is expected to bring about competence improvement and allow the Group to be more resilient under tougher competitive circumstances. The Group is proudly looking forward to a more precise positioning as a technological company with comprehensive knowledge and experience in life sciences process technology and applications as well as industry regulatory rules and practices, which would enable the Group to help clients address issues in quality, compliance, and operational excellence.

The Group believes that building up world-class technical competence requires continuous resources input in which efforts put into recruiting top talents and consultants may adversely impact the Group's profit margin in the short-term, but that the competitive edges over the competitors would be strengthened in the long term. The Group believes that a mid and long-term robust corporate competitiveness and performance achievement are foreseeable with such continuous investment efforts together with a firm commitment to our vision and strategies. The Group's aggressive approach in investing in human resources, geographical expansion and enhancing product and application solution competences will bring more satisfactory business results to the Group.

ORDER-IN-TAKE

Set out below is a breakdown of the value of the Group's order-in-take (value-added-tax ("**VAT**") included) by business groups:

Order-in-take by business segment	For the year ended 31 December 2024 RMB'000	2024 %	2023 RMB'000	2023 %	Change %
Integrated Process and Packaging Equipment & Systems	**828,501**	**47.9%**	622,046	40.3%	33.2%
Consulting, Digitalization and Construction	**540,783**	**31.3%**	599,699	38.9%	(9.8%)
Life Science Equipment and Consumables	**359,551**	**20.8%**	321,061	20.8%	12.0%
Total	**1,728,835**	**100.0%**	1,542,806	100.0%	12.1%

The total order-in-take amounted to approximately RMB1,728.8 million, representing an increase of approximately RMB186.0 million or 12.1% for the Year, from approximately RMB1,542.8 million for the year ended 31 December 2023. The business groups of Integrated Process and Packaging Equipment & Systems and Life Science Equipment and Consumables had an increase of 33.2% and 12.0%, respectively. At the same time, the business group of Consulting, Digitalization and Construction experienced a decrease of 9.8%.

Integrated Process and Packaging Equipment & Systems

The order-in-take amount of the business group of Integrated Process and Packaging Equipment & Systems amounted to approximately RMB828.5 million for the Year, showing an increase of approximately RMB206.5 million, or 33.2%, compared to approximately RMB622.0 million for the year ended 31 December 2023.

The market experienced a stable and moderate rebound in the second half of 2024, with gradual signs of steady recovery emerging across the industry. The domestic market has begun to release pent-up demand, while the implementation of the EU GMP Annex 1 Manufacture of Sterile Medicinal Products guidelines has driven an increase in renovation projects by domestic pharmaceutical companies. Order coverage has expanded from the singular biopharmaceutical sector to related fields such as chemical pharmaceuticals and healthcare, gradually extending from the Chinese market alone to global markets. Meanwhile, during the exploration of overseas market expansion, there has also been a modest improvement in order-in-take.

Consulting, Digitalization and Construction

The order-in-take amount of the business group of Consulting, Digitalization and Construction recorded approximately RMB540.8 million during the Year, representing a decrease of approximately RMB58.9 million, or 9.8%, from approximately RMB599.7 million for the year ended 31 December 2023.

In 2024, the total order intake value declined due to a sharp reduction in investments in new biopharmaceutical projects and intense market competition. Pharmaceutical companies showed weaker investment willingness in new facility construction and upgrade projects, leading to reduced market orders. However, leveraging the group's strengths in providing full-stage services for pharmaceutical engineering, we aim to boost order intake by driving automation and digitalization system orders through consulting and design services, while focusing on industry demands for energy efficiency and delivering integrated solutions. Opportunities for compliance upgrades aligned with EU/US standards and digital transformation are increasing, with more companies prioritizing overseas market expansion and production efficiency improvements. Significant growth in related opportunities and integrated orders is anticipated in 2025. Despite challenges such as fewer post-pandemic biopharma projects, profit declines caused by centralized procurement of chemical drugs, and reduced international Contract Development and Manufacturing Organization (CDMO) orders affecting single-contract values, 2025 will see new opportunities explored through market segmentation, quality system consulting strategy adjustments, and expansion into China's growing pharmaceutical equipment maintenance service market. Overall, 2025 will prioritize value-driven competition and cost control, enhancing gross margins and order values via differentiated strategies, cost optimization, global market expansion, resource integration, and technological innovation to ensure sustainable business growth.

Life Science Equipment and Consumables

The order-in-take amount of the business group of Life Science Equipment and Consumables increased by approximately RMB38.5 million, or 12.0% from approximately RMB321.1 million for the year ended 31 December 2023 to approximately RMB359.6 million.

Order intake growth in 2024 was mainly due to initiatives including strengthening sales management through organizational adjustments and strategic focus, as well as deploying dedicated key account managers to drive client engagement. Despite the slowdown in the biopharmaceutical sector, the business group intensified its efforts in targeting sterile chemical drug manufacturers and complex formulation enterprises, securing orders from these clients. Leveraging years of expertise in contamination control strategy (CCS), we established a more robust sterile assurance consumables supply system. By refining existing operations from an application-centric perspective, optimizing market strategies, and enhancing scenario-based solutions, we captured additional orders across more clients and product categories. Looking ahead, the continuous improvement in research and development (R&D) capabilities at our consumables manufacturing center and the increasingly mature own brand products (OBP) supply system will further elevate the competitiveness of AUSTAR's proprietary brands, bolstering our core strengths in an intensifying market. We have also built promising distribution channels in overseas markets such as Southeast Asia and East Asia, laying the groundwork for future growth through self-developed and OBP products. Moving forward, we will increase R&D investments to develop more competitive products, amplify marketing efforts to enhance brand recognition and market share, and expand equipment maintenance services by capitalizing on the growth of China's pharmaceutical equipment maintenance market. These initiatives will drive sustainable business growth through value-driven competition, cost optimization, global expansion, resource integration, and technological innovation.

BACKLOGS

Set out below is a breakdown of the Group's closing value of backlogs (VAT excluded) and the corresponding number of contracts by business segment as at 31 December 2024:

	For the year ended 31 December 2024			
Backlogs by business segment	Number of contracts	%	*RMB'000*	%
Integrated Process and Packaging Equipment & Systems	577	36.7%	531,577	49.2%
Consulting, Digitalization and Construction	799	50.9%	497,636	46.0%
Life Science Equipment and Consumables	194	12.4%	52,299	4.8%
Total	1,570	100.0%	1,081,512	100.0%

PRODUCTION, EXECUTION AND ORGANIZATION

The facility of AUSTAR UK Limited ("**AUSTAR UK**"), a wholly-owned subsidiary of the Group, at Huddersfield, West Yorkshire, the United Kingdom, successfully retained its ISO 9001 & 14001 certifications without any non-conformance. The team has also gained accreditation from Alcumus SafeContractor which is the market-leading health & safety accreditation system, helping contractors and organizations become healthier, safer, and stronger whilst safeguarding AUSTAR's safety reputation.

Under the primary goal of promoting and coaching in the AUSTAR Production System (APS), in late 2024, technicians from the China team joined the UK team to execute the Build, Test and Factory Acceptance Test (FAT), which provided valuable learning and experience to all the engineers involved. It is believed that this kind of mutual learning and discussion is an effective way to help technicians grow and build a solid support for our global expansion strategy.

The relocation of Nanjing manufacturing centre to the Shanghai manufacturing centre was successfully completed in July 2024. Following the relocation, quick responses were carried out in the system integration of team organization, quality control, Environment, Health, and Safety (EHS), and production. The integration of the two production sites represented that our aseptic freeze-drying, filling and visual inspection operations from Nanjing have been seamlessly merged into our state-of-the-art Shanghai manufacturing centre to better serve global clients efficiently. Spanning over 31,300 square meters, the upgraded Shanghai manufacturing centre has advanced intelligent manufacturing capabilities. This integration further enhances the Shanghai manufacturing production line, extending from bioprocessing and liquid processing to lyophilization, filling and inspection.

With the purpose of enhancing quality culture and leadership, the Group restructured the quality team, which now belongs to each business group respectively. We believe this restructuring aligns best with the new management structure and will improve overall working efficiency.

After continuous accumulation and improvements in previous years, the APS reached a mature stage in 2024. Over 600 reasonable suggestions were proposed, and the team completed more than 90 Kaizen activities and 20 Toyota Business Practices (TBP)-A3 improvement projects. At the same time, two additional Lean Dojo Management Experience Simulation Courses on Plan-Do-Check-Act (PDCA) focusing on increasing work efficiency, and Theory of constraints (TOC) focusing on reducing costs were developed, bringing the total number of courses in this project to 7.

Following the acquisition of the remaining shareholding in AUSTAR Pharmaceutical, a then joint venture, at the end of 2024, the two production teams are in the process of integration. We believe that with the guidance of the APS, a more efficient management and production system will soon be established.

The AUSTAR Consumables Manufacturing Center (MSC), focusing on contamination control consumables and sterile transfer consumables, has made significant progress in production capacity construction, especially in the field of sterile docking technology. Products like Rapid Docking Bags (RDB) have stepped into the stage of commercialized batch production. This represents technology innovation breakthrough, which promotes a wide application of sterile docking technology in the pharmaceutical industry. Meanwhile, the MSC continues to optimize its operation system in the field of quality, supply chain and production. Through introducing advanced production management principle and digital tools to ensure its operation effectiveness and reliable and stable product quality, with the full capability from R&D to commercialized mass production, the MSC aims to provide clients with high quality and cost-effective consumables, helping them achieve compliant operations and lean production.

Following the business restructuring adjustment in early 2024, and with the aim of establishing a more efficient execution team, the Project Execution Center (PEC) has been restructured based on the principle of business group focus and technician capabilities. In 2024, the PEC executed over 600 projects and successfully delivered 385 projects in mainland China, Taiwan, Southeast Asia, South America and other regions, covering a wide range of sub-industrial sectors, such as Active Pharmaceutical Ingredients (APIs), hospitals, chemicals, biologics, peptide APIs, medicinal aesthetics. In addition to successfully delivering a new leading peptide process project and a medical hyaluronic acid project in China, PEC has also established and cultivated a team of excellent international execution engineers for high quality project execution outside China, in response to the continuous increasing project needs in the global market. The team has executed projects in different countries and regions, including Jordan, Algeria, the United Arab Emirates and Uzbekistan.

With the successful commissioning of multiple tens of billions of tablets automatic weighing and feeding projects for oral preparations and biopharmaceutical automatic weighing and feeding projects, as well as the extension to the implementation of LVP automatic weighing and feeding projects, AUSTAR has laid a cornerstone in the field of digital centralized weighing and feeding, and has been advancing towards intelligent manufacturing. In the face of increasingly stringent national regulations on traditional chemical drugs and TCM, AUSTAR provides professional consulting services to many leading pharmaceutical groups in the areas of subsidiary quality management unification, computerized system validation and management, and daily operations, and has assisted some companies in successfully passing international certification inspections. In the emerging field of nuclear drugs, AUSTAR also offers professional services in quality system establishment, new project confirmation, and validation consulting.

SALES AND MARKETING

The Group's internal sales cooperation model is designed to encourage sales teams from different sectors and different product lines to support each other to offer more relevant solutions to our clients. This model is facilitated by a sophisticated business-intelligent information system of customer relations management to ensure our clients are properly taken care of and our sales team works cost-effectively.

In China, through years of sales talent and organization development, the Company's sales process is relatively mature, covering across area of biological and chemical medicine, medical device, animal health, Chinese medicine, cosmetics, nutria-pharmaceuticals etc. The China sales team is focusing on the China market, and the specific matter experts and technology application team are supporting territory sales for technical support and proposal preparation and presentation.

For global expansion, we have been building up the team gradually according to execution strategies. In recent years, European and Southeast Asia teams were recruited to directly take care of the related sales leads and enquiries. A new leadership team established early 2023 initiated some organization change by optimizing the existing team members and introducing some new members. From the sales order-in-take information, it seems that such organization change has a positive effect as evidenced by the drastic improvement of orders especially in India and Southeast Asia. It is believed that the Group's global revised sales team is able to contribute a greater portion share of sales order-in-take gradually in the near future. Some more committed agents are under engagement and under investigation in 2024.

In the second half of 2024, the Group actively participated in and organized 22 diverse events across key international markets. Through these engagements, AUSTAR reinforced its position in traditional markets while expanding the AUSTAR corporate image into new regions.

Notable exhibitions included Pharma Pro & Pack in Hyderabad, Allpack Indonesia, CPHI & PMEC India, CPHI & P-MEC Worldwide in Milan, CIPM 2024 in Xiamen, China, Pharmtech & Ingredients Moscow, and CPHI Middle East 2024 in Saudi Arabia. Some of these events marked our debut in the region and unlocking new business opportunities in the rapidly expanding markets. We engaged in meaningful discussions with global clients and industry peers, enhancing AUSTAR's brand recognition and forging new partnerships.

Hosting production site open days is a good way to showcase AUSTAR's overall capabilities in leading technology and production, such an event was held in 2024. In 2025, following our global expansion strategy, the Group will create more communication opportunities through attending influential global events and organizing production site open days.

Following the upgrading of our technology and products, 50 new brochures were created in the second half of 2024, accounting for a total of 244 brochures now being shared via the Resource Center on the Group's website. With a four-language material sharing platform, our global clients can easily download the brochures to understand our products, technical solutions, and service capabilities.

In the second half of 2024, the Group released 252 news of the Company, which were shared over 460 times via 16 social media accounts, generating more than 360,000 clicks. The team has been working on exploring more functions on different social media platforms to meet increasing demands and new end-user habits. Dynamic visual information has proven to be highly effective; 37 videos were produced in the second half of the Year, covering new technology, products, project cases studies, function capabilities, industry knowledge and holiday greetings, all of which attracted significant attention. As followers on key social media platforms continue to grow, we have observed order inquiries coming from social media and website channels have been increasing as well, which is strong evidence of the effectiveness and significant impacts of social media channels.

RESEARCH AND DEVELOPMENT

As at 31 December 2024, the Group owned 419 patents. During the Year, the Group obtained 43 registered patents, and applications for 48 patents are currently in progress.

The demand for digitalization and informatization in the solid dosage industry has increased significantly, as has the expectation for integrated solutions that combine process equipment, information systems, and process services. Clients are requesting system integrators to provide turnkey solutions starting from the conceptual design phase. In response to these market needs, AUSTAR has further enhanced the capabilities of its Innovation Process Research Center, optimizing automatic weighing, batching, and material containment transfer systems through R&D and business development, together with automated guided vehicles (AGV) and manufacturing execution systems (MES) facilitates seamless data sharing among systems.

The continuous manufacturing system launched in 2023 has completed its performance testing in 2024, and successfully achieved the process research and development transition from batch to continuous manufacturing for a number of drug products. In addition, an automatic feeding station designed for the large-scale commercialization of TCM was developed and applied to the project.

Drawing on our deep understanding of solid dosage R&D and processes, AUSTAR has developed dual-drive granulation technology for TCM granules, and integrated multiple functions such as PAT modeling, Design of Experiments (DoE), online data acquisition, and data analysis into its self-developed Pharmalytics data platform. This platform connects various R&D software systems, helping engineers to quickly complete modeling, DoE, and data analysis, making it a leading example of digitalizing R&D processes platform.

Based on the core process equipment of biopharmaceuticals, and combined with the actual market needs, the Group has developed standard cultivation systems for upstream cells and microorganisms, as well as core equipment for downstream processes. Additionally, we have supplemented the development of experimental-scale bioreactors and expanded the application of online Raman systems in both upstream and downstream areas. The development of new standard products contributes to industry by improving product quality, reducing production costs, promoting trade efficiency, and increasing project response efficiency.

The optimization and secondary development of the Guideless Robotic Pusher (GRP) system have been completed, enabling its application in more scenarios such as aseptic material transfer; the system also successfully transformed into the commercial application stage. With the characteristics of an all-electric drive, no oil, no pneumatics, and no pollution, GRP offers a wide range of application scenarios and competitiveness in the aseptic pharmaceutical market, which has increasingly high automation requirements in the future.

Our research is advancing prefilled syringe (PFS) technologies under the direction of higher integration and multi-purpose functionality. With the characteristics of simplicity, high integration and strong scalability, the PFS product portfolio expansion in 2024 has enriched the delivery scope, and we believe the continuous expansion of the product portfolio will cope with the increasing needs of the end users.

The Group has successfully introduced a high/low-speed automatic cartoner, equipped with a servo-controlled, efficient and stable transmission mechanism, as well as modular design structure machine features and rapid adjustment and change part functions. They are designed in accordance with cGMP (Current Good Manufacturing Practice) standards to meet the needs of pharmaceutical production. The high/low-speed automatic cartoner is capable of handling intelligent automatic cartoning for various types of packaging, including aluminum-plastic panels, injection plastic trays, medicine bottles, and related food packaging.

AUSTAR has enriched its Container Closure Integrity Test (CCIT) seal integrity testing products and developed sealing test equipment for vials based on Tunable Diode Laser Absorption Spectroscopy (TDLAS) technology and the principle of vacuum attenuation method, which features modular design, multi-specification compatibility, and can be integrated with front-end visual inspection machines. This has expanded the Group's product offerings to meet the increasing needs of the market.

The prototype of the cleanroom intelligent cleaning robot has been successfully developed. It is the world's first smart unmanned operating system that can automatically deploy and implement cleanroom cleaning and disinfection procedures in compliance with the requirements of EU GMP Annex I. The expected upcoming widespread adoption of this technology will significantly promote the process of unmanned intervention in the core areas of pharmaceutical manufacturing.

The Group has successfully developed a series of containment transfer products, including stainless steel and PE Rapid Transfer Ports (RTP) and their accompanying Rapid Docking Bags (RDB). These products are designed to meet the stringent requirements for containment transfer technology in high-end fields such as ADC, cell therapy, and gene therapy. The project team has completed the technology transfer and realized production in China. Meanwhile, through redesign and rigorous testing, we could ensure that the products fully comply with GMP, FDA, and other related regulatory requirements. Currently, some product specifications have completed R&D, and entered the stage of marketization, making a new level of AUSTAR's independent R&D and manufacturing capabilities in high-end life sciences consumables.

PROSPECTS

Since 2024, the six business segments of the Group have been consolidated into three business segment groups: (1) Integrated Process and Packaging Equipment & Systems (IPS), which combines all the original business segments of Liquid and Bioprocess System and Powder and Solid System; (2) Consulting, Digitalization and Construction (CDC), which consolidates all the services and engineering construction businesses into one business segment, from the original business segments of Clean Room and Automation Control & Monitoring System, GMP Compliance Service, and a majority of Distribution and Agency of Pharmaceutical Equipment; and (3) Life Science Equipment and Consumables (SIC), in which the business segment of Life Science Consumables remains as it is but renamed as such.

Integrated Process and Packaging Equipment & Systems

The business segment of Integrated Process and Packaging Equipment & Systems is focused on the business and technology direction of advanced manufacturing and process in life sciences industry. Its establishment has been formed naturally in response to the growing urge within the pharmaceutical industry to have a turnkey supplier with technical and knowledge capacity combinations for both liquid and solid systems, chemical synthesis and biological process, sterility, and non-sterility, from milling to freeze-drying, to tackle some complex formulation and complete API process requirements. An obvious benefit of such competence is its ability to deliver turnkey solutions of peptides and oligonucleotide drugs.

CM has become critically significant in replacing the conventional batch manufacturing methods and offering various technical and economic benefits, especially in terms of CAPEX and operational costs. Recognizing such importance, our chief executive officer Mr. Ho Kwok Keung Mars, led our expert team in supporting the translation and publication of the Chinese edition of the book titled "How to design and implement Powder-to-tablet Continuous Manufacturing Systems" in November 2023. In 2023, the Group organized the first product trial and demo of one OSD CM system developed by AUSTAR. Such success is based on the long-term effort and resources allocated to talent knowledge development of aspects such as digitalization, PAT, pharmaceutical formulation and data processing technology. In 2024 some drug products entitled by clients for studying the technical feasibility for changing from batch to continuous manufacturing were conducted in the Group's process laboratory. CM is a disruptive technology in pharmaceutical manufacturing. The recent enthusiasm on demand for CM applications on innovative and generic drugs following the launch of our CM product and publication launch has strengthened our confidence that the CM applications can bring tremendous business opportunities in terms of service and equipment in mid-long term. In the short-term, the Group is ready to offer consulting services and pilot equipment to support clients' clinical and formulation development tasks.

In order to win the orders of centralized purchase policy by cost and scale, a digitalized manufacturing facility of extraordinary scale of production in the magnitude of 10 billion tablets/capsules per year had been a challenging but now a realistic competitive edge for pharmaceutical manufacturers to pursue. AUSTAR had assisted clients to implement such facility by our digitalization consulting and critical equipment and systems. The AUSTAR OSD integrated system, developed with solid client references, is able to capture more market share in this market segment.

In the area of Freeze-drying, Filling & Inspection technology, the Group will work on product R&D and system integration in various product lines, including PFS systems, powder dosing, high-speed liposome filling line, ampoule product lines, liquid nitrogen freeze-dryers, and fully automated aseptic filling system without manual intervention. The Group has evolved from solely providing freeze-drying machines to developing freeze-drying systems (freeze-dryer + sterile isolation + Automatic Loading and Unloading System (ALUS)) and aims to become a comprehensive solution provider for liquid reagents from design to manufacturing and validation, covering core equipment of freeze-dryer, sterile isolator, ALUS, washer, dehydrogenation tunnel, filling and stoppering machine, capping machine, and inspection machine. Through continuous improvements in this area covering products, service and spare parts, the Group can enhance its overall competitiveness in the global market.

Integrated Filling & Freeze-drying system is now combined with the then business segment of Powder and Solid System, bringing additional technical strength to freeze-dryers with its powder handling and highly potent active pharmaceutical ingredient (HPAPI) containment expertise. Vial and PFS Filling Lines and Freeze-Dryers are important core equipment in the pharmaceutical and medical beauty industry. From being a representative for European suppliers to becoming an equipment manufacturer with its own R&D capabilities, AUSTAR has gone through such tough development process with a classical case like filling line and freeze-dryers, as products from concept to high maturity taking years to complete as high technical barriers and clients' typical conservative attitudes on new vendor qualification in the pharmaceutical industry. With the new EU GMP Annex I rules followed by World Health Organization (WHO) and PIC/S new GMP guidelines, the adoption of more stringent sterility assurance approaches will definitely help the Group's filling line and isolator equipment and system business.

The C-True visual inspection machines launched in the end of 2023. A relatively satisfactory number of orders of such highly potential products were obtained in 2024 and its prospects for coming years are very exciting. The adoption of its unique "camera non-tracking" visual inspection technology and AI deep-learning technology can ensure stable image acquisition and to tackle defect identification. This product, together with our vial and syringe filling line, is our starting point of business growth journey from primary packaging to secondary packaging.

The equipment company Noozle Fluid Technology (Shanghai) Co., Ltd ("**Noozle**"), with AUSTAR as a minority shareholder, has been delivering satisfactory results; its performance improvement through the Group's operation support and its own proactive initiative to explore more industrial sectors in 2024. Noozle's core equipment of powder micronization and nano homogenization has tremendous potentials in complex drug research and manufacturing. Noozle and AUSTAR are able to bundle products together to make competitive offerings.

Consulting, Digitalization and Construction

The scope of the business segment of Consulting, Digitalization and Construction covers services from consulting on front-end engineering, concept and detailed design, digitalization, automation and information systems, GMP compliance and quality systems, facility construction project management up to facility turnkey solutions in the life sciences industry focusing in the biopharmaceutical sectors. Its strength is based on the Group's sophisticated IT-based project execution processes, pharmaceutical process knowledge and automation and information system engineering knowledge of the Group's Research and Manufacturing Operation Information Integrated System (REMOIIS) platform. Such services are able to meet clients' facility management and equipment maintenance and system upgrading requirements.

The Group has been delivering turnkey solutions including clean room engineering in regions other than China such as Middle East and Southeast Asia. The skills and knowledge gained in China allowed the Group to tackle various kinds of project complexity in other regions to deliver very competitive and cost-efficient design to build projects compared to other regional competition players. One of the key business development directions is to explore global expansion opportunities as the profit margin in other regions is better in general.

The Group's knowledge and experience in digitalization and regulatory compliance in the pharmaceutical industry has been allowing the Group to acquire projects with challenging requirements of fully integrated system with intelligent information systems, which distinguishes AUSTAR from the other equipment and system competitors. Such automation and digitalization project requirements are simply coming from the urgent need of clients facing the challenges of operation cost-down pressure, especially in China, due to all the currently implemented drug price-down policies.

The importance and urgency of digitalization transformation in terms of Pharma 4.0 have well been recognized in the developed countries. Research and manufacturing companies in life sciences in emerging countries including China have gradually realized that they must speed up their pace in digitalization transformation in order to catch up with their peers in the developed countries. The Group has addressed such development and trend in the past several years by spending serious efforts into developing talents and skills in the segment of technologies. A sophisticated structure of the REMOIIS platform was created by the Group to facilitate software vendors and partners to offer solutions to clients, with the Group's capacity to act as a system integrator and provide infrastructure including data processing and analytics, by covering levels from level 0 to level 3 throughout the whole product life cycle. Whereas, the Group is aware of such situation and plans to expand its business sector on service relating to repairment and maintenance to cater for the needs of potential customers.

The Group has a strong and experienced service team to offer classical repair and maintenance, automation system upgrading up to facility management services. The market demand of services on facility and equipment maintenance has been increasing as pharmaceutical researchers and manufacturers are focusing their resources on core competencies instead of developing staff for repair and maintenance. Outsourcing repair and maintenance to other service vendors instead of executing such operation by clients themselves is a current market trend. The regulatory requirements on computer system validation will bring about technical challenges for our clients to upgrade their automation systems for the updated regulatory compliance.

The GMP compliance and pharmaceutical quality management services offered by the Group are highly recognized in the biopharmaceutical sectors in China and Asia regions. Such experience can be applied to other industrial sectors within life sciences to leverage the reputation gained in the biopharmaceutical sectors, such as animal health, medical beauty, radiopharmaceutical and medical devices, which requires more and more GMP production practices due to the more stringent regulatory inspections by authorities.

Leverage the various professional knowledge accumulated over the years, each business unit in the business segment has established a comprehensive consulting team including process consulting, conceptual design and detailed design, intelligent and information consulting, and compliance and facility management consulting. This capability allows the Group to stand out from many other service providers and allows the Group to successfully provide pharmaceutical companies with unique comprehensive consulting services.

In the face of intense competition in the pharmaceutical market in China, pharmaceutical companies are experiencing sharply increased cost pressures, forcing them to find solutions for reducing costs and increasing efficiency. Digital transformation and energy-saving transformation will become development trends in the near future. By implementing overall operation and maintenance management, facility management services and energy-saving transformation, pharmaceutical companies can improve production efficiency and reduce operating costs, which will become trends to promote sustainable development of the pharmaceutical industry. This is one area in which the Group spends considerable amount of time and efforts on maximising its profit in achieving cost efficiency.

Life Science Equipment and Consumables

The conventional business of the business segment of Life Science Equipment and Consumables is related to service, consumable and equipment. With more than 20 years of dominance in the market in China in sterility assurance for bio decontamination, we have demonstrated a good track record of client loyalty and profit margin. Although it appears to be a buy-and-resell business model, a deeper examination into this business reveals that its strength and competitiveness rely on its knowledge on decontamination – washing, disinfection and sterilization. One of our key growth initiatives is the launching of our own-brand products several years ago by cooperating with third-party vendors and existing partners with its China manufacturing facilities. As such, we can cover more price-sensitive sectors with higher sales quantities. Another growth momentum driver for this decontamination product and service business is being driven by the regulatory requirements of EU GMP Annex 1 especially with the efforts PIC/S-EMA-WHO Joint Implementation Working Group on Revised Annex 1 (manufacture of sterile medicinal products) announced in January 2024. New sectors like high-value medical beauty, peptides and oligonucleotide and other complex drugs can be a new revenue generation source for this business. The cell and gene therapy (CGT) sector is a very exciting opportunity for those vendors who are able to offer sterility assurance consulting, supporting services and consumables to those clients where product and patient safety are critical.

Services and products related to aseptic transfer and single-use bioprocess consumables mainly refers to our clean steam bags and bioprocess bags from one of our previous joint-venture. Following the disposal of our interests in this joint venture in 2021, the Group is working out a new business model to tackle the issues and explore such product market opportunities. For aseptic transfer, the Group has partnered with CAPE Europe France ("**CAPE Europe**"), a joint venture of AUSTAR located in France with innovative RTP products, for sales and technical cooperation. For single-use bioprocess consumables, without proper strategies it would be too tough to regain the market share, as client perception and vendor capacities have all changed in the past few years especially during the COVID-19 pandemic period.

A strategic direction of the business segment lies in advanced therapies and advanced bioprocess technology. Specifically, for products of bioreactors, freeze & thaw equipment and isolators were transferred to the business segment of Integrated Process and Packaging Equipment & Systems to leverage such products to make its offering more comprehensive in bioprocessing, allowing the business segment of Life Science Equipment and Consumables to focus on consumables and containment control related business. In the past one to two years, in order to help our clients to tackle the challenges in the advanced therapy medicinal products (ATMP) sector with corresponding solutions, the Group has provided (i) customization of process development and optimization, where the main products are in cell preparation segment and involved in the scaling up process, such as wave bioreactor, glass bioreactor, honeycomb cell culture system and isolator, cell preparation station and cell storage programmable cooling device; and (ii) contamination control and containment material handling and transport in its commercial production including cell preparation isolators, sterile transport spare parts and equipment, environmental monitoring systems.

Strong Technical Competence and Knowledge

The Group has been developing 12 technology applications in our competence and knowledge model, and individual specific technology application teams have been established step by step over the past years. Such 12 technology application teams comprise: 1) Pharmaceutical Automation & Digitalization, 2) Cleaning, Sterilization & Disinfection, 3) Clean Utilities, 4) Biopharma Process and Technology, 5) Containment Technology, 6) Clean Room/HVAC/EMS/BMS, 7) Freeze-drying, Filling & Inspection, 8) Biosafety Technology and Facilities, 9) Laboratory Technology & Facilities, 10) Pharmaceutical Formulation Technology, 11) Regulatory Compliance & Operation Excellence, and 12) Analytics Measurement Technologies, where regular workshops were held for the purpose of better unification of the technology capability of individual product lines into comprehensive technology solutions. It is believed that with these cross-business-unit professional technical application teams, more up-to-date technology solutions can be provided to the clients.

Service Business Opportunities

Our enthusiasm on the development of the service business has been prevailing among all major business units and product lines, as the service business does not apparently require heavy working capital to achieve business performance as compared with equipment and engineering systems business. The service business depends on established human capital and streamlined process, and more importantly, the brand recognition gained from long-time client loyalty and satisfaction. It is believed that AUSTAR possesses all these elements.

The scope of the Group's service offerings under the service business has been gradually increasing to enhance its differentiation from competition. It is not easy for the competitors to copy the service business, which offers reasonable profit margin contributions to the Group. A dedicated service business growth initiative team was established around two years ago to adopt more aggressive approach and action plans to increase the service business revenue. With the ratio of the Group's service business increasing in near future, the gross margin contribution therefrom is expected to become more significant.

Global Expansion

For global expansion, we have been building up the team gradually according to our execution strategies, as in the past few years, European and Southeast Asia teams were recruited to directly take care of the related sales leads and enquiries. It is believed that the Group's global sales team is able to contribute a greater portion of sales order-in-take gradually in the near future. It is evident that selling standardized equipment products is easier compared to services and customized-products and systems. The more integrated the system, the more challenging for communicating with clients on technical and commercial proposals and project execution. In the past 10 years, the Group has been gradually developing a more standardized core equipment in our product portfolios, which was more convenient to sell than systems in some regions other than China. The Group's global project execution team, through team competence building, has demonstrated its capability in professional project management with very high levels of client satisfaction and client loyalty in the Middle East, North Africa and South East Asia.

The AUSTAR UK facility with its research and development, and marketing competence can help the Group to develop its business in Europe. In addition, CAPE Europe, based in France, will further enlarge the scale of the Europe market. The Group is committed to being one of the leaders in the life sciences industry.

Complex Drugs

The US FDA has defined complex drugs with the following categories:

1. Products with complex active ingredients (e.g., peptides, polymeric compounds, complex mixtures of active pharmaceutical ingredients); complex formulations (e.g., liposomes, colloids); complex routes of delivery (e.g., locally acting drugs, complex ophthalmological products and otic dosage forms that are formulated as suspensions, emulsions, or gels); or complex dosage forms (e.g., implantable, transdermal, metered dose inhalers, extended release injectables).

2. Complex drug-device combination products (e.g., auto-injectors, inhalers).

3. Other products where complexity or uncertainty concerning the approval pathway or possible alternative approach would benefit from early scientific engagement.

While complex products are gaining popularity and there are hundreds of advanced delivery platforms being currently under development, only a handful of technologies are of practical use at this time. Product technology examples in this sector include nanoparticles, drug-eluting systems/devices, liposomes, polymeric microparticles, and others. Complex processing challenges include, among others, aseptic manufacturing, the inclusion of highly potent compounds, milling/particle engineering, spray drying, extrusion, and microfluidization.

In 2022, the Group acquired a 40% share in Noozle, a company which manufactures some of the core equipment of the above-mentioned processes, namely micro and nano particle homogenization including jet milling and micro fluidization equipment. For the time being, most of the clients are in the research phases with laboratory and pilot scale equipment and facilities, but it is expected that revenue will increase significantly after these clients have successfully obtained new drug approvals and turn to commercial phases with larger production scales. It is an important supplementary product strategy for the Group to offer complete turnkey solutions with the core equipment available in the scope of Noozle.

Advanced Therapies Medicinal Products

Due to the release and enforcement of EU GMP new regulations and process requirements of CGT, sterility assurance in the whole manufacturing process have become stringent and a key consideration in equipment and system engineering. It is believed that with AUSTAR UK, our subsidiary in the UK, CAPE Europe, our joint venture in France, and the Group's manufacturing facility for sterile transfer and isolation technology in China will work closely with a strategic goal to offer most competitive sterile protection and assurance scheme globally, will contribute to substantial growth in revenue and profit to the Group.

New therapeutics research and commercialization is one of the key business growth driving forces for life sciences service providers like AUSTAR. It is believed that CGT technology and process are still at an early development phase where there is still much room for innovative and creative service providers to initiate a lot of new business and new products and services in this field. The optimism surrounding this sector has brought about enthusiasm for investment and dedication of resources towards R&D and manufacturing plans in life sciences, as clearly witnessed now in Asia with equipment orders acquired in 2024 outside China. The Group is getting more and more involved in this sector from strategic and engineering consulting to equipment and consumable supply. Such proactive involvement would help us develop more knowledge and experience to create and innovate products and services in this potential sector. The Group believe the development trend of the CGT sector will continue to be prospectus after, the approval of CAR-T drugs represented that the ATMP products has entered the stage of rapid development, even though CAPEX investment for new projects for ATMP have been slowing down due to some adverse macroeconomic factors in 2024. The Group is dedicated to helping clients to build a compliant, lean and flexible cell therapy facilities, providing engineering and process solutions from conceptual design, clean engineering to core cell therapy process equipment, and building traceable cell therapy automation and information solutions. Since 2023 more cell-related equipment and systems in the ATMP sector have been launched including some products developed and manufactured by the Group with its own intellectual property rights. The strong pipelines of products and services under development, through the corporate level Innovative and Research Centre and through business unit R&D teams, can support further growth in the Group's business.

RESULTS OF OPERATIONS

Revenue

The Group provides its services and products under three business groups, namely: (1) Integrated Process and Packaging Equipment & Systems, the major types of which include liquid process system and powder and solid system; (2) Consulting, Digitalization and Construction, the major types of which include design consulting, compliance services system, and cleanroom/automation control system; and (3) Life Science Equipment and Consumables, focusing on life sciences consumables, advanced therapies and advanced bioprocessing technologies.

The Group's total revenue amounted to approximately RMB1,500.4 million for the Year, representing a decrease of approximately 14.9% compared to the year ended 31 December 2023, primarily attributable to the decrease in revenue from the business groups of Integrated Process and Packaging Equipment & Systems and Consulting, Digitalization and Construction, partially offset by the increase in revenue from the business group of Life Science Equipment and Consumables.

The following table sets forth, the breakdown of the Group's revenue by business group:

	For the year ended 31 December				
	2024		2023		Change
Revenue by business segment	RMB'000	%	RMB'000 (Restated)	%	%
Integrated Process and Packaging Equipment & Systems	655,205	43.6%	863,086	48.9%	(24.1%)
Consulting, Digitalization and Construction	515,814	34.4%	597,255	33.9%	(13.6%)
Life Science Equipment and Consumables	329,383	22.0%	303,393	17.2%	8.6%
Total	1,500,402	100%	1,763,734	100.0%	(14.9%)

Integrated Process and Packaging Equipment & Systems

The Group's revenue from the business group of Integrated Process and Packaging Equipment & Systems decreased by approximately RMB207.9 million, or 24.1%, from approximately RMB863.1 million for the year ended 31 December 2023 to approximately RMB655.2 million for the Year. The decrease was mainly due to a decrease in opening backlog.

Consulting, Digitalization and Construction

The Group's revenue from the business group of Consulting, Digitalization and Construction decreased by approximately RMB81.5 million, or 13.6%, from approximately RMB597.3 million for the year ended 31 December 2023 to approximately RMB515.8 million for the Year. The decline in the backlog balance at the end of 2023, coupled with the delayed initiation of some signed projects due to client development plan adjustments, and relatively weak order intake in 2024, led to reduced sales revenue in 2024.

Life Science Equipment and Consumables

The Group's revenue from the business group of Life Science Equipment and Consumables increased by approximately RMB26.0 million, or 8.6%, from approximately RMB303.4 million for the year ended 31 December 2023 to approximately RMB329.4 million for the Year. The increase was mainly due to the increase in order-in-take and the increase in the opening backlog for the Year.

The following table sets forth the breakdown of the Group's revenue by geographical regions:

	For the year ended 31 December				
	2024		2023		Change
Revenue	**RMB'000**	**%**	RMB'000	%	%
Mainland China	**1,333,487**	**88.9%**	1,681,099	95.3%	(20.7%)
Other locations	**166,915**	**11.1%**	82,635	4.7%	102.0%
Total	**1,500,402**	**100%**	1,763,734	100%	(14.9%)

The Group derived its revenue mainly from customers in Mainland China, which accounted for approximately 88.9% of the total revenue for the Year (2023: approximately 95.3%). Revenue from other locations showed an increase during the Year.

Cost of sales

The Group's cost of sales decreased by approximately RMB228.5 million or 16.0% from approximately RMB1,427.7 million for the year ended 31 December 2023 to approximately RMB1,199.2 million for the Year. The decrease was mainly due to the drop in revenue.

Gross profit and gross profit margin

The Group's gross profit decreased by approximately RMB34.9 million or 10.4% from approximately RMB336.1 million for the year ended 31 December 2023 to approximately RMB301.2 million for the Year. The gross profit margin increased from approximately 19.1% for the year ended 31 December 2023 to approximately 20.1% for the Year. The increase in the gross profit was mainly due to the higher gross profit margin achieved by the business group of Integrated Process and Packaging Equipment & Systems and Life Science Equipment and Consumables.

The following table sets forth the breakdown of the Group's gross profit and gross profit margin by business groups:

Gross profit and gross profit margin by business group	For the year ended 31 December 2024			For the year ended 31 December 2023		
			Gross profit margin			Gross profit margin
	RMB'000	%	%	RMB'000 (Restated)	%	%
Integrated Process and Packaging Equipment & Systems	**92,834**	**30.8%**	**14.2%**	99,421	29.6%	11.5%
Consulting, Digitalization and Construction	**79,621**	**26.4%**	**15.4%**	140,974	42.0%	23.6%
Life Science Equipment and Consumables	**128,762**	**42.8%**	**39.1%**	95,655	28.4%	31.5%
Total	**301,217**	**100.0%**	**20.1%**	336,050	100.0%	19.1%

Notes:

1. Gross profit margin by business group represents gross profit divided by revenue of the respective business group for the Year.

2. Total gross profit margin represents gross profit divided by total revenue for the Year.

Integrated Process and Packaging Equipment & Systems

The gross profit from the business group of Integrated Process and Packaging Equipment & Systems decreased by approximately RMB6.6 million, or 6.6%, from approximately RMB99.4 million for the year ended 31 December 2023 to approximately RMB92.8 million for the Year. The gross profit margin increased from approximately 11.5% for the year ended 31 December 2023 to approximately 14.2% for the Year. Market competition has intensified, leading clients to reduce operational costs and lower procurement prices. However, the supply chain team's enhanced bargaining power in material procurement and improvements in workforce efficiency have both contributed to an increase in gross profit margin. Additionally, the expansion of overseas projects has further boosted the gross profit margin.

Consulting, Digitalization and Construction

The gross profit from the business group of Consulting, Digitalization and Construction decreased by approximately RMB61.4 million, or 43.5%, from approximately RMB141.0 million for the year ended 31 December 2023 to approximately RMB79.6 million for the Year. The gross profit margin of the business group of Consulting, Digitalization and Construction decreased from approximately 23.6% for the year ended 31 December 2023 to approximately 15.4% for the Year.

In 2024, constrained market demand and intensified price competition drove clients toward low-price bidding strategies. To retain market share, strategic projects compressed profit margins, leading to dual declines in both absolute gross profit and profitability ratios despite revenue growth. To address these challenges, the following strategic initiatives will be prioritized in 2025:

- Shift to Value-Centric Competition: Transition from price-based to differentiated value propositions, emphasizing customized solutions and service excellence.
- End-to-End Cost Optimization: Implement full-cycle cost control mechanisms across procurement, operations, and project delivery.
- Global Market Strategy: Strategically integrate AUSTAR CDC's Core Resources and Cutting-edge Technological Capabilities to Accelerate Global Expansion.
- Portfolio Rebalancing: Establish a margin-weighted project screening framework to prioritize contracts with superior profitability profiles.
- Technology-Driven Margin Enhancement: Accelerate R&D in digital construction technologies (e.g., Building Information Modelling (BIM), Internet of Things integration) to capture technical premiums.

Through these measures, we aim to systematically improve contract quality, strengthen margin resilience, and achieve sustainable business growth with gradual gross margin recovery.

Life Science Equipment and Consumables

The gross profit from the business group of Life Science Equipment and Consumables increased by approximately RMB33.1 million or 34.6% from approximately RMB95.7 million for the year ended 31 December 2023 to approximately RMB128.8 million for the Year. The increase in gross profit was mainly due to the increase in revenue. The gross profit margin of the business group of Life Science Equipment and Consumables increased from approximately 31.5% for the year ended 31 December 2023 to approximately 39.1% for the Year. The improvement in gross profit margin was primarily attributed to changes in the product mix of signed contracts, with higher-margin consumables accounting for a larger share of sales, leading to an overall increase in the gross profit margin.

Selling and marketing expenses

Selling and marketing expenses decreased by approximately RMB35.4 million, or 21.2%, to approximately RMB131.9 million for the Year from approximately RMB167.3 million for the year ended 31 December 2023. The decrease was mainly the result of the decrease on personnel costs, warranty provision, professional fees, and travelling expenses.

Administrative expenses

Administrative expenses decreased by approximately RMB26.5 million, or 19.8%, to approximately RMB107.2 million for the Year from approximately RMB133.7 million for the year ended 31 December 2023. The decrease was mainly the result of decrease of personnel cost, professional fees, and auditor's remuneration.

Net impairment losses on financial assets and contract assets

Net impairment losses on financial assets and contract assets of approximately RMB3.4 million were recorded for the Year, compared to net impairment loss on financial assets and contract assets of approximately RMB31.9 million for the year ended 31 December 2023. The impairment losses mainly reflected the impact of credit risk individual assessment for certain higher-risk customers and projects after the consideration of the likelihood of recovering from specific debtors.

Research and development expenses

The Group's research and development expenses decreased by approximately RMB1.8 million or 3.3% to approximately RMB53.5 million for the Year from approximately RMB55.3 million for the year ended 31 December 2023. The decrease was the combined result of the headcount decrease, decrease of technical service fee and increase of material consumption during the Year.

Other income

Other income increased by approximately RMB15.8 million, or 135.0%, to approximately RMB27.5 million for the Year from approximately RMB11.7 million for the year ended 31 December 2023. This increase was mainly due to the government grants for compensation related to the disposal of land use rights.

Other gains – net

The Group recorded a net other gain of approximately RMB2.4 million for the Year, which was mainly due to gain on bargain purchase on acquisition of a subsidiary of approximately RMB4.1 million and gain on early termination of lease contracts of approximately RMB1.1 million, offset by exchange losses of approximately RMB4.1 million. For the year ended 31 December 2023, there were exchange gains of approximately RMB7.1 million and a gain on disposal of the land use rights classified as a right-of-use asset of approximately RMB5.0 million.

Finance costs – net

Finance costs – net increased from approximately RMB11.1 million for the year ended 31 December 2023 to approximately RMB14.3 million for the Year, mainly due to the increase of interest expense as a result of higher loan level during the Year.

Share of net profit of investments accounted for using the equity method

The Group's share of net profit of investments accounted for using equity method decreased by approximately RMB6.4 million, from approximately RMB6.7 million for the year ended 31 December 2023 to approximately RMB0.3 million for the Year, primarily due to the decrease in profit contribution from the Group's associates, AUSTAR Pharmaceutical Systems (Hong Kong) Ltd and Noozle Fluid Technology (Shanghai) Co., Ltd.

Profit/(loss) before income tax

The Group recorded a profit before income tax of approximately RMB21.2 million for the Year compared to a loss before income tax of approximately RMB34.4 million for the year ended 31 December 2023, which was due to the factors as described above in this section.

Income tax expense

Income tax expense increased by approximately RMB7.2 million, from approximately RMB0.4 million for the year ended 31 December 2023 to approximately RMB7.6 million for the Year, which was mainly due to the increase in profit before income tax.

Profit/(loss) for the year

The Group recorded a profit for the Year of approximately RMB13.6 million compared to a loss of approximately RMB151.3 million for the year ended 31 December 2023, which was primarily attributable to the loss from discontinued operation of approximately RMB116.5 million last year and factors as described above in this section.

LIQUIDITY AND FINANCIAL RESOURCES

The following table summarizes the Group's consolidated statement of cash flows:

	For the year ended 31 December 2024 RMB'000	For the year ended 31 December 2023 RMB'000
Net cash generated from/(used in) operating activities	**98,805**	(62,649)
Net cash generated from/(used in) investing activities	**4,430**	(54,467)
Net cash (used in)/generated from financing activities	**(101,323)**	147,115
Net increase in cash and cash equivalents	**1,912**	29,999

For the Year, the Group had net cash generated from operating activities of approximately RMB98.8 million, mainly attributable to the following:

i. profit before income tax for the Year of approximately RMB21.2 million, plus the depreciation of property, plant, equipment and right-of-use assets totalling approximately RMB45.9 million and the amortization of intangible assets of approximately RMB7.2 million;

ii. decrease in contract assets of approximately RMB91.0 million, and the increase in contract liabilities of approximately RMB17.4 million, and the decrease in inventory of approximately RMB10.9 million;

iii. partially offset by an increase in trade and other receivables of approximately RMB56.3 million and a decrease in trade and other payables of approximately RMB36.5 million.

For the Year, the Group had net cash from investing activities of approximately RMB4.4 million, which was mainly attributable to proceeds from disposal of land use rights classified as right-of-use assets of approximately RMB12.4 million and redemption of term deposits with initial terms of over three months of RMB10.0 million, partially offset by the purchase of property, plant, and equipment in a total amount of approximately RMB20.5 million.

For the Year, the Group had net cash used in financing activities of approximately RMB101.3 million, mainly due to the repayments of borrowings of approximately RMB380.0 million, principal elements of lease payments of approximately RMB7.5 million and interest paid of approximately RMB17.1 million. These outflows were partially offset by proceeds from borrowings of approximately RMB303.1 million.

As at 31 December 2024 and 31 December 2023, the Group had cash and cash equivalents of approximately RMB166.8 million and RMB163.8 million, respectively, and balances of pledged bank deposits under current assets were approximately RMB38.9 million and RMB36.4 million, respectively, and term deposits with initial term of over three months of approximately RMB1.0 million and RMB10.0 million, respectively.

Net current assets

The Group's net current assets as at 31 December 2024 decreased by approximately RMB33.0 million, or 8.3%, from approximately RMB396.1 million as at 31 December 2023 to approximately RMB363.1 million as at 31 December 2024. This decrease was driven by decrease of revenue.

As at 31 December 2024, the Group's total current assets amounted to approximately RMB1,551.8 million, which represented a decrease of approximately RMB22.0 million as compared with approximately RMB1,573.8 million as at 31 December 2023.

As at 31 December 2024, the Group's total current liabilities amounted to approximately RMB1,188.7 million, which represented an increase of approximately RMB11.0 million as compared with that of approximately RMB1,177.7 million as at 31 December 2023.

Borrowings and gearing ratio

As at 31 December 2024, the total short-term interest-bearing bank borrowings amounted to RMB229.8 million. The secured short-term bank borrowings amounted to RMB72.6 million, bearing interest rates ranging from 1.50% to 3.80% per annum (2023: 2.40% to 4.00% per annum), and the unsecured short-term bank borrowings amounted to RMB157.2 million, bearing interest rates ranging from 2.95% to 3.90% per annum (2023: 3.10% to 4.10% per annum).

The long-term bank borrowings amounted to RMB25.1 million, bearing interest rates of 3.65% per annum (2023: 3.50% to 4.35% per annum). The long-term borrowings due within one year amounted to RMB98.9 million, bearing interest rates from 3.30% to 4.25% per annum (2023: 3.50% to 4.35% per annum).

The Group's gearing ratio was approximately 33.9% as at 31 December 2024 (31 December 2023: 39.2%). The ratio was calculated based on total debts as of the respective dates divided by total equity as of the respective dates and multiplied by 100%.

Pledged assets

As at 31 December 2024, in addition to pledged bank deposits of approximately RMB38.9 million (31 December 2023: approximately RMB36.4 million), the Group had buildings and right-of-use assets having a total carrying amount of approximately RMB223.6 million and approximately RMB64.1 million respectively (31 December 2023: buildings, right-of-use assets and assets classified as held for sale having a total carrying amount of approximately RMB229.9 million, approximately RMB61.8 million and approximately RMB8.6 million respectively) which were pledged as collateral for certain bank borrowings of the Group.

Contingent liabilities

As at 31 December 2024, the Group provided guarantee to banks in respect of one irrevocable letter of credit utilized by ROTA KG, an investment accounted for using the equity method, totalling EUR600,000 (approximated at RMB4,515,000). It sets forth the maximum exposure of these guarantees to the Group.

HUMAN RESOURCES

As at 31 December 2024, the Group had 1,445 full-time employees for research and development, sales and marketing, administration, project management and execution and manufacturing. This represents a decrease of 165 employees as compared with the number of employees as at 31 December 2023. The employee costs (including the Directors' remuneration) were approximately RMB402.6 million for the Year, which represented a decrease of approximately 12.4% as compared with approximately RMB459.8 million for the year ended 31 December 2023.

Employee costs of the Group decreased mainly due to the Group's decrease in its number of employees as part of organizational structure optimization and to stimulate organizational vitality.

The Group regularly reviews its remuneration policies and employee benefits with reference to market practices and performance of individual employees. The remuneration of the employees and the Directors are determined by reference to their responsibilities, professional qualification, industry experience and performance. The emolument policy of the Directors is recommended by the remuneration committee of the Board and determined by the Board.

The Group has established various welfare plans including the provision of basic medical insurance, unemployment insurance and other relevant insurance for employees who are employed by the Group pursuant to the PRC rules and regulations and the existing policy requirements of the local government. The Group has also made statutory contributions for its employees in Hong Kong, Taiwan, India, Indonesia, Germany, UK and Malaysia.

The Group has formulated provisions and rules on employees' training, such as the "Training and Development Control Procedures" and the "Training Management Control Procedures", detailing the implementation of training and accountability in training. In addition, in the "Staff Handbook", the Group divides training into orientation, overseas training, management training, professional skills training and corporate culture training.

CAPITAL COMMITMENT

Capital expenditure on property, plant and equipment and intangible assets that had been contracted for but not yet incurred as of 31 December 2024 and 2023 amounted to approximately RMB2.1 million, which was mainly attributable to the unpaid commitment of construction of the new facilities in Shanghai and Shijiazhuang.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES, ASSOCIATED COMPANIES OR JOINT VENTURES

Except for the acquisition of a 51% equity interest in AUSTAR Pharmaceutical by the Group on 16 December 2024, there were no significant investments, material acquisition or disposal of subsidiaries, associates or joint ventures by the Group during the Year. Details of the aforesaid acquisition are set out in the Company's announcement dated 16 December 2024.

FOREIGN EXCHANGE RISK

The Group mainly operates in the PRC and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Euro, US dollar and HK dollar. Foreign exchange risk arises from the ending balances of the internal borrowings among the Group's subsidiaries, which have different functional currencies, the foreign currencies held by the Group's subsidiaries and offices and the sales of the Group's products and services to overseas customers who settle payments in foreign currencies. The Directors do not consider the foreign exchange rate risks as material to the Group and therefore, did not utilize any financial instruments such as forward currency exchange contracts to hedge the risks.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Our Board comprises eight Directors, including four executive Directors, one non-executive Director and three independent non-executive Directors. The following tables sets forth certain information relating to our Directors:

Name	Age	Position
Executive Directors		
Mr. Ho Kwok Keung, Mars	62	Chairman and Chief Executive Officer
Mr. Ho Kin Hung	68	Executive Director
Mr. Chen Yuewu	58	Executive Director
Madam Zhou Ning	52	Executive Director
Non-executive Director		
Madam Ji Lingling	42	Non-executive Director
Independent Non-executive Directors		
Mr. Cheung Lap Kei	53	Independent non-executive Director
Madam Chiu Hoi Shan	48	Independent non-executive Director
Mr. Leung Oi Kin	50	Independent non-executive Director

EXECUTIVE DIRECTORS

Mr. Ho Kwok Keung, Mars ("**Mr. Mars Ho**") (**何國強**), aged 62, is the founder of the Group. He was appointed as a Director on 9 January 2014 and has been an executive Director since 20 June 2014. He is the chairman of the Board, the chief executive officer of the Company, the chairman of the nomination committee of the Board ("Nomination Committee"), a member of the corporate governance committee of the Board ("Corporate Governance Committee") and a director of certain subsidiaries of the Company. He is responsible for overseeing the business, corporate strategy and long-term planning all-round development of the Group. Mr. Mars Ho has nearly 40 years of experience in the pharmaceutical industry. In recognition of Mr. Mars Ho's dedication and achievements in the pharmaceutical industry, he was selected and awarded the honor of pharmaceutical 中國醫藥「60年60人」("60 Elites of 60 years" in China Pharmaceutical) in November 2009, which is a recognition of his effort in influencing and contributing to the pharmaceutical industry in China and was awarded the title of 行業領航人 ("**Industry Pilots**") by China National Pharmaceutical Packaging Association in April 2019, which is a recognition of his long-term and outstanding contribution to the development of pharmaceutical packaging of China. He had served as the chairman of China Affiliate of International Society of Pharmaceutical Engineering (ISPE) from 2011 to 2012 and had been a member of the ISPE China board of directors and executive council from 2013 to 2017. Mr. Mars Ho had co-edited a number of pharmaceutical professional books such as Pharmaceutical Process Validation Manual, Microbial Control in Pharmaceutical Cleanroom, Pharmaceutical Liquid Process, Pharmaceutical Water Systems and Quality Risk Management in Pharmaceutical Industry: A Practical Guide. He is the current technical consultant and a member of the board of directors of China National Pharmaceutical Packaging Association. Mr. Mars Ho obtained a bachelor of science degree in engineering from The University of Hong Kong in November 1985. Mr. Mars Ho is a director of Standard Fortune Holdings Limited, which is a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) ("**SFO**") and the controlling shareholder (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") ("**Listing Rules**")) of the Company.

Mr. Ho Kin Hung ("**Mr. KH Ho**") (**何建紅**), aged 68, joined the Group on 20 August 2003. He was appointed as a Director on 9 January 2014 and has been an executive Director since 20 June 2014. Mr. KH Ho is also a director of two subsidiaries of the Company. He is responsible for overall management of operations and sales of the Group. Mr. KH Ho has over 40 years of experience in the pharmaceutical industry. Prior to joining the Group, Mr. KH Ho worked as a marketing executive at China Fen Hin Medicine Co., Ltd from February 1981 to January 1992, where he was responsible for marketing. China Fen Hin Medicine Co., Ltd was primarily engaged in the export and wholesale of Chinese medicine and health products. He obtained a higher diploma in China trade awarded jointly by the Hong Kong Management Association and the Institute of Research on Economics of SEZs, Hong Kong and Macau Jinan University, China in October 1987. Mr. KH Ho is a director of True Worth Global Limited, which is a substantial shareholder of the Company within the meaning of Part XV of the SFO.

Mr. Chen Yuewu ("**Mr. Chen**") (**陳躍武**), aged 58, joined the Group on 1 August 2005 and has been an executive Director since 20 June 2014. He is also a member of the risk management committee of the Board ("**Risk Management Committee**") and a director of a subsidiary of the Company. Mr. Chen is responsible for overall management of operations and managing technology centre of the Group. Mr. Chen has over 30 years of experience in the pharmaceutical industry. Mr. Chen had been a technical services manager in a company controlled by Mr. Mars Ho, the chairman of the Board, an executive Director, the chief executive officer and one of the controlling shareholders (as defined under the Listing Rules) of the Company since April 2000. Mr. Chen obtained a bachelor's degree of electrical engineering in industrial electrical and automated production in July 1990 from 河北工學院 (Hebei Institute of Technology*) in China. He further completed a one-year course in economics and management strategy at 北京大學 (Peking University*) in October 2012. In December 2020, Mr. Chen obtained the qualification as Senior Engineer in Food and Drug Engineering from the Title Reform Leading Group Office of Hebei Province.

Madam Zhou Ning ("**Madam Zhou**") (**周寧**), aged 52, joined the Group on 10 April 2014 and has been an executive Director since 20 June 2014. She is also the chairlady of each of the Corporate Governance Committee and the Risk Management Committee and a member of the remuneration committee of the Board ("**Remuneration Committee**"). Madam Zhou is also a director of certain subsidiaries of the Company. She is responsible for overall management of operations and internal control of the Group. Madam Zhou has over 15 years of experience in the pharmaceutical industry. Before joining the Group in April 2014, from November 2005 to February 2014, Madam Zhou had been employed by a company controlled by Mr. Mars Ho, the chairman of the Board, an executive Director, the chief executive officer and one of the controlling shareholders (as defined under the Listing Rules) of the Company, responsible for finance, supply chain and factory operation management. Madam Zhou graduated with a bachelor's degree of arts from 北京師範大學 (Beijing Normal University*) in China in June 1995 and a master's degree in business administration from 北京大學 (Peking University*) in China in January 2006.

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NON-EXECUTIVE DIRECTOR

Madam Ji Lingling ("**Madam Ji**") (季玲玲), aged 42, has been a non-executive Director since 20 June 2014, on which she joined the Group. She is also a member of each of the audit committee of the Board ("**Audit Committee**") and the Risk Management Committee. Madam Ji is a qualified lawyer in the PRC and has over 20 years' experience in legal compliance. Since July 2005, Madam Ji has been employed by a company controlled by Mr. Mars Ho, the chairman of the Board, an executive Director, the chief executive officer and one of the controlling shareholders (as defined under the Listing Rules) of the Company, as an assistant to Mr. Mars Ho, assisting him in overseeing all legal matters. Madam Ji graduated from 中國人民大學 (Renmin University of China*) in China with a bachelor's degree in laws in July 2004 and from 北京大學 (Peking University*) in China with a master's degree in laws in January 2012 respectively. Madam Ji also obtained the Master of Laws degree from Temple University of the United States in November 2017.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Cheung Lap Kei ("**Mr. Cheung**") (張立基), aged 53, has been an independent non-executive Director since 21 October 2014. He is also the chairman of the Audit Committee and a member of each of the Nomination Committee and the Remuneration Committee. Mr. Cheung is a fellow member of the Hong Kong Institute of Certified Public Accountants and CPA Australia. He has over 29 years of experience in auditing, accounting and financing. He has worked for big four accounting firms (Ernst & Young and KPMG, Certified Public Accountants). He has also served as different roles such as executive director, chief financial controller and company secretary, etc. in several companies which are listed on the Main Board of the Stock Exchange. Mr. Cheung received a bachelor's degree in commerce from The Australian National University in Australia in September 1994, and a master's degree in business administration from Deakin University in Australia in August 2006.

Madam Chiu Hoi Shan ("**Madam Chiu**") (趙凱珊), aged 48, has been an independent non-executive Director since 21 October 2014. She is also the chairlady of the Remuneration Committee and a member of each of the Audit Committee, the Nomination Committee and the Corporate Governance Committee. Madam Chiu obtained a Bachelor of Laws degree and a Postgraduate Certificate in Laws from The University of Hong Kong in December 1998 and June 1999 respectively. She has been practicing as a solicitor in Hong Kong since August 2001 and her practice has been focusing on civil litigation and corporate commercial matters. Madam Chiu commenced practice as a founding partner of Chiu & Co. as from August 2017 and remains as a partner of S.H. Leung & Co, both are solicitors' firms in Hong Kong engaged in the provision of various legal services. Madam Chiu has served as company secretary of Chongqing Machinery & Electric Co., Ltd* (Stock code: 2722) since October 2014, (joint) company secretary of Chongqing Iron & Steel Company Limited (Stock code: 1053) since March 2018, and joint company secretary of Maanshan Iron & Steel Company Limited (Stock code: 323) since April 2018, shares of all of the above companies are listed on the Main Board of the Stock Exchange. Ms. Chiu has been appointed as an independent non-executive director of Carry Wealth Holdings Limited (Stock code: 643) since 7 May 2024, the shares of which are listed on the Main Board of the Stock Exchange. Madam Chiu was appointed as a mediator of Shenzhen Qianhai International Commercial Mediation Center and an arbitrator of Nanjing Arbitration Commission since August 2020. She also was appointed as a mediator of Shanghai Commercial Mediation Center since November 2023.

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Mr. Leung Oi Kin ("**Mr. Leung**") (**梁愷健**), aged 50, has been an independent non-executive Director since 21 October 2017. Mr. Leung is a professional accountant and a fellow member of the CPA Australia. He has over 20 years of experience in accounting and financial management. Mr. Leung worked in PricewaterhouseCoopers audit and assurance services team. Mr. Leung has been serving as an executive director and the company secretary of G-Resources Group Limited (Stock code: 1051), shares of which are listed on the Main Board of the Stock Exchange, since 8 November 2016 and 16 December 2016, respectively. Mr. Leung graduated from University of Adelaide, Australia in 1997 with a bachelor's degree in Commerce and obtained the degree of Master of Business Administration with honours from the University of Chicago Booth School of Business in the United States in 2022.

SENIOR MANAGEMENT

Name	Age	Position
Madam Wang Wei	51	Vice-president
Madam Tang Xiangdi	47	Vice-president of Corporate Development

Madam Wang Wei ("**Madam Wang**") (**王瑋**), aged 51, was appointed as the Group's vice-president in October 2015 and she is primarily responsible for the marketing of the Group. Madam Wang joined the Group in October 2003 and was responsible for sales marketing and operation of consumables, instrument and equipment in lifesciences industry until June 2015. From June 2015, Madam Wang takes charge of full operations of Lifesciences Instrument & Consumables Business Unit. She was also appointed as general manager of Austar Hansen Lifesciences (Shanghai) Ltd. in June 2015. Prior to joining the Group, Madam Wang worked for NCPC Genetec Biotechnology Co. Limited as quality assurance supervisor from 2000 to 2003 and served as the leader of Strain Breeding Group, Hebei Welcome Pharmaceutical Co., Ltd. from 1995 to 1999. Madam Wang obtained a bachelor's degree from Hebei University of Science and Technology on 5 January 2010.

Madam Tang Xiangdi ("**Madam Tang**") (**唐湘娣**), aged 47, was appointed as our Group's financial controller on 1 November 2013 and has served as the Group's vice-president of corporate development since 1 December 2020. She is primarily responsible for corporate development. Madam Tang joined the Group in January 2013. She has over 15 years of experience in financial reporting and treasury management. She had been a finance manager since April 2009 in a company controlled by Mr. Mars Ho, the chairman of the Board, chief executive officer and one of the controlling shareholders (as defined under the Listing Rules) of the Company, prior to joining the Group. Madam Tang obtained a bachelor's degree in management at 中南財經政法大學 (Zhongnan University of Economics and Law*) in June 2000. She also obtained a master's degree of business administration from 北京大學 (Peking University) in June 2014, a master's degree of accounting from 清華大學 (Tsinghua University) and a master's degree of science in CFO leadership from 新加坡管理大學 (Singapore Management University) in June 2022.

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The Board is pleased to present this report of the Directors together with the audited consolidated financial statements ("**Consolidated Financial Statements**") of the Company for the Year.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

From 2024 onwards, the six business segments of the Group have been consolidated into three business segment groups: (1) Integrated Process and Packaging Equipment & Systems (IPS), which basically combined all the original business segments of Liquid and Bioprocess System and Powder and Solid System; (2) Consulting, Digitalization and Construction (CDC), which consolidates all the services and engineering construction business into one business segment, from the original business segments of Clean Room and Automation Control and Monitoring System, GMP Compliance Service, and a majority of Distribution and Agency of Pharmaceutical Equipment; and (3) Life Science Equipment and Consumables (SIC), in which the business segment of Life Science Consumables remained as it is but renamed as such.

A detailed review on the Group's business performance and the material factors underlying its financial position during the Year, as well as the development and likely future prospects of the Group's business are provided throughout this annual report and in particular under the following separate sections:

(a) review of the Company's business and financial position and development and future prospects of the Company's business are shown in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this annual report;

(b) details of key performance indicators are shown in the sections headed "Financial Highlights" and "Management Discussion and Analysis" of this annual report;

(c) the principal risks and uncertainties facing the Company are shown in the paragraph headed "Risks and uncertainties" below;

(d) the Group's environmental policies and performance are shown in the paragraph headed "Environmental Policies and Performance" below;

(e) the Group's key relationships with employees, customers and suppliers are shown in the paragraph headed "Relationships with key stakeholders" below; and

(f) the Group's compliance with the relevant laws and regulations are shown in the paragraph headed "Compliance with laws and regulations" below.

The discussions referred to in the above form part of this report of the Directors.

RISKS AND UNCERTAINTIES

The Group's businesses, financial condition, results of operations and growth prospects may be affected by risks and uncertainties directly or indirectly pertaining to the Group's businesses. The risk factors set out below are those that could result in the Group's businesses, financial conditions, results of operations or growth prospects differing materially from expected or historical results. Such factors are by no means exhaustive or comprehensive, and there may be other risks in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future.

RISKS

Business/Market risks

The pharmaceutical equipment, process system and service market is competitive, when domestic and foreign competitors may develop and introduce new products sooner than the Group, or provide more attractively priced, enhanced, or better quality products and systems, than the Group does. In addition, competition may intensify if the pharmaceutical equipment, process system and service market expands as demand increases, and in such case, it may result in downward pressure on price which could negatively impact the Group's business, financial condition, result of operations, and prospects.

Customer relationship management is a series of strategies and processes that create new and mutual value for individual customers, builds preference for their organizations, improves business results over a lifetime of association with their customers, and in turn, creates loyalty and customer retention. Higher risk in customer relationship management may have negative impact on customer retention or result in loss of client information upon departure of our staff.

MAJOR RELEVANT ALLEVIATING MEASURES

The Group continuously reviews its competitive edges in view of the industry and market trend, in order to formulate responsive marketing strategy and product developments.

Through proactive communication with its customers and strong research teams, the Group is able to develop and improve its products and services to cater various needs of the market and to provide the tailor-made products and services to different clients for enhancing the price advantage of the Group. Such efforts are reflected not only in the Group's products, but also through seminars, publications and participations in international exhibitions, to develop the "AUSTAR" brand image and receive recognition and awareness among the Group's customers, industry experts and the market at large.

To manage the customer relationship management risk, all customer information (including potential clients) will be gathered and stored in a centralized electronic database of the Company, instead of being kept by individual sales staff. This can prevent the loss of customer information when sales staff leaves the Company.

RISKS

Operational risks

Cost management is critical in ensuring the Group's projects meet their budgeted profit margins. The risk of cost overrunning increases with the prolonged execution of projects and cost of labours.

The Group's operations are highly dependent on its personnel, including both senior and mid-level management, engineers, skilled technical personnel and marketing and sales personnel. The Group may be materially and adversely affected if any of these key personnel leaves the Group and there being no adequate and timely replacement.

MAJOR RELEVANT ALLEVIATING MEASURES

The Group, through various means in particular the establishment of engineering project execution centre, strives to promote closer relationship and information sharing between the marketing team, project engineers and technical experts in budgeting and cost monitoring.

The engineering project execution centre also strengthens the Group's ability to monitor and coordinate its various projects, both in supply chain management and human resources allocation, in order to achieve an optimal use of the Group's resources and avoid its personnel being overworked.

The Group also closely monitors its staffing and maintains close communication between the engineering project execution centre and the human resources department, so that any recruitment needs would be promptly responded.

Allocating ample resources to staff training and development with the aim of sustaining a competent, professional and ethical staff force, and assisting the long-term career development of staff.

RISKS	MAJOR RELEVANT ALLEVIATING MEASURES
Compliance risks	
The Group's operations are subject to the environmental protection, safety and health laws and regulations in the PRC. Failure to comply with these regulations may result in penalties, fines, governmental sanctions, proceedings and/or suspension or revocation of the Group's licences or permits to conduct its business. Given the number and complexity of these regulations, compliance with them may be difficult or involve significant financial and other resources in establishing efficient compliance and monitoring systems.	Through close monitoring of various legal and regulatory pronouncements from the government by its industry experts and legal and compliance personnel, the Group is able to keep itself updated with various regulatory requirements. Adequate and timely trainings are provided to operational staff, and monitoring and control measures are established to ensure efficient and effective compliance with the laws and regulations.

Please also refer to Note 34 to the Consolidated Financial Statements for the financial risk management objectives and policies of the Group.

RELATIONSHIPS WITH KEY STAKEHOLDERS

a) Employees

Human resources are one of the greatest assets of the Group and the Group ensures all staff are reasonably remunerated and also continues to improve and regularly review and update its policies on remuneration and benefits, training, occupational health and safety. The Group maintains a good relationship with its employees. Staff salary payment and promotion will be measured against their progressive performance level, contribution, and achievement against the objectives set by the Group. Performance evaluation will be conducted annually. During the Year, recreational activities and team building activities were held to enhance internal communication, reinforce a sense of belonging and promote staff team building.

b) Customers

As disclosed in the paragraph headed "Major customers and suppliers" below, the five largest customers of the Group accounted for approximately 14.7% of the Group's total revenue for the Year. These major customers are chemical and biopharmaceutical manufacturers and the Group has maintained stable relationships with them for around 1 to 15 years. The credit period granted to these major customers are in line with those granted to the other customers. During the Year, settlement of trade receivables by these major customers in accordance with the credit terms granted was satisfactory.

Taking into account the considerable revenue of the Group attributable to its key customers and the possible financial and reputational impact which could bring to the Group if the Group shall lose these major customers, the Group has implemented a series of policies including customer complaints management, customer satisfaction survey, top management random inspection and after-sales service, in order to maintain customer intimacy and keep good relationship with its key customers.

During the Year, the Group has organized and attended public training and seminars with attendees from pharmaceutical companies who are mainly from production, quality, and engineering departments. The introduction of advanced concepts is deemed to improve the overall level of the pharmaceutical industry.

The Group also continues its pace in research and development with an aim to offer more comprehensive solutions to its customers, so as to retain existing customers and attract new customers.

c) Suppliers

The Group has developed stable relationships with many of its key suppliers and generally retain one to three suppliers for each principal raw material. At the beginning of each year the management discusses with major suppliers about price deduction, payment terms improvement and enters into master procurement agreements. The Group also conducts annual appraisal on all existing suppliers so as to ensure materials produced by those suppliers are in line with the Group's quality requirement.

To keep the Group at the forefront of innovation, suppliers are frequently invited to give new products training to the Group's staff including those from the sales, technical and procurement departments. New ideas can be applied to project proposals so as to provide customers with most competitive solutions.

Further discussion on the relationships with key stakeholders are also contained in the Environmental, Social and Governance Report of the Company for the Year ("**2024 ESG Report**").

ENVIRONMENTAL POLICIES AND PERFORMANCE

It is the Group's corporate and social responsibility to promote a sustainable and ecofriendly environment. In this respect, the Group strives to minimize its environmental impact by reducing the carbon footprint and to build its corporation in a sustainable way. During the Year, the Group is subject to various environmental protection laws and regulations. For more details, please refer to the 2024 ESG Report for the Group's work in respect of environmental protection, social and governance during the Year.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group's operations are mainly carried out by the Company's subsidiaries in the PRC while the Shares are listed on the Stock Exchange. The Group's establishment and operations accordingly shall comply with all relevant laws and regulations in the PRC and applicable laws in the jurisdictions where it has operations. During the Year and up to the date of this report of the Directors, the Board was unaware of any non-compliance with relevant laws and regulations that have a significant impact on the business and operations of the Group.

Further discussion on the Group's compliance with laws and regulations is contained in the 2024 ESG Report.

RESULTS AND APPROPRIATIONS

The results of the Group for the Year are set out in the Consolidated Financial Statements of this annual report. The Directors do not recommend the payment of any dividend for the Year.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The forthcoming annual general meeting of the Company is scheduled to be held on Friday, 23 May 2025 ("**2025 AGM**").

For determining the entitlement to attend and vote at the 2025 AGM, the register of members of the Company will be closed from Monday, 19 May 2025 to Friday, 23 May 2025, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the 2025 AGM, all transfer of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by 4:30 p.m. on Friday, 16 May 2025.

FINANCIAL SUMMARY

A summary of the published financial results and of the assets and liabilities of the Group for the Year, together with the financial results and of the assets and liabilities of the Group for the four years ended 31 December 2023 is set out in the section headed "Five-year Financial Summary" of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movement in the Group's property, plant and equipment during the Year are set out in Note 14 to the Consolidated Financial Statements.

BANK BORROWINGS

Details of bank borrowings of the Group as at 31 December 2024 are set out in Note 26 and Note 27 to the Consolidated Financial Statements.

SHARE CAPITAL

Details of the Company's share capital are set out in Note 24 to the Consolidated Financial Statements. There was no movement in the Company's share capital during the Year.

RESERVES

Details of movements in the reserves of the Group and the Company during the Year are set out in the Consolidated Statement of Changes in Equity on pages 91 to 92 and in Note 41 to the Consolidated Financial Statements respectively.

DISTRIBUTABLE RESERVES

Pursuant to applicable statutory provisions of the Cayman Islands, the Company's reserves available for distribution to the shareholders of the Company ("**Shareholders**") as at 31 December 2024 amounted to RMB437,724,000 (31 December 2023: RMB437,149,000).

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the knowledge of the Directors as at the latest practicable date prior to the issue of this annual report, the Company has maintained the prescribed minimum percentage of public float during the Year and up to the date of this annual report as required under the Listing Rules.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association ("**Articles**") or applicable laws of the Cayman Islands, the jurisdiction in which the Company is incorporated.

DIRECTORS

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

Executive Directors
Mr. Ho Kwok Keung, Mars *(Chairman and Chief Executive Officer)*
Mr. Ho Kin Hung
Mr. Chen Yuewu
Madam Zhou Ning

Non-executive Director
Madam Ji Lingling

Independent Non-executive Directors
Mr. Cheung Lap Kei
Madam Chiu Hoi Shan
Mr. Leung Oi Kin

In accordance with Article 84 of the Articles, Mr. Chen Yuewu, Madam Chiu Hoi Shan and Mr. Leung Oi Kin will retire by rotation at the 2025 AGM and, being eligible, will offer themselves for re-election.

DIRECTORS' PROFILES

Details of the Directors' profiles are set out in the section headed "Biographies of Directors and Senior Management" of this annual report.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has renewed his/her letter of appointment with the Company for a fixed term of two years commencing on 20 June 2024, subject to certain early termination clauses of the letter.

The non-executive Director has renewed her letter of appointment with the Company for a fixed term of two years commencing on 20 June 2023, subject to certain early termination clauses of the letter.

Each of the independent non-executive Directors has renewed his/her letter of appointment with the Company for a fixed term of one year commencing on 21 October 2024, subject to certain early termination clauses of the letter.

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

CONFIRMATION OF INDEPENDENCE FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors a confirmation of independence. Based on such confirmations, the Company considers all of the independent non-executive Directors are independent in accordance with Rule 3.13 of the Listing Rules.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2024, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO), or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of the Listed Issuers ("**Model Code**") set out in Appendix C3 to the Listing Rules, were as follows:

Long position:

Name of Director	The Company/ Name of associated corporations	Capacity/Nature of interest	Number and class of shares held/interested in the Company/ associated corporations	Approximate percentage of interest
Mr. Ho Kwok Keung, Mars ("**Mr. Mars Ho**")	The Company	Interest of a controlled corporation	335,929,000 Shares *(Note 1)*	65.54%
	The Company	Interest of spouse	3,750,000 Shares *(Note 2)*	0.73%
	Standard Fortune Holdings Limited ("**SFH**") *(Note 3)*	Beneficial owner	1 ordinary share of US$1	100%
Mr. Ho Kin Hung ("**Mr. KH Ho**")	The Company	Interest of a controlled corporation	37,271,000 Shares *(Note 4)*	7.27%

Notes:

(1) Such Shares were registered in the name of SFH, a company wholly-owned by Mr. Mars Ho. By virtue of the provisions of Part XV of the SFO, Mr. Mars Ho is deemed to be interested in all the Shares held by SFH. Mr. Mars Ho is a director of SFH.

(2) Such Shares were registered in the name of Honour Choice Ventures Limited ("**HCV**"), a company wholly-owned by Madam Gu Xun ("**Madam Gu**"), the spouse of Mr. Mars Ho. By virtue of the provisions of Part XV of the SFO, Mr. Mars Ho is deemed to be interested in all the Shares in which Madam Gu is interested or deemed to be interested.

(3) As at 31 December 2024, SFH was the holding company of the Company and thus an associated corporation of the Company.

(4) Such Shares were registered in the name of True Worth Global Limited ("**TWG**"), a company wholly-owned by Mr. KH Ho. By virtue of the provisions of Part XV of the SFO, Mr. KH Ho is deemed to be interested in all the Shares held by TWG.

Save as disclosed above, as at 31 December 2024, none of the Directors and/or chief executive of the Company nor their associates had or was deemed to have any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which each of them has taken or deemed to have taken under the SFO), or which would be required, pursuant to Section 352 of the SFO, to be entered in the register required to be kept therein or which would be required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the Year was the Company or its holding company, subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors or the chief executive of the Company or their associates to acquire benefits by means of acquisitions of Shares in, or debentures of, the Company or any other body corporate.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES

During the Year, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors and controlling shareholders (as defined under the Listing Rules) of the Company nor their respective close associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group pursuant to Rule 8.10 of the Listing Rules during the Year and up to the date of this annual report.

RELATED PARTY TRANSACTIONS

During the Year, the Group had entered into certain transactions with parties regarded as "related parties" under the applicable accounting standards. All related party transactions were not regarded as connected transactions or continuing connected transactions under the Listing Rules or were exempt from reporting, announcement and shareholders' approval requirements under the Listing Rules. The Company confirms that it has complied with the requirements under Chapter 14A of the Listing Rules. Details of these related party transactions are disclosed in Note 37 to the Consolidated Financial Statements.

DIRECTORS' INTERESTS AND CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

No transaction, arrangement or contract of significance to which the Company or any of its subsidiaries or fellow subsidiaries was a party, and in which a Director or a controlling shareholder (as defined in the Listing Rules) of the Company had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

DIRECTORS' EMOLUMENTS

Details of the Directors' emoluments are set out in Note 11 to the Consolidated Financial Statements. The Directors' remunerations, bonuses and other compensation are recommended by the Remuneration Committee with reference to the Directors' duties, responsibilities and the Group's performance and results and approved by the Board.

PERMITTED INDEMNITY PROVISION

The Company has arranged for appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities. The Articles provide that the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices; provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of said persons. Save for the above, at no time during the Year and up to the date of this annual report, there was or is, any permitted indemnity provision (as defined in Section 9 of the Companies (Directors' Report) Regulation (Cap. 622D of the Laws of Hong Kong)) being in force for the benefit at any of the Directors (whether made by the Company or otherwise) or any of the directors of an associated company (if made by the Company).

RETIREMENT SCHEMES

The Group participates in a state-managed retirement scheme operated by the PRC government which covers the Group's eligible employees in the PRC and the Mandatory Provident Fund Scheme for the employees in Hong Kong. The Group has also made statutory contributions for its employees in India, Indonesia, Germany, UK and Malaysia. Particulars of these retirement plans are set out in Note 2.24 to the Consolidated Financial Statements.

MANAGEMENT CONTRACTS

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

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

As at 31 December 2024, to the best knowledge of the Directors and the senior management of the Company, the table below listed out the persons (other than the Directors or chief executive of the Company), who had interests in the Shares and underlying shares of the Company which would fall to be disclosed to the Company pursuant to provision of Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept by the Company pursuant to Section 336 of Part XV of the SFO:

Long position:

Name of Shareholder	Capacity/Nature of interest	Number of Shares held/Interested in	Approximate percentage of interest
Madam Gu	Interest of a controlled corporation	3,750,000 *(Note 1)*	0.73%
	Interest of spouse	335,929,000 *(Note 2)*	65.54%
SFH *(Note 3)*	Beneficial owner	335,929,000	65.54%
Madam Cheung Chau Ping ("**Madam Cheung**")	Interest of spouse	37,271,000 *(Note 4)*	7.27%
TWG	Beneficial owner	37,271,000	7.27%

Notes:

(1) Such Shares were registered in the name of HCV, a company wholly-owned by Madam Gu. By virtue of the provisions in Part XV of the SFO, Madam Gu is deemed to be interested in all the Shares in which HCV is interested or deemed to be interested.

(2) Such Shares were registered in the name of SFH, a company wholly-owned by Mr. Mars Ho. Madam Gu is the spouse of Mr. Mars Ho. By virtue of the provisions of Part XV of the SFO, Madam Gu is deemed to be interested in all the Shares in which Mr. Mars Ho is interested or deemed to be interested.

(3) SFH is wholly-owned by Mr. Mars Ho.

(4) Such Shares were registered in the name of TWG, a company wholly-owned by Mr. KH Ho, executive Director and the spouse of Madam Cheung. By virtue of the provisions of Part XV of the SFO, Madam Cheung is deemed to be interested in all the Shares in which Mr. KH Ho is interested or deemed to be interested.

Save as disclosed above, as at 31 December 2024, the Directors and the senior management of the Company are not aware of any other person who had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to provision of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of Part XV of the SFO.

CORPORATE GOVERNANCE

The Company recognizes the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the Shareholders as a whole. The Company has adopted and committed to a code of corporate governance, containing the code provisions set out in the Corporate Governance Code ("**Corporate Governance Code**") contained in Part 2 of Appendix C1 to the Listing Rules and has prepared the corporate governance report, which is set out in the section headed "Corporate Governance Report" of this annual report. The Board will continue to review and monitor the practices of the Company with an aim to maintaining the highest standard of corporate governance.

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, the largest customer and the largest supplier of the Group accounted for approximately 4.2% and 9.0% of the Group's total revenue and total purchases respectively, and the five largest customers and the five largest suppliers of the Group accounted for approximately 14.7% and 17.8% of the Group's total revenue and total purchases respectively.

None of the Directors or any of their close associates or any Shareholders (which to the best knowledge of the Directors owned more than 5% of the Company's issued share capital) had a material interest in the Group's five largest customers or suppliers at any time during the Year.

AUDIT COMMITTEE

The Board established the Audit Committee on 21 October 2014 which comprises two independent non-executive Directors, namely Mr. Cheung Lap Kei and Madam Chiu Hoi Shan and the non-executive Director, namely Madam Ji Lingling. Mr. Cheung Lap Kei is the chairman of the Audit Committee. None of them is a member of the former or existing auditor of the Company. Details of the terms of reference of the Audit Committee are published on the Company's website and the website of the Stock Exchange.

The Audit Committee has reviewed the Consolidated Financial Statements for the Year.

AUDITOR

The Consolidated Financial Statements for the Year have been audited by Moore CPA Limited ("**Moore**"), who shall retire and, being eligible, offer themselves for re-appointment at the 2025 AGM. A resolution for the re-appointment of Moore as the auditor of the Company is to be proposed at the 2025 AGM.

On 17 November 2023, PricewaterhouseCoopers resigned as the auditor of the Company and Moore was appointed by the Board as the auditor of the Company to fill the casual vacancy so arising. Apart from this, there were no other changes of the auditor in the preceding three years.

On behalf of the Board

Ho Kwok Keung, Mars
Chairman

26 March 2025

CORPORATE GOVERNANCE REPORT

The Company recognizes the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the Shareholders as a whole. The Company has adopted and committed to a code of corporate governance, containing the code provisions set out in the Corporate Governance Code contained in Part 2 of Appendix C1 to the Listing Rules.

Save for the deviation from code provision C.2.1 of the Corporate Governance Code as described in the paragraph headed "Chairman and Chief Executive Officer" below, the Board considers that, the Company has complied, to the extent applicable and permissible, with the code provisions as set out in the Corporate Governance Code during the Year.

COMPLIANCE WITH THE MODEL CODE BY DIRECTORS

The Company has adopted the Model Code as its code of conduct regarding its Directors' securities transactions. The Directors are reminded of their obligations under the Model Code on a regular basis. Following specific enquiry, all Directors have confirmed that they have complied with the required standard set out in the Model Code during the Year.

BOARD OF DIRECTORS

Function of the Board

The Board is responsible for establishing the Group's strategic goals, leading and monitoring the Group's development and achieving established strategic goals to protect and maximize the interests of the Company and the Shareholders. The Group has adopted internal guidelines in setting forth matters that require the Board's approval. Apart from its statutory responsibilities, the Board is also required to approve the Group's strategic development plan, key operational initiatives, major investments and funding decisions. It also reviews the Group's financial performance, identifies principal risks of the Group's business and ensures implementation of appropriate systems to manage these risks.

Daily business operations and administrative functions of the Group are delegated to the management of the Group ("**Management**").

Board Composition

The Board consists of eight Directors, comprising four executive Directors, one non-executive Director and three independent non-executive Directors. The biographical details of the Directors are set out in the section headed "Biographies of Directors and Senior Management" of this annual report. There are no relationships (including financial, business, family or other material or relevant relationships) among members of the Board.

The Directors during the Year and up to the date of this annual report were as follows:

Executive Directors	
Mr. Ho Kwok Keung, Mars	Chairman of the Board Chief executive officer of the Company Chairman of the Nomination Committee Member of the Corporate Governance Committee
Mr. Ho Kin Hung	
Mr. Chen Yuewu	Member of the Risk Management Committee
Madam Zhou Ning	Chairlady of each of the Corporate Governance Committee and the Risk Management Committee Member of the Remuneration Committee
Non-executive Director	
Madam Ji Lingling	Member of each of the Audit Committee and the Risk Management Committee
Independent non-executive Directors	
Mr. Cheung Lap Kei	Chairman of the Audit Committee Member of each of the Remuneration Committee and the Nomination Committee
Madam Chiu Hoi Shan	Chairlady of the Remuneration Committee Member of each of the Audit Committee, the Nomination Committee and the Corporate Governance Committee
Mr. Leung Oi Kin	

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision C.2.1 of the Corporate Governance Code requires the roles of the chairman and chief executive should be separated and should not be performed by the same individual.

Mr. Ho Kwok Keung, Mars assumes the roles of both of the chairman of the Board and the chief executive officer of the Company. The Board believes that vesting the roles of chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority of the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and efficiently. In addition, the Board is of the view that the balanced composition of executive and non-executive Directors (including the independent non-executive Directors) on the Board and the various committee of the Board (primarily comprising independent non-executive Directors) in overseeing different aspects of the Company's affairs would provide adequate safeguards to ensure a balance of power and authority.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Throughout the Year, the Board has met the requirements of Rules 3.10 and 3.10A of the Listing Rules of having a minimum of three independent non-executive Directors (representing at least one-third of the Board) with at least one of them possessing appropriate professional qualifications and accounting and related financial management expertise.

With a view to ensuring that independent views and input are available to the Board, the Board and the Nomination Committee assess the independence of independent non-executive Directors annually taking into account all relevant circumstances including: (1) the diversity, skills, qualifications, experience, character and integrity to perform their duties; (2) the devotion of sufficient time and attention to the affairs of the Company; (3) the contribution to the Company's strategy and policies through independent and constructive comments; (4) the chairman of the Board to hold meeting with the independent non-executive Directors at least annually without the presence of other Directors; and (5) the absence of any financial, business or family or other material relationships with other members of the Board or substantial Shareholders or circumstances which would interfere with their exercise of independent judgment.

The Company has received a confirmation of independence from each of Mr. Cheung Lap Kei, Madam Chiu Hoi Shan and Mr. Leung Oi Kin, being all the independent non-executive Directors. The Board has assessed their independence and concluded that all independent non-executive Directors are independent.

MECHANISM TO ENSURE INDEPENDENT VIEWS AND INPUTS TO THE BOARD

To ensure that independent views and input are available to the Board, the following mechanism has been established by the Board:

– Where appropriate, the Company shall arrange suitable and sufficient resources to cover any matters relating to the obtaining of an independent opinion by the Board, including but not limited to the engagement of a legal team or any other professionals for such purpose;

– Where appropriate, the Directors shall give at least three working days' notice to the Company Secretary of the Company to obtain an independent opinion, including but not limited to engaging a professional team for such purpose;

– The Board is required to review its structure, size, composition (including skills, knowledge and experience) and diversity policy at least annually to ensure that the composition of the Board complies with the relevant requirements of the Listing Rules including maintaining a balanced mix of executive and non-executive Directors (including independent non-executive Directors) so that the Board has a strong element of independence which can effectively exercise independent judgment; and

– If all the independent non-executive Directors have served on the Board for more than nine years, the Company should consider to appoint a new independent non-executive Director at the forthcoming annual general meeting.

The Board has reviewed the implementation and effectiveness of the said mechanism during the Year and considered that it has been operating effectively and will continue to monitor its implementation and effectiveness on an annual basis.

TERM OF APPOINTMENT OF NON-EXECUTIVE DIRECTORS

The non-executive Director and all independent non-executive Directors are appointed for a term of two years and one year respectively, subject to renewal upon expiry of the existing term.

Each of such appointments is subject to the rotation and retirement provisions in the Articles.

BOARD COMMITTEES

The Board has established five specialized committees, namely the Audit Committee, the Remuneration Committee, the Nomination Committee, the Corporate Governance Committee and the Risk Management Committee (collectively, the "**Board Committees**"). Each committee has its own written terms of reference and is responsible to make recommendations to the Board. All of the Board Committees are allocated with sufficient resources to discharge their duties.

Audit Committee

The Board established the Audit Committee on 21 October 2014 with written terms of reference in compliance with Rules 3.21 to 3.23 of the Listing Rules and the Corporate Governance Code. The Audit Committee currently comprises two independent non-executive Directors, namely Mr. Cheung Lap Kei and Madam Chiu Hoi Shan and the non-executive Director, namely Madam Ji Lingling. Mr. Cheung Lap Kei is the chairman of the Audit Committee. None of them is a member of the former or existing auditor of the Company. The terms of reference of the Audit Committee are published on the Company's website and the website of the Stock Exchange.

The primary duties of the Audit Committee are to review the half-yearly and annual results of the Company and to supervise the Group's financial report process and internal control system, to formulate or review polices relating antibribery compliances by ensuring regular management review of relevant corporate governance measures and its implementation, and to communicate with external auditor on the audit procedures and accounting issues.

During the Year, the Audit Committee held three meetings, and the attendance of each member is set out in the paragraph headed "Board meetings and general meeting – Directors' attendance records at meetings of the Board and the Board Committees and general meeting" below.

In addition to the Audit Committee meetings, the Audit Committee also dealt with matters by way of circulation of written resolutions during the Year.

A summary of the work performed by the Audit Committee during the Year is listed below:

– reviewed the Group's annual financial statements for the year ended 31 December 2023 and interim financial statements for the six months ended 30 June 2024 and the related result announcements, documents and other matters or issues raised by external auditor of the Company;

– reviewed the terms of engagement of the auditor of the Company;

– recommended to the Board, for the approval by the Shareholders, of the re-appointment of the auditor of the Company;

– considered the audit planning in respect of the Group's audit work for the Year;

– reviewed the Group's internal audit plan for the three years ending 31 December 2026;

- discussed and confirmed with the management the effectiveness of the Group's financial reporting process, risk management and internal control systems;

- considered the necessity of establishing an internal auidt function; and

- reviewed the terms of reference of the Audit Committee.

REMUNERATION COMMITTEE

The Board established the Remuneration Committee on 21 October 2014 with written terms of reference in compliance with the Corporate Governance Code. The Remuneration Committee currently comprises two independent non-executive Directors, namely Mr. Cheung Lap Kei and Madam Chiu Hoi Shan and one executive Director, namely Madam Zhou Ning. Madam Chiu Hoi Shan is the chairlady of the Remuneration Committee. The terms of reference of the Remuneration Committee are published on the Company's website and the website of the Stock Exchange.

The primary duties of the Remuneration Committee are to make recommendations to the Board on the remuneration policies and structure of the remuneration for the Directors and senior management and to set up a formal and transparent procedure for determination of such remuneration policies.

The remuneration of the Directors was determined with reference to their respective experience, responsibilities with the Group and the general market conditions. The Remuneration Committee has adopted the approach under code provision E.1.2(c)(ii) of the Corporate Governance Code to make recommendations to the Board on remuneration packages of individual executive Directors and the members of senior management.

During the Year, the Remuneration Committee held one meeting and the attendance of each member is set out in the section headed "Board meetings and general meeting – Directors' attendance records at meetings of the Board and the Board Committees and general meeting" below.

A summary of the work performed by the Remuneration Committee during the Year is listed below:

- reviewed the existing policy and structure for the remuneration of the Directors and senior management of the Company;

- reviewed and recommended to the Board the remuneration adjustment proposal for executive Directors, non-executive Director and senior management of the Company and the remuneration packages of independent non-executive Directors; and

- reviewed the terms of reference of the Remuneration Committee.

Nomination Committee

The Board established the Nomination Committee on 21 October 2014 with written terms of reference in compliance with the Corporate Governance Code. The Nomination Committee currently comprises two independent non-executive Directors, namely Mr. Cheung Lap Kei and Madam Chiu Hoi Shan and one executive Director, namely Mr. Ho Kwok Keung, Mars. Mr. Ho Kwok Keung, Mars is the chairman of the Nomination Committee. The terms of reference of the Nomination Committee are published on the Company's website and the website of the Stock Exchange.

The primary duties of the Nomination Committee are to review the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and to make recommendations on any proposed changes to the Board, identify individuals suitably qualified to be Directors and assess the independence of the independent non-executive Directors.

To ensure changes to the Board composition can be managed without undue disruption, there should be a formal, considered and transparent procedure for selection, appointment and re-appointment of Directors, as well as plans in place for orderly succession (if considered necessary), including periodical review of such plans. The appointment of a new Director (to be an additional Director or fill a casual vacancy as and when it arises) or any re-appointment of Directors is a matter for decision by the Board upon the recommendation of the proposed candidate by the Nomination Committee.

The criteria to be applied in considering whether a candidate is qualified shall be his or her ability to devote sufficient time and attention to the affairs of the Company and contribute to the diversity of the Board as well as the effective carrying out by the Board of the responsibilities which, in particular, are set out as follows:

(a) participating in Board meetings to bring an independent judgment on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conducts;

(b) taking the lead where potential conflicts of interests arise;

(c) serving on the Audit Committee, the Remuneration Committee and the Nomination Committee (in the case of candidate for non-executive Director) and other relevant Board Committees, if invited;

(d) bringing a range of business and financial experience to the Board, giving the Board and any Board Committees on which he or she serves the benefit of his or her skills, expertise, and varied backgrounds and qualifications and diversity through attendance and participation in the meetings of the Board/Board Committees;

(e) scrutinizing the Company's performance in achieving agreed corporate goals and objectives, and monitoring the reporting of performance;

(f) ensuring the Board Committees on which he or she serves to perform their powers and functions conferred on them by the Board; and

(g) conforming to any requirement, direction and regulation that may from time to time be prescribed by the Board or contained in the constitutional documents of the Company or imposed by legislation or the Listing Rules, where appropriate.

If a candidate is proposed to be appointed as an independent non-executive Director, his or her independence shall be assessed in accordance with, among other things, the factors as set out in Rule 3.13 of the Listing Rules, subject to any amendments as may be made by the Stock Exchange from time to time. Where applicable, the totality of the candidate's education, qualifications and experience shall also be evaluated to consider whether he or she has the appropriate professional qualifications or accounting or related financial management expertise for filling the office of an independent non-executive Director with such qualifications or expertise as required under Rule 3.10(2) of the Listing Rules.

When considering the appointment or re-appointment of Directors, the Nomination Committee will consider various factors including the background, experience and qualification of the proposed candidates to ensure that the proposed candidates possess the requisite experience, characters and integrity to act as a Director, and other criteria with regard to the benefits of diversity, including but not limited to gender, age, cultural and educational background, or professional experience and taking into account the Group's business model and specific needs, as set out in the board diversity policy ("**Board Diversity Policy**") adopted and amended by the Company on 21 October 2014 and 27 September 2022, respectively, and which is available on the websites of the Company and the Stock Exchange.

Below is the summary of the Board Diversity Policy:

– the Company is committed to equality of opportunity in all aspects of its business;

– the Company believes that a diversity of perspectives can be achieved through consideration of a number of factors, including skills, regional and industry experience, background, race, gender and other qualities;

– in forming its perspective on diversity, the Company will also take into account factors based on its own business model and specific needs from time to time;

– the Company endeavours to ensure that the Board has the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategy and to maximize the Board's effectiveness; and

– Board appointments will continue to be made on a merit basis and candidates will be considered against objective criteria, with due regard for the benefits of diversity on the Board.

During the Year, the Nomination Committee held one meeting and the attendance of each member is set out in the section headed "Board meetings and general meeting – Directors' attendance records at meetings of the Board and the Board Committees and general meeting" below.

A summary of the work performed by the Nomination Committee during the Year is listed below:

– reviewed the Board's structure, size and composition;

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

– made recommendation to the Board on the re-election of retiring Directors at the 2024 AGM (as defined below);

– review the time required from non-executive Director and independent non-executive Directors to perform his/her responsibilities to the Company; and

– reviewed the terms of reference of the Nomination Committee.

During the Year, the Nomination Committee had principally reviewed the Board composition and was of the opinion that the Board consisted of members with different gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge, which met the objectives under the Board Diversity Policy.

As at the date of this report, more than one third of the members of the Board are female Directors, and the Board is satisfied that an adequate level of gender diversity has been achieved in respect of the Board. The Company, through its commitment to providing equal opportunities as well as selecting the right candidates based on objective criteria with due regard for the benefits of diversity, will ensure that gender diversity is emphasized and maintained at the Board level in respect of succession planning in order to make available a diverse pipeline of candidates for appointment to the Board in case of any vacancies.

The Group also seeks to achieve a diverse workforce. As at 31 December 2024, the male to female gender ratio in the Company's workforce (including senior management) is approximately 76:24. However, the Group mainly considers the personal merits and capabilities, qualifications, working experiences and performance of the individuals during the recruitment process, transferal, promotion, and training regardless of gender. In the interests of enhancing operational efficiency, the Company has not set any measurable objective for achieving gender diversity at workforce level. The Company has nonetheless always adopted a meritocratic approach and adhered to the principle of openness and fairness without any discrimination in respect of gender, disability, marital status, pregnancy, religion, nationality, social or economic class, rural or urban, political opinion, pathogen-carrier or sexuality.

Corporate Governance Committee

The Board established the Corporate Governance Committee on 21 October 2014 and the Corporate Governance Committee currently comprises one independent non-executive Director, namely Madam Chiu Hoi Shan and two executive Directors, namely Mr. Ho Kwok Keung, Mars and Madam Zhou Ning. Madam Zhou Ning is the chairlady of the Corporate Governance Committee. The terms of reference of the Corporate Governance Committee are published on the Company's website and the website of the Stock Exchange.

The primary duties of the Corporate Governance Committee are to review and monitor the Company's policies and practices on corporate governance matters and on compliance with the Corporate Governance Code and other relevant legal and regulatory requirements. It is also responsible for reviewing and monitoring the training and continuous professional development of the Directors and senior management and compliance with the code of conduct applicable to the employees and Directors.

During the Year, the Corporate Governance Committee held one meeting, at which the members of the Corporate Governance Committee reviewed the Company's compliance with the Corporate Governance Code for the Year, reviewed and monitored the training and continuous professional development of the Directors, and reviewed the terms of reference of the Corporate Governance Committee. The attendance of each member is set out in the section headed "Board meetings and general meeting – Directors' attendance records of the Board and the Board Committees and general meeting" below.

Risk Management Committee

The Board established the Risk Management Committee on 21 October 2014 and the Risk Management Committee currently comprises one non-executive Director, namely Madam Ji Lingling and two executive Directors, namely Madam Zhou Ning and Mr. Chen Yuewu. Madam Zhou Ning is the chairlady of the Risk Management Committee. The terms of reference of the Risk Management Committee are published on the Company's website and the website of the Stock Exchange.

The primary duties of the Risk Management Committee are to review the Group's risk management policies and standards, the fundamental concepts and scope of compliance management, to provide comment on the overall target and basic policy of compliance and risk management, to monitor and evaluate the risk of the Group's business on sales to sanctioned countries and to take measures to protect the interests of the Group and the Shareholders. It is also responsible for reviewing and monitoring the training and continuous professional development of Directors and senior management.

During the Year, the Risk Management Committee held two meetings, at which the members of the Risk Management Committee reviewed the compliance by the Group with its undertakings to the Stock Exchange, further details of which are set out below, and reviewed, evaluated and confirmed the effectiveness of the risk management policy and system of the Company. It also reviewed the terms of reference of the Risk Management Committee, and the training and continuous professional development of the Directors. The attendance of each member is set out in the section headed "Board meetings and general meeting – Directors' attendance records at meetings of the Board and the Board Committees and general meeting" below.

The Company has undertaken to the Stock Exchange that it will comply with certain undertakings in relation to the use of proceeds from the IPO to finance or facilitate, directly or indirectly, activities or business with, or for the benefit of, any countries which are the targets of economic sanctions as administered by the United States Department of Treasury's Office of Foreign Assets Control ("**OFAC**"), under the laws of other countries and under international law, such as Lebanon and Iran ("**Sanctioned Countries**"), and Russia (where certain persons and entities listed on OFAC's Specially Designated Nationals and Blocked Person List are located) or any other government, individual or entity sanctioned by the European Union, the United Nations, the United States or Australia, including, without limitation, any government, individual or entity that is the subject of any OFAC administered sanctions ("**Undertaking**").

Subsequent to the listing of the Shares on the Stock Exchange, as a risk management policy, the Company has engaged a firm of international legal counsel to advise on laws of the Sanctioned Countries in order to enable the Company to comply with the Undertaking given by the Company to the Stock Exchange as contained in the prospectus of the Company dated 28 October 2014 ("**Prospectus**").

BOARD MEETINGS AND GENERAL MEETING

During the Year, a general meeting, being the 2024 annual general meeting, was held on 31 May 2024 ("**2024 AGM**"), and four Board meetings were held.

Prior notices convening the Board meetings were despatched to the Directors setting out the matters to be discussed. At the meetings, the Directors were provided with the relevant documents to be discussed and approved. The company secretary of the Company was responsible for keeping minutes for the Board meetings.

In addition to regular Board meetings, the chairman of the Board met with the independent non-executive Directors without the presence of other Directors during the Year.

The Board is regularly provided with brief reports containing balanced and comprehensive evaluation on the Group's performance, status and prospects to keep it abreast of the Group's affairs and facilitate the Directors' performance of their obligations under the relevant requirements of the Listing Rules.

Directors' attendance records at meetings of the Board and the Board Committees and general meeting

	Attendance/Number of Meetings Eligible to attend						
Name of Director	Board meeting	Audit Committee meeting	Nomination Committee meeting	Remuneration Committee meeting	Corporate Governance Committee meeting	Risk Management Committee meeting	2024 AGM
Executive Directors:							
Mr. Ho Kwok Keung, Mars	4/4	N/A	1/1	N/A	1/1	N/A	1/1
Mr. Ho Kin Hung	4/4	N/A	N/A	N/A	N/A	N/A	1/1
Mr. Chen Yuewu	4/4	N/A	N/A	N/A	N/A	2/2	1/1
Madam Zhou Ning	4/4	N/A	N/A	1/1	1/1	2/2	1/1
Non-executive Director:							
Madam Ji Lingling	4/4	3/3	N/A	N/A	N/A	2/2	1/1
Independent non-executive Directors:							
Mr. Cheung Lap Kei	4/4	3/3	1/1	1/1	N/A	N/A	1/1
Madam Chiu Hoi Shan	4/4	3/3	1/1	1/1	1/1	N/A	1/1
Mr. Leung Oi Kin	4/4	N/A	N/A	N/A	N/A	N/A	1/1

DIRECTORS AND SENIOR MANAGEMENT EMOLUMENTS

For the Year, the number of Directors and/or members of the senior management being entitled to emoluments within the following bands were as follows:

Emoluments Band	For the year ended 31 December 2024
HK$1,000,000 and below	6
HK$1,000,000 to HK$1,500,000	3
HK$1,500,001 to HK$2,000,000	—
HK$2,000,001 and above	1
	10

Pursuant to Appendix D2 to the Listing Rules, the emoluments of the employees who are Directors and who are amongst the five highest paid individuals are set out in Note 11 to the Consolidated Financial Statements.

TRAINING AND CONTINUING DEVELOPMENT FOR DIRECTORS

All Directors, namely, Mr. Ho Kwok Keung, Mars, Mr. Ho Kin Hung, Mr. Chen Yuewu, Madam Zhou Ning, Madam Ji Lingling, Mr. Cheung Lap Kei, Madam Chiu Hoi Shan and Mr. Leung Oi Kin, had participated in continuous professional development with respect to directors' duties, relevant programmes and seminars or had perused reading materials and updated information in relation to business and industrial development. The Directors had provided the relevant training records for the Year to the Company.

The Company is committed to arranging and funding suitable training to all Directors for their continuous professional development. Each Director is briefed and updated from time to time to ensure that he/she is fully aware of his/her roles, functions, duties and responsibilities under the Listing Rules and applicable legal and regulatory requirements and the governance policies of the Group.

COMPANY SECRETARY

The Company engaged an external professional company secretarial services provider, Uni-1 Corporate Services Limited ("**Uni-1**"), to provide compliance and full range of company secretarial services to the Group in order to assist the Group to cope with the changing regulatory environment and to suit different commercial needs.

Madam Mak Yuk Kiu ("**Madam Mak**"), the representative of Uni-1, was appointed as the named company secretary of the Company ("**Company Secretary**").

Madam Tang Xiangdi, the vice president of corporate development, is the primary point of contact at the Company for the Company Secretary.

According to the requirements of Rule 3.29 of the Listing Rules, Madam Mak has taken not less than 15 hours of relevant professional training for the Year.

ACCOUNTABILITY AND AUDIT

Responsibilities in respect of the Consolidated Financial Statements

The Directors acknowledge that it is their responsibility to prepare the accounts of the Group and other disclosures required under the Listing Rules and the Management will provide information and explanation to the Board to enable it to make an informed assessment of the financial and other Board decisions.

The statement of the independent auditor of the Company about their reporting responsibilities and opinion on the Consolidated Financial Statements for the Year is set out in the section headed "Independent Auditor's Report" on pages 77 to 85 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board's responsibilities for the risk management and internal control systems

The Board acknowledges its responsibility for overseeing the risk management and internal control systems of the Group and reviewing their effectiveness at least annually through the Audit Committee and the Risk Management Committee. However, the Board recognizes that no cost effective internal control and risk management systems will preclude all errors and irregularities, as 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 responsibilities of each party are described as follows:

Board	—	Set up goals for risk management strategy, assess and determine the nature and degree of risk acceptable to achieve the strategic goals
	—	Establish and maintain a proper and effective risk management and internal control systems
	—	Review the effectiveness of the risk management and internal control systems
	—	Review the effectiveness of the Group's processes for financial reporting and Listing Rules compliance

Audit Committee	—	Review the Company's financial controls and internal control system at least annually, and such review should cover all material controls, including financial, operational and compliance controls
	—	Ensure the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting and financial reporting functions, as well as those related to environmental, social and governance reporting
	—	Discuss the internal control system with the Management to ensure that the Management has performed its duty to have an effective internal control system. The discussion covers adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting and financial reporting functions, as well as those related to environmental, social and governance reporting
	—	Consider major investigation findings on internal control matters as delegated by the Board or on its own initiative and the Management's response to these findings
	—	Consider the major findings of internal investigations and the Management's response
Risk Management Committee	—	Oversee and review the adequacy and effectiveness of risk management procedures Committee that are already in place
	—	Review the effectiveness of the Group's risk management system at least annually
	—	Review the compliance reports and risk assessment reports that need to be reviewed by the Board, and to make recommendations on improvement of the Company's compliance and risk management
	—	Review and provide comment on the overall target and basic policy of compliance and risk management
	—	Allocate resources for the internal control and risk management systems to provide reasonable, though not absolute, assurance against material misstatement or loss and to manage rather than eliminate the risk of failure to achieve business objectives

The Management	—	Design and implement the risk management and internal control systems
	—	Monitor the status of remediation of internal control weaknesses
	—	Analyse the probability and impact of the risks and assess the existing risk management procedures
	—	Monitor the on-going risk and develop necessary responsive measures according to risk management procedures
	—	Provide confirmation to the Board and the Board Committees on the effectiveness of the risk management and internal control systems

In addition, the Company has engaged external consultant to conduct annual review of the effectiveness of the risk management and internal control systems for the Year, to follow up on the internal control weaknesses identified in the last year and certain remedial actions, to report to the Board and the Board Committees and to develop risk assessment for the Year and 3-year internal audit plans.

The Management has provided a confirmation to the Audit Committee and the Risk Management Committee on the effectiveness of these systems for the Year. The Audit Committee and Risk Management Committee have recommended the Board for the approval of the confirmation by the Management.

The dynamics of the Group and the environment within which it operates are continually evolving together with its exposure to risk. The Group continues to review the adequacy of its risk management and internal control framework and looks for opportunities to make improvements and provide appropriate and additional resources when necessary.

Main Features of the Risk Management and Internal Control Systems

The Management will report to the Board from time to time as regards findings on the internal control weaknesses and provide remedial action plan to the Board. The Management will also follow-up on status of remediation of selected internal control weaknesses which have been reviewed and pointed out by the external consultant.

The Board has engaged an external consultant to conduct an internal control review and assessment for the Year. The external consultant has followed up on the findings on the internal control weaknesses in the last year and the remedial actions taken during the Year. The internal control assessment procedures conducted by the external consultant included a comprehensive system for reviewing and reporting information and findings to the Board and the Management, and to assess whether the material controls are sufficient and adequate for the Group.

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

Control Environment	—	the foundation for the other components of internal control and provides discipline and structure
Risk Assessment	—	a dynamic and iterative process for identifying and analysing risks to achieve the Group's objectives, forming a basis for determining how risks should be managed
Control Activities	—	actions established by policies and procedures to help ensure that management directives to mitigate risks to the achievement of objectives are carried out
Information and Communication	—	internal and external communication to provide the Group with the information communication needed to carry out day-to-day controls
Monitoring	—	ongoing and separate evaluations to ascertain whether each component of internal control is present and functioning

Process used to identify, evaluate and manage significant risks

The Group's risk governance composed of four levels: risk management decision-making, the Risk Management Committee, risk management execution and risk management oversight. Risk management execution is further composed of centralized risk management function and specified risk responsible departments.

The Management is the ultimate risk management decision-making body and makes risk management decisions on major risk matters. The Risk Management Committee is responsible for managing the Group's risk matters, directing and coordinating the work of centralized risk management function and specified risk responsible departments. Risk Management Department, as centralized risk management function, is responsible for organizing and arranging cross-functional departments and risk management activities. Each specific risk responsible department is responsible for risk management assessment and response in relation to its corresponding business activities.

The Board and the Management have the responsibility for overseeing the effectiveness of the risk assessment framework and risk management functions. The Management reports to the Audit Committee and the Risk Management Committee regarding the results of the risk management framework on an annual basis.

In the Year, the Management assessed that there were no significant changes in the Group's business, and the existing risk assessment framework, methods and procedures are still applicable to the Group.

Based on the existing risk assessment framework, the Group selected the top management personnel to analyse the probability and impact of the risks and assess the existing risk management procedures through questionnaires and interviews with the management personnel.

Methods used by the Management to assess the risk of the Group include (i) confirm the risk management framework, understand and analyse the roles and responsibilities of the risk assessment methods, and introduce risk assessment procedures; (ii) identify and record the major risks and existing risk management procedures; (iii) analyse the probability and impact of the risks and assess the existing risk management procedures; and (iv) report the results of the risk management framework enhancement to the Board/Board Committees.

Process used to review the effectiveness of the risk management and internal control systems

The Board, through the Audit Committee and the Risk Management Committee, had performed annual review on the effectiveness of the Group's risk management and internal control systems, including, but not limited to, (i) the changes in the nature and extent of significant risks and the Company's ability to respond to changes in its business and the external environment, (ii) the scope and quality of the Management's ongoing monitoring of risks and of the internal control systems, (iii) the extent and frequency of communication of monitoring results to the Board, Audit Committee and Risk Management Committee which enables them to assess control of the Company and the effectiveness of risk management, (iv) significant control failings or weaknesses that have been identified, and (v) the effectiveness of the Company's processes for financial reporting and Listing Rules compliance.

For the Year, the Board considered the risk management and internal control systems are effective and adequate. No significant areas of concern that might affect the financial, operational, compliance controls, and risk management functions of the Group, training programmes and budget of the Company's accounting and financial report functions, as well as those related to the Company's environment, social and governance reporting were identified. The scope of such review covers the adequacy of resources, qualification and experience of staff of the Group's accounting and financial reporting functions and their attitude against internal control of the Group. The Board will continue to work with the Management to discuss and follow-up on the status of remediation of the internal control weaknesses and to monitor the risks of the Group in the coming years.

Whistleblowing Policy

All staff is considered to be an informal monitor. The Group relies on each of its employees, at all levels, to monitor the quality, ethics and professionalism of the Group's business operation and the Group's standards. The Group listens to employees' concerns, considers recommendations for improving the Group's practices and controls and announces timely communications on policy changes and other matters of the Group.

In addition, the Company establishes a whistleblowing policy, under which employees and those who deal with the Company are provided with ways to raise their concerns about possible improprieties in any matter relating to the Company without fear of reprisal or victimization, and in a responsible and effective manner. Written complaints can be lodged directly to the executive Directors. The executive Directors will then convene a meeting to decide whether and/or how to carry out any necessary investigation and, depending upon the circumstances, consider to nominate investigating officer or set up a special committee to investigate the matter independently. The whistleblowing policy is available on the website of the Company. The Board has reviewed the implementation of the whistleblowing policy and considered that it had been effectively implemented during the Year.

Anti-corruption Policy

The Group is committed to promoting a culture of compliance, ethical conduct and good corporate governance within the Group, and the Company prohibits all forms of corruption and is committed to preventing and investigating all forms of corruption.

The Company has adopted an anti-corruption policy to set out the specific behavioural guidelines that the Group's personnel and business partners must follow to combat corruption and demonstrate the Group's commitment to the practice of ethical business conduct and the compliance of the anti-corruption laws and regulations that apply to its operations. The anti-corruption policy is available on the website of the Company and subject to review by the Board and the Management as and when appropriate to ensure its continued effectiveness.

Procedure and internal controls for the handling and dissemination of inside information

The Group has no written policy on handling and dissemination of inside information but certain measures have been taken from time to time to ensure that proper safeguards exist to prevent a breach of a disclosure requirement in relation to the Group, which include the following:

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

— All employees are required to strictly adhere to the employment terms regarding the management of confidential information.

In addition, all employees are required to strictly adhere to the rules and regulations regarding the management of inside information, including that all employees who, because of his/her office or employment, is likely to be in possession of inside information in relation to the Company, are required to comply with the Model Code.

The Group complies with the requirements of the SFO and the Listing Rules. The Group discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the safe harbours as provided in the SFO. Before the information is fully disclosed to the public, the Group ensures the information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public. The Group is committed to ensuring that information contained in the announcements or circulars of the Company are not false or misleading as to a material fact, or false or misleading through the omission of a material fact in view of presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

Internal audit function

The Company does not have an internal audit department. The Board has reviewed, on an annual basis, the need for an internal audit function and is of the view that in light of the size, nature and complexity of the business of the Group, as opposed to diverting resources to establish a separate internal audit department, it would be more cost effective to appoint external independent professionals to perform independent review of the adequacy and effectiveness of the risk management and internal control systems of the Group. Nevertheless, the Board will continue to review at least annually the need for an internal audit department.

INSURANCE ON DIRECTOR'S AND OFFICER'S LIABILITIES

The Company has arranged for liability insurance cover to indemnify the Directors and the senior management of the Company.

COMPLIANCE AND ENFORCEMENT OF THE NON-COMPETITION UNDERTAKING FROM CONTROLLING SHAREHOLDERS

As disclosed in the Prospectus, to protect the Group from any potential competition, Mr. Ho Kwok Keung, Mars, Standard Fortune Holdings Limited, Mr. Ho Kin Hung and True Worth Global Limited ("**Covenantors**") have given non-competition undertaking ("**Non-competition Undertaking**") in favour of the Company on 21 October 2014 pursuant to which each of the Covenantors has, among other matters, undertaken with the Company that each of the Covenantors and their respective associates (other than the Group) shall not engage in any business which will or may compete with the business currently and from time to time engaged by the Group. Details of the Non-competition Undertaking have been set out in the paragraph headed "Relationship with Controlling Shareholders – Non-competition Undertaking" of the Prospectus.

The Company has received the annual declaration from each of the Covenantors in respect of their respective compliance with the terms of the Non-competition Undertaking during the Year. The independent non-executive Directors, having reviewed the annual declarations and made reasonable enquiry, were satisfied that the Covenantors have complied with the terms of the Non-competition Undertaking during the Year.

REMUNERATION TO THE COMPANY'S AUDITORS

For the Year, the remuneration paid/payable to the Company's auditors, is set out below:

Services Rendered	For the year ended 31 December 2024 RMB'000
Statutory audit	2,780
Non-audit services — Moore CPA Limited	188
Total	2,968

Note: The non-audit services provided by the Company's auditors during the Year mainly include interim review, advisory and tax services.

SHAREHOLDERS' RIGHTS

Pursuant to Article 58 of the Articles, Shareholders holding not less than one-tenth of the paid up capital of the Company have the right to convene an extraordinary general meeting at all times by written requisitions to the Board or the Company Secretary. Such meeting shall be held within 2 months after the deposit of such written requisitions.

Save for the procedures for Shareholders to convene a general meeting as set out above, there are no provisions specifying the procedures for Shareholders to put forward proposals at the general meeting under the Articles or the Companies Act of the Cayman Islands. Shareholders may follow the procedures set out above to convene an extraordinary general meeting for any business specified in such written requisition. The written requisition must state the objects of the meeting, and must be signed by the relevant Shareholder(s) and deposited to the Company Secretary at the Company's principal place of business in Hong Kong, Workshop 6 on 1/F., New Trade Plaza, No. 6 On Ping Street, Shatin, New Territories, Hong Kong.

DIVIDEND POLICY

The Company seeks to maintain a balance between meeting Shareholders' expectations and prudent capital management with a sustainable dividend policy. The Company's dividend policy aims to allow Shareholders to participate in the Company's profit and for the Company to retain adequate reserves for the Group's future growth. In proposing any dividend payout, the Company would consider various factors including but not limited to the Group's overall results of operation, financial condition, working capital requirements, capital expenditure requirements, liquidity, future expansion plans, general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Group.

Any declaration and payment as well as the amount of the dividends will be subject to any restrictions under the applicable laws and the Company's constitutional documents. The Company does not have any pre-determined dividend distribution proportion or distribution ratio. Any future declarations of dividends may or may not reflect the Company's historical declarations of dividends and will be at the absolute discretion of the Directors.

CONSTITUTIONAL DOCUMENTS

The amended and restated memorandum and articles of association of the Company was adopted by a special resolution passed by the Shareholders at the 2022 annual general meeting of the Company held on 3 June 2022 and is available on the websites of the Company and the Stock Exchange. There was no change in the Company's constitutional documents during the Year.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company adopted its shareholders communication policy ("**Shareholders' Communication Policy**") in October 2014 with the objective of providing the Shareholders with information about the Company and enabling them to engage actively with the Company and exercise their rights as Shareholders in an informed manner. The Shareholders' Communication Policy was amended on 27 September 2022 and is made available on the Company's website.

According to the Shareholders' Communication Policy, information will be communicated to Shareholders through the Company's financial reports (interim and annual reports), annual general meetings and other general meetings that may be convened, as well as by making available all the (i) corporate communication documents including, but not limited to, copy of annual reports, interim reports, notices of meeting, circulars, proxy forms ("**Corporate Communication**"); (ii) other documents issued by the Company which are published on the website of the Stock Exchange for the information or action of holders of any of its securities; (iii) constitutional documents of the Company and the Board Committees, (iv) corporate information including list of Directors; and (v) other Corporate Communication including the procedures Shareholders can use to propose a person for election as a Director on the Company's website. Corporate Communication will be provided to Shareholders in plain language and in both English and Chinese versions to facilitate Shareholders' understanding.

Shareholders and public investors may direct their enquiries to the Company Secretary, by post at Workshop 6 on 1/F., New Trade Plaza, No. 6 On Ping Street, Shatin, New Territories, Hong Kong, by facsimile or via email at the contact information as provided on the website of the Company.

The Board has reviewed the Shareholders' Communication Policy in light of the above and considered that it had been effectively implemented during the Year.

On behalf of the Board

Ho Kwok Keung, Mars
Chairman

26 March 2025

MOORE

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大華馬施雲
會計師事務所有限公司

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF AUSTAR LIFESCIENCES LIMITED
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Austar Lifesciences Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 86 to 198, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss 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 and other explanatory information.

In our opinion, the consolidated financial statements present fairly, in all material respect, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards ("**IFRSs**") as 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 International Standards on Auditing ("**ISAs**"). 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 International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (the "**IESBA Code**"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
Recognition of revenue from integrated engineering solutions contracts	
We identified the recognition of revenue over time arising from the Group's integrated engineering solutions contracts as a key audit matter due to the use of estimates by management assessment in determining the contract revenue for each engineering solutions contract in progress. During the year ended 31 December 2024, revenue of RMB1,038,332,000 was recognised from integrated engineering solutions contracts. The Group recognised contract revenue of integrated engineering solutions contracts by reference to the progress towards complete satisfaction of a performance obligation at the end of the reporting period, as set out in Notes 3 and 4 to the consolidated financial statements. The recognition of revenue therefore relies on the management's estimation of the progress and outcome of the project, which involves the exercise of significant management estimation, particularly in estimating the budgeted engineering service costs, which are prepared by the management of the Group on the basis of agreements, quotations or other correspondences from time to time provided by the subcontractors, suppliers or vendors involved and the experience of the management.	Our procedures in relation to recognition of revenue from integrated engineering solutions contracts included: • Understanding key controls on how management estimates the contract revenue, contract cost and gross profit margin, and determination of completion status of the engineering solutions contracts; • Checking the accuracy of the contract sum to signed contract and/or other relevant correspondences (and variation orders, if any), on a sample basis; • Discussing with the management to understand the status of completion of significant projects during the year, on a sample basis, to obtain explanations for fluctuation in gross profit margin and changes in the budgeted cost, if any; • Evaluating the reasonableness of the estimated total budgeted costs of significant projects by checking against agreements, price quotations or other correspondences provided by subcontractors, suppliers or vendors involved and rate of labour costs, on a sample basis;

KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
Recognition of revenue from integrated engineering solutions contracts (Continued)	
In order to keep the budget accurate and up-to-date, the management of the Group conducts periodic reviews of the budgets of contracts by comparing the budgeted amounts to the actual amounts incurred and changes in certain circumstances of the projects.	• Evaluating the reasonableness of the estimated profit margins of significant projects, on a sample basis, taking into account of the complexity and duration of the projects and margins of similar completed projects; • Evaluating the accuracy of costs incurred to date and stage of completion by checking the supporting documents including breakdown of the costs incurred, subcontractors, suppliers or vendors' correspondences or documents issued before and subsequent to year end date to evaluate progress of respective projects, on a sample basis; and • Assessing the accuracy of revenue recognised for the year by recalculating the revenue based on the percentage of completion of the contract by using the input method.

KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
Assessment of expected credit losses ("**ECLs**") of trade receivables and contract assets	
As at 31 December 2024, the gross amounts of trade receivables and contract assets are approximately RMB431,813,000 and RMB581,050,000, respectively, where cumulative allowance for ECLs totalling RMB69,022,000 was made for trade receivables and contract assets in aggregate. Allowances for ECLs on trade receivables and contract assets were made based on an assessment of the ECLs, which include an assessment of the risk of default and the expected credit loss rate. Trade receivables and contract assets relating to customers with known financial difficulties or significant doubt on collection of trade receivables and contract assets are assessed individually and provided for ECLs. ECLs are also estimated by grouping the remaining trade receivables and contract assets based on shared credit risk characteristics and collectively assessed for likelihood of recovery by taking into account of their historical credit losses, as well as the prevailing market conditions. Both current economic conditions and forward looking information were also taken into consideration by management of the Group in the estimation such as changes in macroeconomic conditions and industry trends, where appropriate.	Our procedures in relation to assessment of ECLs of trade receivables and contract assets included: • Obtaining an understanding of management of the Group's internal control and assessment process for the estimation of allowances for ECLs on trade receivables and contract assets; • Assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud; • Evaluating, and testing key controls related to assessment of the ECLs of trade receivables and contract assets performed by management of the Group; • Evaluating the competence, capabilities and objectivity of the external valuation specialists appointed by management of the Group;

KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
Assessment of expected credit losses ("**ECLs**") of trade receivables and contract assets (Continued)	
We focused on auditing the assessment of ECLs of trade receivables and contract assets prepared by management of the Group because the balances of trade receivables and contract assets were significant, and the estimation of impairment provisions was subject to high degree of estimation uncertainty. The inherent risk in relation to the allowances for ECLs on trade receivables and contract assets is considered significant due to complexity of the model and subjectivity of assumptions used. Therefore, we have identified the ECLs of trade receivables and contract assets as a key audit matter.	• For ECLs specifically provided against individual customers, – discussing with management of the Group to understand the detailed circumstances and basis of provision on specific customers, such as credit-related information, and historical repayment record; and – obtaining management of the Group's assessments and reviewing the evidence available to us, including background information of customers, past transaction history, historical repayment record and forward-looking information.

KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
Assessment of expected credit losses ("**ECLs**") of trade receivables and contract assets (Continued)	
	• For ECLs based on risk characteristics provided for trade receivables and contract assets, – discussing with management of the Group to evaluate the appropriateness of the model of estimating lifetime ECLs used by management of the Group, which include historical settlement record and ageing profile, with the assistance of our internal valuation specialists; – evaluating adjustment to the historical loss rates based on current economic conditions and forward-looking information, with the assistance of our internal valuation specialists; – testing, on sample basis, the accuracy of ageing analysis of trade receivables prepared by management of the Group; and – checking the arithmetic calculations of the ECLs.

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible 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 solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

- 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 purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

Moore CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditors

Lai Hung Wai
Practising Certificate Number: P06995

Hong Kong, 26 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Continuing operations			
Revenue	4	**1,500,402**	1,763,734
Cost of sales	4, 5	**(1,199,185)**	(1,427,684)
Gross profit		**301,217**	336,050
Selling and marketing expenses	5	**(131,851)**	(167,323)
Administrative expenses	5	**(107,225)**	(133,666)
Net impairment losses on financial assets and contract assets	34.1(b)	**(3,389)**	(31,893)
Research and development expenses	5	**(53,549)**	(55,332)
Other income	6	**27,548**	11,706
Other gains — net	7	**2,430**	10,464
Operating profit/(loss)		**35,181**	(29,994)
Finance income	8	**2,895**	3,290
Finance costs	8	**(17,202)**	(14,437)
Finance costs — net		**(14,307)**	(11,147)
Share of net profit of investments accounted for using the equity method	17	**298**	6,731
Profit/(loss) before income tax		**21,172**	(34,410)
Income tax expense	9	**(7,600)**	(379)
Profit/(loss) for the year from continuing operations		**13,572**	(34,789)
Discontinued operations			
Loss for the period from discontinued operations	10	**—**	(116,514)
Profit/(loss) for the year		**13,572**	(151,303)

	Note	2024 RMB'000	2023 RMB'000
Profit/(loss) for year attributable to owners of the Company			
— from continuing operations		**16,079**	(32,607)
— from discontinued operations		**—**	(80,866)
		16,079	(113,473)
Loss for the year attributable to non-controlling interests			
— from continuing operations		**(2,507)**	(2,182)
— from discontinued operations		**—**	(35,648)
		(2,507)	(37,830)
		13,572	(151,303)
EARNINGS/(LOSS) PER SHARE	13		
From continuing and discontinued operations			
— Basic and diluted (RMB)		**0.03**	(0.22)
From continuing operations			
— Basic and diluted (RMB)		**0.03**	(0.06)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Note	2024 RMB'000	2023 RMB'000
Profit/(loss) for the year		**13,572**	(151,303)
Other comprehensive income/(expense)			
Item that will not be reclassified to profit or loss:			
Exchange differences on translation from functional currency to presentation currency		**9,521**	6,253
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(5,408)**	(22,893)
Reclassification of cumulative translation reserve upon discontinued operations of foreign operations		**—**	3,182
Reclassification of cumulative translation reserve upon deemed disposal of an investment accounted for using the equity method		**405**	—
Transfer upon deregistration of subsidiaries		**(21)**	—
Share of other comprehensive (expense)/income of investments accounted for using the equity method	17	**(1,524)**	257
		(6,548)	(19,454)
Other comprehensive income/(expense) for the year, net of tax		**2,973**	(13,201)
Total comprehensive income/(expense) for the year		**16,545**	(164,504)
Total comprehensive income/(expense) attributable to:			
— owners of the Company		**18,396**	(123,931)
— non-controlling interests		**(1,851)**	(40,573)
		16,545	(164,504)
Total comprehensive income/(expense) attributable to owners of the Company:			
— from continuing operations		**18,396**	(43,065)
— from discontinued operations		**—**	(80,866)
		18,396	(123,931)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	310,085	320,243
Right-of-use assets	15	104,041	123,609
Intangible assets	16	42,298	42,471
Deferred tax assets	30	15,169	16,720
Investments accounted for using the equity method	17	60,281	82,110
Total non-current assets		531,874	585,153
Current assets			
Inventories	18	238,425	243,160
Contract assets	19	562,477	642,906
Trade and notes receivables	20	424,534	351,783
Prepayments and other receivables	21	119,652	117,237
Pledged bank deposits	22	38,868	36,378
Term deposits with initial terms of over three months	22	1,000	10,000
Cash and cash equivalents	22	166,805	163,765
		1,551,761	1,565,229
Assets classified as held for sale	23	—	8,590
Total current assets		1,551,761	1,573,819
Total assets		2,083,635	2,158,972
EQUITY			
Equity attributable to owners of the Company			
Share capital	24	4,071	4,071
Reserves		448,446	383,648
Retained earnings		338,892	385,294
		791,409	773,013
Non-controlling interests		2,059	2,460
Total equity		793,468	775,473

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
LIABILITIES			
Non-current liabilities			
Lease liabilities	15	**31,197**	52,138
Long-term borrowings	26	**25,142**	110,848
Deferred income	28	**135**	341
Deferred tax liabilities	30	**40,181**	37,843
Other financial liabilities	29	**4,826**	4,642
Total non-current liabilities		**101,481**	205,812
Current liabilities			
Trade and other payables	25	**639,271**	663,436
Contract liabilities	19	**202,263**	180,190
Current income tax liabilities		**1,540**	848
Short-term borrowings	27	**229,750**	255,313
Current portion of long-term borrowings	26	**98,884**	64,520
Lease liabilities	15	**16,978**	13,380
Total current liabilities		**1,188,686**	1,177,687
Total liabilities		**1,290,167**	1,383,499
Total equity and liabilities		**2,083,635**	2,158,972

The consolidated financial statements on pages 86 to 198 were approved and authorised for issue by the Board of Directors on 26 March 2025 and were signed on its behalf by:

Mr. Ho Kwok Keung, Mars
Executive Director

Madam Zhou Ning
Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

		Attributable to owners of the Company							
	Notes	Share capital RMB'000	Share premium RMB'000	Capital surplus RMB'000	Retained earnings RMB'000	Currency translation differences RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2023		4,071	314,009	25,545	498,767	54,552	896,944	(13,363)	883,581
Comprehensive expense									
Loss for the year		—	—	—	(113,473)	—	(113,473)	(37,830)	(151,303)
Other comprehensive income/(expense)									
Exchange differences on translation from functional currency to presentation currency		—	—	—	—	6,253	6,253	—	6,253
Exchange differences arising on translation of foreign operations		—	—	—	—	(20,150)	(20,150)	(2,743)	(22,893)
Reclassification of cumulative translation reserve upon discontinued operations of foreign operations		—	—	—	—	3,182	3,182	—	3,182
Share of other comprehensive income of investments accounted for using the equity method	17	—	—	—	—	257	257	—	257
Total comprehensive expense		—	—	—	(113,473)	(10,458)	(123,931)	(40,573)	(164,504)
Transactions with owners, recognised directly in equity									
Deconsolidation of net liabilities of discontinued operations attributable to non-controlling interests	10	—	—	—	—	—	—	56,396	56,396
Total transactions with owners, recognised directly in equity		—	—	—	—	—	—	56,396	56,396
Balance at 31 December 2023		4,071	314,009	25,545	385,294	44,094	773,013	2,460	775,473

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Note	Attributable to owners of the Company								
		Share capital RMB'000	Share premium RMB'000	Capital surplus RMB'000	Statutory reserve RMB'000	Retained earnings RMB'000	Currency translation differences RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2024		4,071	314,009	25,545	—	385,294	44,094	773,013	2,460	775,473
Comprehensive income/(expense)										
Profit/(loss) for the year		—	—	—	—	16,079	—	16,079	(2,507)	13,572
Other comprehensive income/ (expense)										
Exchange differences on translation from functional currency to presentation currency		—	—	—	—	—	9,521	9,521	—	9,521
Exchange differences arising on translation of foreign operations		—	—	—	—	—	(6,064)	(6,064)	656	(5,408)
Reclassification of cumulative translation reserve upon deemed disposal of an investment accounted for using the equity method		—	—	—	—	—	405	405	—	405
Transfer upon deregistration of subsidiaries		—	—	—	—	—	(21)	(21)	—	(21)
Share of other comprehensive income of investments accounted for using the equity method	17	—	—	—	—	—	(1,524)	(1,524)	—	(1,524)
Total comprehensive income/ (expense)		—	—	—	—	16,079	2,317	18,396	(1,851)	16,545
Transfer		—	—	—	62,481	(62,481)	—	—	—	—
Transactions with owners, recognised directly in equity										
Capital contribution from non-controlling shareholders		—	—	—	—	—	—	—	1,450	1,450
Total transactions with owners, recognised directly in equity		—	—	—	—	—	—	—	1,450	1,450
Balance at 31 December 2024		4,071	314,009	25,545	62,481	338,892	46,411	791,409	2,059	793,468

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Cash flows from operating activities			
Cash generated from/(used in) operations	35(a)	**102,786**	(70,758)
Income taxes paid		**(6,876)**	(7,398)
Interest received		**2,895**	3,290
		98,805	(74,866)
Discontinued operations		**—**	12,217
Net cash from/(used in) operating activities		**98,805**	(62,649)
Cash flows from investing activities			
Placement of term deposits with initial terms of over three months		**(1,000)**	(10,000)
Redemption of term deposits with initial terms of over three months		**10,000**	14,505
Dividend received from a joint venture	17	**1,200**	4,940
Payment for property, plant and equipment		**(20,491)**	(69,235)
Payment for intangible assets		**(2,592)**	(1,706)
Proceeds from disposal of property, plant and equipment		**2,067**	171
Proceeds from disposal of land use right classified as right-of-use assets		**12,426**	12,389
Net cash outflows on discontinued operations		**—**	(5,531)
Net cash inflow on acquisition of a subsidiary	39	**2,820**	—
Net cash from/(used in) investing activities		**4,430**	(54,467)
Cash flows from financing activities			
Interest paid		**(17,147)**	(13,862)
New borrowings raised	35(b)	**303,138**	442,361
Repayments of borrowings	35(b)	**(380,043)**	(261,555)
Principal elements of lease payments	35(b)	**(7,521)**	(10,202)
Capital contributions from non-controlling interests		**250**	—
		(101,323)	156,742
Discontinued operations		**—**	(9,627)
Net cash (used in)/from financing activities		**(101,323)**	147,115
Net increase in cash and cash equivalents		**1,912**	29,999
Cash and cash equivalents at beginning of year	22	**163,765**	133,624
Exchange gains on cash and cash equivalents		**1,128**	142
Cash and cash equivalents at end of year	22	**166,805**	163,765

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 9 January 2014 as an exempted company with limited liability. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company and its subsidiaries are principally engaged in providing integrated engineering solutions to pharmaceutical manufacturers and research institutes, as well as manufacturing and distribution of pharmaceutical equipments and consumables in the People's Republic of China (the "**PRC**"). The ultimate holding company of the Company is Standard Fortune Holdings Limited, a company incorporated in the British Virgin Islands ("**BVI**") with limited liability and wholly owned by Mr. Ho Kwok Keung, Mars ("**Mr. Mars Ho**", also the "**Controlling Shareholder**"), Chairman of the Board and the Chief Executive Officer of the Company (the "**Chief Executive Officer**").

Ordinary shares of HK$0.01 each in the share capital of the Company ("**Shares**") have been listed on the Main Board of The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") since 7 November 2014.

The consolidated financial statements are presented in thousands of Renminbi Yuan ("**RMB**"), unless otherwise stated, and are approved for issue by the Board on 26 March 2025.

As disclosed in Note 4, the presentation of comparative information in respect of the revenue and segment information for the year ended 31 December 2023 has been represented and restated in order to reflect the changes from six to three operating segments during the current year.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("**IFRSs**") issued by the International Accounting Standards Board ("**IASB**"). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**") and by the Hong Kong Companies Ordinance.

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

2.2 Application of new and amendments to IFRSs

(a) Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRSs issued by IASB for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

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

The application of the amendments to IFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.2 Application of new and amendments to IFRSs (Continued)

(b) New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity[3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards — Volume 11[3]
Amendments to IAS 21	Lack of Exchangeability[2]
IFRS 18	Presentation and Disclosure in Financial Statements[4]

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

Except for the new IFRS mentioned below, the directors of the Company anticipate that the application of all other amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.2 Application of new and amendments to IFRSs (Continued)

(b) New and amendments to IFRSs in issue but not yet effective (Continued)

IFRS 18 "Presentation and Disclosure in Financial Statements"

IFRS 18 "Presentation and Disclosure in Financial Statements", which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 "Presentation of Financial Statements". This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7.

Minor amendments to IAS 7 "Statement of Cash Flows" and IAS 33 "Earnings per Share" are also made. IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the consolidated statement of profit or loss and other comprehensive income and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of IFRS 18 on the Group's consolidated financial statements.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

2.3 Principles of consolidation and equity accounting

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

(b) Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting after initially being recognised at cost (see (d) below). Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

(c) Joint arrangements

Under IFRS 11 "Joint Arrangements" investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group only has joint ventures.

Interests in joint ventures are accounted for using the equity method (see (d) below), after initially being recognised at cost in the consolidated statement of financial position.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.3 Principles of consolidation and equity accounting (Continued)

(d) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.11.

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of IFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.3 Principles of consolidation and equity accounting (Continued)

(e) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Group.

2.4 Business combinations

The cost of a combination is measured as the fair value of the assets given and liabilities incurred or assumed at the date of acquisition.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquired business, the equity interests issued by the Group, fair value of any assets or liability resulting from a contingent consideration arrangement, and fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis, either at fair value or at the non- controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquired entity and the acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired as a bargain purchase, the difference is recognised directly in profit or loss.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.5 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

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

2.6 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ("**CODM**"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief executive officer, vice presidents and directors of the Company.

2.7 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("**the functional currency**"). The consolidated financial statements are presented in RMB, which is the Group's presentation currency, and the Company's functional currency is Hong Kong dollar ("**HK$**").

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of profit or loss within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss on a net basis within other gains/(losses).

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.7 Foreign currency translation (Continued)

(b) Transactions and balances (Continued)

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position;

(ii) income and expenses for each consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

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

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.7 Foreign currency translation (Continued)

(d) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the equity holders of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in joint ventures or associates that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

2.8 Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditures that are directly attributable to the acquisition of the items.

Construction in progress is stated at cost, including the costs of construction, machinery and other expenditures for the purpose of preparing the construction-in-progress for its intended use and borrowing costs incurred before the assets ready for intended use that are eligible for capitalisation. Construction in progress is not depreciated until the asset is completed and ready for its intended use.

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

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.8 Property, plant and equipment (Continued)

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost, net of their residual values over their estimated useful lives, as follows:

	Estimated useful lives
Buildings	20 years
Machinery	5-10 years
Vehicles	5 years
Others	3-5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.11).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other gains-net' in the consolidated statement of profit or loss.

2.9 Intangible assets

Intangible assets mainly represent computer software, unpatented technologies, trademarks and know-how.

(a) Computer software

Acquired computer software are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 5 to 10 years.

(b) Unpatented technologies

Acquired unpatented technologies are capitalised on the basis of the costs incurred to acquire and bring to use the specific technologies. These costs are amortised over their estimated useful lives of 15 years using the straight-line method which reflects the pattern in which the intangible assets future economic benefits are expected to be consumed.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.9 Intangible assets (Continued)

(c) *Trademarks and Know-How*

Trademarks and know-how acquired in a business combination are recognised at fair value at the acquisition date. Trademarks and know-how are amortised over their estimated useful lives of 10 years using the straight-line method which reflects the pattern in which the intangible asset's future economic benefits are expected to be consumed.

When determining the length of useful life of trademarks and know-how, management take into account the (i) estimated period during which such asset can bring economic benefits to the Group; and (ii) the useful life estimated by comparable companies in the market.

2.10 Research and development

Research expenditures is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

(i) it is technically feasible to complete the intangible asset so that it will be available for use or sale;

(ii) management intends to complete the intangible asset and use or sell it;

(iii) there is an ability to use or sell the intangible asset;

(iv) it can be demonstrated how the intangible asset will generate probable future economic benefits;

(v) adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and

(vi) the expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised on a straight-line basis over its useful life.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

2.11 Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.12 Financial assets

2.12.1 Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("**OCI**") or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. Management determines the classification of its financial assets at initial recognition.

2.12.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.12 Financial assets (Continued)

2.12.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("**FVTPL**"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains together with foreign exchange gains and losses. Impairment losses are presented as separate line item in profit or loss.

- Fair value through other comprehensive income ("**FVTOCI**"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains. Interest income from these financial assets is included in finance income using the effective interest rate method. Impairment losses are presented as separate line item in profit or loss.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.12 Financial assets (Continued)

2.12.4 Impairment

The Group assesses on a forward looking basis the expected credit loss ("**ECL**") with its financial assets carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables and contract assets, the Group applies the simplified approach to measure ECLs, which uses a lifetime ECL allowance to be recognised from initial recognition of all trade receivables, further details are set out in Note 34.1.

2.13 Offsetting financial instruments

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

2.14 Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of

- the amount determined in accordance with the expected credit loss model under IFRS 9 "Financial Instruments" ("**IFRS 9**") and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15 "Revenue from Contracts with Customers".

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION
(Continued)

2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the moving average method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads, the latter being allocated on the basis of normal operating capacity. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

2.16 Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. For further information about the Group's accounting for trade receivables and a description of the Group's impairment policies are set out in Note 20 and Note 34.1 respectively.

2.17 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less that they are readily convertible to know amounts of cash and which are subject to an insignificant risk of changes in value.

2.18 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.19 Statutory reserve

As stipulated by the relevant laws in the PRC, the PRC subsidiaries are required to maintain a statutory reserve fund. The minimum transfer to statutory reserve is 10% of profit after tax of the PRC subsidiaries according to the PRC subsidiaries' statutory financial statements. No appropriation is required if the balance of the statutory reserve has reached 50% of the registered capital of the relevant PRC subsidiaries. The statutory reserve can be used to make up losses or for conversion into capital.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

2.20 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

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

2.21 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the date of consolidated statement of financial position.

2.22 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

2.23 Taxation

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of consolidated statement of financial position in the countries where the Company's subsidiaries, joint ventures and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred tax

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the date of consolidated statement of financial position and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.23 Taxation (Continued)

(b) Deferred tax (Continued)

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

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

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(c) Offsetting

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income tax levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

2.24 Employee benefits

Liabilities for wages and salaries are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current liabilities-trade and other payable in the consolidated statement of financial position.

Pension and social obligations

A defined contribution plan is a pension plan under which the Group pays contributions to publicly or privately administrated pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised and allocated to related cost of assets and expenses based on different beneficiaries.

All Chinese employees of the Group participate in other employee social security plans, including medical, housing and other welfare benefits, organised and administered by the governmental authorities. According to the relevant regulations, the premiums and welfare benefit contributions that should be borne by the Group are calculated based on percentages of the total salary of employees, subject to a certain ceiling. Contributions to the plans are recorded as production costs or expensed as incurred.

The Group's contributions to the Mandatory Provident Fund Scheme established under the Hong Kong Mandatory Provident Fund Schemes Ordinance are expensed as incurred. Both the Group and its employees in Hong Kong are required to contribute 5% of each individual's relevant income with a maximum amount of HK$1,500 per month as a mandatory contribution. Employees may also elect to contribute more than the minimum as a voluntary contribution. The assets of the scheme are held separately from those of the Group and managed by independent professional fund managers.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

2.25 Provisions

Provisions for legal claim product and service warranties are recognised when the Group has a present constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the net cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

When assessing whether a contract is onerous or loss-making, the Group includes costs that relate directly to the contract, consisting of both the incremental costs (to specify, e.g. direct labour and materials) and an allocation of other costs (to specify, e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling that contract) that relate directly to fulfilling contracts.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

2.26 Revenue recognition

Revenue is measured at the transaction price agreed under the contract and is shown after eliminating sales within the Group. The Group considers the effects of variable consideration, constraining estimates of variable consideration, the existence of a significant financing component in the contract, non-cash consideration and consideration payable to a customer to determine the transaction price.

Revenues are recognised when or as the control of the asset is transferred to the customer and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Revenue from integrated engineering solutions contracts

Revenues are recognised when or as the control of the asset is transferred to the customer. Control of the asset for system engineering contracts is transferred over time as the Group's performance creates and enhances an asset that the customer controls as the Group performs. Revenue from system engineering contract is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation by input method. Expected losses are fully provided on contracts when identified.

(b) Revenue from sale of goods

Revenue from sale of goods is recognised when control of the products has been transferred, being when the products are delivered to the customer. The control of the products refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, the products.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.26 Revenue recognition (Continued)

(c) Revenue from services rendered

Revenue for services rendered including technique development, design, consultation and supervision services, is recognised over the period of rendering services by the progress towards complete satisfaction of that performance obligation and when it is probable that the economic benefits associated with the transaction will flow to the entity.

2.27 Government grants

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

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

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

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

2.28 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principle and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

2.28 Leases (Continued)

Right-of-use assets, include land use rights, are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The Group presents right-of-use assets and lease liabilities as a separate line item on the consolidated statement of financial position respectively.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the consolidated statement of financial position based on their nature.

2.29 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell, except for financial assets within the scope of IFRS 9, investment properties, which continue to be measured in accordance with the accounting policies as set out in respective sections.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(Continued)

2.30 Discontinued operations

A discontinued operation is a component of the Group (i.e. the operations and cash flows of which can be clearly distinguished from the rest of the Group) that either has been disposed of, or is classified as held for sale, and which represents a separate major line of business or geographical area of operations, or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the component meets the criteria to be classified as held for sale in accordance with IFRS 5, if earlier. It also occurs when the component is abandoned.

When an operation is classified as discontinued, a single amount is presented in the consolidated statement of profit or loss, which comprises:

— The post-tax profit or loss of the discontinued operation; and

— The post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group constituting the discontinued operation.

3. MATERIAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of trade receivables and contract assets

The loss allowances for trade receivables and contract assets are based on assumptions about risk of default and expected credit loss rates. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the tables in Note 34.

As at 31 December 2024, the gross amounts of trade receivables and contract assets are RMB431,813,000 and RMB581,050,000 (2023: RMB349,258,000 and RMB662,881,000), respectively, where cumulative allowance for ECLs totalling RMB69,022,000 (2023: RMB69,528,000) was made for trade receivables and contract assets in aggregate.

(b) Revenue from integrated engineering solutions contracts recognised over time

The Group recognised revenue from integrated engineering solutions contracts, over time by reference to the progress towards complete satisfaction of performance obligations. It requires estimations by management of the Group because of the nature of the performance obligations in contracts with customers, customers control the asset as it is created and enhanced by the Group or receive the benefits of the Group's performance as the Group performs and simultaneously consume those benefits over the period of the contract. Management of the Group regularly reviews the proportion of contract costs incurred for work performed to date to estimated stage of completion of the performance obligations of specific transactions. If circumstances arise that may change the original estimates of transaction price, costs or extent of performance obligation satisfaction, estimates are revised. These revisions may result in increases or decreases in estimated revenues or costs and are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by the management of the Group.

During the year ended 31 December 2024, revenue of RMB1,038,332,000 (2023: RMB1,339,690,000) was recognised from integrated engineering solutions contracts.

3. MATERIAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

(c) Write-down of inventories

Inventories are reviewed for write-down whenever events or changes in circumstances cause their carrying amounts to exceed their net realisable value. The determination of net realisable value of the inventories requires the use of estimates by reference to the subsequent selling costs, estimated costs to completion and costs necessary to make the sale. The Group's management determined estimated net realisable value of inventories.

During the year ended 31 December 2024, write-down of inventories of RMB5,248,000 (2023: RMB14,161,000) was charged to profit or loss. As at 31 December 2024, the carrying amount of the Group's inventories is RMB238,425,000 (2023: RMB243,160,000).

(d) Income taxes and deferred tax

There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will be reflected in the income tax expense in the period in which such determination is made. In addition, the realisation of deferred tax assets is dependent on the Group's ability to generate sufficient taxable profit in future years to utilise income tax benefits and tax loss carry-forwards. Deviations of future profitability from estimates or in the income tax rate would result in adjustments to the value of future tax assets and liabilities that could have a significant effect on the income tax expenses.

4. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue from contracts with customers

Continuing operations:

	For the year ended 31 December 2024			
	Integrated Process and Packaging Equipment & Systems RMB'000	Consulting, Digitalization and Construction RMB'000	Life Science Equipment and Consumables RMB'000	Total RMB'000
Types of goods or services				
Revenue from integrated engineering solutions contracts	569,304	454,736	14,292	1,038,332
Revenue from sale of goods	35,790	32,998	313,476	382,264
Revenue from services rendered	50,111	28,080	1,615	79,806
Total	655,205	515,814	329,383	1,500,402

	For the year ended 31 December 2023 (restated)			
	Integrated Process and Packaging Equipment & Systems RMB'000	Consulting, Digitalization and Construction RMB'000	Life Science Equipment and Consumables RMB'000	Total RMB'000
Types of goods or services				
Revenue from integrated engineering solutions contracts	809,364	530,326	—	1,339,690
Revenue from sale of goods	27,310	48,130	300,330	375,770
Revenue from services rendered	26,412	18,799	3,063	48,274
Total	863,086	597,255	303,393	1,763,734

Segment information

The CODMs have been identified as the Chief Executive Officer, the vice presidents and the directors of the Company who review the Group's internal reports in order to assess performance and allocate resources.

4. REVENUE AND SEGMENT INFORMATION (Continued)

The CODMs consider the business primarily from a product and service perspective. In the current year, the Group reorganised its internal reporting structure which resulted in changes to the composition of reportable segments. The Group integrated the former six operating segments into three reportable segments: (1) Integrated Process and Packaging Equipment & Systems; (2) Consulting, Digitalization and Construction; and (3) Life Science Equipment and Consumables. The CODMs consider these changes would provide a more relevant and reliable measurement of performance of each business segment. Prior year segment disclosures have been represented to conform with current year's presentation.

The CODM evaluates the performance of the reportable segments based on gross profit.

4. REVENUE AND SEGMENT INFORMATION (Continued)

The segment results for the year ended 31 December 2024 are as follows:

Continuing operations:

	Integrated Process and Packaging Equipment & Systems RMB'000	Consulting, Digitalization and Construction RMB'000	Life Science Equipment and Consumables RMB'000	Total RMB'000
Segment revenue and results				
Segment revenue	821,327	611,418	346,162	1,778,907
Inter-segment revenue	(166,122)	(95,604)	(16,779)	(278,505)
Revenue*	655,205	515,814	329,383	1,500,402
Recognised at a point in time	85,901	61,078	315,091	462,070
Recognised over time	569,304	454,736	14,292	1,038,332
Cost of sales	(562,371)	(436,193)	(200,621)	(1,199,185)
Segment results				
Gross profit	92,834	79,621	128,762	301,217
Other segment items				
Amortisation	3,260	3,377	605	7,242
Depreciation	26,648	9,201	10,015	45,864
Provision for/(reversal of) impairment losses on financial assets and contract assets	6,586	(3,141)	(56)	3,389
Write-down of inventories	2,831	958	1,459	5,248
Share of net profit of investments accounted for using the equity method	(298)	—	—	(298)
Finance costs	10,169	5,377	1,656	17,202
Interest income	(1,190)	(1,101)	(604)	(2,895)
Loss/(gain) on disposal of property, plant and equipment	176	(13)	34	197

* No single customer contributed over 10% of the total revenue of the Group during the year.

4. REVENUE AND SEGMENT INFORMATION (Continued)

The segment results for the year ended 31 December 2023 are as follows:

Continuing operations (restated):

	Integrated Process and Packaging Equipment & Systems RMB'000	Consulting, Digitalization and Construction RMB'000	Life Science Equipment and Consumables RMB'000	Total RMB'000
Segment revenue and results				
Segment revenue	984,850	732,646	321,778	2,039,274
Inter-segment revenue	(121,764)	(135,391)	(18,385)	(275,540)
Revenue*	863,086	597,255	303,393	1,763,734
Recognised at a point in time	53,722	66,929	303,393	424,044
Recognised over time	809,364	530,326	—	1,339,690
Cost of sales	(763,665)	(456,281)	(207,738)	(1,427,684)
Segment results				
Gross profit	99,421	140,974	95,655	336,050
Other segment items				
Amortisation	3,279	3,194	1,093	7,566
Depreciation	19,808	12,274	5,951	38,033
Provision for/(reversal of) impairment losses on financial assets and contract assets	6,363	25,618	(88)	31,893
Write-down/(reversal of write-down) of inventories	7,094	(3,038)	10,105	14,161
Share of net profit of investments accounted for using the equity method	(6,731)	—	—	(6,731)
Finance costs	9,674	3,414	1,349	14,437
Interest income	(2,039)	(1,134)	(117)	(3,290)
Loss on disposal of property, plant and equipment	355	495	—	850

* No single customer contributed over 10% of the total revenue of the Group during the year.

4. REVENUE AND SEGMENT INFORMATION (Continued)

A reconciliation of segment gross profit to total profit/(loss) before income tax from continuing operations is provided as follows:

Continuing operations:

	2024 RMB'000	2023 RMB'000 (Restated)
Integrated Process and Packaging Equipment & Systems	92,834	99,421
Consulting, Digitalization and Construction	79,621	140,974
Life Science Equipment and Consumables	128,762	95,655
Total gross profit for reportable segments	301,217	336,050
Selling and marketing expenses	(131,851)	(167,323)
Administrative expenses	(107,225)	(133,666)
Net impairment losses on financial assets and contract assets	(3,389)	(31,893)
Research and development expenses	(53,549)	(55,332)
Other income	27,548	11,706
Other gains — net	2,430	10,464
Finance costs — net	(14,307)	(11,147)
Share of net profit of investments accounted for using the equity method	298	6,731
Profit/(loss) before income tax from continuing operations	21,172	(34,410)

4. REVENUE AND SEGMENT INFORMATION (Continued)

The segment assets as at 31 December 2024 and 2023 are as follows:

	As at 31 December 2024		As at 31 December 2023	
	Total assets RMB'000	Investments accounted for using the equity method RMB'000	Total assets RMB'000 (Restated)	Investments accounted for using the equity method RMB'000 (Restated)
Integrated Process and Packaging Equipment & Systems	1,143,870	60,281	1,078,414	82,110
Consulting, Digitalization and Construction	502,916	—	609,272	—
Life Science Equipment and Consumables	218,154	—	226,352	—
Total segment assets	1,864,940	60,281	1,914,038	82,110
Unallocated:				
Deferred tax assets	15,169		16,720	
Assets classified as held for sale	—		8,590	
Headquarter assets	203,526		219,624	
Total assets	2,083,635		2,158,972	

All assets are allocated to operating segments other than deferred tax assets, assets classified as held for sale and headquarter assets. Assets used jointly by operating segments are allocated on the basis of the revenue earned by individual operating segments.

4. REVENUE AND SEGMENT INFORMATION (Continued)

The Group's borrowings are not considered to be segment liabilities, but are managed by the treasury function.

	2024 Total liabilities RMB'000	2023 Total liabilities RMB'000 (Restated)
Integrated Process and Packaging Equipment & Systems	471,044	501,997
Consulting, Digitalization and Construction	252,807	252,797
Life Science Equipment and Consumables	96,529	87,250
Total segment liabilities	820,380	842,044
Unallocated:		
Deferred tax liabilities	40,181	37,843
Short-term borrowings	229,750	255,313
Long-term borrowings	25,142	110,848
Current portion of long-term borrowings	98,884	64,520
Headquarter liabilities	75,830	72,931
Total liabilities	1,290,167	1,383,499

All liabilities are allocated to operating segments other than deferred tax liabilities, short-term borrowings, long-term borrowings, current portion of long-term borrowings and headquarter liabilities. Liabilities used jointly by operating segments are allocated on the basis of the revenue earned by individual operating segments.

4. REVENUE AND SEGMENT INFORMATION (Continued)

Geographical information

Information about the Group's revenue from continuing operations from external customers is presented based on the country in which the customer is located, and certain assets are based on country where the assets are located.

Continuing operations:

	2024 RMB'000	2023 RMB'000
Revenue		
Mainland China	**1,333,487**	1,681,099
Other locations	**166,915**	82,635
	1,500,402	1,763,734

	2024 RMB'000	2023 RMB'000
Non-current assets other than financial assets and deferred tax assets		
Mainland China	**492,111**	524,375
Other locations	**24,594**	44,058
	516,705	568,433

5. EXPENSES BY NATURE

Continuing operations:

	2024 RMB'000	2023 RMB'000
Raw materials used	**738,226**	924,789
On-site subcontract fee	**110,337**	140,048
Technical service fee	**30,149**	26,814
Staff costs, including directors' emoluments (Note 11)	**402,632**	459,799
Depreciation		
— Property, plant and equipment (Note 14)	**28,694**	19,795
— Right-of-use assets (Note 15)	**17,170**	18,238
Amortisation (Note 16)	**7,242**	7,566
Travel expenses	**34,825**	39,069
Freight and port charges	**28,280**	28,533
Professional fee	**6,885**	17,092
Sales tax and surcharges	**9,835**	8,632
Warranty provision	**5,821**	15,496
Office expenses	**13,417**	11,650
Business entertainment expenses	**11,672**	8,597
Write-down of inventories	**5,248**	14,161
Promotion expenses	**6,553**	8,599
Auditor's remuneration		
— Audit service		
— Moore CPA Limited	**2,780**	2,780
— Other auditors	**378**	642
— Non audit service		
— Moore CPA Limited	**188**	—
— PricewaterhouseCoopers	**—**	2,681
Repair and maintenance	**3,539**	2,235
Human resources management expenses	**1,512**	1,372
Labour productive cost	**2,025**	645
Bank charges	**1,760**	1,612
Communication expenses	**1,507**	1,572
Renovation expenses	**2,424**	2,272
Convention service expenses	**722**	230
Property management fee	**142**	183
Other operating expenses	**17,847**	18,903
	1,491,810	1,784,005

6. OTHER INCOME

Continuing operations:

	2024 RMB'000	2023 RMB'000
Government grants (Note)		
— In relation to compensation for expenses or losses already incurred (Note (a))	**13,368**	8,360
— In relation to compensation for land use right (Note 21(d))	**13,974**	—
— In relation to deferred income (Notes (b) and 28)	**206**	2,897
Rental income	**—**	449
	27,548	11,706

Notes:

(a) There are no unfulfilled conditions or other contingencies attaching to these grants.

(b) The government grants have fulfilled the conditions and contingencies attaching to them during the year ended 31 December 2024 and was recognised as other income.

7. OTHER GAINS — NET

Continuing operations:

	2024 RMB'000	2023 RMB'000
Loss on derecognition of a joint venture (Note 17)	**(423)**	—
Gain on bargain purchase on acquisition of a subsidiary (Note 39)	**4,066**	—
Loss on disposal of property, plant and equipment	**(197)**	(850)
Gain on disposal of land use right classified as right-of-use asset	**—**	4,954
Gain on early termination of lease contracts	**1,060**	—
Exchange (losses)/gains, net	**(4,096)**	7,116
Others	**2,020**	(756)
	2,430	10,464

8. FINANCE COSTS — NET

Continuing operations:

	2024 RMB'000	2023 RMB'000
Finance costs		
— Bank borrowings	**(14,365)**	(10,916)
— Lease liabilities (Note 15(b))	**(2,649)**	(3,045)
— Other financial liabilities	**(188)**	(185)
Exchange losses, net	**—**	(291)
	(17,202)	(14,437)
Finance income		
— Bank deposits	**2,895**	3,290
	2,895	3,290
	(14,307)	(11,147)

9. INCOME TAX EXPENSE

Continuing operations:

	2024 RMB'000	2023 RMB'000
Current income tax expense		
— PRC corporate income tax	**3,768**	3,627
— Hong Kong and overseas profits tax	**548**	338
	4,316	3,965
Overprovision in prior years		
— PRC corporate income tax	**(221)**	(853)
— Hong Kong and overseas profits tax	**—**	(16)
	(221)	(869)
Deferred tax expense/(credit) (Note 30)	**3,505**	(2,717)
	7,600	379

9. INCOME TAX EXPENSE (Continued)

Continuing operations: (Continued)

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and, accordingly, is exempted from local income tax.

The Group's subsidiaries incorporated in the BVI under the International Business Companies Acts or, as the case maybe, BVI Business Companies Act are exempted from local income tax.

The taxation of the Group's subsidiaries in Hong Kong is calculated at 16.5% of the estimated assessable profits for the year (2023: 16.5%), except for a subsidiary of the Group in Hong Kong which is a qualifying entity applicable to the two-tiered profits tax rates. Under the two-tiered profits tax rates regime, the profits tax rate for the first HK$2 million of assessable profits will be lowered to 8.25%, and assessable profits above HK$2 million will continue to be subject to the rate of 16.5%.

Corporate income tax in the PRC is calculated based on the statutory profit or loss of subsidiaries incorporated in the PRC in accordance with the PRC tax laws and regulations, after adjusting certain income and expense items, which are not assessable or deductible for income tax purposes. According to the PRC Corporate Income Tax Law promulgated by the PRC government, the tax rate for the Company's PRC subsidiaries is 25%, except for certain subsidiaries which are taxed at preferential tax rates. Shanghai Austar Pharmaceutical Technology Equipment Ltd. ("**Shanghai Austar**"), Austar Pharmaceutical Equipment (Shijiazhuang) Ltd. ("**Austar SJZ**"), and Austar Hansen Lifesciences (Shanghai) Ltd. ("**Austar Hansen**") are high and new technology enterprises certified by relevant local authorities in the PRC. These entities are entitled to preferential corporate income tax rates of 15% upon fulfilment of certain conditions under the tax ruling. Austar SJZ has been enjoying preferential corporate income tax rate since 2015 and renewed its "High and New Technology Enterprise" qualification for another three years in 2024. Shanghai Austar and Austar Hansen have been enjoying preferential corporate income tax rate since 2013 and renewed their "High and New Technology Enterprise" qualification for another three years in 2022.

9. INCOME TAX EXPENSE (Continued)

Continuing operations: (Continued)

The tax on the Group's profit/(loss) before income tax differs from the theoretical amount that would arise using the statutory tax rate as follows:

	2024 RMB'000	2023 RMB'000
Profit/(loss) before income tax	21,172	(34,410)
Tax expense calculated at applicable statutory tax rate	5,519	(8,701)
Impact of preferential corporate income tax rates	(5,800)	(3,045)
Tax effect of income not taxable for tax purpose	(3,952)	(198)
Tax effect of expenses not deductible for tax purpose	8,301	5,724
Tax effect of tax losses not recognised as deferred tax assets	9,579	13,304
Tax effect of other deductible temporary differences not recognised as deferred tax assets	1,674	2,550
Utilisation of deductible temporary differences previously not recognised	(2,149)	(2,329)
Utilisation of tax losses previously not recognised	(1,666)	(99)
Research and development tax credit	(5,668)	(6,304)
Withholding tax on dividend	2,002	1,616
Overprovision in prior years	(221)	(869)
Tax effect of share of profit of investments accounted for using the equity method	(19)	(1,270)
Income tax expense	7,600	379

10. DISCONTINUED OPERATIONS

As set out in the Company's announcements dated 3 August 2023 and 29 August 2023, H+E Pharma GmbH ("**H+E Pharma**") and S-Tec GmbH ("**S-Tec**"), the then indirect non-wholly-owned subsidiaries of the Company, filed for insolvency under self-administration (debtor-in-possession) proceedings in Germany on 3 August 2023.

As the business operations of Germany Operations were considered as a separate geographical area of operations, and it was a component of an entity comprises operations and cash flows that was clearly distinguished, operationally and for financial reporting purposes, from the rest of the Group, so it was considered and accounted for as discontinued operations ("**Discontinued Operations**") for the year ended 31 December 2023. The directors of the Company also considered that separately highlighting the results and cash flows of the Discontinued Operations provided clearer information that was relevant in assessing the ongoing ability of the Group to generate cash flows.

Accordingly, the carrying amount related to the net liabilities of the Discontinued Operations was deconsolidated from the consolidated financial statements of the Group as of 3 August 2023. The results, other comprehensive income and cash flows of the Discontinued Operations were separately presented in the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, and consolidated statement of cash flows for the year ended 31 December 2023, respectively.

The net liabilities relating to the Discontinued Operations were RMB113,320,000 upon deconsolidation as at 3 August 2023 and an aggregate one-off loss upon deconsolidation of the Discontinued Operations was recognised in 2023 and included in the losses from discontinued operations.

The loss from Discontinued Operations for the period from 1 January 2023 to 3 August 2023 was set out below.

10. DISCONTINUED OPERATIONS (Continued)

	Period from 1 January 2023 to 3 August 2023 RMB'000
Revenue	45,632
Cost of sales	(89,630)
Gross loss	(43,998)
Selling and distribution expenses	(787)
Administrative expenses	(6,160)
Other losses — net	(18,627)
Operating loss	(69,572)
Finance costs	(3,225)
Loss before income tax	(72,797)
Income tax credit	46
Loss from discontinued operations	(72,751)
Add: One-off gains recognised upon the deconsolidation of the Discontinued Operations attributable to owners of the Company	56,924
Less: Reclassification of cumulative translation reserve upon the deconsolidation of the Discontinued Operations	(3,182)
Less: Impairment loss on amounts due from the Discontinued Operations	(97,505)
Loss from discontinued operations	(116,514)

10. DISCONTINUED OPERATIONS (Continued)

The major classes of assets and liabilities relating to the Discontinued Operations as at 3 August 2023 were set out below:

	As at 3 August 2023 RMB'000
Deconsolidated assets	36,294
Deconsolidated liabilities	149,614
Deconsolidated net liabilities	(113,320)
Deconsolidated net liabilities attributable to non-controlling interests	(56,396)
Deconsolidated net liabilities attributable to owners of the Company	(56,924)

The net cash flows incurred relating to the Discontinued Operations are as follows:

	Period from 1 January 2023 to 3 August 2023 RMB'000
Operating activities	12,217
Investing activities	—
Financing activities	(9,627)
Effect of foreign exchange rate changes	234
Net cash inflow	2,824

11. STAFF COSTS, INCLUDING DIRECTORS' EMOLUMENTS

Continuing operations:

	2024 RMB'000	2023 RMB'000
Salaries and bonuses	319,464	359,592
Pension and social obligations	83,168	100,207
	402,632	459,799

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group were as follows:

	2024	2023
Directors	2	2
Non-director individuals	3	3
	5	5

11. STAFF COSTS, INCLUDING DIRECTORS' EMOLUMENTS (Continued)

(a) Five highest paid individuals (Continued)

The Directors' emoluments were reflected in the analysis presented in Note 11(b). The emoluments payable to the remaining individuals were as follows:

	2024 RMB'000	2023 RMB'000
Basic salaries and allowances	**3,144**	3,575
Discretionary bonuses	**—**	2,070
Other benefits including pension	**450**	296
	3,594	5,941

The emoluments fell within the following bands:

	Number of individuals	
	2024	2023
Emolument bands		
HK$1,000,001-HK$1,500,000 (Equivalent to RMB909,001-RMB1,364,000)	**3**	—
HK$1,500,001-HK$2,000,000 (Equivalent to RMB1,364,001-RMB1,818,000)	**—**	1
HK$2,000,001-HK$2,500,000 (Equivalent to RMB1,818,001-RMB2,273,000)	**—**	1
HK$2,500,001-HK$3,000,000 (Equivalent to RMB2,273,001-RMB2,727,000)	**—**	1
	3	3

During the years ended 31 December 2024 and 2023, no emoluments were paid by the Group to these five highest paid individuals and the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office.

11. STAFF COSTS, INCLUDING DIRECTORS' EMOLUMENTS (Continued)

(b) Directors' and chief executive's emoluments

The remuneration of every director and the chief executive is set out below:

For the year ended 31 December 2024 (RMB'000):

Name	Fees	Salary	Discretionary bonuses	Employer's contribution to a retirement benefit scheme	Other	Total
Executive Directors						
Ho Kwok Keung, Mars	—	922	—	16	—	938
Ho Kin Hung	—	2,017	—	16	3	2,036
Chen Yuewu	—	1,027	—	115	8	1,150
Zhou Ning	—	776	—	160	8	944
Non-Executive Director						
Ji Lingling	529	—	—	—	—	529
Independent Non-Executive Directors						
Chiu Hoi Shan	164	—	—	—	—	164
Cheung Lap Kei	164	—	—	—	—	164
Leung Oi Kin	164	—	—	—	—	164
Total	1,021	4,742	—	307	19	6,089

11. STAFF COSTS, INCLUDING DIRECTORS' EMOLUMENTS (Continued)

(b) Directors' and chief executive's emoluments (Continued)

For the year ended 31 December 2023 (RMB'000):

Name	Fees	Salary	Discretionary bonuses	Employer's contribution to a retirement benefit scheme	Other	Total
Executive Directors						
Ho Kwok Keung, Mars	—	919	—	16	—	935
Ho Kin Hung	—	2,004	235	—	19	2,258
Chen Yuewu	—	1,058	938	129	8	2,133
Zhou Ning	—	803	144	106	55	1,108
Non-Executive Director						
Ji Lingling	529	—	103	—	—	632
Independent Non-Executive Directors						
Chiu Hoi Shan	161	—	—	—	—	161
Cheung Lap Kei	161	—	—	—	—	161
Leung Oi Kin	161	—	—	—	—	161
Total	1,012	4,784	1,420	251	82	7,549

(c) Directors' retirement benefits

During the year ended 31 December 2024, retirement benefits of RMB307,000 (2023: RMB251,000) operated by the Group were paid or made, directly or indirectly, to or receivable by a director in respect of his/her services as a director or other services in connection with the management of the affairs of the Company or its subsidiaries.

(d) Directors' termination benefits

During the year ended 31 December 2024, no payments or benefits in respect of termination of director's services were paid or made, directly or indirectly, to or receivable by a director; nor are any payable (2023: Nil).

11. STAFF COSTS, INCLUDING DIRECTORS' EMOLUMENTS (Continued)

(e) Consideration provided to third parties for making available directors' services

During the year ended 31 December 2024, no consideration was provided to or receivable by third parties for making available director's services (2023: Nil).

(f) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

There are no loans, quasi-loans or other dealings in favour of directors, controlled bodies corporate by and connected entities (2023: Nil).

(g) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2023: Nil).

(h) The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.

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

12. DIVIDENDS

The Board did not propose any final dividend for the year ended 31 December 2024 (2023: Nil).

13. EARNINGS/(LOSS) PER SHARE

From continuing operations

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

The calculation of the basic and diluted earnings/(loss) per share is based on the following:

	2024 RMB'000	2023 RMB'000
Profit/(loss) for the year attributable to owners of the Company	16,079	(113,473)
Less: loss for the period from discontinued operations attributable to owners of the Company	—	80,866
Earnings/(loss) for the purpose of calculating basic and diluted earnings/(loss) per share from continuing operations	16,079	(32,607)

	2024 '000	2023 '000
Number of shares		
Weighted average number of ordinary shares in issue during the year for the purposes of the basic and diluted earnings/(loss) per share	512,582	512,582

As the Company had no potential ordinary shares for each of the years ended 31 December 2024 and 2023, diluted earnings/(loss) per share for the years ended 31 December 2024 and 2023 are the same as basic earnings/(loss) per share.

13. EARNINGS/(LOSS) PER SHARE (Continued)

From continuing and discontinued operations

	2024 RMB'000	2023 RMB'000
Profit/(loss) for the year attributable to owners of the Company for the purpose of basic earnings/(loss) per share	16,079	(113,473)

The denominators used are the same as those detailed above for basic and diluted earnings/(loss) per share from continuing operations.

From discontinued operations

For the year ended 31 December 2023, basic and diluted loss per share for the discontinued operations is RMB15.78 cents per share (2024: N/A), based on the loss for the year attributable to owners of the Company from the discontinued operations of RMB80,866,000 (2024: N/A) and the denominators used are the same as those detailed above for basic and diluted earnings/(loss) per share from continuing operations.

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000 (Note (c))	Machinery RMB'000	Vehicles RMB'000	Construction in progress RMB'000	Others RMB'000	Total RMB'000
Year ended 31 December 2023						
Opening net book value	4,977	32,404	1,472	214,042	25,573	278,468
Additions	70	3,669	—	55,686	9,810	69,235
Transfer upon completion of construction	235,736	13,374	144	(264,131)	14,877	—
Transfer to intangible assets (Note 16)	—	—	—	(1,086)	—	(1,086)
Transfer to assets classified as held for sale (Note (b))	(3,765)	—	—	—	—	(3,765)
Depreciation charge (Note 5)						
— Continuing operations	(6,280)	(4,517)	(288)	—	(8,710)	(19,795)
— Discontinued operations	—	(1,489)	—	—	(304)	(1,793)
Disposal	—	(737)	—	—	(284)	(1,021)
Closing net book value	230,738	42,704	1,328	4,511	40,962	320,243
As at 31 December 2023						
Cost	249,411	86,925	5,646	4,511	78,141	424,634
Accumulated depreciation	(18,673)	(44,221)	(4,318)	—	(37,179)	(104,391)
Net book value	230,738	42,704	1,328	4,511	40,962	320,243
Year ended 31 December 2024						
Opening net book value	**230,738**	**42,704**	**1,328**	**4,511**	**40,962**	**320,243**
Additions	**1,561**	**1,028**	**—**	**10,543**	**7,359**	**20,491**
Transfer upon completion of construction	**—**	**963**	**—**	**(6,565)**	**5,602**	**—**
Transfer to intangible assets (Note 16)	**—**	**—**	**—**	**(3,456)**	**—**	**(3,456)**
Transfer from assets classified as held for sale (Note (b))	**3,765**	**—**	**—**	**—**	**—**	**3,765**
Depreciation charge (Note 5)	**(11,876)**	**(5,142)**	**(274)**	**—**	**(11,402)**	**(28,694)**
Disposal	**—**	**(206)**	**—**	**—**	**(2,058)**	**(2,264)**
Closing net book value	**224,188**	**39,347**	**1,054**	**5,033**	**40,463**	**310,085**
As at 31 December 2024						
Cost	**267,414**	**79,238**	**5,646**	**5,033**	**87,409**	**444,740**
Accumulated depreciation	**(43,226)**	**(39,891)**	**(4,592)**	**—**	**(46,946)**	**(134,655)**
Net book value	**224,188**	**39,347**	**1,054**	**5,033**	**40,463**	**310,085**

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

Notes:

(a) As at 31 December 2024, certain buildings and construction in progress of the Group amounting to RMB223,554,000 (2023: RMB229,947,000) were secured to bank borrowings (Notes 26, 27 and 38).

(b) As at 31 December 2023, the Group committed to a plan to sell idle right-of-use assets and the aboveground factory building, of which the net book value amounted to RMB4,825,000 and RMB3,765,000, respectively, and they were reclassified as assets classified as held for sale thereafter. As at 31 December 2024, the Group reclassified the assets classified as held for sale to right-of-use assets and property, plant and equipment since the Group could not identify a suitable buyer. The right-of-use assets and the building aforementioned were pledged as collateral for certain short-term borrowings.

(c) During the year ended 31 December 2024, the Group entered into an agreement to commit to a lessee for the next five years. This agreement involves leasing a portion of an unsplittable area of the Group's building for workplace usage.

15. LEASES

This note provides information for leases where the Group is a lessee.

(a) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

	2024 RMB'000	2023 RMB'000
Right-of-use assets		
Land use right	**64,058**	61,830
Buildings	**39,983**	61,779
	104,041	123,609
Lease liabilities		
Within one year	**16,978**	13,380
Within a period of more than one year but not exceeding two years	**13,506**	12,821
Within a period of more than two years but not exceeding five years	**17,691**	34,813
Within a period of more than five years	**—**	4,504
	48,175	65,518

Additions to the right-of-use assets during the year ended 31 December 2024 were RMB5,644,000 (2023: RMB1,617,000).

15. LEASES (Continued)

(b) Amounts recognised in the consolidated statement of profit or loss

The consolidated statement of profit or loss shows the following amounts relating to leases:

Continuing Operations:

	Notes	2024 RMB'000	2023 RMB'000
Depreciation charge of right-of-use assets	5		
— Land use right		2,373	2,182
— Buildings		14,797	16,056
		17,170	18,238
Interest expense (included in finance costs)	8	2,649	3,045
Expense relating to short-term leases		292	405

The total cash outflow for leases in 2024 was RMB10,462,000 (2023: RMB13,652,000). The details are as follows:

Payment for short-term lease — RMB292,000 (2023: RMB405,000)

Payment for principal elements of leases — RMB7,521,000 (2023: RMB10,202,000)

Payment for interest elements of leases — RMB2,649,000 (2023: RMB3,045,000)

15. LEASES (Continued)

(c) The Group's leasing activities and how these are accounted for

The Group leases various offices, warehouses, plants and pieces of land. Rental contracts are typically made for fixed periods of 1 to 50 years as stated below but may have enforceability beyond the written contracts as described in (d) below.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

	Lease terms
Buildings	1-10 years
Land use right	50 years

(d) As at 31 December 2024 and 2023, the Group's land use right for the value of RMB64,058,000 (2023: RMB61,830,000) were pledged as security for borrowings (Notes 26, 27 and 38).

16. INTANGIBLE ASSETS

	Computer software and others RMB'000	Unpatented technologies RMB'000	Trademarks RMB'000	Know-how RMB'000	Total RMB'000
Year ended 31 December 2023					
Opening net book value	24,543	22,667	2,158	6,497	55,865
Additions	1,706	—	—	—	1,706
Transfer from property, plant and equipment (Note 14)	1,086	—	—	—	1,086
Exchange differences	35	—	110	36	181
Amortisation charge (Note 5)					
— Continuing operations	(5,966)	(1,600)	—	—	(7,566)
— Discontinued operations	—	—	(2,268)	(6,533)	(8,801)
Closing net book value	21,404	21,067	—	—	42,471
As at 31 December 2023					
Cost	40,974	24,000	—	—	64,974
Accumulated amortisation	(19,570)	(2,933)	—	—	(22,503)
Net book value	21,404	21,067	—	—	42,471
Year ended 31 December 2024					
Opening net book value	**21,404**	**21,067**	**—**	**—**	**42,471**
Additions	**3,792**	**—**	**—**	**—**	**3,792**
Transfer from property, plant and equipment (Note 14)	**3,456**	**—**	**—**	**—**	**3,456**
Exchange differences	**(179)**	**—**	**—**	**—**	**(179)**
Amortisation charge (Note 5)	**(5,642)**	**(1,600)**	**—**	**—**	**(7,242)**
Closing net book value	**22,831**	**19,467**	**—**	**—**	**42,298**
As at 31 December 2024					
Cost	**48,043**	**24,000**	**—**	**—**	**72,043**
Accumulated amortisation	**(25,212)**	**(4,533)**	**—**	**—**	**(29,745)**
Net book value	**22,831**	**19,467**	**—**	**—**	**42,298**

Note:

Amortisation expenses are included in cost of sales RMB2,146,000 (2023: RMB1,895,000), selling and marketing expenses RMB1,685,000 (2023: RMB1,377,000), administrative expenses RMB3,280,000 (2023: RMB4,127,000), and research and development cost RMB131,000 (2023: RMB167,000).

17. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The amounts recognised in the consolidated statement of financial position are as follows:

	2024 RMB'000	2023 RMB'000
Opening balance at 1 January	82,110	85,499
Deemed disposal (Note)	(14,785)	—
Share of net profit	298	6,731
Share of other comprehensive (expense)/income	(1,524)	257
Exchange differences	(793)	(5,437)
Dividend received and declared	(5,025)	(4,940)
Closing balance at 31 December	60,281	82,110

Note:

On 16 December 2024, Austar Equipment Limited (the "**Purchaser**"), a direct wholly-owned subsidiary of the Company, and STERIS Mauritius Limited (the "**Seller**") entered into a sale and purchase agreement (the "**SPA**"), pursuant to which the Seller agreed to sell, and the Purchaser agreed to purchase, the 51 ordinary shares held by the Seller in AUSTAR Pharmaceutical Systems (Hong Kong) Limited (formerly known as STERIS-AUSTAR Pharmaceutical Systems Hong Kong Limited) ("**AUSTAR Pharmaceutical**"), representing 51% of the total issued shares of AUSTAR Pharmaceutical, at a cash consideration of US$1,515,000 (equivalent to approximately RMB10.9 million) (the "**Acquisition**"). The Acquisition was completed on 16 December 2024 (the "**Completion**"). Immediately before the Completion, AUSTAR Pharmaceutical was owned as to 49% of the equity interest by the Purchaser and was a joint venture accounted for using the equity method. Upon the Completion, AUSTAR Pharmaceutical was no longer a joint venture of the Group and instead became an indirect wholly-owned subsidiary of the Company.

Immediately before the Acquisition Date, the fair value of the shares in AUSTAR Pharmaceutical held by the Group was HK$15,510,000 (equivalent to approximately RMB14,362,000) and the carrying value of interest in AUSTAR Pharmaceutical held by the Group as a joint venture was RMB14,785,000. Accordingly, a loss of RMB423,000 was recognised for the derecognition of AUSTAR Pharmaceutical as a joint venture of the Company, which included release of the Group's share of AUSTAR Pharmaceutical's translation reserve of net amount of RMB405,000. The loss is recognised in profit or loss within the "other gains-net" line item in the consolidated statement of profit or loss.

Further information of the Acquisition is set out in Note 39.

17. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

Name of entity	Place of business/ country of incorporation	% of ownership interest At 31 December 2024	2023	Nature of relationship	Note	Measurement method
AUSTAR Pharmaceutical	Hong Kong	–	49.00%	Joint venture	Note (a)	Equity
Authery Pharmaceutical Equipment (Shang Hai) Limited (formerly known as Steris-Austar Pharmaceutical Systems (Shanghai) Ltd.) ("**Authery Pharmaceutical**")	Shanghai	–	49.00%	Joint venture	Note (a)	Equity
ROTA Verpackungstechnik GmbH & Co. KG ("**ROTA KG**")	Germany	33.33%	33.33%	Associate	Note (b)	Equity
ROTA Verpackungstechnik Verwaltungsgesellschaft mbH ("**ROTA GmbH**")	Germany	33.33%	33.33%	Associate	Note (b)	Equity
Noozle Fluid Technology (Shanghai) Co., Ltd ("**Noozle**")	Shanghai	40.00%	40.00%	Associate	Note (c)	Equity

Notes:

(a) On 16 December 2024, AUSTAR Pharmaceutical was no longer a strategic partnership to the Group and instead became an indirect wholly-owned subsidiary of the Company, which develops and produces pharmaceutical equipment via its subsidiary Authery Pharmaceutical in the PRC.

(b) ROTA KG is a strategic partnership to the Group, which develops and produces pharmaceutical equipment in Germany. ROTA GmbH, the general partner of ROTA KG, is an investment holding company.

(c) Noozle is a strategic partnership to the Group, which develops and produces pharmaceutical equipment in Shanghai.

17. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

Summarised statements of financial position

Set out below are the summarised financial information for AUSTAR Pharmaceutical, ROTA KG and Noozle which are accounted for using the equity method.

	AUSTAR Pharmaceutical*		ROTA KG*		Noozle	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Current						
Cash and cash equivalents	—	10,404	4,458	17	19,529	20,925
Other current assets	—	52,994	26,516	51,975	52,121	74,023
Total current assets	—	63,398	30,974	51,992	71,650	94,948
Financial liabilities (excluding trade payables)	—	(6,473)	(223)	(1,528)	(609)	(349)
Other current liabilities (including trade payables)	—	(27,756)	(20,910)	(27,911)	(16,845)	(35,919)
Total current liabilities	—	(34,229)	(21,133)	(29,439)	(17,454)	(36,268)
Non-current						
Assets	—	4,310	46,110	50,579	17,652	20,545
Financial liabilities	—	—	(25,829)	(38,003)	—	—
Other liabilities	—	(1,972)	(5,492)	(5,783)	(2,439)	(4,355)
Net assets	—	31,507	24,630	29,346	69,409	74,870

* The financial information includes its respective subsidiaries.

17. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

Summarised statements of profit or loss and other comprehensive income

	AUSTAR Pharmaceutical*		ROTA KG*		Noozle	
	Period from 1 January 2024 to 16 December 2024 RMB'000	Year ended 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000	Year ended 31 December 2023 RMB'000
Revenue	27,907	64,810	161,287	143,564	64,158	61,263
Depreciation and amortisation	(248)	(259)	(4,053)	(3,641)	(2,867)	(3,125)
Interest income	96	206	—	—	11	6
Interest expense	(22)	(10)	(2,382)	(3,188)	(148)	(258)
Profit before income tax	187	6,100	1,201	1,127	2,719	12,653
Income tax (expense)/credit	(2,308)	(1,850)	(1,403)	(88)	792	(1,898)
(Loss)/profit for the year	(2,121)	4,250	(202)	1,039	3,511	10,755
Other comprehensive (expense)/income	(40)	(639)	(4,514)	1,711	—	—
Total comprehensive (expense)/income	(2,161)	3,611	(4,716)	2,750	3,511	10,755
Dividends received from joint ventures	—	4,940	—	—	1,200	—

* The financial information includes its respective subsidiaries.

17. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

Summarised financial information

	AUSTAR Pharmaceutical*		ROTA KG*		Noozle	
	2024 RMB'000	2023 RMB'000	**2024 RMB'000**	2023 RMB'000	**2024 RMB'000**	2023 RMB'000
Opening net assets as at 1 January	**31,507**	37,979	**29,346**	26,596	**74,870**	64,115
(Loss)/profit for the year	**(2,121)**	4,250	**(202)**	1,039	**3,511**	10,755
Dividends	**—**	(10,083)	**—**	—	**(12,562)**	—
Other comprehensive (expense)/income	**(40)**	(639)	**(4,514)**	1,711	**—**	—
Capital injection	**—**	—	**—**	—	**3,590**	—
Derecognition	**(29,346)**	—	**—**	—	**—**	—
Closing net assets	**—**	31,507	**24,630**	29,346	**69,409**	74,870
Interest	**14,380**	15,439	**8,210**	9,782	**27,763**	29,948
Goodwill	**—**	—	**8,760**	8,760	**15,045**	16,481
Accumulated exchange differences	**405**	394	**503**	1,306	**—**	—
Deemed disposal	**(14,785)**	—	**—**	—	**—**	—
Carrying value	**—**	15,833	**17,473**	19,848	**42,808**	46,429

* The financial information includes its respective subsidiaries.

The information above reflects the amounts presented in the financial statements of the associates and joint ventures and not the Group's share of those amounts. They have been amended to reflect adjustment made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policies between the Group and the associates and joint ventures.

18. INVENTORIES

	2024 RMB'000	2023 RMB'000
Raw materials	**91,422**	114,332
Work in progress	**95,918**	76,804
Finished goods	**51,085**	52,024
	238,425	243,160

Inventories of RMB238,425,000 (2023: RMB243,160,000) are expected to be recovered in no more than 12 months.

19. ASSETS AND LIABILITIES RELATED TO CONTRACTS WITH CUSTOMERS

The Group has recognised the following assets and liabilities related to contracts with customers:

	Note	2024 RMB'000	2023 RMB'000
Contract assets		**581,050**	662,881
Less: loss allowance		**(18,573)**	(19,975)
Total contract assets		**562,477**	642,906
Contract liabilities	(i)	**(202,263)**	(180,190)

As at 1 January 2023, contract assets amounted to RMB585,364,000 and contract liabilities amounted to RMB382,707,000.

(i) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	2024 RMB'000	2023 RMB'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	**125,472**	223,239

(ii) Unsatisfied contracts

The following table shows unsatisfied performance obligations resulting from contracts.

	2024 RMB'000	2023 RMB'000
Aggregate amount of the transaction price allocated to contracts that are partially or fully unsatisfied as at 31 December	**1,081,512**	1,013,842

19. ASSETS AND LIABILITIES RELATED TO CONTRACTS WITH CUSTOMERS (Continued)

(ii) Unsatisfied contracts (Continued)

As of 31 December 2024, the aggregate amount of the transaction price allocated to the remaining performance obligation ("**backlog**") is RMB1,081,512,000 (2023: RMB1,013,842,000) and management expects that the Group will recognise this revenue as the contracts are completed, most of which is expected to occur over the next 24 months.

20. TRADE AND NOTES RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables (Note (a))	**431,813**	349,258
Notes receivables (Note (b))	**43,170**	52,078
	474,983	401,336
Less: loss allowance	**(50,449)**	(49,553)
End of the year	**424,534**	351,783

As at 1 January 2023, trade receivables from contracts with customers amounted to RMB383,081,000, net of loss allowance.

Notes:

(a) The ageing analysis of gross trade receivables (including amounts due from related parties of trading in nature of RMB3,340,000 (2023: RMB11,292,000)) based on sales contracts at the respective dates of consolidated statement of financial position is as follows:

	2024 RMB'000	2023 RMB'000
Within 6 months	**266,333**	202,822
6 months to 1 year	**45,967**	47,895
1 to 2 years	**56,252**	42,710
2 to 3 years	**33,524**	32,764
Over 3 years	**29,737**	23,067
	431,813	349,258

Most of the trade receivables are due within 90 days in accordance with sales contracts.

20. TRADE AND NOTES RECEIVABLES (Continued)

Notes: (Continued)

(a) (Continued)

Included in the trade receivables are debtors with a carrying amount of RMB219,212,000 (2023: RMB181,359,000) at 31 December 2024, which are past due. Out of the past due balances, RMB182,290,000 (2023: RMB144,300,000) has been past due 90 days or more and is not considered as in default at 31 December 2024 by considering the continuous business relationship and historical repayments from these customers. The Group does not hold any collateral over these balances or charge any interest thereon.

The Group applies the simplified approach to provide for ECL on all trade receivables. Trade receivables have been assessed for ECL individually.

(b) Most of the notes receivables are bank acceptance with maturity dates within six months (2023: within six months). At 31 December 2024, notes receivables of RMB20,633,000 (2023: RMB31,899,000) were classified as financial assets at fair value through other comprehensive income.

Transfers of financial assets

Transferred financial assets that are not derecognised in their entirety

At 31 December 2024, the Group endorsed certain notes receivable accepted by banks in the PRC (the "**Endorsed Notes**") with a carrying amount of RMB72,778,000 (2023: RMB52,078,000) to certain of its suppliers in order to settle the trade payables due to such suppliers (the "**Endorsement**").

In the opinion of the directors of the Company, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Notes of RMB15,377,000 (2023: RMB33,062,000), and accordingly, it continued to recognise the full carrying amounts of such Endorsed Notes and the associated trade payables settled. Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Notes, including the sale, transfer or pledge to any other third parties.

(c) The carrying amounts of the Group's trade and notes receivables that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2024 RMB'000	2023 RMB'000
United States Dollar ("**US$**")	17,258	10,878
Euro ("**EUR**")	4,033	2,774
Others	227	3,761
	21,518	17,413

21. PREPAYMENTS AND OTHER RECEIVABLES

	2024 RMB'000	2023 RMB'000
Current:		
Prepayments to suppliers	**76,255**	69,062
Staff advance	**634**	2,660
Receivable for disposal of land use right classified as right-of-use asset (Note (d))	**14,522**	12,575
Others	**14,356**	14,433
	105,767	98,730
Less: provision for impairment (Note (b))	**(1,394)**	(879)
	104,373	97,851
Deposits as guarantee for bidding	**15,662**	19,994
Dividend receivable	**3,825**	—
	19,487	19,994
Less: loss allowance (Note 34.1(b))	**(4,208)**	(608)
	15,279	19,386
	119,652	117,237

Notes:

(a) As at 31 December 2024 and 2023, the carrying amounts of other receivables are approximated at their fair values.

21. PREPAYMENTS AND OTHER RECEIVABLES (Continued)

Notes: (Continued)

(b) Movements of the Group's provision for impairment of prepayments are as follows:

	2024 RMB'000	2023 RMB'000
Beginning of the year	**(879)**	(930)
(Provision for)/reversal of impairment	**(515)**	51
End of the year	**(1,394)**	(879)

(c) The carrying amounts of the Group's other receivables that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2024 RMB'000	2023 RMB'000
US$	**5,729**	99
HK$	**—**	13
EUR	**986**	—
Others	**1,412**	180
	8,127	292

(d) In December 2024, the Group entered into a compensation agreement with local government in relation to disposal of land use right over a piece of land located in Shanghai, the PRC. The total consideration for the land use right was RMB14,522,000. As a result of the compensation agreement, there was a net gain of RMB13,974,000 recognised in the consolidated statement of profit or loss and other comprehensive income during the year ended 31 December 2024.

The receivable for disposal of land use right classified as right-of-use asset located in Germany has been settled during the year ended 31 December 2024.

22. PLEDGED BANK DEPOSITS, TERM DEPOSITS WITH INITIAL TERMS OF OVER THREE MONTHS AND CASH AND CASH EQUIVALENTS

	2024 RMB'000	2023 RMB'000
Cash and cash equivalents		
— Cash in hand	9	20
— Deposits at banks	166,796	163,745
	166,805	163,765
Pledged bank deposits (Note (a))	38,868	36,378
Term deposits with initial terms of over three months	1,000	10,000
	206,673	210,143

Notes:

(a) The pledged bank deposits were held as security mainly for standby letter of credit, letter of guarantee and restricted deposit for lawsuit.

(b) The carrying amounts of the Group's of pledged bank deposits, term deposits with initial terms of over three months and cash and cash equivalents that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2024 RMB'000	2023 RMB'000
US$	34,650	28,346
RMB	1,055	26,349
HK$	179	5,014
EUR	5,506	378
Others	802	150
	42,192	60,237

23. ASSETS CLASSIFIED AS HELD FOR SALE

As at 31 December 2023, a land use right of RMB4,825,000 and an aboveground factory of RMB3,765,000 situated in Shanghai in the PRC have been classified as held for sale and are presented separately in the consolidated statement of financial position. Management of the Group is committed to a plan to sell these assets and is actively locating a buyer to complete the plan, which these assets are expected to be sold within twelve months. Management of the Group expects that the net proceeds of disposal of these assets will exceed the net carrying amount of the assets and relevant liabilities and accordingly, no impairment loss has been recognised.

As at 31 December 2024, the Group reclassified the assets classified as held for sale to right-of-use assets and property, plant and equipment since the Group could not identify a suitable buyer.

24. SHARE CAPITAL OF THE COMPANY

	Number of ordinary shares Thousands	Nominal value of ordinary shares HK$'000
Authorised, HK$0.01 each:		
At 1 January 2023, 31 December 2023 and 31 December 2024	10,000,000	100,000

	Number of ordinary shares Thousands	Nominal value of ordinary shares HK$'000	Equivalent nominal value of ordinary share RMB'000
Issued and fully paid, HK$0.01 each:			
At 1 January 2023, 31 December 2023 and 31 December 2024	512,582	5,126	4,071

25. TRADE AND OTHER PAYABLES

	2024 **RMB'000**	2023 RMB'000
Trade payables (Note (a))	**382,106**	405,927
Payroll and welfare payable	**65,987**	69,953
Accrued expenses	**37,081**	32,596
Payable to vendors of project cost and construction	**108,252**	99,564
Indirect taxes payable	**5,525**	9,781
Warranty provision (Note (e))	**15,954**	20,781
Employee payables	**2,681**	1,890
Others	**21,685**	22,944
	639,271	663,436

25. TRADE AND OTHER PAYABLES (Continued)

Notes:

(a) The ageing analysis of trade payables (including amounts due to related parties of trading in nature of RMB1,490,000 (2023: RMB35,421,000)) based on invoice date is as follows:

	2024 RMB'000	2023 RMB'000
Within 6 months	**269,889**	266,485
6 months to 1 year	**47,041**	90,876
1 to 2 years	**41,792**	31,209
2 to 3 years	**8,235**	4,679
Over 3 years	**15,149**	12,678
	382,106	405,927

(b) As at 31 December 2024 and 2023, the carrying amounts of trade and other payables are approximated at their fair values.

(c) The carrying amounts of the Group's trade and other payables that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2024 RMB'000	2023 RMB'000
US$	**24,545**	21,941
EUR	**3,945**	2,982
HK$	**—**	740
Others	**190**	688
	28,680	26,351

(d) As at 31 December 2024, payments for trade payables RMB15,377,000 (2023: RMB33,062,000) with notes receivables were not derecognised.

25. TRADE AND OTHER PAYABLES (Continued)

Notes: (Continued)

(e) The warranty provision represents managements best estimate of the Group's liability under 2-year assurance-type warranty granted on pharmaceutical equipment, based on prior experience for defective products.

	Warranty provision RMB'000
At 1 January 2024	20,781
Additional provision in the year	**5,821**
Utilisation of provision	**(10,648)**
At 31 December 2024	**15,954**

26. LONG-TERM BORROWINGS

	2024 RMB'000	2023 RMB'000
Bank borrowings, secured (Note (a))	**35,869**	77,810
Bank borrowings, unsecured (Note (b))	**88,157**	97,558
	124,026	175,368
Less: Long-term borrowings due within one year	**(98,884)**	(64,520)
	25,142	110,848
The carrying amount of the above borrowing is repayable*:		
Within one year	**98,884**	64,520
Within a period more than one year but not exceeding two years	**25,142**	88,968
Within a period more than two years but not exceeding five years	**—**	21,880
	124,026	175,368
Less: amount due within one year shown under current liabilities	**(98,884)**	(64,520)
Amounts shown under non-current liabilities	**25,142**	110,848

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

26. LONG-TERM BORROWINGS (Continued)

Notes:

(a) As at 31 December 2024, the secured long-term bank borrowings are denominated in RMB and secured by the Group's buildings and right-of-use assets (Notes 14 and 15) (2023: building, right-of-use assets and assets classified as held for sale) (2023: Notes 14, 15 and 23). For the year ended 31 December 2024, the secured long-term bank borrowings bore interest rates ranging from 3.65% to 4.25% (2023: 3.95% to 4.35%) per annum.

(b) As at 31 December 2024, the unsecured long-term bank borrowings were denominated in RMB and bore interest rates ranging from 3.30% to 3.65% (2023: 3.50% to 3.65%) per annum. As at 31 December 2024 and 2023, certain bank borrowings were guaranteed by certain subsidiaries of the Group.

As at 31 December 2024, the fair value of the borrowings (including long-term borrowings due within one year) was not materially different to their carrying amounts, since the interest payable on those borrowings was close to current market rates.

The exposure of the Group's long-term borrowings are as follows:

	2024 **RMB'000**	2023 RMB'000
Fixed-rate borrowings	**25,880**	39,780
Variable-rate borrowings	**98,146**	135,588
	124,026	175,368

The Group's variable-rate borrowings carry interest at the People's Bank of China Loan Prime Rate minus 0.05% to plus 0.90% per annum. Interest rate is reset every twelve months.

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	2024	2023
Effective interest rate:		
Fixed-rate borrowings	**3.65%**	3.50% to 3.65%
Variable-rate borrowings	**3.30% to 4.25%**	3.50% to 4.35%

The Group's bank borrowings are denominated in RMB which is the functional currencies of the relevant group entities.

27. SHORT-TERM BORROWINGS

	2024 RMB'000	2023 RMB'000
Bank borrowings, secured (Note (a))	**72,579**	61,425
Bank borrowings, unsecured (Note (b))	**157,171**	193,888
	229,750	255,313

Notes:

(a) As at 31 December 2024, the secured short-term bank borrowings were denominated in RMB and secured by the Group's buildings and right-of-use assets (Notes 14 and 15) (2023: building, right-of-use assets and assets classified as held for sale) (2023: Notes 14, 15 and 23). For the year ended 31 December 2024, the secured short-term bank borrowings bore interest rates from 1.50% to 3.80% (2023: 2.40% to 4.00%) per annum and were repayable within one year.

(b) As at 31 December 2024, the unsecured short-term bank borrowings are denominated in RMB (2023: RMB) and bore interest rates ranging from 2.95% to 3.90% (2023: 3.10% to 4.10%) per annum and were repayable within one year. As at 31 December 2024 and 2023, certain bank borrowings were guaranteed by certain subsidiaries of the Group.

The exposure of the Group's borrowings are as follows:

	2024 RMB'000	2023 RMB'000
Fixed-rate borrowings	**180,886**	196,713
Variable-rate borrowings	**48,864**	58,600
	229,750	255,313

The Group's variable-rate borrowings carry interest at the People's Bank of China Loan Prime Rate plus 0.35% per annum. Interest rate is reset every twelve months.

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	2024	2023
Effective interest rate:		
Fixed-rate borrowings	**1.50% to 3.90%**	2.40% to 4.10%
Variable-rate borrowings	**3.45% to 3.80%**	3.10% to 4.00%

28. DEFERRED INCOME

	2024 RMB'000	2023 RMB'000
At beginning of the year	**341**	544
Additions of government grant obtained	**—**	2,694
Credited to profit or loss (Note 6)	**(206)**	(2,897)
At end of the year	**135**	341

29. OTHER FINANCIAL LIABILITIES

	2024 RMB'000	2023 RMB'000
Measured at amortised cost:		
Redemption liabilities (Note)	**4,826**	4,642

Note: Redemption liabilities are arising from put option arrangements with non-controlling shareholders of an established subsidiary of approximately RMB4,826,000 (2023: RMB4,642,000).

30. DEFERRED TAX

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2024 RMB'000	2023 RMB'000
Deferred tax assets	**15,169**	16,720
Deferred tax liabilities	**(40,181)**	(37,843)
	(25,012)	(21,123)

30. DEFERRED TAX (Continued)

The net movement of the deferred tax account is as follows:

	2024 RMB'000	2023 RMB'000
As at 1 January	**(21,123)**	(24,957)
(Charged)/credited directly to equity	**(384)**	63
(Charged)/credited to profit or loss (Note 9)	**(3,505)**	2,717
Deconsolidation due to discontinued operations	**—**	1,054
As at 31 December	**(25,012)**	(21,123)

The following are the major deferred tax assets/(liabilities) recognised and movements thereon during the current and prior years:

	Deferred tax assets			Deferred tax liabilities			
	Impairment provision of receivables and inventories RMB'000	Warranty provision accrued payroll and others RMB'000	Lease liabilities RMB'000	Withholding tax RMB'000	Fair value adjustments RMB'000	Right-of-use assets RMB'000	Total RMB'000
As at 1 January 2023	8,191	4,592	10,770	(36,180)	(1,560)	(10,770)	(24,957)
Credited/(charged) to profit or loss	3,617	(270)	(1,885)	(1,616)	443	2,428	2,717
Credited directly to equity	—	—	—	—	63	—	63
Deconsolidation due to discontinued operations	—	—	—	—	1,054	—	1,054
As at 31 December 2023	11,808	4,322	8,885	(37,796)	—	(8,342)	(21,123)
(Charged)/credited to profit or loss	**(119)**	**(1,545)**	**(1,539)**	**(2,002)**	**—**	**1,700**	**(3,505)**
Charged directly to equity	**—**	**—**	**—**	**(384)**	**—**	**—**	**(384)**
As at 31 December 2024	**11,689**	**2,777**	**7,346**	**(40,182)**	**—**	**(6,642)**	**(25,012)**

Deferred tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable.

30. DEFERRED TAX (Continued)

For the year ended 31 December 2024, the Group did not recognise deferred tax assets of RMB43,741,000 (2023: RMB36,329,000) in respect of losses amounting to RMB234,471,000 (2023: RMB194,721,000) as utilisation of such tax losses before expiry is uncertain.

For the year ended 31 December 2024, the Group did not recognise deferred tax assets of RMB3,504,000 (2023: RMB3,979,000) in respect of deductible temporary differences amounting to RMB17,776,000 (2023: RMB19,682,000) as utilisation of such deductible temporary differences in the foreseeable future is uncertain.

31. CONTINGENT LIABILITIES

The Group has been named in a number of lawsuits and other legal proceedings arising in the ordinary course of business. Provision is made for the probable losses to the Group on those claims when management can reasonably estimate the outcome of the lawsuits based on management's judgments and legal advice. No provision is made for pending lawsuits when management believes the outflow of resources is not probable.

As at 31 December 2024, the Group provides guarantee to banks in respect of one irrevocable letter of credit utilised by ROTA KG totalling EUR600,000 (2023: EUR887,000) approximated at RMB4,515,000 (2023: RMB6,971,000). It sets forth the maximum exposure of these guarantees to the Group.

32. COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	2024 RMB'000	2023 RMB'000
Property, plant and equipment	1,002	498
Intangible assets	1,091	1,576
	2,093	2,074

32. COMMITMENTS (Continued)

(b) Operating leasing arrangements

The Group as lessor

A portion of the property held by the Group for rental purpose has a committed lessee for the next 5 years. For those lease contracts with extension options, all of them contain market review clauses in the event that the lessee exercises its option to extend. The lessee does not have an option to purchase the property at the expiry of the lease period.

The unguaranteed residual values do not represent a significant risk for the Group, as they relate to property which is located in a location with a constant increase in value over the last few years. The Group did not identify any indications that this situation will change.

Undiscounted lease payments receivable on leases are as follows:

	2024 RMB'000	2023 RMB'000
Within one year	2,476	—
In the second year	2,476	—
In the third year	2,587	—
In the fourth year	2,625	—
In the fifth year	656	—
	10,820	—

33. FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments:

	Notes	2024 RMB'000	2023 RMB'000
Financial assets			
Financial assets at amortised cost			
— Trade receivables	20	381,364	299,705
— Notes receivables	20	22,537	20,179
— Deposits as guarantee for bidding and other receivables	21	29,801	31,961
— Pledged bank deposits	22	38,868	36,378
— Term deposits with initial terms of over three months	22	1,000	10,000
— Cash and cash equivalents	22	166,805	163,765
Financial assets at FVTOCI			
— Notes receivables	20	20,633	31,899
Total		661,008	593,887
Financial liabilities			
Financial liabilities at amortised cost			
— Trade and other payables	34.1(c)	507,272	530,325
— Borrowings	26, 27	353,776	430,681
— Other financial liabilities	29	4,826	4,642
Total		865,874	965,648

34. FINANCIAL RISK MANAGEMENT

34.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US$ and EUR. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency other than the entity's functional currency. The Group has exposures on foreign currencies mainly for those entities adopted Hong Kong dollar and RMB as functional currency.

As at 31 December 2024, if RMB had weakened/strengthened by 5% (2023: 5%) against the US dollar with all other variables held constant, profit before income tax for the year (2023: loss before income tax for the year) would have been RMB368,000 (2023: RMB585,000) lower/higher (2023: higher/lower), respectively, mainly as a result of foreign exchange losses/gains on translation of US dollar denominated pledged bank deposits, term deposits with initial terms of over three months and cash and cash equivalents, receivables and payables held by the group entities.

As at 31 December 2024, if RMB had weakened/strengthened by 5% (2023: 5%) against the EUR with all other variables held constant, profit before income tax for the year (2023: loss before income tax for the year) would have been RMB63,000 (2023: RMB27,000) higher/lower (2023: lower/higher), respectively, mainly as a result of foreign exchange gains/losses on translation of EUR denominated pledged bank deposits, term deposits with initial terms of over three months and cash and cash equivalents, receivables and payables held by the group entities.

As at 31 December 2024, if Hong Kong dollar had weakened/strengthened by 5% (2023: 5%) against the EUR with all other variables held constant, profit before income tax for the year (2023: loss before income tax for the year) would have been RMB264,000 (2023: RMB22,000) higher/lower (2023: higher/lower), respectively, mainly as a result of foreign exchange gains/losses on translation of EUR denominated pledged bank deposits, term deposits with initial terms of over three months and cash and cash equivalents, receivables and payables held by the group entities.

34. FINANCIAL RISK MANAGEMENT (Continued)

34.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

As Hong Kong dollar is pegged to US$, the Group does not have material exchange rate risk on such currency. The foreign exchange risk arising from the exposure of other foreign currencies is considered to be minimal.

(ii) Interest rate risk

The Group's cash flow interest rate risk arises mainly from certain bank borrowings which are carried at floating rate. As at 31 December 2024, if the market interest rate has been 100 (2023: 100) basis points higher/ lower with all other variables held constant, profit for the year (2023: loss for the year) would have been RMB1,103,000 (2023: RMB1,941,000) lower/higher (2023 higher/lower).

(b) Credit risk

The Group is exposed to credit risk mainly in relation to its trade and notes receivables, other receivables, contract assets and cash deposits with banks.

(i) Risk management

To manage this risk, management of the Group places bank deposits mainly with state-owned financial institutions and reputable banks which are all high-credit-quality financial institutions.

For trade receivables and contract assets, the Group assesses the credit quality of the customer, taking its financial position, past experience and other factors into consideration. The compliance with credit limit by customers is regularly monitored by management of the Group. The Group has policies in place that sales are made to customers with solid financial position and appropriate percentage of down payments. It also has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group assesses and identifies individual customers with known financial difficulties or with significant doubt on collection of receivables for provision for impairment allowance and reviews regularly the recoverable amount of each individual trade receivable and contract asset to ensure that adequate impairment losses are made. The Group has no significant concentrations of credit risk, with exposure spread over a large number of counterparties and customers.

34. FINANCIAL RISK MANAGEMENT (Continued)

34.1 Financial risk factors (Continued)

(b) *Credit risk (Continued)*

(i) *Risk management (Continued)*

For other receivables and deposits, management of the Group makes periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. Management of the Group believes that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12-month ECL ("**12m ECL**").

Notes receivables are issued from state-owned banks in the PRC. The credit quality of notes receivables has been assessed by reference to external credit ratings and to historical information about the counterparty default rates.

For financial guarantee contract, the aggregate amount of outstanding financial guarantee issued to a bank in respect of bank facilities granted to an associate that the Group could be required to pay amounted to EUR600,000 approximated at RMB4,515,000 as at 31 December 2024 (2023: EUR887,000 approximated at RMB6,971,000). EUR600,000 approximated at RMB4,515,000 (2023: EUR887,000 approximated at RMB6,971,000) of the outstanding financial guarantee has been utilised by the associate. The fair value of the financial guarantee, as at dates of initial recognition, was considered insignificant. At the end of the reporting period, management of the Group has performed impairment assessment, and concluded that there has been no significant increase in credit risk since initial recognition of the financial guarantee contract. Accordingly, the loss allowance for financial guarantee contract issued by the Group is measured at an amount equal to 12m ECL. No loss allowance was recognised in profit or loss.

(ii) *Impairment of financial assets*

The Group has five types of financial assets that are subject to the ECL model:

- trade receivables
- contract assets
- notes receivables
- other receivables
- pledged bank deposits, term deposits with initial terms of over three months and cash and cash equivalents

34. FINANCIAL RISK MANAGEMENT (Continued)

34.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Credit risk on pledged bank deposits, term deposits with initial terms of over three months and cash and cash equivalents is limited because the counterparties are reputable banks with high credit ratings assigned by international credit rating agencies. The Group assessed 12m ECL for pledged bank deposits, term deposits with initial terms of over three months and cash and cash equivalents by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on pledged bank deposits, term deposits with initial terms of over three months and cash and cash equivalents is considered to be insignificant and therefore no loss allowance was recognised.

The Group considered most of notes receivables are bank acceptance with maturity dates within six months to have low credit risk. Management of the Group considered notes receivables were of low credit risk when they have a low risk of default and the accepting bank has a strong capacity to meet its contractual cash flow obligations in the near term. The identified impairment loss was immaterial.

Trade receivables and contract assets

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the ageing days. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected credit loss rates for trade receivables are a reasonable approximation of that for the contract assets.

The expected loss rates are based on the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group considers the following indicators in forward-looking estimates, such as changes in macroeconomic conditions, time value, industry trends and accordingly adjusts the historical loss rates based on expected changes in these factors.

34. FINANCIAL RISK MANAGEMENT (Continued)

34.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Trade receivables and contract assets (Continued)

On that basis, the loss allowance as at 31 December 2024 and 31 December 2023 was determined as follows for both trade receivables and contract assets.

As at 31 December 2024	Within 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected loss rate	0.52%	2.85%	13.67%	22.22%	64.73%	
Gross carrying amount — trade receivables	266,333	45,967	54,590	26,071	11,446	404,407
Gross carrying amount — contract assets	506,665	28,728	31,983	4,158	—	571,534
Loss allowance	4,013	2,128	11,832	6,718	7,409	32,100

As at 31 December 2023	Within 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected loss rate	0.46%	2.40%	12.19%	24.11%	82.77%	
Gross carrying amount — trade receivables	202,108	46,449	35,370	25,183	15,465	324,575
Gross carrying amount — contract assets	575,857	49,878	23,486	923	361	650,505
Loss allowance	3,591	2,311	7,174	6,293	13,100	32,469

The trade receivables and contract assets relating to customers with known financial difficulties or with significant doubt on collection of receivables are assessed individually for provision for impairment allowance. As at 31 December 2024, the balance of individually assessed receivables and contract assets were RMB36,922,000 (2023: RMB37,059,000) and the loss allowances in respect of individually assessed receivables and contract assets were RMB36,922,000 (2023: RMB37,059,000).

34. FINANCIAL RISK MANAGEMENT (Continued)

34.1 Financial risk factors (Continued)

(b) *Credit risk* (Continued)

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

Trade receivables and contract assets (Continued)

The following table shows the movement in lifetime ECL that has been recognised for trade receivables and contract assets under the simplified approach.

Trade receivables and contract assets	**Lifetime ECL (not credit-impaired)** RMB'000	**Lifetime ECL (credit-impaired)** RMB'000	**Total** RMB'000
As at 1 January 2023	28,902	8,986	37,888
— Impairment losses recognised	7,322	31,051	38,373
— Impairment losses reversed	(3,650)	(2,978)	(6,628)
— Write-offs	(455)	—	(455)
New financial assets originated			
— Impairment losses recognised	350	—	350
As at 31 December 2023	32,469	37,059	69,528
— Impairment losses recognised	**5,792**	**4,761**	**10,553**
— Impairment losses reversed	**(6,270)**	**(4,603)**	**(10,873)**
— Write-offs	**—**	**(295)**	**(295)**
New financial assets originated			
— Impairment losses recognised	**109**	**—**	**109**
As at 31 December 2024	**32,100**	**36,922**	**69,022**

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. This is generally the case when the Group determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Impairment losses on trade receivables, contract assets and other receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

34. FINANCIAL RISK MANAGEMENT (Continued)

34.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Other financial assets at amortised cost

Other financial assets at amortised cost include deposits as guarantee for bidding and dividend receivable recognised in other receivables.

Impairment on other financial assets at amortised cost is measured as either 12m ECLs or lifetime ECLs, depending on whether there has been a significant increase in credit risk since initial recognition. The management make periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believe that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For the years ended 31 December 2024 and 2023, the Group assessed the ECL for other financial assets at amortised cost were insignificant except dividend receivables as disclosed in Note 21.

The loss allowance for other financial assets at amortised cost as at 31 December reconciles to the opening balance as follows:

	Lifetime ECL (credit-impaired)	
	2024	2023
	RMB'000	RMB'000
Opening loss allowance at 1 January	**608**	810
Increase/(decrease) in loss allowance recognised in profit or loss during the year	**3,600**	(202)
Closing loss allowance at 31 December	**4,208**	608

34. FINANCIAL RISK MANAGEMENT (Continued)

34.1 Financial risk factors (Continued)

(b) *Credit risk* (Continued)

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

Net impairment losses on financial assets and contract assets recognised in profit or loss

During the year, the following losses were recognised in profit or loss in relation to financial assets and contract assets:

	2024 RMB'000	2023 RMB'000
(Reversal of impairment)/impairment on trade receivables and contract assets	**(211)**	32,095
Impairment/(reversal of impairment) on other financial assets at amortised cost	**3,600**	(202)
Net impairment losses on financial assets and contract assets	**3,389**	31,893

34. FINANCIAL RISK MANAGEMENT (Continued)

34.1 Financial risk factors (Continued)

(c) Liquidity risk

The liquidity risk of the Group is mainly controlled by maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the date of consolidated statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1-5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
As at 31 December 2024					
Trade payables	382,106	—	—	382,106	382,106
Other payables	125,166	—	—	125,166	125,166
Lease liabilities (Note 15)	18,650	32,701	—	51,351	48,175
Short-term borrowings (Note 27)	233,005	—	—	233,005	229,750
Long-term borrowings (Note 26)	102,907	25,668	—	128,575	124,026
Other financial liabilities	—	—	5,662	5,662	4,826
Financial guarantee contracts (Note 31)	4,515	—	—	4,515	—
	866,349	58,369	5,662	930,380	914,049

	Less than 1 year RMB'000	Between 1-5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
As at 31 December 2023					
Trade payables	405,927	—	—	405,927	405,927
Other payables	124,398	—	—	124,398	124,398
Lease liabilities (Note 15)	16,142	51,950	4,610	72,702	65,518
Short-term borrowings (Note 27)	259,742	—	—	259,742	255,313
Long-term borrowings (Note 26)	71,156	112,100	—	183,256	175,368
Other financial liabilities	—	—	5,314	5,314	4,642
Financial guarantee contracts (Note 31)	6,971	—	—	6,971	—
	884,336	164,050	9,924	1,058,310	1,031,166

34. FINANCIAL RISK MANAGEMENT (Continued)

34.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for the investors and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group's overall strategy remains unchanged from prior year.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as gross debt divided by total capital. Gross debt is calculated as total borrowings and lease liabilities, including current and non-current portions as shown in the consolidated statement of financial position.

The gearing ratio as at 31 December 2024 and 2023 are as follows:

	2024 **RMB'000**	2023 RMB'000
Gross debt (Note 35(b))	**406,854**	501,051
Total equity	**793,468**	775,473
Total capital	**1,200,322**	1,276,524
Gearing ratio	**34%**	39%

The gearing ratio decreased from 39% to 34% as a result of the decrease in short-term borrowings and long-term borrowings in 2024.

34. FINANCIAL RISK MANAGEMENT (Continued)

34.3 Fair value estimation

Financial assets

(i) Fair value hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the consolidated financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
At 31 December 2024			
Financial assets			
Financial assets at FVTOCI			
— Notes receivables	**—**	**20,633**	**—**
Total financial assets	**—**	**20,633**	**—**

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
At 31 December 2023			
Financial assets			
Financial assets at FVTOCI			
— Notes receivables	—	31,899	—
Total financial assets	—	31,899	—

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the year.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

34. FINANCIAL RISK MANAGEMENT (Continued)

34.3 Fair value estimation (Continued)

Financial assets (Continued)

(i) Fair value hierarchy (Continued)

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

(ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments; or
- discounted cash flow analysis.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required).

The fair value of financial assets and financial liabilities which are at amortised cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recognised in consolidated financial statements approximate their fair values due to short maturity.

35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of profit/(loss) before income tax to net cash flow used in operations:

	Notes	2024 RMB'000	2023 RMB'000
Profit/(loss) before income tax		**21,172**	(34,410)
Adjustments for:			
Depreciation			
— Property, plant and equipment	14	**28,694**	19,795
— Right-of-use assets	15	**17,170**	18,238
Amortisation	16	**7,242**	7,566
Net impairment losses on financial assets and contract assets	34.1(b)	**3,389**	31,893
Losses on disposals on property, plant and equipment	7	**197**	850
Gain on compensation for land use right	6	**(13,974)**	—
Gain on early termination of lease contracts	7	**(1,060)**	—
Gain on disposal of land use right classified as right-of-use asset	7	**—**	(4,954)
Provision for/(reversal of) impairment of prepayments		**515**	(51)
Write-down of inventories	5	**5,248**	14,161
Share of net profit of investments accounted for using the equity method	17	**(298)**	(6,731)
Loss on derecognition of a joint venture	7	**423**	—
Gain on bargain purchase on acquisition of a subsidiary	7	**(4,066)**	—
Finance costs	8	**17,202**	14,146
Deferred income	28	**(206)**	(2,897)
Interest income	8	**(2,895)**	(3,290)
Operating cash flows before movements in working capital		**78,753**	54,316
Decrease in inventories		**10,870**	85,549
Decrease/(increase) in contract assets		**91,044**	(71,117)
(Increase)/decrease in trade and note receivables		**(55,345)**	31,659
(Increase)/decrease in prepayments and other receivables		**(951)**	37,123
(Increase)/decrease in pledged bank deposits		**(2,490)**	67,478
Increase in deferred income		**—**	2,694
Decrease in trade and other payables		**(36,535)**	(74,966)
Increase/(decrease) in contract liabilities		**17,440**	(203,494)
Cash generated from/(used in) operations		**102,786**	(70,758)

35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS
(Continued)

(b) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	Notes	2024 RMB'000	2023 RMB'000
Cash and cash equivalents	22	**166,805**	163,765
Lease liabilities	15	**(48,175)**	(65,518)
Borrowings	26, 27	**(353,776)**	(430,681)
Interest payable		**(77)**	(210)
Other financial liabilities	29	**(4,826)**	(4,642)
Net debt		**(240,049)**	(337,286)
Cash and cash equivalents	22	**166,805**	163,765
Gross debt	34.2	**(406,854)**	(501,051)
Net debt		**(240,049)**	(337,286)

35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) Net debt reconciliation (Continued)

	Liabilities from financing activities						Other assets	
	Borrowings	Loan from a non-controlling shareholder of a subsidiary	Leases	Interest payables (included in other payables)	Other financial liabilities	Subtotal	Cash	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Net debt as at 1 January 2023	(257,991)	(1,299)	(77,255)	(111)	(4,192)	(340,848)	133,624	(207,224)
Cash flows	(180,806)	—	13,247	10,817	—	(156,742)	29,999	(126,743)
Discontinued operations	8,407	1,299	2,930	—	—	12,636	—	12,636
Foreign exchange adjustments	(291)	—	222	—	(265)	(334)	142	(192)
Interest expense	—	—	(3,045)	(10,916)	(185)	(14,146)	—	(14,146)
Inception of leases	—	—	(1,617)	—	—	(1,617)	—	(1,617)
Net debt as at 31 December 2023	(430,681)	—	(65,518)	(210)	(4,642)	(501,051)	163,765	(337,286)
Cash flows	76,905	—	10,170	14,498	—	101,573	1,912	103,485
Foreign exchange adjustments	—	—	21	—	4	25	1,128	1,153
Interest expense	—	—	(2,649)	(14,365)	(188)	(17,202)	—	(17,202)
Leases termination	—	—	14,299	—	—	14,299	—	14,299
Inception of leases	—	—	(4,498)	—	—	(4,498)	—	(4,498)
Net debt as at 31 December 2024	(353,776)	—	(48,175)	(77)	(4,826)	(406,854)	166,805	(240,049)

36. MAJOR NON-CASH TRANSACTION

During the year ended 31 December 2024, capital contributions from non-controlling interests amounted to RMB1,200,000, which were injected into the entity in the way of intangible assets.

37. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or to exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Members of key management and their close family member of the Group are also considered as related parties.

(a) The following companies and persons are related parties of the Group during the years ended 31 December 2024 and 2023:

Names of the related parties	Nature of relationship
Authery Pharmaceutical (Note (i))	A joint venture of the Group
Austar Limited	Under common control of the Controlling Shareholder
ROTA KG	An associate of the Group
H+E GmbH (Note (ii))	A non-controlling shareholder of a then subsidiary of the Group
Aquarion AG (Note (ii))	Ultimate holding company of non-controlling shareholder of a then subsidiary of the Group
Noozle	An associate of the Group

Notes:

(i) On 16 December 2024, AUSTAR Pharmaceutical and its subsidiary, Authery Pharmaceutical, were no longer joint ventures of the Group and instead became indirect wholly-owned subsidiaries of the Company.

(ii) On 3 August 2023, the Discontinued Operations were deconsolidated from the Group's consolidated financial statements. H+E Pharma and Aquarion AG ceased to be the related parties of the Group on 3 August 2023. The transactions with H+E Pharma and Aquarion AG as disclosed in Note (b) below represented the transactions between the Discontinued Operations with H+E Pharma and Aquarion AG during the period from 1 January 2023 to 3 August 2023.

37. RELATED PARTY TRANSACTIONS (Continued)

(b) Significant transactions with related parties

During the year, the Group has the following significant transactions with related parties:

Names of the related parties	Nature of transactions	2024 RMB'000	2023 RMB'000
Authery Pharmaceutical	Purchase of goods and services	13,160	66,198
Noozle	Purchase of goods and services	1,091	126
ROTA KG	Purchase of goods and services	541	1,309
H+E GmbH	Purchase of goods and services	—	446
		14,792	68,079
Authery Pharmaceutical	Sales of goods and services	6,398	12,172
Noozle	Sales of goods and services	3,273	—
ROTA KG	Sales of goods and services	—	701
H+E GmbH	Sales of goods and services	—	4,744
		9,671	17,617
Authery Pharmaceutical	Rental and miscellaneous income	390	449
Austar Limited	Rental expenses	177	145
Aquarion AG	Rental expenses	—	61
		177	206

37. RELATED PARTY TRANSACTIONS (Continued)

(c) Balances with related parties

Names of the related parties	Nature of balances	2024 RMB'000	2023 RMB'000
Noozle	Receivables due from the related party	1,682	—
ROTA KG	Receivables due from the related party	1,658	1,331
Authery Pharmaceutical	Receivables due from the related party	—	9,961
		3,340	11,292
Noozle	Prepayments to the related party	1,180	—
ROTA KG	Prepayments to the related party	571	—
Austar Limited	Prepayments to the related party	—	25
		1,751	25
Noozle	Payable due to the related party	1,044	—
ROTA KG	Payable due to the related party	446	185
Authery Pharmaceutical	Payable due to the related party	—	35,236
		1,490	35,421
Noozle	Receipts in advance from the related party	108	—

(d) Key management compensation

	2024 RMB'000	2023 RMB'000
Salaries and bonuses	8,010	10,051
Pension and others	744	765
	8,754	10,816

38. ASSETS PLEDGED AS SECURITY

The carrying amounts of assets pledged as security for short-term and long-term borrowings are:

	2024 RMB'000	2023 RMB'000
Property, plant and equipment		
— Buildings	223,554	229,947
Right-of-use assets		
— Land use right	64,058	61,830
Assets classified as held for sale		
— Buildings	—	3,765
— Land use right	—	4,825
Total assets pledged as security	287,612	300,367

39. ACQUISITION OF A SUBSIDIARY

As set out in Note 17, upon the Completion, AUSTAR Pharmaceutical was no longer a joint venture of the Purchaser and instead became an indirect wholly-owned subsidiary of the Company on 16 December 2024.

AUSTAR Pharmaceutical is principally engaged in the business of investment holding, and wholly owns Authery Pharmaceutical, a wholly foreign owned enterprise established in the PRC and principally engaged in the business of manufacturing and selling of pharmaceutical water and steam equipment and providing related technical services.

The Acquisition has been accounted for as acquisition of a business, using acquisition accounting. After re-assessment by management of the Group with the assistance of Norton Appraisals Holding Limited, a qualified professional valuation specialist not connected to the Group, the fair value of net identifiable assets acquired exceeded the purchase consideration, resulting in a gain on bargain purchase. The amount of gain on bargain purchase arising from the acquisition of AUSTAR Pharmaceutical is RMB4,066,000. The gain is recognised in profit or loss within the "other gains-net" line item in the consolidated statement of profit or loss.

39. ACQUISITION OF A SUBSIDIARY (Continued)

Consideration transferred:	RMB'000
Cash	10,918

Acquisition-related costs amounting to RMB1,000 have been excluded from the consideration transferred and have been recognised as an expense in the current year, within the "administrative expenses" line item in the consolidated statement of profit or loss.

Assets acquired and liabilities recognised at the date of acquisition:	RMB'000
Property, plant and equipment	635
Inventories	11,340
Contract assets	9,079
Trade and notes receivables	18,421
Prepayments and other receivables	29
Cash and cash equivalents	13,738
Trade and other payables	(17,927)
Contract liabilities	(4,846)
Current income tax liabilities	(1,123)
Net assets recognised at the date of acquisition	29,346

The receivables acquired (which principally comprised trade and notes receivables) with a fair value of RMB18,421,000 at the date of acquisition had gross contractual amounts of RMB20,287,000. The best estimate at acquisition date of the contractual cash flows not expected to be collected amounted to RMB1,866,000.

Gain on bargain purchase arising from the Acquisition:	RMB'000
Net assets acquired	29,346
Less: fair value of previously held investments accounted for using the equity method	(14,362)
Less: cash consideration paid	(10,918)
Gain on bargain purchase on acquisition of a subsidiary (Note 7)	4,066

39. ACQUISITION OF A SUBSIDIARY (Continued)

Net cash outflow on acquisition of AUSTAR Pharmaceutical:	RMB'000
Cash consideration paid	(10,918)
Less: cash and cash equivalent balances acquired	13,738
Net cash inflow on acquisition of AUSTAR Pharmaceutical	2,820

Impact of acquisition on the results of the Group

Upon the acquisition of AUSTAR Pharmaceutical, it begins operating as an internal supplier for the Group. The majority of its revenues are generated within the Group. As a result, after the acquisition, AUSTAR Pharmaceutical did not significantly contribute to the Group's overall revenue and results.

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

The following is a list of principal subsidiaries as at 31 December 2024 and 2023:

Company name	Kind of legal entity	Country/place and date of incorporation	Issued and paid-up capital	Attributable equity interest of the Group	Principal activities/ place of operation
Directly owned:					
Austar Equipment Limited (奧星設備有限公司)	Limited liability company	BVI/25 January 2005	US$100	100%	Investment holding/BVI
Indirectly owned:					
Shanghai Austar	Limited liability company	Shanghai, the PRC/ 20 August 2003	US$29,265,032	100%	Provision of integrated engineering solutions and pharmaceutical equipment manufacturing/ the PRC
Austar SJZ	Limited liability company	Shijiazhuang, the PRC/ 9 July 2004	RMB84,882,000	100%	Provision of integrated engineering solutions, pharmaceutical equipment manufacturing, maintenance and GMP compliance service/the PRC
Austar Hansen	Limited liability company	Shanghai, the PRC/ 29 March 2001	RMB6,660,000	100%	Distribution and agency and pharmaceutical consumable manufacturing/the PRC
Austar Engineering Technology (Shijiazhuang) Limited (奧星工程科技石家莊有限公司)	Limited liability company	Shijiazhuang, the PRC/ 23 March 2021	RMB48,500,000	100%	Provision of integrated solution of engineering and clean room enclosure system
Austar Pharmaceutical Process Systems Limited (奧星製藥工藝系統有限公司)	Limited liability company	Hong Kong/20 April 2012	HK$55,812,404	100%	Investment holdings, distribution and agency/Hong Kong
Austar Pharmaceutical Process Systems (Shijiazhuang) Limited (奧星製藥工藝系統(石家莊)有限公司)	Limited liability company	Shijiazhuang, the PRC/ 6 May 2014	RMB43,000,000	100%	Provision of integrated engineering solutions and pharmaceutical equipment manufacturing/the PRC

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

The following is a list of principal subsidiaries as at 31 December 2024 and 2023: (Continued)

Company name	Kind of legal entity	Country/place and date of incorporation	Issued and paid-up capital	Attributable equity interest of the Group	Principal activities/ place of operation
Indirectly owned:					
Austar Pharmaceutical Technology (SJZ) Limited (奧星製藥科技(石家莊)有限公司)	Limited liability company	Hong Kong/ 27 January 2015	HK$100	100%	Investment holding/Hong Kong
Austar Pharmaceutical Equipment (NJ) Limited (奧星製藥設備(南京)有限公司)	Limited liability company	Hong Kong/ 27 January 2015	HK$100	100%	Investment holding/Hong Kong
Austar Pharmaceutical Technology Equipment (Nanjing) Ltd. (奧星製藥技術設備(南京)有限公司)	Limited liability company	Nanjing, the PRC/ 18 May 2015	RMB29,500,000	100%	Provision of integrated engineering solutions and pharmaceutical equipment manufacturing/ the PRC
Austar Biosciences Investment Limited (奧星生物科技投資有限公司)	Limited liability company	BVI/1 April 2015	US$100	100%	Investment holding/BVI
Austar Biosciences Limited (奧星生物科技有限公司)	Limited liability company	Hong Kong/20 April 2015	HK$100	100%	Investment holding/Hong Kong
Austar Pharmaceutical Technology Investment (SJZ) Limited (奧星製藥科技投資(石家莊)有限公司)	Limited liability company	BVI/12 January 2015	US$12,048,383	100%	Investment holding/BVI
Austar Pharmaceutical Equipment Investment (NJ) Limited (奧星製藥設備投資(南京)有限公司)	Limited liability company	BVI/12 January 2015	US$209,717	100%	Investment holding/BVI

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

The following is a list of principal subsidiaries as at 31 December 2024 and 2023: (Continued)

Company name	Kind of legal entity	Country/place and date of incorporation	Issued and paid-up capital	Attributable equity interest of the Group	Principal activities/ place of operation
Indirectly owned:					
Austar India Investment Ltd. (奧星印度投資有限公司) (Now known as Austar Asia Investment Limited (奧星亞洲投資有限公司)	Limited liability company	BVI/19 July 2017	US$1	100%	Investment holding/BVI
Austar Hansen Lifesciences (Hebei) Limited (奧星衡迅生命科技(河北)有限公司)	Limited liability company	Shijiazhuang, the PRC/ 16 September 2021	RMB30,000,000	100%	Provision of life sciences consumable/the PRC
Shanghai Austar Pharmaceutical Science and Technology Limited (上海奧星醫藥科技有限公司)	Limited liability company	Shanghai, the PRC/ 7 August 2017	RMB2,150,000	100%	Investment holding/the PRC
Shanghai Aunity Pharmaceutical Science and Technology Limited (上海奧恒醫藥科技有限公司)	Limited liability company	Shanghai, the PRC/ 24 October 2017	RMB4,200,000	100%	Investment holding/the PRC
Hebei Aunity Engineering Consulting Limited (河北奧恒工程設計咨詢有限公司)	Limited liability company	Hebei, the PRC/ 2 November 2017	RMB3,822,000	100%	Provision of pharmaceutical engineering design/the PRC
Austarunion India Process Systems Private Limited	Limited liability company	India/29 November 2018	Rupees7,500,000	100%	Provision of integrated engineering solutions and pharmaceutical equipment, and distribution/India
Austar Malaysia Limited	Limited liability company	Malaysia/13 November 2019	US$100	100%	Provision of integrated engineering solutions and pharmaceutical equipment, and distribution/Malaysia

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

The following is a list of principal subsidiaries as at 31 December 2024 and 2023: (Continued)

Company name	Kind of legal entity	Country/place and date of incorporation	Issued and paid-up capital	Attributable equity interest of the Group	Principal activities/ place of operation
Indirectly owned:					
Austar UK Limited	Limited liability company	England and Wales/ 31 March 2020	GBP100	100%	Provision of integrated engineering solutions and pharmaceutical equipment manufacturing/ United Kingdom
Austar Europe Asset Holdings Limited (奧星歐洲資產控股有限公司)	Limited liability company	Hong Kong/30 October 2020	HK$10,000,000	100%	Investment holding/Hong Kong
Cape Europe Limited	Limited liability company	England and Wales/ 24 August 2021	EUR1,500,000	50%	Investment holding/UK
Cape Europe France SAS	Limited liability company	France/25 January 2021	EUR10,000	50%	Research & Development* Sales RTP product and related services/France
Austar Taiwan Limited (奧星台灣有限公司)	Limited liability company	Taiwan/23 February 2022	TWD42,000,000	100%	Provision of integrated engineering solutions and pharmaceutical equipment/Taiwan

The English names of certain subsidiaries and joint ventures referred to herein represent management's best effort at translating the Chinese names of these companies as no English names have been registered.

The above table lists the subsidiaries of the Group which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. Giving details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length. Additionally, they believed that no non-controlling interests were material to the Group, and therefore, the non-controlling interests were not disclosed.

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

41. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

	2024 RMB'000	2023 RMB'000
Assets		
Non-current assets		
Investments in subsidiaries	114,169	111,728
	114,169	111,728
Current assets		
Amounts due from subsidiaries	307,416	301,948
Prepayments and other receivables	10,716	10,390
Term deposits with initial terms of over three months	—	5,000
Cash and cash equivalents	13,794	13,775
	331,926	331,113
Total assets	446,095	442,841
Equity and liabilities		
Equity attributable to owners of the company		
Share capital	4,071	4,071
Share premium	314,009	314,009
Capital surplus	97,870	97,870
Currency translation differences	66,071	56,550
Accumulated losses	(40,226)	(31,280)
Total equity	441,795	441,220
Liabilities		
Current liabilities		
Trade and other payables	4,300	1,621
Total liabilities	4,300	1,621
Total equity and liabilities	446,095	442,841

The statement of financial position of the Company was approved and authorised for issue by the Board of Directors on 26 March 2025 and was signed on its behalf by:

Mr. Ho Kwok Keung, Mars
Executive Director

Madam Zhou Ning
Executive Director

41. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

Reserve movement of the Company

	Share premium RMB'000	Capital surplus RMB'000	Currency translation differences RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2023	314,009	97,870	50,297	(27,476)	434,700
Loss for the year	—	—	—	(3,804)	(3,804)
Currency translation differences	—	—	6,253	—	6,253
At 31 December 2023	314,009	97,870	56,550	(31,280)	437,149
At 1 January 2024	**314,009**	**97,870**	**56,550**	**(31,280)**	**437,149**
Loss for the year	**—**	**—**	**—**	**(8,946)**	**(8,946)**
Currency translation differences	**—**	**—**	**9,521**	**—**	**9,521**
At 31 December 2024	**314,009**	**97,870**	**66,071**	**(40,226)**	**437,724**

FIVE-YEAR FINANCIAL SUMMARY

RESULTS

	For the year ended 31 December				
	2024 RMB'000	2023 RMB'000	2022 RMB'000 (Restated)	2021 RMB'000	2020 RMB'000
Continuing operations					
Revenue	**1,500,402**	1,763,734	2,156,869	2,015,028	1,295,980
Cost of sales	**(1,199,185)**	(1,427,684)	(1,668,073)	(1,536,020)	(972,450)
Gross profit	**301,217**	336,050	488,796	479,008	323,530
Selling and marketing expenses	**(131,851)**	(167,323)	(177,091)	(170,289)	(148,692)
Administrative expenses	**(107,225)**	(133,666)	(128,843)	(128,094)	(98,695)
Net impairment (losses)/gains on financial assets and contract assets	**(3,389)**	(31,893)	3,212	(6,243)	(12,139)
Research and development expenses	**(53,549)**	(55,332)	(70,163)	(65,598)	(48,268)
Other income	**27,548**	11,706	11,163	6,330	8,039
Other gains/(losses) — net	**2,430**	10,464	(10,702)	196,804	6,955
Operating profit/(loss)	**35,181**	(29,994)	116,372	311,918	30,730
Finance (cost)/income — net	**(14,307)**	(11,147)	(6,376)	(3,353)	282
Share of net profit of investments accounted for using the equity method	**298**	6,731	9,536	10,660	10,477
Profit/(loss) before income tax	**21,172**	(34,410)	119,532	319,225	41,489
Income tax expense	**(7,600)**	(379)	(18,893)	(46,601)	(9,884)
Profit/(loss) for the year from continuing operations	**13,572**	(34,789)	100,639	272,624	31,605
Discontinued operations					
Loss for the period/year from discontinued operations	**—**	(116,514)	(32,895)	–	–
Profit/(loss) for the year	**13,572**	(151,303)	67,744	272,624	31,605
Profit/(loss) for the year attributable to:					
Owners of the Company					
— from continuing operations	**16,079**	(32,607)	104,237	277,300	33,100
— from discontinued operations	**—**	(80,866)	(16,776)	–	–
	16,079	(113,473)	87,461	277,300	33,100
Non-controlling interests					
— from continuing operations	**(2,507)**	(2,182)	(3,598)	(4,676)	(1,495)
— from discontinued operations	**—**	(35,648)	(16,119)	–	–
	(2,507)	(37,830)	(19,717)	(4,676)	(1,495)

ASSETS AND LIABILITIES

	As at 31 December				
	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
Total assets	**2,083,635**	2,158,972	2,388,763	2,044,777	1,378,844
Total liabilities	**1,290,167**	1,383,499	1,505,182	1,256,357	854,270
Total assets less current liabilities	**894,949**	981,285	1,028,998	908,581	573,160
Total equity attributable to owners of the Company	**791,409**	773,013	896,944	786,584	517,899