



# HUAKANG BIOMEDICAL HOLDINGS COMPANY LIMITED

## 華康生物醫學控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8622)

### ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

#### CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

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

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*This announcement, for which the directors (the “**Directors**”) of Huakang Biomedical Holdings Company Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”, “**we**” or “**our**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

## ANNUAL RESULTS

The Board of Directors (the “**Board**”) of the Company is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2024 together with the comparative figures for the year ended 31 December 2023.

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

*Year ended 31 December 2024*

		2024	2023
	Notes	RMB'000	RMB'000
<b>Revenue</b>	3	<b>25,359</b>	24,629
Cost of sales		<u>(8,287)</u>	<u>(8,536)</u>
Gross profit		<b>17,072</b>	16,093
Other income	4	<b>698</b>	734
Other gains and losses	5	<b>241</b>	251
Selling and distribution expenses		<b>(8,526)</b>	(8,617)
Administrative expenses		<b>(10,766)</b>	(9,874)
Research and development expenses		<b>(2,825)</b>	(2,553)
Provision for impairment losses on trade receivables, net		<b>(94)</b>	(1,414)
Reversal of (Provision for) impairment losses on loan and loan interest receivables and refundable consideration paid		<b>128</b>	(349)
Finance costs	6	<u><b>(86)</b></u>	<u>(53)</u>
<b>Loss before tax</b>	6	<b>(4,158)</b>	(5,782)
Income tax expense	7	<u><b>–</b></u>	<u>–</u>
<b>Loss for the year attributable to owners of the Company</b>		<b>(4,158)</b>	(5,782)
<b>Other comprehensive loss:</b>			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange difference on consolidation		<u><b>(307)</b></u>	<u>(190)</u>
<b>Total comprehensive loss for the year attributable to owners of the Company</b>		<u><b>(4,465)</b></u>	<u><b>(5,972)</b></u>
		<i>RMB cents</i>	<i>RMB cents</i>
<b>Loss per share attributable to owners of the Company</b>	8		
Basic and diluted		<u><b>(0.86)</b></u>	<u>(1.39)</u>

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*At 31 December 2024*

		<b>2024</b>	<b>2023</b>
	<i>Notes</i>	<i><b>RMB'000</b></i>	<i><b>RMB'000</b></i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>7,908</b>	7,478
Right-of-use assets		<b>1,134</b>	2,267
Intangible assets		<b>1,457</b>	2,134
Interest in an associate		<b>—</b>	—
		<b>10,499</b>	11,879
<b>Current assets</b>			
Inventories		<b>2,717</b>	3,395
Trade receivables	10	<b>9,949</b>	9,683
Other receivables, deposits and prepayments	11	<b>5,549</b>	7,423
Tax recoverable		<b>13</b>	—
Bank deposit with maturity over three months		<b>5,000</b>	—
Bank balances and cash		<b>31,495</b>	32,935
		<b>54,723</b>	53,436
<b>Current liabilities</b>			
Trade payables	12	<b>664</b>	638
Other payables and accrued charges		<b>5,709</b>	7,932
Contract liabilities		<b>695</b>	552
Lease liabilities		<b>1,177</b>	1,111
Deferred income – government grants		<b>15</b>	15
Amount due to an associate		<b>2,906</b>	2,848
		<b>11,166</b>	13,096
<b>Net current assets</b>		<b>43,557</b>	40,340
<b>Total assets less current liabilities</b>		<b>54,056</b>	52,219

		2024	2023
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Non-current liabilities</b>			
Lease liabilities		–	1,177
Deferred income – government grants		<u>8</u>	<u>23</u>
		<u>8</u>	<u>1,200</u>
<b>NET ASSETS</b>		<b><u>54,048</u></b>	<b><u>51,019</u></b>
<b>Capital and reserves</b>			
Share capital	13	4,432	3,674
Reserves		<u>49,616</u>	<u>47,345</u>
<b>TOTAL EQUITY</b>		<b><u>54,048</u></b>	<b><u>51,019</u></b>

## NOTES

*Year ended 31 December 2024*

### 1. GENERAL INFORMATION

Huakang Biomedical Holdings Company Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company under the laws of the Cayman Islands with limited liability on 3 August 2017 and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 13 December 2018. The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of the principal place of business in Hong Kong of the Company is Room 04, 9 Floor, Kimberley House, 35–35A Kimberley Road, Tsim Sha Tsui, Kowloon, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in research and development, manufacture, marketing and sale of biological reagents and auxiliary reproductive supplies and equipment in the People’s Republic of China (the “**PRC**”).

The consolidated financial statements are presented in Renminbi (“**RMB**”), which is the same as the functional currency of the Company and its subsidiaries, and rounded to the nearest thousand unless otherwise stated.

### 2. STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the HKICPA and the disclosure requirements of the Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**Listing Rules**”).

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2023 consolidated financial statements except for the adoption of the following new/revised HKFRSs that are effective from the current year.

#### Adoption of new/revised HKFRSs

The Group has applied, for the first time, the following new/revised HKFRSs:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HK Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback

The adoption of the above amendments does not have any significant impact on the consolidated financial statements.

### 3. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being identified as the chief operating decision makers (the “CODM”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Based on the Group’s internal information reporting purpose, the directors of the Company have determined that there are two reportable operating segments which are set out below:

- (1) Biological reagents and auxiliary reproductive supplies and equipment; and
- (2) Healthcare products and supplements.

#### **Segment revenue, results, assets and liabilities**

Segment revenue represents revenue derived from biological reagents and auxiliary reproductive supplies and equipment, and healthcare products and supplements.

Segment results, which are the measures reported to the CODM for the purposes of resources allocation and assessment of segment performance, represent the profit earned or loss incurred by each segment without allocation of certain other gains and losses, administrative expenses, finance costs incurred by head office, (reversal of) provision for impairment losses on loan and loan interest receivables and refundable consideration paid, interest income from loan receivables, income tax expense and share result of an associate.

All assets are allocated to operating segments other than unallocated corporate assets which are mainly certain of bank balances and other receivables as these assets are managed on a corporate basis.

All liabilities are allocated to operating segments other than unallocated corporate liabilities which are mainly certain of other payables as these liabilities are managed on a corporate basis.

#### ***Disaggregation of revenue from contracts with customers***

	2024 <i>RMB’000</i>	2023 <i>RMB’000</i>
<b>Type of goods</b>		
Sales of biological reagents:		
Male fertility in-vitro diagnostic reagents	19,365	19,033
Parasite antibody detection reagents	3,761	3,059
Epstein-Barr Virus antibody detection reagents	840	851
Sales of auxiliary reproductive supplies and equipment	1,393	1,371
Sales of healthcare products and supplements	—	315
	<u>25,359</u>	<u>24,629</u>

The following is an analysis of the Group's revenue and results by reportable operating segments:

**Year ended 31 December 2024**

	Biological reagents and auxiliary reproductive supplies and equipment <i>RMB'000</i>	Healthcare products and supplements <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue	<u>25,359</u>	<u>–</u>	<u>25,359</u>
Segment results	<u>540</u>	<u>(1,489)</u>	<u>(949)</u>
<i>Unallocated head office and corporate income and expenses:</i>			
Other gains and losses			210
Administrative expenses			(3,547)
Reversal of impairment losses on loan and loan interest receivables and refundable consideration paid			<u>128</u>
Loss before tax			(4,158)
Income tax expense			<u>–</u>
Loss for the year			<u>(4,158)</u>

**Year ended 31 December 2023**

	Biological reagents and auxiliary reproductive supplies and equipment <i>RMB'000</i>	Healthcare products and supplements <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue	<u>24,314</u>	<u>315</u>	<u>24,629</u>
Segment results	<u>(111)</u>	<u>(2,256)</u>	<u>(2,367)</u>
<i>Unallocated head office and corporate income and expenses:</i>			
Other gains and losses			224
Administrative expenses			(3,287)
Provision for impairment losses on loan and loan interest receivables and refundable consideration paid			(349)
Finance costs			<u>(3)</u>
Loss before tax			(5,782)
Income tax expense			<u>–</u>
Loss for the year			<u>(5,782)</u>

The following is an analysis of the Group's assets and liabilities by reportable operating segments:

**Year ended 31 December 2024**

	<b>Biological reagents and auxiliary reproductive supplies and equipment <i>RMB'000</i></b>	<b>Healthcare products and supplements <i>RMB'000</i></b>	<b>Unallocated <i>RMB'000</i></b>	<b>Total <i>RMB'000</i></b>
<b>Assets</b>				
Reportable segment assets	<b>60,669</b>	<b>490</b>	<b>4,063</b>	<b>65,222</b>
<b>Liabilities</b>				
Reportable segment liabilities	<b>6,375</b>	<b>3,059</b>	<b>1,740</b>	<b>11,174</b>
<b>Other information</b>				
Depreciation on property, plant and equipment	<b>1,467</b>	<b>52</b>	<b>5</b>	<b>1,524</b>
Depreciation on right-of-use assets	<b>1,133</b>	<b>–</b>	<b>–</b>	<b>1,133</b>
Amortisation on intangible assets	<b>677</b>	<b>–</b>	<b>–</b>	<b>677</b>
Loss on disposal of property, plant and equipment	<b>20</b>	<b>–</b>	<b>–</b>	<b>20</b>
Provision for impairment losses on trade receivables, net	<b>42</b>	<b>52</b>	<b>–</b>	<b>94</b>
Reversal of impairment losses on loan and loan interest receivables and refundable consideration paid	<b>–</b>	<b>–</b>	<b>(128)</b>	<b>(128)</b>
Additions in property, plant and equipment	<b>1,992</b>	<b>–</b>	<b>–</b>	<b>1,992</b>
Research and development expenses	<b>2,825</b>	<b>–</b>	<b>–</b>	<b>2,825</b>



Year ended 31 December 2023

	Biological reagents and auxiliary reproductive supplies and equipment <i>RMB'000</i>	Healthcare products and supplements <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Assets</b>				
Reportable segment assets	<u>58,487</u>	<u>1,229</u>	<u>5,599</u>	<u>65,315</u>
<b>Liabilities</b>				
Reportable segment liabilities	<u>6,806</u>	<u>4,190</u>	<u>3,300</u>	<u>14,296</u>
<b>Other information</b>				
Depreciation on property, plant and equipment	1,543	52	5	1,600
Depreciation on right-of-use assets	857	–	45	902
Amortisation on intangible assets	677	–	–	677
Gain on disposal of property, plant and equipment	(13)	–	–	(13)
Loss on disposal of right-of-use assets	–	–	22	22
Provision for impairment losses on trade receivables, net	1,174	240	–	1,414
Provision for impairment losses on loan and loan interest receivables and refundable consideration paid	–	–	349	349
Write-off of inventories	–	210	–	210
Additions in property, plant and equipment	1,502	–	–	1,502
Research and development expenses	<u>2,553</u>	<u>–</u>	<u>–</u>	<u>2,553</u>

### Geographical information

The following table sets out information about the geographical location of the Group's revenue from external customers which are based on the location of goods delivered.

	<b>2024</b> <b><i>RMB'000</i></b>	<b>2023</b> <b><i>RMB'000</i></b>
Revenue from external customers:		
The PRC	<b>25,359</b>	24,314
Hong Kong	–	315
Canada	–	–*
	<u><b>25,359</b></u>	<u>24,629</u>

\* Represents amount less than RMB1,000

No geographical segment information of the Group's non-current assets is presented as the Group's non-current assets (except for office equipment and one motor vehicles with total carrying amount of approximately RMB24,000 (2023: *approximately RMB81,000*) as presented in property, plant and equipment which are located in Hong Kong) are mainly located in the PRC by physical location of assets.

#### Information about major customers

The Group's revenue from any single external customers did not contribute 10% or more of the total revenue of the Group for the years ended 31 December 2024 and 2023.

#### 4. OTHER INCOME

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Bank interest income	347	185
Government grants ( <i>Note</i> )	106	231
Loan interest income	165	219
Sundry income	80	99
	<u>698</u>	<u>734</u>

*Note:* In the opinion of the management of the Group, there was no unfulfilled condition or contingency relating to the government grants.

#### 5. OTHER GAINS AND LOSSES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Foreign exchange gains, net	<u>241</u>	<u>251</u>

## 6. LOSS BEFORE TAX

This is stated after charging:

	2024 RMB'000	2023 RMB'000
<b>Finance costs</b>		
Interest on lease liabilities	86	53
<b>Staff costs, including directors' remuneration</b>		
Directors' emoluments	2,774	2,743
Other staff costs:		
Salaries, bonuses and other benefits	11,092	10,029
Contributions to defined contribution plans	2,287	2,075
	16,153	14,847
<b>Other items</b>		
Auditor's remuneration	695	631
Amortisation of intangible assets (included in cost of sales)	677	677
Cost of inventories ( <i>Note</i> )	8,287	8,536
Depreciation of property, plant and equipment	1,524	1,600
Depreciation of right-of-use assets	1,133	902
Other rental and related expenses – short-term leases	97	739
Loss (Gain) on disposal of property, plant and equipment	20	(13)
Loss on disposal of right-of-use assets	–	22
Write-off of inventories	–	210

*Note:* During the year ended 31 December 2024, cost of inventories included approximately RMB2,896,000 (2023: approximately RMB2,878,000) relating to the aggregate amount of certain staff costs, amortisation, depreciation and other rental and related expenses, which were included in the respective amounts as disclosed above.

## 7. INCOME TAX EXPENSE

	2024 RMB'000	2023 RMB'000
<b>Current tax</b>		
PRC Enterprise Income Tax – current year	–	–

The Company and the subsidiaries incorporated in the BVI are tax-exempted. Entity established in the PRC is subject to PRC Enterprise Income Tax at a statutory rate of 25%. Since the Group's PRC subsidiary, Shenzhen Huakang Bio-Medical Engineering Limited\* (“**Shenzhen Huakang**”) is recognised as “High and New Technology Enterprise” and therefore is entitled to a concessional tax rate of 15%. The entitlement of this tax benefit is subject to renewal by respective tax bureau in the PRC every three years. The latest approval for Shenzhen Huakang recognising as “High and New Technology Enterprise” was obtained on 15 November 2023 for the three years ending 14 November 2026.

\* English translation is for identification purpose only

Hong Kong Profits Tax has not been provided as the Group had no assessable profit arising from Hong Kong for the years ended 31 December 2024 and 2023.

## 8. LOSS PER SHARE

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
<b>Loss:</b>		
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	<u>(4,158)</u>	<u>(5,782)</u>
<b>Number of shares:</b>		
Weighted average number of ordinary shares of the Company in issue for the purpose of basic loss per share	<u>482,436,384</u>	<u>415,962,411</u>

Diluted loss per share is the same as basic loss per share as the effect of potential ordinary shares is anti-dilutive during the years ended 31 December 2024 and 2023.

## 9. DIVIDENDS

No dividend was paid or declared by the Company during the years ended 31 December 2024 and 2023, nor has any dividend been proposed since the end of each reporting period.

## 10. TRADE RECEIVABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade receivables from third parties	15,828	15,468
Less: allowance for credit losses	<u>(5,879)</u>	<u>(5,785)</u>
	<u>9,949</u>	<u>9,683</u>

For certain long-term customers, the Group will deliver the goods without requesting deposits and allow a credit period from 30 to 180 days (2023: 30 to 180 days) to these customers and there is no credit period granted to other customers. The Group will also request deposits from other customers before the goods are delivered and the amount of deposits requested varies amongst different contracts. The following is an aged analysis of trade receivables (net of allowance for credit losses) presented based on the dates of delivery of goods.

	2024 RMB'000	2023 RMB'000
0–30 days	1,688	1,419
31–90 days	2,418	2,786
91–180 days	3,057	2,561
Over 181 days	2,786	2,917
	<u>9,949</u>	<u>9,683</u>

As at 31 December 2024, included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately RMB8,770,000 (2023: approximately RMB8,607,000) which are past due as at the end of reporting date. Out of the past due balances, approximately RMB4,826,000 (2023: approximately RMB4,761,000) has been past due 90 days or more and is not considered as in default by considering the historical payment arrangement of these trade receivables. The Group does not hold any collateral over these balances.

#### 11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2024 RMB'000	2023 RMB'000
Advance payment to suppliers	969	735
Other prepaid expenses	253	604
Refundable consideration paid (Notes (a) and (c))	1,900	1,900
Loan receivable (Notes (b) and (c))	1,600	3,800
Loan interest receivable (Notes (b) and (c))	391	226
Rental and other deposits	225	130
Other receivables	432	377
	<u>5,770</u>	<u>7,772</u>
Less: allowance for credit losses	(221)	(349)
	<u>5,549</u>	<u>7,423</u>

Notes:

- (a) On 19 December 2022, Shenzhen Huakang, an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (the “**Sale and Purchase Agreement**”) with Shenzhen Maxson Technology Development Company Limited\*, (the “**Vendor**”), pursuant to which the Vendor agreed to sell, and Shenzhen Huakang agreed to purchase, 19% equity interest in Hainan Jinnuosai Medical Technology Company Limited\* (“**Hainan Jinnuosai**”), a company incorporated in the PRC with limited liability and is principally engaged in the manufacturing and sale of anoectochillus formosanus extractive products and related supplements in the PRC, at a cash consideration of RMB1,900,000. The Group had fully paid the consideration directly to Hainan Jinnuosai on 19 December 2022 as paid-up capital in accordance with the Sale and Purchase Agreement and Shenzhen Huakang had become shareholder of Hainan Jinnuosai after registration with relevant authorities in the PRC.

\* English translation is for identification purpose only

The Vendor is a company incorporated in the PRC with limited liability and is principally engaged in sales of healthcare foods and supplements in the PRC. The Vendor is controlled by one of the ultimate beneficial owners of Hainan Jinnuosai who is also one of the directors of the Company's then controlling shareholder and one of the ultimate beneficial owners of Smartronic Limited ("**Smartronic**").

On 9 February 2023, Shenzhen Huakang and the Vendor entered into a supplemental agreement to the Sale and Purchase Agreement to amend and supplement certain conditions (the "**Conditions**") of the Sale and Purchase Agreement, pursuant to which if the Conditions are not fulfilled on or before 30 June 2023, the Vendor shall refund to Shenzhen Huakang the consideration of RMB1,900,000 and Shenzhen Huakang shall return to the Vendor the 19% equity interest in Hainan Jinnuosai.

On 30 June 2023, Shenzhen Huakang and the Vendor entered into a second supplemental agreement to the Sale and Purchase Agreement, pursuant to which, it was agreed that the date which the Conditions shall be fulfilled be changed from "on or before 30 June 2023" to "on or before 31 December 2023". Save for the extension of the date to fulfill the Conditions, all other terms, conditions and provisions in the Sale and Purchase Agreement remain unchanged.

Details of the transaction are set out in the Company's announcement dated 6 January 2023, 7 February 2023, 9 February 2023 and 30 June 2023.

The consideration paid was guaranteed by a deed of personal guarantee executed by Mr. Zhang Shuguang in favor of the Group on 21 March 2023. Mr. Zhang Shuguang is a director and then controlling shareholder of the Company.

The Conditions had not been fulfilled as at 31 December 2023 and no further extension of the date to fulfill the Conditions was subsequently agreed, the Vendor should refund to Shenzhen Huakang the consideration of RMB1,900,000 and Shenzhen Huakang should return to Vendor the 19% equity interest in Hainan Jinnuosai.

On 11 March 2024, the Group issued a legal letter to demand the Vendor to make immediate refund of the consideration of RMB1,900,000.

- (b) On 20 December 2022, Shenzhen Huakang entered into a loan agreement with Hainan Jinnuosai, pursuant to which Shenzhen Huakang agreed to grant an unsecured loan in the principal amount of RMB3,800,000 with maturity date on 19 December 2023 and bearing interest at the rate of 5.75% per annum as amended and supplemented by a supplemental loan agreement dated 9 February 2023. The loan was subsequently guaranteed by a deed of personal guarantee executed by Mr. Zhang Shuguang in favor of the Group on 21 March 2023. Mr. Zhang Shuguang is a director and then controlling shareholder of the Company.

Details of the provision of loan were set out in the Company's announcements dated 6 January 2023, 7 February 2023 and 9 February 2023.

On 11 March 2024, the Group issued a legal letter to demand Hainan Jinnuosai to make immediate repayment of loan and loan interest receivables.

- (c) On 21 March 2024, the Group entered into a repayment arrangement with Hainan Jinnuosai and the Vendor, pursuant to which Hainan Jinnuosai will repay the outstanding balance of loan receivable and loan interest receivable and refundable consideration paid on behalf of the Vendor by instalments up to 31 December 2025.

A subsequent instalment of RMB800,000 was received by the Group on 7 March 2025.

## 12. TRADE PAYABLES

In general, the Group will make advance payment to suppliers before the materials are received. Some of the suppliers may deliver the materials to the Group without requesting advance payment and a credit period ranged from 30 to 90 days (2023: 30 to 90 days) is granted by these suppliers. The following is an aging analysis of trade payables presented based on the invoice date:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
0–30 days	30	13
31–90 days	97	93
Over 90 days	537	532
	<u>664</u>	<u>638</u>

## 13. SHARE CAPITAL

	<i>Number of share</i>	<i>HK\$</i>	<i>Equivalent to RMB'000</i>
<b>Authorised:</b>			
At 31 December 2023 and 31 December 2024	1,000,000,000	10,000,000	8,851
<b>Issued and fully paid ordinary shares at HK\$0.01 per share:</b>			
At 1 January 2023	414,472,000	4,144,720	3,637
Issue of shares upon exercise of share options (Note (a))	4,000,000	40,000	37
At 31 December 2023 and 1 January 2024	418,472,000	4,184,720	3,674
Issue of shares upon placings (Note (b))	82,000,000	820,000	758
<b>At 31 December 2024</b>	<u>500,472,000</u>	<u>5,004,720</u>	<u>4,432</u>

Notes:

- (a) On 18 August 2023, a total of 4,000,000 ordinary shares of HK\$0.01 each were issued upon exercise of 4,000,000 share options at the exercise price of HK\$0.125 per share option. The difference of approximately HK\$460,000 (equivalent to approximately RMB430,000) between the proceeds from exercise of share options of approximately HK\$500,000 (equivalent to approximately RMB467,000) and the nominal value of share capital of the Company issued of approximately HK\$40,000 (equivalent to approximately RMB37,000) was recognised in share premium account. The relevant share option reserve of approximately HK\$450,000 (equivalent to approximately RMB409,000) was transferred to the share premium account under the equity.

- (b) On 8 January 2024, the Company entered into a placing agreement with a placing agent, pursuant to which the Company has conditionally agreed to place, through the agent, up to an aggregate of 82,000,000 placing shares at a placing price of HK\$0.105 per placing share to not less than six independent placees. On 31 January 2024, total of 20,000,000 placing shares have successfully been placed. The net proceeds of approximately HK\$1,984,000 (equivalent to approximately RMB1,820,000) of which approximately HK\$200,000 (equivalent to approximately RMB184,000) was credited to the Company's equity under share capital and the remaining balance of approximately HK\$1,784,000 (equivalent to approximately RMB1,636,000) was credited to the Company's equity under share premium. The placing shares rank *pari passu* with all existing shares in all respects.

On 9 February 2024, the Company entered into a placing agreement with a placing agent, pursuant to which the Company has conditionally agreed to place, through the agent, up to an aggregate of 62,000,000 placing shares at a placing price of HK\$0.096 per placing share to not less than six independent placees. On 5 March 2024, the Company and the placing agent, entered into a supplemental placing agreement that the placing price would be revised to HK\$0.104 per placing share and the long stop date has been extended from 5 March 2024 to 26 March 2024. On 21 March 2024, total of 31,000,000 placing shares have successfully been placed. The net proceeds of approximately HK\$3,171,000 (equivalent to approximately RMB2,936,000) of which approximately HK\$310,000 (equivalent to approximately RMB287,000) was credited to the Company's equity under share capital and the remaining balance of approximately HK\$2,861,000 (equivalent to approximately RMB2,649,000) was credited to the Company's equity under share premium. The placing shares rank *pari passu* with all existing shares in all respects.

On 2 April 2024, the Company entered into a placing agreement with a placing agent, pursuant to which the Company has conditionally agreed to place, through the agent, up to an aggregate of 31,000,000 placing shares at a placing price of HK\$0.097 per placing share to not less than six independent placees. On 23 April 2024, total of 31,000,000 placing shares have successfully been placed. The net proceeds of approximately HK\$2,957,000 (equivalent to approximately RMB2,738,000) of which approximately HK\$310,000 (equivalent to approximately RMB287,000) was credited to the Company's equity under share capital and the remaining balance of approximately HK\$2,647,000 (equivalent to approximately RMB2,451,000) was credited to the Company's equity under share premium. The placing shares rank *pari passu* with all existing shares in all respects.



## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The shares of the Company (the “**Shares**”) were listed on GEM of the Stock Exchange (the “**Listing**”) on 13 December 2018 (the “**Listing Date**”) by way of share offer of 100,000,000 new shares (“**Share Offer**”).

#### Biological Reagents and Auxiliary Reproductive Supplies and Equipment Segment

The Group continued to focus on the research, production, and sales of male fertility in-vitro diagnostic (“**IVD**”) reagents in the PRC. The product portfolio increased to 31 biological reagents, including 28 male fertility IVD reagents, 2 parasite antibody detection reagents, and 1 Epstein-Barr virus antibody detection reagent.

Revenue from this segment reached RMB25.4 million, a 4.3% increase compared to 2023. Sales of core male fertility IVD reagents grew by 1.7% year-on-year to RMB19.4 million, accounting for 76.4% of the segment’s total revenue. Sales of parasite antibody detection reagents also rose steadily to RMB3.8 million, reflecting sustained market demand.

In late of 2024, the Group completed Class II medical device registration of semen biochemical immunoassay equipment, thereby further strengthening its reagent diagnostic capabilities. At the same time, the Group also began improving existing products and developing the “Sperm Morphology Analysis Test Kit” to enhance the accuracy and operational efficiency of its reagent detection.

#### Healthcare Products and Supplements Segment

Due to prolonged market challenges and operational difficulties, the Group strategically decided to temporarily suspend sales the “Nutronic” brand in 2024. Nevertheless, the Group retains valuable resources, including overseas supply chains and international sales networks established through “Nutronic,” laying the groundwork for future synergies.

#### Strategic Acquisition

To diversify our business, our Group intended to acquire of the equity interest of Hunan Keyue Biotechnology Co., Ltd.\* (the “**Keyue Bio**”), which possesses extensive research and development expertise, product lines (e.g., “Yukunshu”\* and “Qinghuiyue”\* brands), and domestic market channels in the female health sector. The proposed acquisition aims to integrate the Group’s global resources with local capabilities of Keyue Bio, jointly expanding the female health market globally to meet rising consumer demands. Details are set out in our announcement dated 24 January 2025.

\* *English translation is for identification purpose only*

## **FUTURE PROSPECTS**

With the issuance of a new fertility support policy by the PRC in October 2024 (the “**Policy**”), the Group’s business in biological reagents and auxiliary reproductive supplies and equipment is poised to capitalize on significant development opportunities. The Policy emphasizes strengthening fertility service support. As a company focused on male infertility diagnosis and auxiliary reproductive supplies and equipment, the Group will benefit from the market demand growth driven by the Policy. Through the commercialization of its semen biochemical immunoassay equipment, which has completed registration as a Class II medical device, and the improvement of existing products, the Group will further consolidate its leading position in the reagent diagnostics field. This will enable it to provide precise and efficient solutions to medical institutions, supporting the implementation of the national fertility support policy.

Concurrently, the Group plans to integrate research and development resources of Keyue Bio and channel advantages in the domestic female health market through a strategic acquisition of its equity. By leveraging the overseas supply chain and global networks established through the “Nutronic” brand, the collaboration will enable synergistic development of health products that cover the entire life cycle. This initiative responds to the Policy’s goals of strengthening fertility service support and fostering a fertility-friendly social atmosphere. Looking ahead, the Group will deepen its technological research and development, expand its distribution network, and explore emerging markets such as Southeast Asia to drive growth through innovation and create sustainable value for shareholders.

## **FINANCIAL REVIEW**

### **Revenue**

The Group’s revenue increased by approximately RMB730,000, or approximately 3.0%, from approximately RMB24.6 million for the year ended 31 December 2023 to approximately RMB25.4 million for the year ended 31 December 2024. The increase in revenue was mainly due to an increase in the sales of male fertility IVD reagents and parasite antibody detection reagents for the year ended 31 December 2024.

Sales of male fertility IVD reagents products remained to be our major products which accounted for approximately 76.4% of our total revenue generated from our sales of biological reagents and auxiliary reproductive supplies and equipment segment for the year ended 31 December 2024. Revenue from this segment for the year ended 31 December 2024 was approximately RMB25.4 million, which represented an increase of approximately RMB1.0 million or approximately 4.3% from approximately RMB24.3 million for the year ended 31 December 2023.

The healthcare products and supplements segment encountered sustained market challenges, resulting in a temporarily halt to sales for the year ended 31 December 2024, compared to sales of approximately RMB315,000 for the year ended 31 December 2023.

## **Gross Profit and Gross Profit Margin**

The Group recorded a gross profit of approximately RMB17.1 million for the year ended 31 December 2024, representing an increase of approximately RMB979,000, or approximately 6.1%, from approximately RMB16.1 million for the year ended 31 December 2023.

The Group's gross profit margin increased from approximately 65.3% for the year ended 31 December 2023 to approximately 67.3% for the year ended 31 December 2024.

## **Other Income and Other Gains and Losses**

Other income decreased approximately RMB36,000 or approximately 4.9% from approximately RMB734,000 for the year ended 31 December 2023 to approximately RMB698,000 for the year ended 31 December 2024. The decrease was primarily attributable to decrease in government grants.

We recorded other gains of approximately RMB241,000 for the year ended 31 December 2024, compared to approximately RMB251,000 for the year ended 31 December 2023. Such decrease was mainly attributable to the fluctuations in foreign exchange rate between foreign currency and RMB, the majority of which was unrealised foreign exchange difference.

## **Impairment Losses**

The Group recorded impairment losses on trade receivables (net of reversals) of approximately RMB94,000 for the year ended 31 December 2024, a significant decrease compared to the RMB1.4 million recorded for the year ending 31 December 2023. This significant decrease was primarily driven by weakened repayment capacities among the Group's distributors amid China's challenging economic conditions in 2023.

Additionally, the Group recorded a reversal of impairment losses on loan and loan interest receivables and refundable consideration paid of approximately RMB128,000 for the year ending 31 December 2024. This contrasts with a provision of RMB349,000 recorded for the same category for the year ending 31 December 2023. Such change mainly reflects partial repayments received in 2024.

## **Selling and Distribution Expenses**

Selling and distribution expenses slightly decreased approximately RMB91,000 or approximately 1.1%, from approximately RMB8.6 million for the year ended 31 December 2023 to approximately RMB8.5 million for the year ended 31 December 2024.

## **Administrative Expenses**

Administrative expenses increased from approximately RMB9.9 million for the year ended 31 December 2023 to approximately RMB10.8 million for the year ended 31 December 2024, which represented an increase of approximately RMB892,000 or approximately 9.0%. The increase was primarily attributable to an increase in staff cost as determined by the supply and demand conditions of the local labor market and provision of training class for the executive.

## **Research and Development Expenses**

Research and development expenses increased from approximately RMB2.6 million for the year ended 31 December 2023 to approximately RMB2.8 million for the year ended 31 December 2024, which represented an increase of approximately RMB272,000 or approximately 10.7%. The increase was primarily attributable to an increase in cost of improving existing products and developing the “Sperm Morphology Analysis Test Kit”.

## **Finance Costs**

During the year ended 31 December 2024, finance costs mainly represented the interest on lease liabilities under application of HKFRS 16 was approximately RMB86,000 as compared to approximately RMB53,000 for the year ended 31 December 2023.

## **Results for the year**

The loss attributable to owners of the Company was approximately RMB4.2 million for the year ended 31 December 2024 as compared to approximately RMB5.8 million for the year ended 31 December 2023. The significant decrease in loss approximately RMB1.6 million or approximately 28.1%, was mainly attributable to increase in gross profit of approximately RMB979,000 and significant decrease in the amount of impairment losses on trade receivables of approximately RMB1.3 million.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

Our Group funded the liquidity and capital requirements primarily through internally generated funds from operating activities, proceeds from the Listing and equity financing by placing.

As at 31 December 2024, our Group recorded total cash and bank balances and bank deposit with maturity over three months of approximately RMB36.5 million compared to approximately RMB32.9 million as at 31 December 2023, which were mainly placed with major banks in the PRC and denominated in RMB and United States Dollars (“US\$”). The increase was mainly due to the proceeds from repayment of loan receivable.

As at 31 December 2024, the lease liabilities under application of HKFRS 16 was approximately RMB1.2 million (2023: *approximately RMB2.3 million*). The gearing ratio of our Group calculated based on the lease liabilities divided by total equity as at 31 December 2024 was approximately 2.2% (2023: *approximately 4.5%*).

The capital structure of the Group comprised of issued share capital and reserves. The equity attributable to owners of the Company amounted to approximately RMB54 million as at 31 December 2024 (2023: *approximately RMB51 million*).

## **PLEDGE OF ASSETS**

As at 31 December 2024, the Group did not pledge any of its material assets (31 December 2023: *Nil*).

## **CAPITAL COMMITMENTS**

As at 31 December 2024 and 2023, the Group did not have any capital commitments in respect of the acquisition of property, plant and equipment.

## **CONTINGENT LIABILITIES**

As at 31 December 2024, the Company had no outstanding corporate guarantee (31 December 2023: *Nil*). As at 31 December 2024, the Group had no banking facilities and did not have any significant contingent liabilities (31 December 2023: *Nil*).

## **FOREIGN EXCHANGE EXPOSURE**

The functional currencies of our operations, assets and liabilities were mostly denominated in RMB. Therefore, we were not exposed to any significant foreign exchange risk for realised losses, except for our Hong Kong Dollars (“**HK\$**”), US\$ and Canadian Dollars (“**CAD\$**”) denominated bank balances. The Group currently did not have a foreign currency hedging policy. The Group did not engage in any derivatives agreements and did not commit to any financial instruments to hedge its foreign exchange exposure throughout the year ended 31 December 2024. The management will closely monitor foreign currency exposure and will consider hedging significant foreign currency exposure should the need arises.

## TREASURY POLICIES

The Group will continue to employ a prudent treasury policies in managing the Group's cash balances and maintain a strong and healthy liquidity to ensure that the Group is well placed to take advantage of future growth opportunities.

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

For the year ended 31 December 2024, the Group did not make any material acquisitions and disposals of subsidiaries and affiliated companies.

## SIGNIFICANT INVESTMENT HELD

As at 31 December 2024, the Group did not hold any significant investment.

## EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2024, the Group had 91 full-time employees (2023: 96). Staff costs recognised in profit or loss amounted to approximately RMB16.2 million (2023: approximately RMB14.8 million) for the year ended 31 December 2024 (including directors and other employee salaries and retirement benefits). Remuneration policies and packages for the Group's employees were based on individual qualifications, performance, experience, and conditions prevailing in the industry. In addition, various training sessions have been offered to employees to enhance their product and market knowledge.

## EVENTS AFTER THE END OF REPORTING PERIOD

Subsequent to 31 December 2024, save as disclosed elsewhere in the consolidated financial statements, the Group has the following subsequent events:

- (1) On 31 December 2024, the Company entered into a placing agreement (the “**Placing Agreement**”) with a placing agent, pursuant to which the Company has conditionally agreed to place, through the agent, up to an aggregate of 100,000,000 placing shares at a placing price of HK\$0.126 per placing share to not less than six independent placees (the “**Placing**”). The conditions under the Placing Agreement were not fulfilled on or before 21 January 2025, being the long stop date to the Placing, the Placing Agreement was lapsed and terminated. None of parties under the Placing Agreement shall have any claim against the other in relation to the Placing.

Details are set out in the Company's announcements dated 31 December 2024 and 21 January 2025.

- (2) On 24 January 2025, the Company entered into a memorandum of understanding with Keyue Bio, pursuant to which the Company or its designated entity intends to acquire 51% equity interest in the Keyue Bio by way of capital injection or transfer of equity interest (the “**Proposed Acquisition**”). No legally binding agreement in relation to the Proposed Acquisition has been entered into up to the date of this announcement.

Details are set out in the Company’s announcement dated 24 January 2025.

- (3) On 25 March 2025, the Company entered into four term loan agreements with a licensed money lender in the aggregate amount of HK\$4,000,000 at a fixed interest rate of 9% per annum. The term loans are unsecured, interest-bearing and repayable within 12 months after the withdrawal date.

## **CORPORATE GOVERNANCE PRACTICES**

The Company has applied the principles and code provisions as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 under the GEM Listing Rules.

The Company has adopted and complied with, where applicable, the CG Code during the year ended 31 December 2024 and up to the date of this announcement (the “**Relevant Period**”).

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings concerning securities transactions by the Directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “**Model Code**”) as its own code governing securities transactions of the Directors (the “**Required Standard**”). Having made specific enquiry of all the Directors, all of them confirmed that they had fully complied with the Required Standard during the Relevant Period.

Pursuant to Rule 5.66 of the Model Code, the Directors have also requested any employee of the Company or director or employee of a subsidiary of the Company (the “**relevant employees**”) who, because of his office or employment in the Company or a subsidiary, is likely to possess inside information in relation to the securities of the Company, not to deal in securities of the Company when he would be prohibited from dealing by the Model Code as if he were a Director. No incident of noncompliance of the Required Standard by the relevant employees was noted by the Company.



## **EQUITY-LINKED AGREEMENTS**

No equity-linked agreements that will or may result in the Company issuing Shares or that require the Company to enter into any agreements that will or may result in the Company issuing Shares were entered into by the Company, or subsisting during the year ended 31 December 2024.

## **PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES**

There were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries during the year 31 December 2024.

## **PRE-EMPTIVE RIGHTS**

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

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Directors confirm that the Company complies with the minimum of public float of 25% under the GEM Listing Rules since the Listing Date and up to the latest practicable date prior to the issue of this announcement.

## **MATERIAL LEGAL PROCEEDINGS**

As at 31 December 2024, the Company was not involved in any material litigation or arbitration and no material litigation or arbitration were pending or threatened or made against the Company so far as the Company is aware.

## **COMPETING INTEREST**

During the year ended 31 December 2024 and up to the date of this announcement, none of the Directors, the then controlling shareholders of the Company or their respective close associates (as defined under the GEM Listing Rules) had any business or interest in a business which, either directly or indirectly, competes or may compete with the business of the Group and any other conflicts of interest with the Group.



## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

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 the associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”)) which, once the Shares are listed on GEM of the Stock Exchange, will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interest or short positions which they are taken or deemed to have under such provision of the SFO) or will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by directors of listed issuers, will be as follows:

### Long Positions in the Shares

#### *Ordinary shares of HK\$0.01 each of the Company*

Name of Directors/ Chief Executive	Capacity/ Nature of Interest	Number of ordinary shares held <sup>(1)</sup>	Number of share options held <sup>(4)</sup>	Total interest	Percentage of shareholding <sup>(2)</sup>
Mr. Zhang Shuguang	Interests of controlled corporation <sup>(3)</sup>	138,672,000	4,000,000	142,672,000	28.5%
Mr. Zhang Chunguang	Beneficial owner	–	4,000,000	4,000,000	0.8%
Mr. Poon Lai Yin Michael	Beneficial owner	4,000,000	–	4,000,000	0.8%
Mr. He Jiaming	Beneficial owner	–	4,000,000	4,000,000	0.8%

*Notes:*

- (1) All interest stated are long positions.
- (2) The calculation is based on the total number of 500,472,000 Shares in issue as at 31 December 2024.
- (3) Crystal Grant Limited (“**Crystal Grant**”) is beneficially owned as to 100% by Mr. Zhang Shuguang, who is deemed to be interested in all the Shares held by Crystal Grant for the purpose of SFO.
- (4) Details of the underlying Shares of the Company held by the Director/chief executives are set out in the Company’s announcement dated 9 April 2020.

## Long Position in the Ordinary Shares of Associated Corporations

Name of Directors/ Chief Executive	Name of Associated Corporation	Capacity/ Nature of Interest	Number of ordinary shares held <sup>(Note)</sup>	Percentage of shareholding
Mr. Zhang Shuguang	Crystal Grant	Beneficial owner	100 shares of US\$1.00 each	100%

*Note:* All interest stated are long positions.

Save as disclosed above, as at 31 December 2024, none of the Directors and the chief executive of the Company had 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 under Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he is taken or deemed to have under such provision of the SFO) or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which would be required pursuant to Part XV of the SFO or Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

## Substantial Shareholders' and Others Persons' Interests and Short Positions in Shares and Underlying Shares

As at 31 December 2024, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interest or short position in the Shares or underlying Shares which fell to be disclosed to the Company and the Stock Exchange under 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 the SFO:

Name of Shareholders	Capacity/ Nature of Interest	Number of ordinary shares held <sup>(1)</sup>	Number of share options held <sup>(4)</sup>	Total interest	Percentage of shareholding <sup>(2)</sup>
Crystal Grant	Beneficial owner <sup>(3)</sup>	138,672,000	4,000,000	142,672,000	28.5%
Kokusai Resources Company Limited ("Kokusai")	Beneficial owner <sup>(5)</sup>	120,752,000	–	120,752,000	24.1%
Lau Lai Yee	Interests of controlled corporation <sup>(5)</sup>	120,752,000	–	120,752,000	24.1%
Li King Yeung	Person having a security interest in shares <sup>(6)</sup>	138,672,000	–	138,672,000	27.7%
Yu Chi Mau	Person having a security interest in shares <sup>(7)</sup>	120,752,000	–	120,752,000	24.1%

*Notes:*

- (1) All interests stated are long positions.
- (2) The calculation is based on the total number of 500,472,000 Shares in issue as at 31 December 2024.
- (3) Crystal Grant is beneficially owned as to 100% by Mr. Zhang Shuguang, who is deemed to be interested in all the Shares held by Crystal Grant for the purpose of SFO.
- (4) Details of the underlying shares of the Company held by the Director/chief executives are set out in the Company's announcement dated 9 April 2020.
- (5) Kokusai is beneficially owned as to 100% by Lau Lai Yee. Lau Lai Yee is deemed to be interested in all the Shares held by Kokusai for the purpose of the SFO.
- (6) On 16 July 2024, Li King Yeung entered into a share charge as chargee with Crystal Grant as chargor, pursuant to which 138,672,000 Shares were charged.
- (7) On 16 July 2024, Yu Chi Mau entered into a share charge as chargee with Kokusai as chargor, pursuant to which 120,752,000 Shares were charged.

## **REVIEW BY AUDIT COMMITTEE**

The Board has established the Audit Committee with its terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and code provisions D.3.3 and D.3.7 of the CG Code. The Audit Committee currently consists of three independent non-executive Directors, namely Dr. Cheng Faat Ting Gary (Chairman), Dr. Chow Kwok Fai Joseph and Mr. Tsui Wing Tak.

The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, effectiveness of the internal audit function, scope of audit and appointment of external auditors, and arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Audit Committee has reviewed the audited consolidated financial statements and is of the opinion that the preparation of such statements complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

## REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, the consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, Forvis Mazars CPA Limited ("**Forvis Mazars**"), *Certified Public Accountants*, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Forvis Mazars in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no opinion or assurance conclusion has been expressed by Forvis Mazars on the preliminary announcement.

## PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the GEM website and the Company's website. The annual report of the Company for the year ended 31 December 2024 will be dispatched to the shareholders of the Company and will be available on the respective websites of the Stock Exchange and the Company in due course.

By Order of the Board  
**Huakang Biomedical Holdings Company Limited**  
**Zhang Shuguang**  
*Chairman and Executive Director*

Hong Kong, 28 March 2025

*As at the date of this announcement, the executive Directors are Mr. Zhang Shuguang, Mr. Zhang Chunguang, Mr. Poon Lai Yin Michael and Mr. He Jiaming; the Non-executive Directors are Dr. Bu Su and Dr. Xu Ming; and the Independent Non-executive Directors are Dr. Chow Kwok Fai Joseph, Dr. Cheng Faat Ting Gary and Mr. Tsui Wing Tak.*

*This announcement will remain on the "Latest Company Announcements" page of the Stock Exchange website at [www.hkexnews.hk](http://www.hkexnews.hk) for at least seven days from the date of publication and on the Company's website at [www.huakangbiomedical.com](http://www.huakangbiomedical.com).*