CHINA BIOTECH SERVICES HOLDINGS LIMITED
中國生物科技服務控股有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock code: 8037)

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.

*This announcement, for which the directors (the "**Directors**") of China Biotech Services Holdings Limited (the "**Company**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company. 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.*

FINAL RESULTS

The board of Directors ("**Board**") of the Company announces that 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, are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 HK$'000	2023 HK$'000
Revenue	4	**70,509**	211,985
Cost of sales		**(75,449)**	(177,661)
Gross (loss)/profit		**(4,940)**	34,324
Other income, gains/(losses)	5	**5,800**	(3,989)
Allowance for impairment loss on financial assets, net		**(684)**	(5,057)
Selling and distribution expenses		**(11,774)**	(14,610)
Administrative expenses		**(131,450)**	(138,342)
Loss from operations		**(143,048)**	(127,674)
Finance costs	7	**(16,922)**	(5,311)
Fair value (loss)/gain on convertible bonds	13	**(24,156)**	18,336
Share of loss of a joint venture		**–**	(7,678)
Loss on disposal of joint venture		**–**	(2)
Impairment loss on right-of-use assets		**(2,584)**	(3,484)
Impairment loss on property, plant and equipment	5(b)	**(52,713)**	(16,186)
Impairment loss on intangible assets		**(13,374)**	–
Loss on deregistration of a subsidiary		**–**	(26)
Loss before tax		**(252,797)**	(142,025)
Income tax credit	8	**943**	1,319
Loss for the year	9	**(251,854)**	(140,706)
Loss for the year attributable to:			
Owners of the Company		**(198,146)**	(95,447)
Non-controlling interests		**(53,708)**	(45,259)
		(251,854)	(140,706)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	**2024**	2023
		HK$'000	*HK$'000*
Loss for the year		**(251,854)**	(140,706)
Other comprehensive loss after tax:			
Item that will not be reclassified to profit or loss:			
Fair value change of financial assets at fair value through other comprehensive income ("**FVTOCI**")		**(10,308)**	(26,022)
Item that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(6,820)**	(7,525)
Other comprehensive loss for the year, net of tax		**(17,128)**	(33,547)
Total comprehensive loss for the year		**(268,982)**	(174,253)
Total comprehensive loss for the year attributable to:			
Owners of the Company		**(214,971)**	(128,538)
Non-controlling interests		**(54,011)**	(45,715)
		(268,982)	(174,253)
Loss per share	*11*		
Basic and diluted (cents)		**(20.5)**	(9.9)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2024

	Note	2024 HK$'000	2023 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**219,341**	100,535
Right-of-use assets		**15,996**	23,680
Goodwill		**103,894**	107,181
Intangible assets		**34,944**	57,644
Investment in a joint venture		**–**	–
Financial assets at FVTOCI		**43,229**	56,920
Deposit and prepayment	*12*	**49,456**	55,236
		466,860	401,196
Current assets			
Inventories		**3,971**	9,274
Trade and other receivables	*12*	**25,416**	39,636
Loan and interest receivables		**–**	–
Tax recoverable		**80**	5,360
Pledged bank deposits		**14,715**	134,809
Bank and cash balances		**18,913**	72,087
Total current assets		**63,095**	261,166
TOTAL ASSETS		**529,955**	662,362

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2024

	Note	**2024** **HK$'000**	2023 HK$'000
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		**97,573**	96,323
Other reserves		**167,369**	366,431
		264,942	462,754
Non-controlling interests		**(22,554)**	27,972
Total equity		**242,388**	490,726
LIABILITIES			
Non-current liabilities			
Convertible bonds	*13*	**41,635**	–
Derivative financial liabilities	*13*	**6,002**	–
Lease liabilities		**1,793**	5,727
Written put option liability	*14*	**40,480**	–
Deferred tax liabilities		**5,043**	6,442
		94,953	12,169
Current liabilities			
Trade and other payables	*15*	**48,093**	57,152
Convertible bonds	*13*	**–**	53,877
Derivative financial liabilities	*13*	**–**	3,916
Lease liabilities		**5,711**	9,829
Borrowings		**138,693**	30,963
Current tax liabilities		**117**	3,730
Total current liabilities		**192,614**	159,467
TOTAL EQUITY AND LIABILITIES		**529,955**	662,362

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

	Attributable to owners of the Company											
	Share capital *HK$'000*	Share premium *HK$'000*	Share-based payments reserve *HK$'000*	Special reserve *HK$'000*	Shares held under share award scheme *HK$'000*	Other reserves *HK$'000*	Financial assets at FVTOCI reserve *HK$'000*	Foreign currency translation reserve *HK$'000*	Accumulated losses *HK$'000*	Sub-total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
At 1 January 2023	96,323	490,692	8,809	212,948	(2,985)	6,488	8,022	(7,710)	(209,912)	602,675	223,845	826,520
Total comprehensive loss for the year	–	–	–	–	–	–	(26,022)	(7,069)	(95,447)	(128,538)	(45,715)	(174,253)
Transfer upon deregistration of a subsidiary	–	–	–	–	–	–	–	–	–	–	(13)	(13)
Purchase of shares under share award scheme	–	–	–	–	(4,185)	–	–	–	–	(4,185)	–	(4,185)
Share granted under share award scheme	–	–	–	–	548	–	–	–	–	548	–	548
Share-based payments	–	–	1,886	–	–	–	–	–	–	1,886	–	1,886
Lapse of share options	–	–	(4,193)	–	–	–	–	–	4,193	–	–	–
Capital injection from non-controlling interests	–	–	–	–	–	–	–	–	–	–	5,855	5,855
Dividend paid *(note 10)*	–	–	–	–	–	–	–	–	(9,632)	(9,632)	–	(9,632)
Dividend paid to non-controlling shareholders of a subsidiary	–	–	–	–	–	–	–	–	–	–	(156,000)	(156,000)
Change in equity for the year	–	–	(2,307)	–	(3,637)	–	(26,022)	(7,069)	(100,886)	(139,921)	(195,873)	(335,794)
At 31 December 2023	96,323	490,692	6,502	212,948	(6,622)	6,488	(18,000)	(14,779)	(310,798)	462,754	27,972	490,726

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

	Attributable to owners of the Company											
	Share capital *HK$'000*	Share premium *HK$'000*	Share-based payments reserve *HK$'000*	Special reserve *HK$'000*	Shares held under share award scheme *HK$'000*	Other reserves *HK$'000*	Financial assets at FVTOCI reserve *HK$'000*	Foreign currency translation reserve *HK$'000*	Accumulated losses *HK$'000*	Sub-total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
At 1 January 2024	**96,323**	**490,692**	**6,502**	**212,948**	**(6,622)**	**6,488**	**(18,000)**	**(14,779)**	**(310,798)**	**462,754**	**27,972**	**490,726**
Total comprehensive loss for the year	-	-	-	-	-	-	(10,308)	(6,517)	(198,146)	(214,971)	(54,011)	(268,982)
Transfer upon disposal	-	-	-	-	-	-	32,329	-	(32,329)	-	-	-
Share-based payments	-	-	304	-	-	-	-	-	-	304	-	304
Lapse of share options	-	-	(6,806)	-	-	-	-	-	6,806	-	-	-
Deemed disposal of shares of subsidiaries	-	-	-	-	-	12,115	-	-	-	12,115	3,975	16,090
Dividend paid to non-controlling shareholders of a subsidiary	-	-	-	-	-	-	-	-	-	-	(490)	(490)
Shares issued under placing	1,250	3,750	-	-	-	-	-	-	-	5,000	-	5,000
Less: Share issued expenses	-	(260)	-	-	-	-	-	-	-	(260)	-	(260)
Changes in equity for the year	1,250	3,490	(6,502)	-	-	12,115	22,021	(6,517)	(223,669)	(197,812)	(50,526)	(248,338)
At 31 December 2024	**97,573**	**494,182**	**-**	**212,948**	**(6,622)**	**18,603**	**4,021**	**(21,296)**	**(534,467)**	**264,942**	**(22,554)**	**242,388**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

1. GENERAL INFORMATION

China Biotech Services Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") was incorporated and registered as an exempted company in Cayman Islands under the Company Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 5 June 2003. On 29 August 2013, the Company deregistered in the Cayman Islands and duly continued in Bermuda as an exempted company under the laws of Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The address of its principal place of business in Hong Kong is Suites 1904-05A, 19/F, Sino Plaza, 255-257 Gloucester Road, Causeway Bay, Hong Kong. The Company's shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company is an investment holding company. The principal activities of its subsidiaries are (i) provision of medical laboratory testing services and health check services in Hong Kong; (ii) provision of tumor immune cell therapy and health management services in the People's Republic of China (the "**PRC**"); (iii) sale and distribution of health related and pharmaceutical products in the PRC and Hong Kong; and (iv) provision of insurance brokerage services.

In the opinion of the directors of the Company, Genius Lead Limited, a company incorporated in Samoa with limited liability, is the immediate holding company, Genius Earn Limited, a company incorporated in the British Virgin Islands ("**BVI**") with limited liability, is the ultimate holding company and Mr. Liu Xiaolin ("**Mr. Liu**") is the ultimate controlling party of the Company.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). HKFRS Accounting Standards comprise Hong Kong Financial Reporting Standards ("**HKFRS**"); Hong Kong Accounting Standards ("**HKAS**"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

The HKICPA has issued certain new and revised HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

The Group incurred a loss of approximately HK$251,854,000 during the year ended 31 December 2024 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK$129,519,000. As at 31 December 2024, the Group had total borrowings and lease liabilities of approximately HK$138,693,000 and approximately HK$5,711,000 respectively, while the Group had cash and cash equivalents of approximately HK$18,913,000. These circumstances indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern, and therefore that it maybe unable to realise its assets and discharge its liabilities in the normal course of business.

Nevertheless, the Directors of the Company had adopted the going concern basis in preparing these consolidated financial statements of the Group based on the measures including but not limited to the following:

(i) The Group is in progress to implement operational plans to control costs and generate sufficient operating cash flows to meet its current and future obligations;

(ii) As described in the Company's announcement dated 25 February 2025, the Company entered into a strategic cooperation framework agreement with Shenzhen BGI Technology Co., Ltd.* (深圳華大基因科技有限公司) ("**Shenzhen BGI Technology**"); and Pengbo (Hainan) Medical Technology Co., Ltd.* (鵬博(海南)硼中子醫療科技有限公司) ("**Pengbo (Hainan)**"), an indirect wholly-owned subsidiary of the Company, entered into a letter of intent on investment with Shenzhen BGI Songhe Biotechnology No. 1 Private Venture Capital Investment Fund Partnership (Limited Partnership)* (深圳市華大松禾生科一號私募創業投資基金合夥企業(有限合夥)) (the "**Investor**") in relation to the Investor's intended investment in Pengbo (Hainan). The Investor will invest RMB20 million to RMB30 million to subscribe for newly issued registered capital of Pengbo (Hainan). As at the date of approval of these consolidated financial statements, the capital injection is still in progress;

(iii) As described in the Company's announcement dated 27 February 2025, Pengbo (Hainan), Dynamic Healthcare Holdings Limited, CBSH Flourish (Hong Kong) BNCT Medical Centre Limited, the Company and Hubei Weiyou Equity Investment Partnership (Limited Partnership)* (湖北惟宥股權投資合夥企業(有限合夥)) ("**Hubei Weiyou**") entered into the capital injection agreement, pursuant to which it is conditionally agreed that Hubei Weiyou agreed to contribute up to RMB50,000,000 (equivalent to approximately HK$54,000,000) into Pengbo (Hainan) to subscribe for 10% of the registered capital of Pengbo (Hainan). As at the date of approval of these consolidated financial statements, the capital injection is still in progress;

(iv) the Group will actively seek other alternative financing and borrowings to finance the settlement of its existing financial obligations and future operating and capital expenditures. As at the date of approval of these consolidated financial statements, the Group has obtained a other borrowing of approximately HK$6 million. The negotiation for other additional financing and borrowings is still in progress; and

(v) the Group has also been actively negotiating with the lenders on extension of other borrowings. As at the date of approval of these consolidated financial statements, the lenders has agreed to the extension of other borrowings of approximately HK$75,588,000 which were originally due in 2025.

The Directors of the Company have estimated the Group's cash requirements by preparing a Group cashflow forecast for the next twelve months from 31 December 2024. The directors of the Company are of the opinion that the Group has sufficient working capital for its present requirements, that is for 12 months ending 30 December 2025. Accordingly, the directors of the Company are of the view that it is appropriate to adopt the going concern basis in preparing these consolidated financial statements.

However, material uncertainties exist as to whether the Group will be able to continue as a going concern which would depend upon the following:

(i) successful completion of the capital injections in Pengbo (Hainan); and

(ii) successfully obtaining other alternative financing and borrowings.

Should the Group fail to achieve the above-mentioned plans and measures, it may be unable to operate as a going concern in the foreseeable future, adjustments would have to be made to write down the carrying value of the Group's assets to their recoverable amounts, to provide for any further liabilities that might arise, and to reclassify non-current assets and liabilities as current assets and liabilities respectively. The effect of these adjustments has not been reflected in these consolidated financial statements.

3. ADOPTION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS

(a) Application of new and revised HKFRS Accounting Standards

The Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2024 for the preparation of the consolidated financial statements:

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

The application of the amendments and interpretation listed above did not have any 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.

(b) Revised HKFRS Accounting Standards in issue but not yet effective

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of new standards and amendments to standards and interpretation, which are not effective for the year ended 31 December 2024 and which have not been adopted in these financial statements. The Group has not early applied the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 21 and HKFRS 1 – Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7 – Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18 – Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19 – Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to HK Int 5 – Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA

The directors of the Company are in the process of making an assessment of what the impacts of these new standards, amendments to standards and interpretation are expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

4. REVENUE

Disaggregation of revenue from contracts with customers by major products or services line for the year is as follows:

	2024	2023
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15:		
Provision of medical laboratory testing services and health check services	**39,158**	192,910
Sale and distribution of health related and pharmaceutical products	**686**	881
Provision of insurance brokerage services	**30,600**	18,163
Provision of logistic services	**65**	31
	70,509	211,985

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and the geographical regions:

For the year ended 31 December	Provision of medical laboratory testing services and health check services		Sale and distribution of health related and pharmaceutical products		Provision of insurance brokerage services		Provision of logistic services		Total	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Primary geographical markets										
– Hong Kong	**39,156**	192,897	**686**	881	**30,600**	18,163	**65**	31	**70,507**	211,972
– The PRC except Hong Kong	**2**	13	**–**	–	**–**	–	**–**	–	**2**	13
Segment revenue	**39,158**	192,910	**686**	881	**30,600**	18,163	**65**	31	**70,509**	211,985
Timing of revenue recognition										
Products and services transferred at a point in time	**39,158**	192,910	**686**	881	**30,600**	18,163	**–**	–	**70,444**	211,954
Products and services transferred over time	**–**	–	**–**	–	**–**	–	**65**	31	**65**	31
Total	**39,158**	192,910	**686**	881	**30,600**	18,163	**65**	31	**70,509**	211,985

5. OTHER INCOME, GAINS/(LOSSES)

	2024	2023
	HK$'000	*HK$'000*
Interest income	**464**	3,742
Dividend income	**–**	23
Government grants *(note a)*	**545**	64
(Loss)/gain on disposal of property, plant and equipment	**(108)**	322
Loss on written-off of property, plant and equipment	**(15,903)**	(1,521)
Net foreign exchange loss	**(11,152)**	(7,255)
Compensation income *(note b)*	**27,071**	–
Gain on early termination of lease	**2,350**	–
Service income received from non-controlling interests	**2,533**	–
Others	**–**	636
	5,800	(3,989)

Notes:

(a) During the year ended 31 December 2024, the government grants mainly related to the high technology enterprise subsidies received from the PRC government and Hong Kong Government.

(b) In October 2024, BNCT equipment located at Hainan Province, the PRC was damaged during rainstorm. Accordingly, an impairment loss of approximately RMB48,680,000 (equivalent to approximately HK$52,713,000) was recognised for the respective construction in progress for the year ended 31 December 2024. The Group is an insurance beneficiary for coverage against damages to construction in progress incidental to rainstorm and the related compensation will be recognised only when the compensation becomes available. The Group received approximately RMB25 million (equivalent to approximately HK$27,071,000) from insurance claim during the year ended 31 December 2024 which was recognised as compensation income.

6. SEGMENT INFORMATION

The Group has five operating segments as follows:

Medical and health related services	–	provision of medical laboratory testing services and health check services
Immunotherapy	–	provision of tumor immune cell therapy and health management services
Pharmaceutical products	–	sale and distribution of health related and pharmaceutical products
Insurance brokerage	–	insurance brokerage services
BNCT	–	provision of boron neutron capture therapy treatment services
Others	–	provision of logistic services

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

The Group's other operating segments include provision of logistic services. None of these segments meets any of the quantitative thresholds for determining reportable segments. The information of these other operating segments is included in the 'others' column.

Segment profits or losses do not include other income, gain/(losses) excluding loss on disposal of property, plant and equipment, loss on written-off of property, plant and equipment and compensation income, unallocated administrative expenses, fair value loss on convertible bonds, gain on fair value change of derivative financial instrument, loss on deregistration of a subsidiary, share of loss of a joint venture, finance costs, loss on disposal of joint venture and income tax credit. Segment assets do not include the unallocated bank and cash balances, tax recoverable and financial assets at FVTOCI. Segment liabilities do not include borrowings, current and deferred tax liabilities, written put option liability, convertible bonds and derivative financial liabilities. Segment non-current assets do not include financial instruments.

The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at current market prices.

Information about operating segment profit or loss, assets and liabilities:

	Medical and health related services *HK$'000*	Immunotherapy *HK$'000*	Pharmaceutical products *HK$'000*	Insurance brokerage *HK$'000*	BNCT *HK$'000*	Others *HK$'000*	Total *HK$'000*
Year ended 31 December 2024							
Revenue from external customers	39,158	–	686	30,600	–	65	70,509
Intersegment revenue	455	–	532	–	–	76	1,063
Segment (loss)/profit	(100,150)	(47,963)	(734)	1,752	(33,652)	(720)	(181,467)
Other income, gain/(losses)							(5,260)
Finance costs							(16,922)
Fair value loss on convertible bonds							(24,156)
Unallocated corporate expenses							(24,992)
Loss before tax							(252,797)
Income tax credit							943
Loss for the year							(251,854)
As at 31 December 2024							
Segment assets	26,525	137,127	887	10,310	272,889	34	447,772
Unallocated corporate assets							82,183
Total assets							529,955
Segment liabilities	15,827	3,510	20	1,803	18,050	122	39,332
Unallocated corporate liabilities							248,235
Total liabilities							287,567

	Medical and health related services *HK$'000*	Immunotherapy *HK$'000*	Pharmaceutical products *HK$'000*	Insurance brokerage *HK$'000*	BNCT *HK$'000*	Others *HK$'000*	Total *HK$'000*
Year ended 31 December 2023							
Revenue from external customers	192,910	–	881	18,163	–	31	211,985
Intersegment revenue	164	–	1,692	–	–	3,709	5,565
Segment (loss)/profit	(55,468)	(42,167)	(1,328)	999	(6,985)	(6,030)	(110,979)
Other income, gain/(losses)							(3,989)
Finance costs							(5,311)
Gain on fair value change of derivative financial instruments							18,336
Share of loss of a joint venture							(7,678)
Loss on disposal of a joint venture							(2)
Loss on deregistration/disposal of subsidiaries							(26)
Unallocated corporate expenses							(32,376)
Loss before tax							(142,025)
Income tax credit							1,319
Loss for the year							(140,706)
As at 31 December 2023							
Segment assets	92,553	150,583	1,448	9,653	138,240	73	392,550
Unallocated corporate assets							269,812
Total assets							662,362
Segment liabilities	35,615	6,473	3,091	996	23,260	172	69,607
Unallocated corporate liabilities							102,029
Total liabilities							171,636

Other segment information

Other segment information for the year ended 31 December 2024:

	Medical and health related services HK$'000	Immunotherapy HK$'000	Pharmaceutical products HK$'000	Insurance brokerage HK$'000	BNCT HK$'000	Others HK$'000	Total HK$'000
Capital expenditures	969	41	–	–	197,897	7	198,914
Amortisation of intangible assets	–	8,080	–	–	–	–	8,080
Depreciation of property, plant and equipment	5,065	1,023	–	–	9	31	6,128
Depreciation of right-of-use assets	3,963	–	101	192	247	2,705	7,208
Written off of plant and equipment	15,903	–	–	–	–	–	15,903
Allowance for impairment loss on financial assets, net	684	–	–	–	–	–	684
Loss on disposal of property, plant and equipment	108	–	–	–	–	–	108
Write-down of inventories	5,089	–	–	–	–	–	5,089
Impairment loss on right-of-use assets	2,584	–	–	–	–	–	2,584
Impairment loss on intangible assets	13,374	–	–	–	–	–	13,374
Impairment loss on property, plant and equipment	–	–	–	–	52,713	–	52,713

Other segment information for the year ended 31 December 2023:

	Medical and health related services HK$'000	Immunotherapy HK$'000	Pharmaceutical products HK$'000	Insurance brokerage HK$'000	BNCT HK$'000	Others HK$'000	Total HK$'000
Capital expenditures	806	198	–	–	58,404	5	59,413
Amortisation of intangible assets	–	8,248	–	–	–	–	8,248
Depreciation of property, plant and equipment	34,998	1,387	5	–	–	58	36,448
Depreciation of right-of-use assets	5,689	1,019	303	121	252	3,500	10,884
(Reversal of allowance)/allowance for impairment loss on financial assets, net	(1,135)	–	–	–	–	6,192	5,057
Impairment loss on right-of-use assets	3,484	–	–	–	–	–	3,484
Impairment loss on property, plant and equipment	16,186	–	–	–	–	–	16,186
Write-down of inventories	11,671	–	–	–	–	–	11,671

Geographical information

The Group's revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	Revenue		Non-current assets	
	2024	2023	**2024**	2023
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**70,507**	211,972	**27,173**	66,984
The PRC except Hong Kong	**2**	13	**347,002**	277,292
	70,509	211,985	**374,175**	344,276

Revenue from major customers:

Revenue from customers contributing over 10% of the total revenue of the Group is as follows:

	2024	2023
	HK$'000	*HK$'000*
Provision of medical and health related services segment		
Customer A	**N/A***	66,194
Insurance brokerage segment		
Customer B	**13,903**	N/A*

* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

7. FINANCE COSTS

	2024	2023
	HK$'000	*HK$'000*
Interest expenses on lease liabilities	**638**	843
Interest on other borrowings	**5,040**	62
Interest on bank borrowing	**1,690**	11
Interest on written put option liability	**5,200**	–
Effective interest on convertible bonds	**4,354**	4,395
	16,922	5,311

8. INCOME TAX CREDIT

Income tax has been recognised in profit or loss as follows:

	2024	2023
	HK$'000	*HK$'000*
Current tax		
Hong Kong Profits Tax	**269**	223
Over-provision in prior years	**–**	(305)
	269	(82)
Deferred tax	**(1,212)**	(1,237)
	(943)	(1,319)

Under the two-tiered Profits Tax regime, the first HK$2 million of profits of the qualifying group entity established in Hong Kong will be taxed at 8.25%, and profits above that amount will be subject to the tax rate of 16.5%. The profits of the group entities not qualifying for the two-tiered Profit Tax rate regime will continue to be taxed at a rate of 16.5%.

Under the Law of the PRC Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, has been provided at a rate of 25% (2023: 25%).

A subsidiary of the Group in the PRC had been certified by the relevant PRC authorities as high technology enterprises pursuant to the Income Tax Law in the PRC, the subsidiary was subjected to EIT rate of 15% (2023: 15%).

Tax charge on profits assessable elsewhere has been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

9. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging/(crediting) the following:

	2024	2023
	HK$'000	*HK$'000*
Amortisation of intangible assets	**8,080**	8,248
Depreciation of property, plant and equipment	**6,128**	36,448
Depreciation of right-of-use assets	**7,208**	10,884
Interest on written put option liabilities	**5,200**	–
Loss/(gain) on disposal of property, plant and equipment	**108**	(322)
Loss on written-off of property, plant and equipment	**15,903**	1,521
Fair value loss/(gain) on convertible bonds	**24,156**	(18,336)
Operating lease charges		
– Office premises and warehouses	**1,665**	3,624
Staff costs including directors' remuneration		
– Salaries, bonuses and allowances	**63,244**	87,903
– Equity-settled share-based payments	**304**	1,708
– Retirement benefits scheme contributions	**2,231**	2,996
	65,779	92,607
Research and development cost	**33,309**	29,042
Auditor's remuneration		
– Audit services	**1,380**	1,200
– Non-audit services	**140**	45
	1,520	1,245
Cost of inventories sold	**37,405**	37,775
Write-down of inventories (included in cost of sales)	**5,089**	11,671
Allowance for impairment loss on financial assets, net	**684**	5,057
Impairment loss on right-of-use assets	**2,584**	3,484
Impairment loss on property, plant and equipment	**52,713**	16,186
Impairment loss on intangible assets	**13,374**	–

10. DIVIDENDS

	2024	2023
	HK$'000	*HK$'000*
2022 Final of HK$0.01 each per ordinary share	**–**	9,632

The directors of the Company did not recommend payment of any final dividend for the year ended 31 December 2024 (2023: Nil).

11. LOSS PER SHARE

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

	2024	2023
	HK$'000	*HK$'000*
Loss		
Loss for the year for the purpose of calculating basic/diluted loss per share	**(198,146)**	(95,447)

	2024	2023
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic/diluted loss per share	**968,491**	963,231

The weighted average numbers of ordinary shares used as denominators in calculating the basic and diluted loss per share are the same.

The computation of the diluted loss per share did not assume the exercise of the Company's outstanding share options as the exercise price of those share options was higher than the average market prices of the shares for the year ended 31 December 2024 and 2023.

The computation of the diluted loss per share did not assume the conversion of the Company's convertible bonds since its exercise had anti-dilute effect that would result in a decrease in loss per share for the year ended 31 December 2024 and 2023.

12. TRADE AND OTHER RECEIVABLES

	2024	2023
	HK$'000	*HK$'000*
Trade receivables	**11,126**	23,173
Allowance for impairment loss	**(4,093)**	(3,409)
	7,033	19,764
Rental and other deposits	**51,822**	3,231
Other receivables	**14,012**	10,798
Prepayments	**1,991**	61,065
Cash held in securities trading accounts with stock brokers	**14**	14
	67,839	75,108
Total trade and other receivables	**74,872**	94,872
Analysis as:		
Current assets	**25,416**	39,636
Non-current assets	**49,456**	55,236
	74,872	94,872

At 31 December 2024, the carrying amount of other receivables pledged as security for the Group's other borrowings amounted to approximately HK$1,060,000 (equivalent to RMB1,000,000) (2023: HK$1,096,000 (equivalent to RMB1,000,000)).

The Group generally allows an average credit period of 90 days (2023: 90 days) for its pharmaceutical products customers, laboratory testing and health check services customers and logistic service customers and 30 days (2023: 30 days) for its insurance brokerage services customers. Each customer has a maximum credit limit. For new customers, payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

The ageing analysis of trade receivables based on the invoice date, and net of allowance, is as follows:

	2024	2023
	HK$'000	*HK$'000*
0 to 90 days	**6,447**	11,110
91 to 180 days	**510**	4,072
181 to 365 days	**68**	4,492
Over 365 days	**8**	90
	7,033	19,764

As at 31 December 2024, an aggregate allowance was made for estimated irrecoverable trade receivables of approximately HK$4,093,000 (2023: HK$3,409,000).

As of 31 December 2024, trade receivables of approximately HK$586,000 (2023: HK$8,654,000) were past due but not impaired. These related to a number of independent customers for whom there had no recent history of default. The ageing analysis of these trade receivables past due but not impaired is as follows:

	2024	2023
	HK$'000	*HK$'000*
Less than 90 days	**510**	4,072
91 to 275 days	**68**	4,492
Over 275 days	**8**	90
	586	8,654

The carrying amounts of the Group's trade receivables are denominated in HK$.

13. CONVERTIBLE BONDS

On 20 December 2022, the Company issued convertible bonds ("**2022 Convertible Bonds**") at the issue price of US$10,000,000 (equivalent to approximately HK$77,800,000) (equal to 100 per cent of the principal amount of the convertible bonds). The bonds are convertible at the option of the bondholders into ordinary shares at the initial conversion price of HK$1.45 per conversion share (subject to adjustments pursuant to the terms and conditions of the 2022 Convertible Bonds, if any) and at the exchange rate of HK$7.85 to US$1.00, and on this basis a maximum number of 54,137,931 conversion shares of the Company will be allotted and issued upon exercise of the conversion rights attached to the 2022 Convertible Bonds in full assuming there is no adjustment to the conversion price. The 2022 Convertible Bonds carry interest at a rate of 8.25% per annum, which is payable half-yearly in arrears on 20 June and 20 December. The maturity date of the 2022 Convertible Bonds is two years from issue date.

The rate of exchange to be used for any particular date where US dollars are converted to HK dollars or vice versa shall be at the rate of US$1.00 to HK$7.85, provided that, if the average exchange of the Telegraphic Transfer Bank Buy and the Telegraphic Transfer Bank Sell as quoted on the website of the Hongkong and Shanghai Banking Corporation Limited on the business day immediately prior to such date is at the rate of US$1.00 to HK$7.85001 or more, the rate of exchange to be used for any particular date shall be at the rate of US$1.00 to HK$7.85; and provided further that if the subscriber exercises its conversion right attached to the 2022 Convertible Bonds, the exchange rate for the purpose of conversion will be the rate of US$1.00 to HK$7.85, and that the Company shall pay the subscriber in cash at the time of conversion in an amount resulting from the difference between such rate and at the rate of US$1.00 to HK$7.85.

US$5,000,000 of the total subscription amount for the 2022 Convertible Bonds was satisfied by the bondholder by surrendering the convertible bonds issued in 2020 (the "**2020 Convertible Bonds**") with a total outstanding principal amount of US$5,000,000 to the Company upon which the 2020 Convertible Bonds were cancelled and the Company paid all accrued and unpaid interest on the 2020 Convertible Bonds, and the balance of the total subscription amount for the 2022 Convertible Bonds was satisfied by the bondholder paying US$4,965,000 (being the total subscription amount of the 2022 Convertible Bonds of US$10,000,000, minus US$5,000,000, and minus the costs to be borne by the Company) in cash to the Company. In addition, upon cancellation of the 2020 Convertible Bonds on 30 December 2022, the share charge over 264,750,273 shares held by Genius Lead Limited in favour of the bondholder and the guarantees given by Mr. Liu Xiaolin and Genius Lead Limited in respect of the Company's obligations under the 2020 Convertible Bonds were fully released and discharged.

On 17 December 2024, the Company and the bondholder entered into the subscription agreement under which the Company agreed to redeem US$4,000,000 (approximately HK$31,400,000) of the principal amount of the 2022 Convertible Bonds.

On 27 December 2024, the Company issued convertible bonds ("**2024 Convertible Bonds**") in the aggregate principal of US$6,000,000 (equivalent to approximately HK$47,100,000), which shall be settled by the way of set-off on a dollar-to-dollar basis against the principal amount of US$6,000,000 of the 2022 Convertible Bonds. The 2024 Convertible Bonds are convertible at the option of the bondholders into ordinary shares at the initial conversion price of HK$1.20 per conversion share (subject to adjustments pursuant to the terms and conditions of the 2024 Convertible Bonds, if any) and at the exchange rate of HK$7.85 to US$1.00, and on this basis a maximum number of 39,250,000 conversion shares of the Company will be allotted and issued upon exercise of the conversion rights attached to the 2024 Convertible Bonds in full assuming there is no adjustment to the conversion price. The 2024 Convertible Bonds carry interest at a rate of 8.25% per annum, which is payable half-yearly in arrears on 20 June and 20 December. The maturity date is two years from issue date. The 2024 Convertible Bonds are guaranteed by one of the Group's subsidiaries, Pengbo (Hainan).

The modification which amended the initial conversion price to HK$1.20 per conversion share was considered to be a substantial modification of the 2022 Convertible Bonds and accordingly the original 2022 Convertible Bonds were derecognised and the 2024 Convertible Bonds were recognised as a new financial liability. Fair value loss on the deferred "day 1" losses on 2022 Convertible Bonds of approximately HK$26,993,000 was recognised in profit or loss during the year ended 31 December 2024.

The rate of exchange to be used for any particular date where US dollars are converted to HK dollars or vice versa shall be at the rate of US$1.00 to HK$7.85, provided that, if the average exchange of the Telegraphic Transfer Bank Buy and the Telegraphic Transfer Bank Sell as quoted on the website of the Hongkong and Shanghai Banking Corporation Limited on the business day immediately prior to such date is at the rate of US$1.00 to HK$7.85001 or more, the rate of exchange to be used for any particular date shall be at the rate of US$1.00 to HK$7.85; and provided further that if the subscriber exercises its conversion right attached to the 2024 Convertible Bonds, the exchange rate for the purpose of conversion will be the rate of US$1.00 to HK$7.85, and that the Company shall pay the subscriber in cash at the time of conversion in an amount resulting from the difference between such rate and at the rate of US$1.00 to HK$7.85.

The issue of convertible bonds have been split between the liability and derivative components and the movements during the year are as follows:

	HK$'000
Liability component at 1 January 2023	55,796
Interest expenses	4,395
Interest paid	(6,314)
Liability component at 31 December 2023 and 1 January 2024	53,877
Interest expenses	**4,354**
Interest paid	**(3,238)**
Deferred "day 1" losses recognised on the 2022 Convertible Bonds	**26,993**
Reclassified to borrowings	**(31,400)**
Reclassified to accruals	**(3,418)**
Derecognised the 2022 Convertible Bonds	**(47,100)**
Issuance of the 2024 Convertible Bonds	**47,407**
Derivative component	**(5,230)**
Transaction cost related to liability component	**(610)**
Liability component at 31 December 2024	**41,635**

	Liabilities *HK$'000*
Derivative component at 1 January 2023	22,252
Fair value gain for the year	(18,336)
Derivative component at 31 December 2023 and 1 January 2024	**3,916**
Derecognition and fair value loss of convertible bonds	**(3,144)**
Derivative component upon issuance of 2024 Convertible Bonds	**5,230**
Derivative component at 31 December 2024	**6,002**

The interest charged for the year is calculated by applying an effective interest rate of 15.00% (2023: 5.46%) to the liability component for the period since issuance date of 27 December 2024 (2023: 30 December 2023).

As of the initial recognition of the 2024 Convertible Bonds, the directors of the Company, with the assistance of an external valuer, estimated that the fair value of the 2024 Convertible Bonds as at 27 December 2024 to be approximately HK$47,407,000 by using the discounting cash flow method and binomial option pricing model to measure the liability component and derivative component respectively.

The directors of the Company estimated that the fair value of the liability component of the 2024 Convertible Bonds as at 31 December 2024 to be approximately HK$42,211,000 (2023: HK$80,848,000). This fair value has been estimated by discounting the future cash flows at the market interest rate and classified as level 3 fair value measurement.

The derivative financial assets and derivative financial liability are embedded in the convertible bonds, which is the call option and the conversion option respectively. Each derivative component is measured at its fair value at the date of issue and at the end of each reporting period. The fair values are estimated using Binomial Option Pricing Model (level 3 fair value measurement). The key assumptions adopted are as follows:

	31 December 2024	31 December 2023
Weighted average share price (HK$)	**0.51**	0.77
Weighted average exercise price (HK$)	**1.20**	1.45
Expected volatility	**95.55%**	67.64%
Expected life	**1.99**	1
Risk free rate	**3.29%**	3.97%
Expected dividend yield	**Nil**	Nil

14. DEEMED DISPOSAL AND WRITTEN PUT OPTION LIABILITY

On 8 December 2023, the Company, Shanghai Longyao and 宜興環科園產發股權投資合夥企業(有限合夥) (in English, for identification purpose only, Yixing Huanke Product Development Equity Investment Enterprise (Limited Partnership) (the "**Yixing Huanke**") entered into a capital injection agreement (the "**Capital Injection Agreement**"), pursuant to which, the Yixing Huanke had agreed to acquire approximately 5.35% effective shareholding in Shanghai Longyao through capital injection to Shanghai Longyao in the amount of RMB48,000,000.

As part of the Capital Injection Agreement, Yixing Huanke was granted a put option ("**Put Option**"), whereby Yixing Huanke can request Shanghai Longyao to repurchase all Yixing Huanke's equity interest in Shanghai Longyao at its discretion under certain conditions at an exercise price of RMB48,000,000 (equivalent to approximately HK$51,337,000) plus 6.0% interest per annum. The capital injection was completed on 19 February 2024. As a result of this transaction, a put option liability of approximately RMB33,383,000 (equivalent to approximately HK$36,247,000) is recognised in the consolidated financial statement based on the present value of the exercise price of RMB48,000,000 plus 6% interest rate per annum, and on the assumption that the Put Option will be redeemable at 31 December 2027.

Upon the completion of the capital injection, Shanghai Longyao remains as a subsidiary of the Group.

The Group was deemed to have disposed of approximately 1.87% of Shanghai Longyao from 68.13% to 66.26% (the "**Deemed Disposal**"). A gain of approximately RMB44,297,000 (equivalent to approximately HK$48,097,000) from the Deemed Disposal was recognised within equity in "other reserve".

A written put option liability of approximately RMB33,383,000 (equivalent to approximately HK$36,247,000) was initially recognised at its fair value in the consolidated statement of financial position, with a corresponding entry of the same amount recognised within equity "other reserve". Its fair value is based on the present value of the exercise price of RMB48,000,000 (equivalent to approximately HK$52,337,000) plus 6% interest rate per annum, by applying a discount rate of 15.79%, and on the assumption that the put option will be redeemable at 31 December 2027. The written put option liability was denominated in RMB and classified under non-current liabilities.

Gain on the Deemed Disposal is calculated as follows:

	As at 24 January 2024
	HK$'000
Proceeds received from the capital injection	**52,337**
Less: recognition of non-controlling interest	**(4,021)**
Gain on the Deemed Disposal	**48,316**

Set out below is the summary of the impact on other reserves in respect of the Deemed Disposal and the written put option liability:

	HK$'000
Gain on the Deemed Disposal	48,316
Initial recognition of the written put option liability	(36,247)
	12,069

Net cash inflow from Deemed Disposal of approximately HK$52,337,000 represents proceeds received from the Subscription.

The movement for the issuance of written put option during the year are as follows:

	2024	2023
	HK$'000	*HK$'000*
At 1 January	**–**	–
Issuance of written put option	**36,247**	–
Interest on written put option liability	**5,200**	–
Exchange difference	**(967)**	–
At 31 December	**40,480**	–

15. TRADE AND OTHER PAYABLES

	2024	2023
	HK$'000	*HK$'000*
Trade payables	**7,353**	5,787
Accruals	**20,353**	23,100
Receipt in advance	**1,986**	432
Other payables	**18,401**	27,833
	48,093	57,152

The ageing analysis of trade payables based on the date of invoice date, is as follows:

	2024	2023
	HK$'000	*HK$'000*
0 to 90 days	**4,883**	5,187
91 to 180 days	**1,549**	21
181 to 365 days	**166**	24
Over 365 days	**755**	555
	7,353	5,787

The carrying amounts of the Group's trade payables are denominated in HK$ amount of approximately HK$7,353,000 (2023: HK$5,787,000).

16. EVENTS AFTER THE REPORTING PERIOD

(a) On 27 February 2025, three subsidiaries of the Group, the Company and Hubei Weiyou Equity Investment Partnership (Limited Partnership) (the "**Hubei Weiyou**") entered into a capital injection agreement, pursuant to which it is conditionally agreed that (i) the registered capital of Pengbo (Hainan) would be increased from RMB150,000,000 to RMB166,666,667; and (ii) Hubei Weiyou agreed to contribute up to RMB50,000,000 into Pengbo (Hainan) to subscribe for 10% of the registered capital of Pengbo (Hainan) in amount of RMB16,666,667 as enlarged by the increase in the registered capital.

(b) The Group is an insurance beneficiary covering the damages to construction site in Hainan, the PRC incidental to rainstorm happened during the year ended 31 December 2024. The Group received RMB25,000,000 (equivalent to HK$27,071,000) from insurance claim as compensation income and has an ongoing insurance claim for the remaining loss as at 31 December 2024 which will be recognised only when the compensation becomes receivable. On 20 March 2025, the Group successfully received the final compensation of RMB13,000,000 (equivalent to HK$13,781,000) from the insurance company.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

During the year ended 31 December 2024 (the "**2024 Year**"), the principal activities of the Group are (i) provision of medical laboratory testing services and health check services in Hong Kong; (ii) provision of tumor immune cell therapy and health management services in the People's Republic of China (the "**PRC**"); (iii) sale and distribution of health related and pharmaceutical products in the PRC and Hong Kong; and (iv) provision of insurance brokerage services.

Turnover

During the 2024 Year, the Group recorded a turnover of approximately HK$70,509,000, representing a significant decrease of approximately 66.74% as compared with that of approximately HK$211,985,000 for the year ended 31 December 2023 (the "**2023 Year**"). The key factor causing this significant drop of revenue in the 2024 Year was the measures taken by the Government of Hong Kong to resume complete normalcy of the society from the COVID-19 pandemic in January 2023 such that all compulsory COVID-19 nucleic acid tests ("**NAT**") services were largely brought to a halt by the end of February 2023. Netting off the tail revenue generated from the provision of the NAT services in the 2023 Year, the year-on-year change of revenue recorded in the 2024 Year was largely stable (revenue recorded in the 2024 Year versus the NAT-adjusted revenue of approximately HK$70,401,000 in the 2023 Year).

Although the management of the Group had taken efforts to launch a number of new medical laboratory testing services and health check services in anticipation of the emergence of the post pandemic time, the overall demand of such segmental services had not come up to targets in the 2024 Year. The fatigued demands and the harsher price competition among peers in the medical laboratory testing services and health check services segment were amongst the main causes for the lower than expected NAT-free revenue in the 2024 Year.

Battered also by the lackluster recovery of local consumption in the post-pandemic time, the overall demand for medical laboratory testing services and health check services was weaker than expected throughout the 2024 Year. The provision of insurance brokerage services was the segment that demonstrated the strongest rebound in turnover during the 2024 Year.

Provision of medical laboratory testing services and health check services

The Group continues to offer a wide spectrum of medical laboratory testing services and quality health check diagnostic services in Hong Kong. The services of this segment were being delivered through two medical laboratories and three health check centres established in Hong Kong.

The turnover of this segment decreased from approximately HK$192,910,000 for the 2023 Year to approximately HK$39,158,000 for the 2024 Year. This marked a year-on-year decrease of 79.70% as compared with the 2023 Year. As all compulsory NAT services were put on halt by the end of February 2023, the year-on-year decrease of NAT-adjusted revenue of this segment for the 2024 Year was 23.71% (revenue recorded for this segment in the 2024 Year versus the NAT-adjusted revenue for this segment of approximately HK$51,326,000 in the 2023 Year).

The downslide of NAT-adjusted revenue recorded for this segment in the 2024 Year was mainly caused by the weaker than expected demand of diagnostic and health check services and the fiercer competition among peers in Hong Kong during the period. On the other hand, PHC Medical Diagnostic Centre Limited ("**PHC**"), one of the core medical diagnostic laboratories of the Group, had implemented a major transformation through automation project (the "**Project**") in the 2024 Year. In cooperation with Abbott Laboratory Limited ("**Abbott**") of Hong Kong, the Project involved the replacement of a material part of PHC's legacy diagnostic system with Abbott's GLP systems Track (the "**GLP Track**") which is an innovative total laboratory automation solution including analyzers, automation track and informatics solution first installed in private medical laboratory in Hong Kong. The site works of the Project started from April 2024 and completed in July 2024. Due to the implementation of the Project, some disruption to the operation of PHC had been suffered during the installation and commissioning of the new automated system. The impact from this disruption of operation caused on the turnover of PHC during the 2024 Year was considered temporary. Upon the completion of the Project, the newly installed GLP Track offered greater flexibility and scalability options through automation to the operation of PHC. With the new system, the management of the Group expects that the daily testing capacity of PHC can be increased by at least five (5) times to approximately 5,000 tests.

Provision of tumor immune cell therapy services

上海隆耀生物科技有限公司 (in English, for identification purpose only, Shanghai Longyao Biotech Company Limited) ("**Shanghai Longyao**"), an indirect non-wholly-owned subsidiary of the Company, is engaged in tumor immune cell therapy and health management services in the PRC. Shanghai Longyao received the approval for initiating a phase I clinical trial (the "**Trial**") on its investigational new drug ("**IND**") named as LY007 Cellular Injection ("**LY007 Injection**") from the National Medical Products Administration of China ("**NMPA**") in January 2021. LY007 Injection is the first CD20-targeted autologous chimeric antigen receptor T-cell ("CAR-T") therapy product approved by NMPA for initiating the Trial. LY007 Injection is an IND that carries Shanghai Longyao's patented novel structural design with the OX40 costimulatory molecule expressed independently for purpose of enhancing the natural T-cell activation. It has been classified as a Class 1 IND for the treatment of relapsed/ refractory CD20-positive B-cell non-Hodgkin lymphoma ("B-NHL"). In January 2022, kick-off meetings of the Trial were convened in 上海交通大學醫學院附屬瑞金醫院 (in English, for identification purpose only, Ruijin Hospital affiliated to Shanghai Jiao Tong University School of Medicine) ("**Ruijin Hospital**") and 江蘇省人民醫院 (in English, for identification purpose only, Jiangsu Province Hospital). The first subject enrolled in the Trial was taken up by the Ruijin Hospital on 1 March 2022 and the same subject had successfully received CAR-T cell infusion on 7 April 2022. As at the date hereof, the screening of qualified subject patients in the low, medium, and high dose groups has been completed. Currently, a total of twelve (12) individuals with B-NHL successfully received reinfusion of LY007 Injection and completed dose limited toxicity ("**DLT**") observation. The cell infusion of the last one subject in the maximum tolerated dose group had been completed in April 2024. It is expected that the comprehensive registration of the Trial for a total thirteen (13) subject patients will be completed by the third quarter of 2025. The preparation work for Phase II clinical trial has been initiated. No turnover from this segment was generated during the 2024 Year.

Sale and distribution of health related and pharmaceutical products

Sale and distribution of health related and pharmaceutical products segment recorded a decrease during the 2024 Year. The turnover of this segment slightly decreased from approximately HK$881,000 for the 2023 Year to approximately HK$686,000 for the 2024 Year. It represented a decrease of approximately 22.13% as compared with that of the 2023 Year. To strengthen the Group's sale of health related and pharmaceutical product segment and to expand the Group's product portfolio, the Group has sourced different medical and health related products and anti-aging products including nicotinamide mononucleotide ("**NMN**") powder for intravenous (IV) infusion, nutritional drips and vitamin C. Also, the Group has expanded its client network to cover a number of medical and beauty centres.

Construction of boron neutron capture therapy ("BNCT") cancer treatment centre

鵬博(海南)硼中子醫療科技有限公司 (in English, for identification purpose only, Pengbo (Hainan) Medical Technology Co., Ltd.) ("**Pengbo (Hainan)**"), an indirect wholly-owned subsidiary of the Company, entered into a site admission and investment agreement (the "**Site Admission Agreement**") with the Hainan Boao Lecheng International Medical Tourism Pilot Zone Administration (the "**Administration**") on 28 February 2022. Pursuant to the Site Admission Agreement, Pengbo (Hainan) has committed to building and to operating a cancer treatment centre (the "**BNCT Centre**") by adoption of the accelerator-based BNCT system (the "**BNCT System**") covering the cyclotron accelerator, dose calculation program and related medical device for BNCT treatment to be procured and supplied by Sumitomo Heavy Industries, Ltd. ("**Sumitomo**"). The BNCT Centre is under construction in Hainan Boao Lecheng International Medical Tourism Pilot Zone of Hainan Free Trade Port (the "**Boao Pilot Zone**").

In June 2022, Pengbo (Hainan) signed a bundle of sales contract, service contract and a memorandum of understanding with Sumitomo in respect of the supply of the BNCT System together with the initial spare parts and the provision of the operation and maintenance services required for commencement of the operation of the BNCT Centre. The construction works of the BNCT Centre began in November 2022.

In December 2022, the BNCT Centre was granted with a 醫療機構執業許可證 (in English, for identification purpose only, the Practice License of Medical Institution) by the Administration for a term of five years until December 2027. On 28 January 2024, the Company obtained the approval by Hainan Provincial Medical Products Administration for the import of BNCT medical devices.

In December 2023, structural construction of the facility was completed. During the 2024 Year, the construction works of the BNCT Centre had been progressing under planned schedule. Arrival of the BNCT system and its peripheral parts in Hainan has completed in February 2024. Installation of the BNCT System started in May 2024. In October 2024, Hainan was severely affected by typhoon "Trami", that caused flooding in Hainan, the PRC. Therefore, the construction works of the BNCT Centre had been significantly impacted. The opening of the BNCT Centre is postponed and it is expected to commence operation in the fourth quarter of 2025. No turnover from this segment was generated during the 2024 Year.

Provision of insurance brokerage services

Provision of insurance brokerage services segment recorded a significant increase in turnover during the 2024 Year. The turnover of this segment increased from approximately HK$18,163,000 during the 2023 Year to approximately HK$30,600,000 for the 2024 Year. It represented an increase of 68.47% as compared with the 2023 Year. The increase was mainly due to the expansion of sales network and channels and an increase in number of high-end customers.

Provision of logistics services

The Group has been providing testing materials and specimens logistics services for local clinics and other corporate clients. The turnover of logistics services had increased markedly from approximately HK$31,000 for the 2023 Year to approximately HK$65,000 for the 2024 Year. It represented an increase by 1.10 times as compared with the 2023 Year due to the increase in demand on testing materials and specimen logistics services.

Gross (loss)/profit and gross (loss)/profit margin

The Group recorded a gross loss of approximately HK$4,940,000 for the 2024 Year, representing a sharp decrease of approximately HK$39,264,000 when compared with a gross profit of approximately HK$34,324,000 in the 2023 Year. Also, the gross loss margin for the 2024 Year was approximately 7.01%, representing a notable decrease of approximately 23.20 percentage points when compared with the gross profit margin of approximately 16.19% for the 2023 Year. The gross loss was mainly attributable to (i) a decrease of the turnover from medical laboratory testing services and health check services segment; and (ii) a one-off write-off of inventories of approximately HK$5,089,000 for the medical laboratory testing services and health check services segment.

Selling and distribution expenses

Selling and distribution expenses for the 2024 Year were approximately HK$11,774,000 (2023 Year: HK$14,610,000), representing a decrease of approximately HK$2,836,000 or 19.41% compared with such expenses for the 2023 Year. The decrease was due to the decrease in staff costs during the 2024 Year.

Administrative expenses

The administrative expenses mainly consisted of staff costs, share-based payment, legal and professional fees, depreciation, research and development costs, and amortisation of intangible assets. The administrative expenses for the 2024 Year were approximately HK$131,450,000, representing a decrease of approximately HK$6,892,000 or 4.98%, as compared with that of approximately HK$138,342,000 for the 2023 Year. The decrease in administrative expenses was primarily due to a reduction in staff costs and depreciation of property, plant, and equipment following the shutdown of the COVID-19 nucleic acid testing facilities.

Impairment loss on intangible assets and right-of-use assets

The Group acquired DVF Holdco (Cayman) Limited ("**DVF**") and its subsidiaries (the "**DVF Group**") in 2015. DVF Group is engaging in provision of laboratory testing services and health check services.

Due to the intensified market competition and weakened consumption sentiments in the medical laboratory testing services and health check services in Hong Kong, revenue of laboratory testing and health check services has experienced lower sales than expected by the management of the Group. The performance of the DVF Group does not meet with the forecast set forth in the business plan and a net loss was recorded. As a result, the business of the DVF Group was considered an indication of impairment of non-current assets, including goodwill, intangible assets, right-of-use assets and property, plant and equipment, attributable to the acquisition of the DVF Group.

The Directors assessed the recoverable amount arising from the DVF Group with reference to the valuations performed by an independent qualified professional valuer on goodwill, intangible assets, right-of-use assets and property, plant and equipment.

The recoverable amount of the cash-generating-unit ("**CGU**") of the DVF Group was determined based on value-in-use. The value-in-use of the CGU of the DVF Group is derived by the application of the discounted cash flows method under income approach. The valuation methodology adopted by the valuer was consistent with those adopted in prior years. The valuation had used cash flow projection based on financial forecast which covered a 5-year period and incorporate therein. The result of the impairment test indicates that the recoverable amount of an asset is less than its carrying amount, a provision for diminution in value and an impairment loss are recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Due to keen competition in medical laboratory testing services and health check services and the underperformance of the DVF Group, the projected 5-year cash flows and certain assumptions such as discount rates used in the valuations have been adjusted to reflect the changes in actual performance of the business. The key assumptions adopted for the valuation of recoverable amount of the DVF Group, based on the past performance and the expectation of market conditions, are as follows:

	2024 Year	2023 Year
Gross profit margin	**36.91%**	37.30%
Long-term growth rate	**2.50%**	3.00%
Discount rate	**16.10%**	18.25%

As at 31 December 2024, the recoverable amount of the DVF Group is approximately HK$13,623,000, which was below its carrying amount.

The goodwill arising from acquisition of the DVF Group had been fully impaired in year 2016. During the 2024 Year, the Group recorded an impairment loss on intangible assets and right-of-use assets arising from the DVF Group of approximately HK$13,374,000 and HK$2,584,000 respectively and were fully impaired. No impairment loss was recognised for property, plant and equipment. As the Directors, with reference to valuations performed by an independent qualified professional valuer, have determined that its fair value less cost of disposal is higher than its carrying amount.

Finance costs

During the 2024 Year, the Group's interest expenses amounted to approximately HK$16,922,000 (2023 Year: HK$5,311,000). The increase in the finance costs was mainly attributable to additional bank and other borrowings for general working capital of the Group and for the financing the development of the BNCT project; and imputed interest of HK$5,200,000 (2023 Year: Nil) arising from written put option liability.

Loss for the year

The Group recorded a net loss attributable to the owners of the Company of approximately HK$198,146,000 for the 2024 Year (2023 Year: HK$95,447,000). The increase in net loss was mainly attributable to (i) a reduction in revenue stemming from the diminished demand for COVID-19 nucleric acid tests and the intensified market competition of medical laboratory testing services and health check services segment in the post-pandemic era; (ii) a one off write-off of property, plant and equipment and inventories of approximately HK$15,903,000 and HK$5,089,000 respectively in relation to the shutdown of the COVID-19 nucleric acid testing facilities; (iii) a one-off net loss on impairment loss of property, plant and equipment of approximately HK$25,642,000 due to the flooding caused by typhoon "Trami" in October 2024 on the BNCT Centre in Hainan, the PRC; (iv) a one-off deferred loss of convertible bonds issued in 2022 amounting to approximately HK$26,993,000; (v) an impairment loss on intangible assets of approximately HK$13,374,000 arising from medial laboratory testing services and health check service segment; (vi) an increase of approximately HK$4,267,000 in research and development costs from the chimeric antigen receptor T-cell segment; and (vii) an increase in finance costs of approximately HK$11,611,000 arising from additional bank and other borrowings drawn for general working capital of the Group and for financing the development of the BNCT Centre and imputed interest arising from written option liability.

BUSINESS REVIEW

Placing of convertible bonds under general mandate

On 25 March 2024, the Company entered into a placing agreement with Guoyuan Capital (Hong Kong) Limited (the "**Placing Agent**"), pursuant to which the Company had appointed the Placing Agent to place the convertible bonds in the aggregate principal amount of up to HK$88,000,000 on a best effort basis to no less than six (6) placees, who and whose ultimate beneficial owners shall be independent third parties to the Group. Due to the stringent market conditions, the Placing Agent has not been successful in placing the convertible bonds up to 30 April 2024, being the long stop date. Accordingly, the placing agreement has lapsed on 30 April 2024. Details were disclosed in the announcements of the Company dated 25 March 2024, 27 March 2024, 15 April 2024 and 30 April 2024.

Memorandum of understanding signed with The Hong Kong-Shenzhen Innovation and Technology Park Limited

On 18 April 2024, The Hong Kong-Shenzhen Innovation and Technology Park Limited ("**HSITPL**") convened the HSITP Partnership Launching Ceremony following its signing of memorandum of understandings with approximately sixty partner organizations, including the Company. Pursuant to the memorandum of understanding entered into between the Company and HSITPL (collectively the "**Parties**"), the Parties agreed, among other things, to collaborate on the development of the Hong Kong-Shenzhen Innovation and Technology Park (the "**Park**") located at the Lok Ma Chau Loop in the Hetao Shenzhen-Hong Kong Innovation and Technology Cooperation Zone. Details were disclosed in the announcement of the Company dated 18 April 2024.

Placing of existing shares and top-up subscription of new shares under general mandate and use of proceeds

On 20 July 2024, Genius Lead Limited ("**Genius Lead**") entered into a placing agreement (the "**Placing Agreement**") with Mr. Ming Fu, pursuant to which Genius Lead agreed to sell 12,500,000 shares of the Company to Mr. Ming Fu at a price of HK$0.40 per placing share. On 20 July 2024, Genius Lead entered into a top-up subscription agreement (the "**Top-up Subscription Agreement**") with the Company. Pursuant to the Top-up Subscription Agreement, the Company conditionally agreed to allot and issue, and Genius Lead conditionally agreed to subscribe for, 12,500,000 shares of the Company (equivalent to the number of placing shares sold by Genius Lead to Mr. Ming Fu under the placing agreement) at a price of HK$0.40 per top-up subscription share, which represented (i) a discount of approximately 14.89% to the closing price of HK$0.47 per share as quoted on the Stock Exchange on the last trading day prior to the date of the Placing Agreement and the Top-up Subscription Agreement (the "**Last Trading Day**"); (ii) a discount of approximately 13.42% to the average closing price of HK$0.4620 per share of the Company as quoted on the Stock Exchange for the last five trading days up to the Last Trading Day; and (iii) a discount of approximately 10.01% to the average closing price of HK$0.4445 per share of the Company as quoted on the Stock Exchange for the last ten trading days up to the Last Trading Day. The 12,500,000 top-up subscription shares (with an aggregate nominal value of HK$1,250,000) represents (i) approximately 1.30% of the then issued share capital of the Company and (ii) approximately 1.28% of the then issued share capital of the Company as enlarged by the issue of the top-up subscription shares. The net proceeds after deduction of expenses from the Top-up Subscription were approximately HK$4,600,000 to be used for general working capital of the Group. The top-up subscription of new shares took place on 31 July 2024. As at the date of this announcement, the net proceeds were fully utilised according to the intention previously disclosed. Details were disclosed in the announcements of the Company dated 20 July 2024 and 31 July 2024.

Issuance of convertible bonds under general mandate with existing convertible bonds being surrendered and cancelled and use of proceeds

On 17 December 2024, the Company entered into a subscription agreement with Guoyuan Securities Investment (Hong Kong) Limited (the "**Subscriber**"), pursuant to which the Subscriber subscribed for convertible bonds in the aggregate principal amount of US$6,000,000 (equivalent to approximately HK$47,100,000) (the "**2024 Convertible Bonds**"). Based on the initial conversion price of HK$1.20 per conversion share (subject to adjustments pursuant to the terms and conditions of the 2024 Convertible Bonds, if any) at the exchange rate of HK$7.85 to US$1.00, a maximum number of 39,250,000 conversion shares will be allotted and issued upon exercise of the conversion rights attached to the 2024 Convertible Bonds in full assuming there is no adjustment to the conversion price, which represent approximately 4.02% of the existing issued share capital of the Company and approximately 3.87% of the issued share capital of the Company as enlarged by the issue of the conversion shares. The conversion price represents, among others, a premium of approximately 160.87% over the closing price of HK$0.46 per share as quoted on the Stock Exchange on 17 December 2024, being the date of the subscription agreement. The total subscription amount was settled by the Subscriber by way of set-off on a dollar-to-dollar basis against the principal amount of US$6,000,000 of the convertible bonds issued in 2022 (the "**2022 Convertible Bonds**"). Accordingly, no cash proceeds were received by the Company from the subscription. As to the remaining principal amount of US$4,000,000 of the 2022 Convertible Bonds, the principal amount of US$1,300,000 had been settled on 24 March 2025, and the Company is in discussions with the Subscriber to further extend the repayment period for the remaining balance. The 2024 Convertible Bonds are guaranteed by Pengbo (Hainan), a company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company. Completion of the subscription of the 2024 Convertible Bonds took place on 27 December 2024. Details were disclosed in the announcements of the Company dated 17 December 2024 and 27 December 2024.

Pursuant to the terms and conditions of the 2024 Convertible Bonds, it is an event of default if (i) the controlling shareholder of the Company, namely Genius Lead, ceases to hold 40% or more equity interest directly or indirectly in the Company (unless otherwise agreed by the Subscriber in writing), or (ii) Mr. Liu Xiaolin ("**Mr. Liu**") ceases to be a Director and the chairman of the Board, or (iii) Mr. Liu ceases to hold 40% or more beneficial interest directly or indirectly in the Company (unless otherwise agreed by the Subscriber in writing). As at 31 December 2024 and up to the date of this announcement, there is no breach of the above terms.

Acquisition and disposal of subsidiaries

Capital Injections into Shanghai Longyao and Grant of Put Option

On 8 December 2023, the Company, Shanghai Longyao (an indirect non-wholly owned subsidiary of the Company) and 宜興環科園產發股權投資合夥企業(有限合夥) (in English, for identification purpose only, Yixing Huanke Product Development Equity Investment Enterprise (Limited Partnership) ("**Yixing Huanke**"), a limited partnership established under the laws of the PRC, entered into a capital injection agreement, pursuant to which (i) Yixing Huanke agreed to make a capital injection to Shanghai Longyao in the amount of RMB48,000,000, of which RMB992,670 shall be used to subscribe for 5.35% equity interest of the enlarged registered capital of Shanghai Longyao and RMB47,007,330 shall be credited as the capital reserves of Shanghai Longyao, (ii) the Company agreed, through a wholly-owned subsidiary to be established in the PRC, to make a capital injection to Shanghai Longyao in the amount of RMB49,960,000, of which RMB1,033,204 shall be used to subscribe for 5.57% equity interest of the enlarged registered capital of Shanghai Longyao and RMB48,926,796 shall be credited as the capital reserves of Shanghai Longyao, (iii) a put option has been granted to Yixing Huanke whereby, upon the occurrence of any redemption event, Yixing Huanke shall be entitled to require Shanghai Longyao to repurchase, or (if Shanghai Longyao fails to repurchase) to require the Company to purchase, all or part of the Yixing Huanke's shareholding in Shanghai Longyao at the put price, and (iv) a call option, exercisable at the discretion of the Company on or before 31 December 2024, has been granted to the Company, pursuant to which the Company may buy all or part of Yixing Huanke's shareholding in Shanghai Longyao.

On the same date, Mr. Liu, the chairman and executive director of the Company, and Yixing Huanke entered into the side letter under which Mr. Liu has undertaken to Yixing Huanke that if Shanghai Longyao fails to repurchase or the Company fails to purchase all of Yixing Huanke's shareholding in Shanghai Longyao at the put price upon the exercise of the put option by Yixing Huanke, Mr. Liu shall purchase such equity interest in accordance with the terms of the capital injection agreement. The completion of the capital injections took place on 19 February 2024. Details were disclosed in the announcements of the Company dated 8 December 2023, 20 December 2023 and 8 January 2024. As of the date of this announcement, no redemption event in connection with the capital injection has been triggered, and the call option granted to the Company has lapsed without being exercised.

Lapse of the capital injection in and deemed disposal of equity interest in Pengbo (Hainan) Medical Technology Co., Ltd; and grant of the repurchase rights

On 5 August 2024, Pengbo (Hainan), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company, Dynamic Healthcare Holdings Limited ("**Dynamic Healthcare**"), a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company, CBSH Flourish (Hong Kong) BNCT Medical Centre Limited ("**CBSH Flourish**"), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company, Mr. Liu, the chairman and executive director of the Company, the Company and Hubei Weiyou Equity Investment Partnership (Limited Partnership) (湖北惟宥股權投資合夥企業(有限合夥)) ("**Hubei Weiyou**"), a limited partnership established in the PRC entered into a capital injection agreement (the "**Capital Injection Agreement**"), pursuant to which it was conditionally agreed that (i) the registered capital of Pengbo (Hainan) would be increased from RMB150,000,000 (equivalent to approximately HK$162,000,000) to RMB230,969,200 (equivalent to approximately HK$249,446,736); and (ii) Hubei Weiyou agreed to contribute up to RMB242,307,600 (equivalent to approximately HK$261,692,208) into Pengbo (Hainan) to subscribe for 35% of the registered capital of Pengbo (Hainan) in the amount of RMB80,769,200 (equivalent to approximately HK$87,230,736) as enlarged by the increase in the registered capital. Among the contribution amount of RMB242,307,600 (equivalent to approximately HK$261,692,208), RMB80,769,200 (equivalent to approximately HK$87,230,736) would be accounted for as the registered capital of Pengbo (Hainan) with the remaining balance of RMB161,538,400 (equivalent to approximately HK$174,461,472) would stand to the credit of the share premium account.

Before completion of the Capital Injection Agreement, Hubei Weiyou would enter into the offshore warrant subscription agreement with Dynamic Healthcare pursuant to which Dynamic Healthcare shall grant the warrant to Hubei Weiyou at a grant price of US$1 upon completion of the Capital Injection Agreement. The warrant would entitle the holder to subscribe for such number of Class A preference shares of Dynamic Healthcare at an aggregate purchase price of RMB242,307,600 (equivalent to approximately HK$261,692,208) such that the shareholding percentage and shareholder rights of Hubei Weiyou in Dynamic Healthcare shall be consistent with that in Pengbo (Hainan) prior to the exit of Hubei Weiyou from Pengbo (Hainan) after completion of the ODI Registration. The warrant would be exercisable for a period commencing from the grant date until the earlier of (i) the date falling twenty-four (24) months after the grant date; and (ii) one (1) year after the board of Dynamic Healthcare resolved to initiate a public listing on any securities market or a complete acquisition.

However, both the Capital Injection Agreement and the repurchase rights granted thereunder had lapsed on 15 November 2024. Details were disclosed in the announcements of the Company dated 5 August 2024, 3 September 2024, 30 September 2024, 30 October 2024 and 15 November 2024.

Adoption of share award scheme by and subscription of shares in a subsidiary

On 5 August 2024, Pengbo (Hainan) adopted a share award scheme for recognising the contributions made or to be made by certain participants and to provide them with incentives in order to retain them for the continual operation and development of Pengbo (Hainan) and to attract suitable personnel for further development of Pengbo (Hainan). Mr. Li Haifeng, the general partner of Jiabao Zhongzhi (Hainan) Hospital Management Partnership (Limited Partnership) (嘉博眾治(海南)醫院管理合夥企業(有限合夥)) ("**Jiabao Zhongzhi (Hainan)**"), a limited liability partnership established in the PRC, and Ms. Zhao Dan, one of the limited partners of Jiabao Zhongzhi (Hainan), has entered into a trust deed with Pengbo (Hainan) to act as the trustee of the share award scheme.

On 5 August 2024, Jiabao Zhongzhi (Hainan) as subscriber and Dynamic Healthcare entered into a subscription greement, pursuant to which Jiabao Zhongzhi (Hainan) conditionally agreed to subscribe and Dynamic Healthcare conditionally agreed to issue 4,500 ordinary shares in Dynamic Healthcare, representing 9% of the issued share capital of Dynamic Healthcare as at completion of the subscription agreement, at the aggregate subscription consideration of RMB14,835,164 (equivalent to approximately HK$16,021,977), which shall be settled in cash. The purpose of the entering into of the subscription agreement is to enable Jiabao Zhongzhi (Hainan) to act as a platform of the share award scheme to be awarded to designated participants valuable to Pengbo (Hainan). Up to the date of this announcement, the subscription is not yet completed. Details were disclosed in the announcement of the Company dated 5 August 2024.

OUTLOOK

In 2024, the local economy had been recovering gradually and the Group had positioned itself well to extend its conventional medical laboratory testing services and health check services to public health screening services for the Hong Kong community.

Although market competition in the medical laboratory testing services and health check services segment had become more intensive in the post-pandemic time, we opted to upgrade our medical laboratories for higher efficiency and capacity. In early 2024, our PHC implemented a cooperation project with Abbott and installed the first customized virtual biochemical immune simulation GLP Track in private medical laboratory in Hong Kong. The system effectively reduces report turnover time, increases testing throughput, processes samples in a fully enclosed system, frees up manpower, reduces human errors, and lays a solid foundation for future testing in line with industry developments. Our laboratory initiated the HOKLAS qualification application process, aiming to obtain HOKLAS qualification by the end of 2025 and participated in government tenders to provide testing services for the Hospital Authority and Department of Health of Hong Kong. Additionally, the Government of Hong Kong announced the establishment of the Hong Kong FDA to attract pharmaceutical companies to undertake clinical trials in Hong Kong. Our Group quickly initiated collaborations with multiple partners to prepare for the launch of contract research organization (CRO) services to local and overseas pharmaceutical companies.

In 2023, following the government's health blueprint, we introduced a series of early health screening tests, including early screening for diabetes, HPV, and colorectal cancer. To seize this opportunity, we have been aggressively seeking cooperations with different medical platforms, insurance companies and corporate entities to promote our healthcare services in Hong Kong and expanding our reach into the Greater Bay Area. At the same time, we have taken keen efforts to strengthen and to broaden our scope of services to cope with the expected demand. For instance, we have introduced several new tests, such as early diabetes screening test, DNA test, etc. On the other hand, we will seek cooperation with the Hong Kong government, medical specialists, non-profit organisations and other institutes to achieve rapid entry into the early screening of colorectal cancer and HPV DNA test market. We also participated in government vaccine programs and provided on-site vaccine services for schools.

Due to the rising awareness and health concerns of the general public fostered by the pandemic, the growing trend of aging population, larger demand for private medical services and increasing number of life insurance policies, it is expected that demand for health check and related medical services in Hong Kong will continue to grow.

Simultaneously, we have continued the development of our anti-tumor cell therapy products during the past years, and the clinical trials of our CAR-T drug have been progressing as planned. The stage I Trial of the first CD20-targeted investigational new drug, namely LY007 Cellular Injection, began in the first quarter of 2022. The first three testing groups of twelve patients had completed cell infusion treatment in the Trial and we are confident to enroll sufficient patients to participate in the Trial by early 2025. In June 2024, the progress results of the phase I clinical study ("**Phase I Study**") of LY007 Cellular Injection, a novel CD20-targeted autologous chimeric antigen receptor T cell therapy in patients with relapse/refractory B-cell non-Hodgkin lymphoma ("B-NHL") had been put up at the 2024 American Society of Clinical Oncology (ASCO) Annual Meeting in the form of poster presentation and put up at the 2024 American Society of Hematology (ASH) in December 2024.

Large B-cell lymphoma ("**LBCL**") is a common sub-type of B-NHL, and the majority of patients can be cured by standard immunochemotherapy regimens. However, approximately 40% of patients still face relapse/refractory dilemmas after first-line treatment. The Phase I Study was conducted to evaluate the safety and tolerability of LY007 Cellular Injection for the treatment of relapse/refractory B-NHL patients. The Phase I Study demonstrated that LY007 Cellular Injection was well tolerated at the dose levels up to 5.0×10^6 cells/kg for patients and showed a favorable dose-response relationship for the treatment of relapse/refractory B-NHL. LY007 Cellular Injection is expected to provide a new treatment option for LBCL patients.

More notably, we have entered into agreements to purchase the BNCT equipment, drug and related services from Sumitomo and Stella Pharma Corporation. We intend to become the first service provider to offer BNCT cancer treatment service to patients in the Greater China region, and aim to introduce and scale up this advanced tumor radiation therapy treatment services to patients in Mainland China, Hong Kong and Macau with unresectable, locally advanced or locally recurrent head and neck cancer.

In addition, the Group has entered into cooperation partnership with several hospitals in the PRC, including but not limited to Huashan Hospital affiliated to Fudan University, Shanghai (上海復旦大學附屬華山醫院), for the provision of treatment services for cancer patients referred by them at the BNCT Centre in Hainan to be opened in the fourth quarter of 2025. Apart from offering BNCT treatment services to cancer patients, the Group will generate revenue in the future through the distribution of BNCT equipment, medicines and its related services, including consultancy services in relation to the design and construction of BNCT Centre, maintenance services for BNCT equipment and the provision of professional training services for medical staff to other hospital operators in Mainland China.

Despite the setback suffered by the unexpected flooding caused by the typhoon "Trami" in October 2024, we are picking up progress on the construction of the BNCT Centre in Boao Pilot Zone. Pengbo (Hainan) has also been granted the medical institution practicing license (醫療機構執業許可證) by the administration of the Boao Pilot Zone. The construction and renovation of the BNCT Centre, followed by installation of BNCT equipment and test run, is targeted to be completed in fourth quarter of 2025.

Moving forward, we will continue to enrich our diagnostic and health checkup business with customized service offerings. We will endeavor to speed up the Trial and the construction of the BNCT Centre and will continue to stay at the forefront of the biomedical field by leveraging on the latest advancements in biomedical research and technology to develop innovative solutions for precision diagnosis and treatment.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group has financed its operations and capital expenditures requirements through (i) internally generated resources; (ii) net proceeds from the placing of new shares under general mandate; and (iii) bank and other borrowings.

Liquidity and Financial Resources

As at 31 December 2024, the Group held cash and bank balances of approximately HK$18,913,000 (31 December 2023: HK$72,087,000), all were principally denominated in Renminbi and Hong Kong dollars. The decrease in cash and bank balances of approximately HK$53,174,000 is mainly due to uses for operational businesses of the Group and the construction of BNCT Centre in Hainan of China.

As at 31 December 2024, the Group had outstanding convertible bonds in principal amount of US$6,000,000 with carrying amount of approximately US$5,304,000 (equivalent to approximately HK$41,635,000 (31 December 2023: US$10,000,000 with carrying amount of approximately US$6,863,000 (equivalent to approximately HK$53,877,000)) which carried a fixed interest rate of 8.25% (31 December 2023: 8.25%) per annum and is repayable on 27 December 2026 and guaranteed by a subsidiary of the Company.

As at 31 December 2024, the Group had (i) secured bank borrowings of approximately RMB12,507,000 (equivalent to approximately HK$13,259,000) (31 December 2023: HK$20,000,000), which carried a floating interest rate (i.e. loan prime rate for 5-year) (2023: i.e. HIBOR plus 1.5%) and is repayable within eight years and jointly guaranteed by Mr. Liu Xiaolin, the chairman and executive director of the Company; and (ii) unsecured bank borrowings of approximately RMB12,000,000 (equivalent to HK$12,721,000) (31 December 2023: Nil), which is guaranteed by the Company and is repayable within one year.

As at 31 December 2024, the Group had loan from controlling shareholder of approximately HK$24,772,000 (31 December 2023: Nil) which carried a fixed interest of 10% per annum and is repayable within one year.

As at 31 December 2024, the Group had secured other borrowings of approximately HK$5,301,000 (equivalent to RMB5,000,000) (31 December 2023: HK$10,963,000 (equivalent to RMB10,000,000)), which carried a fixed interest rate at 6% per annum and is repayable within one year (31 December 2023: two years).

As at 31 December 2024, the Group had unsecured other borrowings of approximately HK$82,640,000 (31 December 2023: Nil), which carried interest ranging from 8.25% to 12% per annum and are repayable within one year.

The increase in the bank and other borrowings were mainly due to the use of additional borrowings by the Group for general working capital and for the development of the BNCT Centre.

As at 31 December 2024, total assets of the Group were approximately HK$529,955,000 (31 December 2023: HK$662,362,000), whereas total liabilities were approximately HK$287,567,000 (31 December 2023: HK$171,636,000). The gearing ratio of the Group, calculated as total liabilities over total assets, was approximately 54.26% (31 December 2023: 25.91%). Current ratio (defined as total current assets divided by total current liabilities) was 0.33 times (31 December 2023: 1.64 times).

Fortstone International (Hong Kong) Limited ("**Fortstone**"), an indirect non-wholly-owned subsidiary of the Company, is a holder of insurance broker licence under the Insurance Ordinance. As an insurance brokerage company, Fortstone is subject to capital and net assets requirement under the Insurance Ordinance. Fortstone shall maintain a minimum net assets value and a minimum paid up share capital of HK$500,000 at all times. Fortstone oversees its compliance with the capital and net assets requirement by monitoring Fortstone's liquid asset and ranking liabilities at all times to ensure they are well above the minimum required level (i.e. HK$500,000). Fortstone has complied with the capital and net assets requirement during the 2024 Year.

Capital Structure

As at 31 December 2024, the total issued share capital of the Company was HK$97,573,115 (2023: HK$96,323,115) divided into 975,731,150 (2023: 963,231,150) ordinary shares of HK$0.10 each.

As mentioned in the section headed "BUSINESS REVIEW" above, the Company completed a placing of existing shares and top-up subscription of new shares in the 2024 Year. The use of net proceeds from the issue of the top-up subscription is as follows:

Intended use	**Net proceeds**	**Utilisation up to 31 December 2024**	**Remaining balance as at 31 December 2024**	**Expected timeline for utilising the remaining net proceeds**
	HK$'000	*HK$'000*	*HK$'000*	
General working capital	4,600	4,600	Nil	N/A

As at the date of this announcement, the net proceeds were used, according to the intentions previously disclosed by the Company in its announcements dated 20 July 2024 and 31 July 2024 and the Directors were not aware of any material change to the intended use of the net proceeds set forth above.

SIGNIFICANT INVESTMENT HELD AND PERFORMANCE

As at 31 December 2024, the Group's financial assets at fair value through other comprehensive income amounted to approximately HK$43,229,000 (31 December 2023: HK$56,920,000) including one investment in unlisted equity securities (31 December 2023: one investment in unlisted equity securities and one investment in listed equity securities). It mainly consisted an investment of approximately HK$43,229,000 in Pillar Biosciences, Inc. ("**Pillar US**") and Zhengu Dianostics Holdings Limited (together with Pillar US, "**Pillar**") (which represented 8.16% of the total asset of the Group as at 31 December 2024). It is the Group's investment strategy to hold the investments in Pillar as long-term investments for the creation of synergy and long term shareholder value.

(i) Investment in Pillar

As at 31 December 2024, the Group held approximately 3.01% (31 December 2023: 3.01%) of equity interest of Pillar with fair value of HK$43,229,000 (equivalent to US$5,566,000) (31 December 2023: HK$52,204,000 (equivalent to US$6,684,000)) and at an initial investment costs of US$4,999,999 (equivalent to HK$39,208,000). Pillar is a precision testing company for cancer based in Boston, Massachusetts, the United States of America and Shanghai, the PRC. In 2023, Pillar US spun off its Chinese business to Zhengu Diagnostics Holdings Limited. Based on the latest unaudited consolidated financial statements of Pillar US for the year ended 31 December 2024, it recorded an unaudited loss of approximately US$17 million. A fair value loss on the Group's investment in Pillar of approximately HK$8,975,000 (2023 Year: fair value loss of approximately HK$17,066,000) has been recognised in other comprehensive income for the 2024 Year. No dividend income was received from Pillar for the 2024 Year. As part of the strategic cooperation between the Group and Pillar, a company has been set up by the parties in Hong Kong, namely Asia Molecular Diagnostic Laboratory Limited ("**AMDL**"). AMDL has established a high-standard molecular biology laboratory at the Hong Kong Science and Technology Park and has been providing NGS precision cancer diagnostic services in Hong Kong. The Group believes that the investment in Pillar will create synergies with the Group's medical laboratory testing services and heath check services.

(ii) Investment in Broncus

During the 2024 Year, proceeds of HK$3,383,000 were received from disposal of investment in Broncus Holding Corporation ("**Broncus**") (a company whose shares are listed on the Main Board of the Stock Exchange with stock code: 2216). Broncus is a company mainly engaged in research and development, and the manufacture and commercialisation of medical device and consumables. No dividend income was received from Broncus for the 2024 Year.

The Group did not hold any other significant investment with a market value that account for more than 5% of the Group's audited total assets as at 31 December 2024.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES

Save as disclosed in the section headed "BUSINESS REVIEW" above, the Group did not have any other material acquisition or disposal of subsidiaries and affiliated companies for the 2024 Year.

OPERATING LEASE COMMITMENTS

As at 31 December 2024, the Group had operating lease commitments relating to short-term leases for office which amounted to approximately HK$76,000 (2023: HK$79,000).

CAPITAL COMMITMENTS

Capital commitments contracted for at the end of the reporting period but not yet incurred are as follows:

	2024	2023
	HK$'000	*HK$'000*
Property, plant and equipment	**122,560**	208,295

PLEDGED ASSETS

As at 31 December 2024, the Group had pledged bank deposits of approximately HK$14,715,000 (31 December 2023: HK$134,809,000).

The restricted bank deposits denominated in JPY amounting to approximately HK$14,715,000 (equivalent to JPY300,225,000) (31 December 2023: HK$134,809,000 (equivalent to JPY2,490,024,000)) represented deposits pledged to a bank to secure issuance of an irrevocable letter of credit to the BNCT system supplier, Sumitomo Heavy Industries, Ltd.

As at 31 December 2024, the Group had secured bank borrowings of approximately RMB12,507,000 (equivalent to approximately HK$13,259,000), which were secured by a mortgage of Pengbo (Hainan)'s land use rights and the construction-in-progress of the leasehold land of the BNCT Centre in the Hainan Boao Lecheng International Medical Tourism Pilot Zone; and a joint and several liability guarantee provided by Mr. Liu Xiaolin, the chairman and an executive Director of the Company in favour of the bank for banking facilities of RMB50,000,000. As at 31 December 2023, the Group had a secured bank borrowing of approximately HK$20,000,000, which was secured by a legal charge on leasehold land and buildings in Hong Kong with the carrying amounts of approximately HK$11,478,000 and a corporate guarantee executed by a subsidiary in favour of the bank for the banking facilities of HK$25,000,000. The bank borrowing of 2023 was fully repaid during the 2024 Year.

As at 31 December 2024, the Group had bank borrowings of approximately HK$5,301,000 (equivalent to approximately RMB5,000,000) (31 December 2023: Nil), which was guaranteed by the Company.

As at 31 December 2024, the Group had other borrowings of approximately HK$5,301,000 (equivalent to approximately RMB5,000,000) (31 December 2023: HK$10,963,000 (equivalent to approximately RMB10,000,000)), which was secured by a deposit of approximately HK$1,060,000 (equivalent to RMB1,000,000) (31 December 2023: HK$1,096,000 (equivalent to RMB1,000,000)) and plant and machinery and intangible assets with the carrying amount of approximately HK$985,000 (31 December 2023: HK$1,888,000) and HK$33,620,000 (31 December 2023: HK$42,946,000) respectively and guaranteed by the Company.

As at 31 December 2024, the Group had other borrowings of approximately HK$21,202,000 (equivalent to RMB20,000,000) (31 December 2023: Nil), which was secured by 47% shareholding of a subsidiary of the Company and guaranteed by the Company and Mr. Liu Xiaolin, the chairman and executive director of the Company.

CONTINGENT LIABILITIES

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

TREASURY POLICY

The Directors will continue to follow a prudent policy 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 growth opportunities for the business.

FOREIGN EXCHANGE AND INTEREST RATE EXPOSURE

During the 2024 Year, the business activities of the Group were mainly denominated in Hong Kong dollars and Renminbi. The Group is not exposed to significant foreign exchange risk and has not employed any financial instrument for hedging. When appropriate and at times of interest rate or exchange rate uncertainties or volatility, hedging instruments including interest rate swaps and foreign currency forwards contract will be used by the Group in the management of exposure affecting interest rates and foreign exchange rate fluctuations as appropriate.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2024, the Group had a total of 141 (2023: 162) full time employees which were located in Mainland China and Hong Kong. Total staff costs for the 2024 Year was approximately HK$65,779,000 (2023 Year: HK$92,607,000).

The Group remunerates its employees based on their performance, experience and the prevailing market condition. Performance related bonuses are also granted on a discretionary basis. Other employee benefits include mandatory provident fund, insurance and medical coverage, training (including internal training on the Group's policies and procedures, and paid external training organised by third parties), participation in the share option scheme and share award scheme to provide further incentive and rewards to eligible participants who contribute to the success of the Group.

Provident fund benefits are offered to certain full-time employees through a registered scheme under the Occupational Retirement Schemes Ordinance ("**ORSO**") with the Mandatory Provident Fund exemption. The ORSO scheme is administered by trustees, which are independent, with assets held separately from those of the Group. Under the ORSO scheme, the Group contributes 5% of monthly salaries of employees.

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong (other than those who are covered under ORSO scheme). The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the scheme subject to a maximum of HK$1,500 per month per employee. The employees in the PRC are members of respective state-managed defined contribution retirement benefits scheme operated by the local government. The employer and the employees are obliged to make contributions at a certain percentage of the basic payroll under rules of the schemes. The only obligation of the Group with respect to the retirement benefit schemes is to make the specified contributions.

The total contributions payable to the above schemes by the Group and charged to the consolidated statement of profit or loss and other comprehensive income for the 2024 Year were approximately HK$2,231,000 (2023 Year: HK$2,996,000).

EVENTS AFTER THE REPORTING PERIOD

Details of the significant events after the reporting period are set out in note 16 to this results announcement.

EXTRACT FROM INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report by RSM Hong Kong, the auditor of the Company, regarding the audited consolidated financial statements of the Group for the year ended 31 December 2024 which has included a disclaimer of opinion.

"Disclaimer of Opinion

We were engaged to audit the consolidated financial statements of China Biotech Services Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statement have been properly prepared in compliance with the disclosure requirements of the Companies Ordinance.

Basis for Disclaimer Opinion

Material Uncertainties Related to Going Concern

We draw attention to note 2 in the consolidated financial statements, which indicates that the Group incurred a net loss of approximately HK$251,854,000 during the year ended 31 December 2024 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK$129,519,000. Its current liabilities included borrowings and lease liabilities amounting to approximately HK$138,693,000 and approximately HK$5,711,000 respectively while cash and cash equivalents amounted to approximately HK$18,913,000 only. These events and conditions, along with other matters as set forth in note 2 to the consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

The directors of the Company have undertaken various measures to improve the Group's liquidity and financial position, which are set out in note 2 to the consolidated financial statements. As at the date of approval of these consolidated financial statements, the implementation of these measures is still in process. The validity of the going concern assumption on which the consolidated financial statements have been prepared depends on the successful and favorable outcome of these measures taken by the Directors of the Company, including (i) the successful completion of the capital injections in the Company's indirect wholly owned subsidiary, Pengbo (Hainan) Medical Technology Co., Ltd; and (ii) successfully obtaining other alternative financing and borrowings.

As a result of these multiple uncertainties and in view of the significance of the extent of the uncertainties relating to ongoing availability of finance to the Group, we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves about the appropriateness of the use of going concern basis of accounting in the preparation of the consolidated financial statements. Should the Group fail to achieve the above-mentioned measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying amounts of its assets to their recoverable amounts, to provide for any further liabilities that might arise, and to reclassify non-current assets and liabilities as current assets and liabilities respectively. The effects of these adjustments have not been reflected in these consolidated financial statements."

ADDITIONAL INFORMATION AND THE COMPANY'S VIEW AND THE PLAN TO ADDRESS THE DISCLAIMER OF AUDIT OPINION

For the 2024 Year, the Board wishes to draw the attention of the shareholders of the Company to the disclaimer of audit opinion (the "**Disclaimer**") made by the auditor of the Company. Among all concerns brought up by the auditor of the Company, the Disclaimer is primarily made to flag up the Group incurred a loss for the year of approximately HK$251,854,000 and, as of 31 December 2024, the Group had net current liabilities of approximately HK$129,519,000. In addition, as at 31 December 2024, the Group had bank and other borrowings of approximately HK$138,693,000, which are payable within one year. These conditions indicate that a material uncertainty exists that may cast significant doubts on the Group's ability to continue as a going concern, and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. Therefore, the auditor was unable to form an audit opinion on the consolidated financial statements.

Regarding the Company's ability to continue as a going concern, the Board has reviewed a cashflow forecast covering a period up to 31 March 2025 and taken into account the implementation of a number of measures including but not limited to those set out in note 2 to the consolidated financial statements, which are aimed to improve its liquidity and financial position, such as:

(1) The Group has obtained extension on repayment of other borrowings of approximately HK$75,588,000 after the end of the reporting period.

(2) The management will continue to negotiate with banks for renewing banking facilities. Based on the latest communications with the banks, the Directors are not aware of any intention of the banks to withdraw their bank facilities or require early repayment of the loans, and the directors believe that the existing bank facilities will be renewed when their current terms expire given the good track records and relationships the Group has with the banks.

(3) The Directors are under negotiation with banks and financing lease companies to obtain additional funds in order to finance the settlement of its existing financial obligations and future operating and capital expenditures. The Group has obtained an other borrowing of HK$6,000,000 after the end of the reporting period.

(4) The Board will seek opportunities to realise the investment in Pillar in order to reallocate resources to support the operation and continuing growth of the Group.

(5) The Board will actively seek further fund raising alternatives including placing of shares and issue of convertible bonds of the Company and capital injection of its subsidiaries to increase the Group's equity and to support the continuing growth of the Group. On 25 February 2025, Pengbo (Hainan) entered into a letter of intent with Shenzhen BGI Songhe Biotechnology No. 1 Private Venture Capital Investment Fund Partnership (Limited Partnership) (深圳市華大松禾生科一號私募創業投資基金合夥企業(有限合夥)) in relation to the intended investment in Pengbo (Hainan). Also, on 27 February 2025, Pengbo (Hainan) and Hubei Weiyou entered into a capital injection agreement, pursuant to which Hubei Weiyou conditionally agreed to make a capital injection of RMB50,000,000 to Pengbo (Hainan). Details were disclosed in the announcements of the Company dated 25 February 2025 and 27 February 2025 respectively.

(6) The Board will continue to implement operational measures including control costs and capital expenditure aiming at improving the Group's working capital.

The Board attaches great importance to the funding requirement of the Company. The Board will make it a priority of its work to ensure the stability of the capital chain of the Company and promote the smooth commencement of our projects, and actively takes a series of effective measures, which have made some progress by now.

Since the emergence of the liquidity tightness, the Board has acted swiftly and proactively commenced multi-party interaction with various financial institutions such as private equity funds and banks. Through active communication and negotiation, we have successfully obtained bank credit and loans of RMB50 million and have signed a letter of intent relating to equity investment with Shenzhen BGI Songhe Biotechnology No. 1 Private Venture Capital Investment Fund Partnership (Limited Partnership)* (深圳市華大松禾生科一號私募創業投資基金合夥企業(有限合夥)), which plans to inject funds into the BNCT project of Pengbo (Hainan). At the same time, we are expediting the financing-related matters with various financial institutions, banks, trusts, and parent funds to introduce long-term loans and equity investments, which will effectively resolve the funding requirements of the construction of the Hainan BNCT hospital project and provide sufficient funding safeguards for subsequent development.

In terms of the capital market, the Company actively seeks financing options such as placing of shares and issue of convertible bonds. In December 2024, the Company completed the extension of US$6 million of convertible bonds, obtaining more time and space for the capital flow of the Company. In addition, Shanghai Longyao is conducting a second round of financing for its CAR-T cell therapy and is actively exploring commercialisation plans to achieve the commercialization of the LY007 CAR-T cellular product under development and further increase the development funds of the Group.

The potential amount of financing being negotiated with the various financial institutions and funds, once obtained, can cover the existing current liabilities of the Group companies, and the Hainan BNCT project can complete and commence operation. The above is all in the stages of due diligence and agreement negotiation. Since it takes time for negotiation and due diligence, it is expected that they will be finalised successively and funds will be available in the next two months.

The Directors have reviewed the impact of the Disclaimer on the Group and considers that it does not significantly affect the Group's operation subject to the successful and continued implementation of such measures as above and obtaining equity fund raising alternative and borrowings. Accordingly, the Directors are of the opinion that it is appropriate to prepare the consolidated financial statements for the year ended 31 December 2024 on a going concern basis. Except for this, as at 31 December 2024, the Directors were not aware of any other material uncertainties relating to any events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.

The Audit Committee has reviewed the Disclaimer for the 2024 Year and acknowledged its basis. The Audit Committee has also reviewed and agreed with the Board's position as outlined above. There was no disagreement between the Audit Committee and the management regarding the Disclaimer and the Company's plan to address it.

Should the above-mentioned be successfully executed and there are no other material adverse changes to the business operation and financial conditions of the Group, the Board expects that the Disclaimer will be removed in the financial year ending 31 December 2025.

CORPORATE GOVERNANCE PRACTICES

The Board believes that corporate governance is essential to the success of the Company. The Board is committed to maintaining corporate governance with high standard and ensuring compliance of the legal and regulatory requirements. The Company has put in place governance practices with emphasis on the integrity, quality of disclosures, transparency and accountability for the shareholders of the Company. Throughout the 2024 Year, the Company has adopted the principles and code provisions set out in the Corporate Governance Code (the "**CG Code**") as set out in Part 2 of Appendix C1 to the GEM Listing Rules, and has complied with the code provisions in the CG Code, save for the following deviation.

Under Code Provision C.1.6 of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders. Mr. Qian Hongji, independent non-executive Director, was unable to attend the annual general meeting held on 6 June 2024 due to other work arrangement.

COMPLIANCE WITH CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms not less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry with all Directors, the Company confirmed that all Directors have complied with the required standard of dealings and its code of conduct regarding securities transactions by the Directors during the 2024 Year and there is no incident of non-compliance.

Audit Committee

The Audit Committee is currently composed of three independent non-executive Directors, namely, Mr. Yan Guoxiang (Chairman of the Audit Committee), and Dr. Guo Yuantao and Mr. Qian Hongji as members. The financial results for the 2024 Year have been reviewed by the Audit Committee.

The principal duties of the Audit Committee include, among other matters as listed on the CG Code, the following:

(a) to review the relationship with the external auditor to (i) make recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal; and (ii) review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;

(b) to monitor integrity of the Company's financial statements and annual report and accounts, half-year report and quarterly reports (if any), and review these reports and significant financial reporting judgments contained in them;

(c) to review the Company's financial controls, risk management and internal control systems, discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems, and consider major investigation findings on risk management and internal control matters;

(d) to consider any significant or unusual items that are, or may need to be, reflected in the report and accounts, it should give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditors; and

(e) to review arrangements employees of the Company can use, in confidence, raise concerns about possible improprieties in financial reporting, internal control or other matters, and ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action.

During the 2024 Year, the Audit Committee has three meetings and has performed the above mentioned principal duties and reviewed the Company's interim results, unaudited consolidated financial statements, annual results, annual report, interim report and quarterly reports (if any), and to advise and comments thereon to the Board. The Audit Committee has performed the duties to review the compliance procedures, report on the Company's internal control and risk management, and its other duties under the CG Code. The Audit Committee also met the external auditor twice without the presence of the executive Directors. Besides, there is no disagreement between the Board and the Audit Committee regarding the re-appointment of external auditor.

The Audit Committee is established with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules. The full terms of reference setting out the Audit Committee's authority and its role and responsibilities are available on the websites of the Company (www.cbshhk.com) and the Stock Exchange.

SCOPE OF WORK OF RSM HONG KONG

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2024, consolidated statement of financial position at 31 December 2024, consolidated statement of changes in equity for the year ended 31 December 2024 and the related notes for the year ended 31 December 2024 as set out in the preliminary announcement of results have been agreed by the Group's auditor, RSM Hong Kong, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2024. The work performed by RSM Hong Kong in this respect did not constitute an 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 RSM Hong Kong on this preliminary announcement of results.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the 2024 Year.

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and within the knowledge of the Directors as at the date of this announcement, the Company has maintained the prescribed public float under the GEM Listing Rules.

By order of the Board
China Biotech Services Holdings Limited
Liu Xiaolin
Chairman and Executive Director

Hong Kong, 28 March 2025

As at the date of this announcement, the Board comprises three executive Directors, namely, Mr. Liu Xiaolin (Chairman), Mr. He Xun and Mr. Huang Song; and three independent non-executive Directors, namely, Mr. Yan Guoxiang, Dr. Guo Yuantao and Mr. Qian Hongji.

This announcement will remain on the "Latest Listed Company Information" page of the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk for at least 7 days from the date of its publication and on the website of the Company at www.cbshhk.com.