Guanze Medical Information Industry (Holding) Co., Ltd.

(Incorporated in the Cayman Islands with limited liability)

(Stock code：2427)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023 AND PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Board is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2023 as follows:

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2023

		2023	2022
	Notes	***RMB'000***	*RMB'000*
REVENUE	*4*	**156,072**	177,112
Cost of sales		**(70,667)**	(96,136)
Gross profit		**85,405**	80,976
Other income and gains	*4*	**2,387**	2,068
Selling and distribution expenses		**(26,563)**	(23,473)
Administrative expenses		**(14,334)**	(27,496)
Research and development costs		**(1,528)**	(542)
Impairment losses on trade receivables		**(4,278)**	(200)
Finance costs		**(861)**	(1,031)
Other expenses		**(1,578)**	(340)
PROFIT BEFORE TAX	*5*	**38,650**	29,962
Income tax expense	*6*	**(10,728)**	(11,676)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**27,922**	18,286

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(Continued)*

Year ended 31 December 2023

	Notes	**2023** **RMB'000**	2022 RMB'000
Attributable to:			
Owners of the parent		**27,567**	17,944
Non-controlling interests		**355**	342
		27,922	18,286
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*8*		
Basic		**RMB0.03**	RMB0.02

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**34,150**	29,979
Right-of-use assets		**4,829**	4,385
Intangible assets		**139**	169
Deferred tax assets		**1,183**	113
Total non-current assets		**40,301**	34,646
CURRENT ASSETS			
Inventories		**10,891**	15,405
Trade and bills receivables	*9*	**120,175**	154,951
Prepayments, other receivables and other assets	*10*	**72,776**	93,353
Cash and cash equivalents		**68,350**	29,368
Total current assets		**272,192**	293,077
CURRENT LIABILITIES			
Trade payables	*11*	**1,378**	2,291
Contract liabilities	*4*	**1,032**	1,585
Other payables and accruals	*12*	**7,088**	29,219
Interest-bearing bank borrowings		**21,146**	25,535
Due to a controlling shareholder		**–**	1,376
Lease liabilities		**307**	50
Tax payables		**10,832**	6,930
Total current liabilities		**41,783**	66,986
NET CURRENT ASSETS		**230,409**	226,091
TOTAL ASSETS LESS CURRENT LIABILITIES		**270,710**	260,737

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Continued)

As at 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
NON-CURRENT LIABILITIES			
Lease liabilities		**392**	96
Total non-current liabilities		**392**	96
Net assets		**270,318**	260,641
EQUITY			
Equity attributable to owners of the parent			
Share capital	*13*	**8,576**	8,576
Reserves		**260,825**	251,560
		269,401	260,136
Non-controlling interests		**917**	505
Total equity		**270,318**	260,641

NOTES TO FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

Guanze Medical Information Industry (Holding) Co., Ltd. is a limited liability company incorporated in the Cayman Islands on 11 December 2020. The registered address of the Company is The offices of Vistra (Cayman) Limited, P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands.

The Company is an investment holding company. During the year ended 31 December 2023, the Company's subsidiaries were involved in the following principal activities in the People's Republic of China (hereafter, the "**PRC**"):

- Sale of medical imaging film products
- Provision of medical imaging cloud services

The shares of the Company were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 29 December 2022.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through other comprehensive income which have been measured at fair value. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

2.1 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2023. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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

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

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

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to HKAS 8	*Definition of Accounting Estimates*
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The nature and the impact of the revised HKFRSs that are applicable to the Group are described below:

(a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

(b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

(c) Amendments to HKAS 12 narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. Prior to the initial application of these amendments, the Group applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. The Group has applied the amendments on temporary differences related to leases as at 1 January 2023. The amendments did not have any impact on the financial position or performance of the Group.

3. OPERATING SEGMENT INFORMATION

The chief operating decision-maker ("**CODM**") has been identified as the chairman of the Company who reviews the consolidated results of the Group when making decisions about resource allocation and assessing the performance of the Group. The chairman considers that the Group operates in one business segment and the measurement of segment results is based on the profit before tax as presented in the consolidated statements of profit or loss and other comprehensive income.

As the Group generated all of its revenues in the PRC and its non-current assets were located in the PRC during the year, no geographical segments are presented.

Information about major customers

Revenue from operations of approximately RMB156.1 million and RMB177.1 million for the years ended 31 December 2023 and 2022, respectively, was derived from sales of medical imaging film products and the provision of medical imaging cloud services. Revenue from the sales of medical imaging film products and the provision of medical imaging cloud services accounted for approximately 90% and 10% of the total revenue of the year ended 31 December 2023, respectively, (2022: 89% and 11%).

Revenue derived from sale to individual customers which accounted for over 10% of the total revenue of the Group during the year is as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Customer A	**N/A***	19,198
Customer B	**N/A***	17,976
	N/A*	37,174

* The corresponding revenue of the customer is not disclosed as the revenue individually did not account for 10% of the Group's revenue for the year ended 31 December 2023.

4. REVENUE, OTHER INCOME AND GAINS

(a) An analysis of revenue is as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers by types of goods or services		
Sales of medical imaging film products	**141,137**	157,507
Provision of medical imaging cloud services	**14,935**	19,605
	156,072	177,112
Timing of revenue recognition		
Goods transferred at a point in time	**141,137**	157,507
Services transferred over time	**14,935**	19,605
Total revenue from contracts with customers	**156,072**	177,112

(b) Contract liabilities

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Contract liabilities	**1,032**	1,585

Contract liabilities represented the obligations to provide services to a customer for which the Group has received consideration.

(i) Revenue recognised in relation to contract liabilities

The following table shows the revenue recognised during the year that was included in the contract liabilities at the beginning of the year.

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**1,497**	766

(c) Performance obligations

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

Sales of medical imaging film products

The performance obligation is satisfied upon acceptance of consumables when the control of goods is transferred, and the transaction is completed. Payment is generally due within 90 to 365 days from acceptance by customers, except for new customers, where payment in advance is normally required.

Provision of medical imaging cloud services

The performance obligation of medical imaging cloud services is satisfied over time as services are rendered. As the services are provided together with the medical imaging film products to customers, payments are made in advance with the payment for medical consumables.

The transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2023 and 31 December 2022 are as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Within one year	**10,179**	25,960
Over one year	**10,887**	1,998
	21,066	27,958

(d) An analysis of other income and gains is as follows:

		Year ended 31 December	
		2023	2022
	Note	***RMB'000***	*RMB'000*
Other income			
Interest on bank deposits		**843**	32
Gains			
Government grants	*(1)*	**1,511**	1,582
Others		**33**	454
Total		**2,387**	2,068

(1) The government grants mainly represent subsidies received from the local governments for the purpose of rewarding the Group for its financial contribution. There are no unfulfilled conditions and other contingencies attached to the receipts of those subsidies. There is no assurance that the Group will continue to receive such subsidies in the future.

5. PROFIT BEFORE TAX

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

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Cost of inventories sold	**68,508**	92,977
Cost of services provided	**2,159**	3,159
Employee benefit expenses	**8,181**	4,645
Wages, salaries and allowances	**7,073**	3,613
Social insurance and housing fund	**1,042**	967
Welfare and other expenses	**66**	65
Research and development costs	**1,528**	542
Listing expenses	**–**	18,418
Depreciation of items of property, plant and equipment	**5,641**	4,167
Impairment of trade receivables	**4,278**	200
Depreciation of right-of-use assets	**336**	287
Amortisation of intangible assets	**30**	836

6. INCOME TAX

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

The income tax expense of the Group for the year is analysed as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Current — Mainland China	**11,798**	11,720
Deferred tax	**(1,070)**	(44)
Total tax charge for the year	**10,728**	11,676

A reconciliation of the income tax expense applicable to profit before tax at the statutory income tax rate in Mainland China to the income tax expense at the Group's effective income tax rate is as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Profit before tax	**38,650**	29,962
Tax at the statutory tax rate of 25% in Mainland China*	**9,663**	7,491
Expenses not deductible for tax	**1,447**	4,321
Extra deduction of research and development expenses	**(382)**	(136)
Tax charge at the Group's effective rate	**10,728**	11,676

* In Mainland China, the current income tax has been provided based on the statutory rate of 25% of the assessable profit of the subsidiaries of the Group in Mainland China as determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008.

7. DIVIDENDS

	Year ended 31 December	
	2023	2022
	HK$'000	*HK$'000*
Proposed final — HK 2.1 cents (2022: HK 2.1 cents) per ordinary share	**19,950**	19,950
	19,950	19,950

The proposed final dividend for the year ended 31 December 2023 is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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

For the purpose of computing basic earnings per share, the number of ordinary shares has been adjusted retrospectively for the effect of the issue of capital as described in note 13 as if the issue of capital had been completed on 1 January 2022.

The calculation of the basic earnings per share amount is based on the profit for the year ended 31 December 2023 attributable to ordinary equity holders of the parent of RMB27.6 million (2022: RMB17.9 million), and the weighted average number of ordinary shares of 950,000,000 (2022: 766,132,055) in issue during the year ended 31 December 2023.

No adjustment has been made to the basic earnings per share amount presented for the years ended 31 December 2023 and 2022 in respect of a dilution as the Group had no potential dilutive ordinary shares in issue during the periods.

The calculation of basic earnings per share is based on:

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**27,567**	17,944
	27,567	17,944

	Number of shares	
	2023	2022
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**950,000,000**	766,132,055
	950,000,000	766,132,055

9. TRADE AND BILLS RECEIVABLES

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Trade receivables	**120,122**	145,277
Bills receivable	**4,807**	10,150
Impairment losses	**(4,754)**	(476)
Trade and bills receivables, net	**120,175**	154,951

Trade and bills receivables mainly represented receivables from sales of medical imaging film products and provision of medical imaging cloud services. The Group's trading terms with its customers are mainly on credit stipulated in the relevant contracts. The credit period is generally 90 to 365 days. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. The Group has certain concentrations of credit risk that may arise from the exposure to the trade receivables of its five largest customers accounting for approximately 39.3% and 40.0%, of the Group's total trade receivables as at 31 December 2023 and 2022, respectively. The Group also has concentrations of credit risk, that may arise from the exposure to the trade receivables of its largest customer accounting for approximately 5.4% and 16.8%, of the Group's total trade receivables as at 31 December 2023 and 2022, respectively. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade and bills receivables are non-interest-bearing.

At 31 December 2023 and 2022, the Group has discounted certain bank acceptance notes before maturity and the amounts of notes, which were discounted and not due are RMB2.6 million and RMB6.7 million, respectively. Upon the above discounting, the Group has derecognised the notes with an amount of RMB2.6 million These derecognised bank acceptance notes have maturity dates of less than twelve months from the end of each year. In the opinion of the directors of the Company, the Group has transferred substantially all the risks and rewards of ownership of these notes. The Group considered that the banks which issued these notes are of good credit quality and non-settlement of these notes are highly likely to be settled by the banks upon maturity.

An ageing analysis of the trade receivables at the end of each year, based on the invoice date of the trade receivables and net of provisions, is as follows:

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Within 1 year	**106,434**	142,249
1 to 2 years	**8,934**	2,552
	115,368	144,801

The movements in the loss allowance for impairment of trade receivables are as follows:

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
At beginning of year	**476**	276
Impairment losses *(Note 5)*	**4,278**	200
At end of year	**4,754**	476

An impairment analysis is performed at the end of each year using an expected credit loss ("**ECL**") model to measure expected credit losses ("**ECLs**"). In respect of trade receivables, individual credit evaluations are performed for those debtors with significant increase in credit risk. These evaluations focus on the customer's financial position, past history of making payments and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. For the rest of trade receivables which consist of numbers of customers with common risk characteristics, the Group uses ageing to assess the impairment. The ECL rates are based on days past due for groupings of various customer segments with similar loss patterns. The measurement of ECLs reflects a probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for over two years or when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of future recovery.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2023

		Past due			
	Current	**Within 1 year**	**1 to 2 years**	**Over 2 years**	**Total**
Expected credit loss rate	**1.49%**	**1.90%**	**9.00%**	**100%**	
Gross carrying amount *(RMB'000)*	**85,281**	**22,859**	**9,817**	**2,165**	**120,122**
Expected credit losses *(RMB'000)*	**1,272**	**434**	**883**	**2,165**	**4,754**

As at 31 December 2022

		Past due			
	Current	Within 1 year	1 to 2 years	Over 2 years	Total
Expected credit loss rate	0.12%	0.24%	5.31%	100.00%	
Gross carrying amount *(RMB'000)*	121,129	21,316	2,695	137	145,277
Expected credit losses *(RMB'000)*	145	51	143	137	476

The directors of the Company have carefully assessed the lifetime expected credit loss of trade receivables throughout the year. As at 31 December 2023 and 2022, there was no significant change for expected loss rate for trade receivables as the directors have considered that (i) the major customers and historical credit loss experience have hardly changed and (ii) there is no material change in the risk pattern and forward-looking factors.

As at 31 December 2023, the Group provided impairment allowance of RMB2.40 million(2022: RMB0.48 million) for trade receivables, based on the provision matrix. In addition, as at 31 December 2023, the Group provided impairment allowance of RMB2.35 million (2022: Nil) for trade receivables with significant increase in credit risk which were assessed individually.

There was an increase in the expected credit loss rate as at 31 December 2023 to reflect the adverse impact of the delay of payments of certain customers, who are public hospitals due to the macroeconomic environment.

10. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

		As at 31 December	
		2023	2022
	Notes	***RMB'000***	*RMB'000*
Other receivables	*(i)*	**5,776**	82,419
Deposits	*(ii)*	**86**	56
Prepayments		**66,914**	7,121
Deductible value-added tax		**–**	3,757
		72,776	93,353

(i) As at 31 December 2023, the other receivables are receivable from disposing of property, plant and equipment.

(ii) The deposits which will be refunded thereafter, are mainly provided to the suppliers.

11. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of each year, based on the invoice date, is as follows:

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Within 1 year	**1,378**	2,291
	1,378	2,291

Accounts payable do not earn interest.

12. OTHER PAYABLES AND ACCRUALS

		As at 31 December	
		2023	2022
	Note	***RMB'000***	*RMB'000*
Other payables	*(i)*	**5,933**	28,509
Payroll and welfare payables		**1,155**	710
		7,088	29,219

(i) Other payables are non-interest-bearing and repayable on demand.

13. SHARE CAPITAL

Shares

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Issued and fully paid:		
Ordinary shares	**8,576**	8,576

A summary of movements in the Company's share capital is as follows:

	Number of shares	**Nominal value of shares**
		RMB'000
As at 1 January, 2022	2,000	*
Issuance of shares *(Note (a))*	757,148,000	6,848
Issue of shares for the IPO *(Note (b))*	192,850,000	1,728
As at 31 December, 2022 and as at 1 January, 2023	950,000,000	8,576
As at 31 December 2023	950,000,000	8,576

* Amount less than RMB1,000.

(a) Pursuant to the resolution in writing of the Company's shareholders passed on 7 December 2022, conditional upon the share premium amount of the Company being credited as a result of the offering of the Company's shares or otherwise having sufficient balance, the Directors were authorised to capitalise the amount of HK$7,571,480 from the amount standing to the credit of the share premium account of the Company to pay up in full at par 757,148,000 shares of the Company for allotment and issue to holders of shares whose names appear on the register of members of the Company as of 7 December 2022.

(b) On 29 December 2022, upon its listing on the Stock Exchange, the Company issued 192,850,000 new ordinary shares with a par value HK$0.01 each at HK$0.53 per share for a total cash consideration of HK$102,210,500. The respective share capital was approximately RMB1.73 million.

There were 950,000,000 shares issued and outstanding as at 31 December 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

SUMMARY

The Company is a comprehensive medical imaging solutions provider, principally engaged in providing medical imaging film products and medical imaging cloud services in Shandong Province. The Company is a holding company of the Group which was incorporated in the Cayman Islands as an exempted company with limited liability on 11 December 2020 to prepare for the Listing and was listed on the Main Board of the Stock Exchange on 29 December 2022. We are a provider in Shandong Province which provides medical imaging film products together with medical imaging cloud services.

BUSINESS REVIEW

We have been the distributor of international medical imaging film products since 2016. Leveraging on our established customer base in the medical imaging market in Shandong Province and with a view to increasing our profitability, we have provided our self-branded medical imaging film products to our customers in Shandong Province since 2018. Having established a market position in the medical imaging film products market in Shandong Province and by riding on the increasing demand for medical imaging informatisation and medical imaging cloud platform, we tapped into the medical imaging cloud services market by providing hospitals and healthcare institutions with medical imaging cloud services in 2017.

1. Sales of medical imaging film products

We are engaged in the sales of (i) medical imaging films procured from international brands; and (ii) medical imaging films under our own "冠澤慧醫" (Guanze Huiyi) brand to hospitals and healthcare institutions. In the course of the sales of medical imaging films, depending on our customers' needs, we will provide them with the corresponding self-service film output printer and/or medical image printer to them free of charge. Occasionally, we also provide medical image data distribution system (including CDs) without charging our customers. The types of medical imaging films distributed or provided by us primarily include medical dry laser films, thermal films and medical printing films.

For the Reporting Period, the revenue from the sales of medical imaging film products was RMB141.1 million (2022: RMB157.5 million). The level of revenue decreased by 10.4% when compared with 2022. However, through the efforts of all staff and cost savings, we maintained an increase in net profit. Meanwhile, it is worth noting that (i) the gross profit increased due to a significant decrease in the cost of sales; and (ii) the self-branded "Guanze Huiyi" was recognized by more customers, accounting for an increase in the percentage of the total revenue of medical imaging film products from 44.1% in 2022 to 74.9% in 2023. The increase in the revenue of Guanze Huiyi's medical imaging film and its percentage of total revenue is due to (i) our active development of our self-branded medical imaging film; and (ii) more customers purchasing our self-branded medical imaging film which has higher cost-effectiveness.

2. Provision of medical imaging cloud services

We offer four types of medical imaging cloud services including (i) digital medical imaging cloud storage platform; (ii) digital medical image platform; (iii) regional imaging diagrams platform; and (iv) PACS system, in the course of the sales of medical imaging films. We procure software which offer the above services from our software suppliers. We also engage our software suppliers for updates on the software including adding new functions and clearing bugs for at least four times a year. Our Group is responsible for installing the software to the existing information technology systems of our customers. To connect the software and the existing information technology systems of our customers, we are also required to (i) formulate an application programme interface (API) and (ii) install a hard drive called front-end processor on-site.

For the Reporting Period, the revenue from provision of medical imaging cloud services decreased by 23.8% to approximately RMB14.9 million from approximately RMB19.6 million for the year ended 31 December 2022. The decrease was mainly due to the corresponding reduction in sales from imaging film products.

OUR STRATEGIES

We intend to adopt the following strategies to further develop our business:

— expand our customer base and further consolidate our market presence in Shandong Province by expanding to the eastern part of Shandong Province;

— enhance the delivery of our medical imaging cloud services through strategic acquisition, obtaining the medical device registration certificate and upgrade of our hardware and software;

— horizontally expand our value chain by broadening our product offerings;

— continue to promote our brands and increase market awareness by participating in exhibitions; and

— upgrade our information technology systems.

IMPACT OF POLICY AND UNCERTAINTIES

Our business operation, financial results and our cashflow may be adversely affected if the "Two Invoice System" is fully implemented in medical imaging films industry in Shandong Province. As part of the measures for the PRC healthcare system reform, the State Council together with seven other central government departments (including the NHFPC and the State Administration of Food and Drug) jointly issued the Notice on Opinions on the Implementation of the Two Invoice System in Drug Procurement by Public Medical Institutions (for Trial Implementation) (《關於在公立醫療機構藥品採購中推行兩票制的實施意見（試行）》) on 26 December 2016. Pursuant to the above notice, public medical institutions are required to implement the "Two Invoice System" for drug procurements gradually and encourage other medical institutions to promote the same with an aim to promote the "Two Invoice System" across the nation by 2018.

OUTLOOK

During the Two Sessions in 2023, which were the first session of the fourteenth National People's Congress and the first session of fourteenth National Committee of the Chinese People's Political Consultative Conference, proposals in the healthcare sector covered a wide array of topics including Healthy China initiatives, quality development of public hospitals, smart hospitals, digital upgrades, healthcare payment reform, data standardization and sharing, sustainable centralized procurement, urban medical consortia, and county-level healthcare collaborations. Proposals advocating for the development of an "AI+Healthcare" system and the shared use of big medical data attracted considerable attention, becoming a focal point of public interest. Smart healthcare has emerged as a new direction for the formulation of national healthcare industry development policies.

Smart healthcare utilizes AI technologies to facilitate the sharing, ecosystem integration and interaction of big medical data among doctors, patients, medical institutions and medical technology providers. AI, machine learning, natural language processing and deep learning enable stakeholders in smart healthcare and medical professionals to identify needs and solutions more rapidly and accurately. They can make informed medical or business decisions based on data patterns and enhance interactions between patients, medical staff, medical institutions and medical devices through the development of health record information platforms and the use of advanced IoT technologies, moving clinical diagnostics towards more intelligent and information-based processes. Our Group plans to utilize the technological knowledge, expertise and experience of start-ups, as well as the AI diagnostic software they are developing or have developed. This AI-assisted diagnostic software supports medical personnel during the diagnostic process by detecting and confirming through medical imaging, as well as providing diagnostic recommendations. We believe that there is significant potential in AI-assisted diagnostic software, not only because it aligns with the new direction of healthcare development policies but also due to the anticipated increase in patients in Shandong Province, coupled with expected improvements in diagnostic efficiency.

The original data, including patients' digital medical images and diagnostic reports, is stored on our digital imaging cloud platform and/or within the existing consultation IT systems of our hospital and medical institution clients. This data serves as a database for establishing a smart healthcare AI system capable of automatic processing of vast amounts of medical data, reducing the workload on doctors and nurses, while improving the quality and efficiency of medical services and enhancing the medical experience for patients. We believe the development of software built upon our medical imaging cloud services will complement our existing range of cloud services, expanding our product offerings and increasing our revenue in long term, thereby strengthening our position as a one-stop provider of medical imaging solutions.

The Group's Business Development Strategy

As a listed medical imaging solution provider, we must be vigilant of the current situation that we face. We will seize opportunities to overcome challenges and improve the equipment of related medical devices at the same time. We endeavour to keep an open mind towards transformation in order to clearly recognize the state of affairs so as to formulate effective development strategies. In summary, we are committed to the following:

(a) Strengthening operational risk management

Firstly, we will strengthen the business training for relevant staff to enable a good awareness of risk management, and supervise all processes such as storage, sales, and installation of medical devices. Secondly, the medical device recall system must be prepared in advance, and corresponding coping strategies must be in place. We must carry out risk management at the institutional level, to improve the perversive mechanism and the response mechanism for issues;

(b) Creating a strong brand strategy

Brand strategy is an inseparable focus of marketing activities and business operations, and an intangible asset. Branding can provide businesses and customers with more value than the products.

(c) Strengthening financial risk control

We will focus on capital operation risk control, including inventory management, based on sales. When preparing production budgets, we will evaluate and analyze market conditions and sales conditions to avoid increasing inventory backlogs due to blind production. We will guard ourselves against capital recovery risks and strengthen working capital risk management and control, etc.

Our Directors believe that there is ample opportunity for our Group to capture the medical imaging cloud services market and the allocation of approximately 37.3% of the net proceeds from Listing to upgrade and enhance its medical imaging cloud services will further facilitate market penetration and enhance our Group's competitiveness. According to China Insights Industry Consultancy Limited ("**CIC**"), the market of Tier–2 distributors medical imaging film products and the medical imaging cloud services market in East Shandong are fragmented. Our Directors believe that our self-branded products can tap into the market in East Shandong taking into consideration the following factors:

(a) the unit selling price of our self-branded medical imaging film is generally lower than the unit selling price of international medical imaging film products. Proven by our track record, certain hospitals and healthcare institutions may change their preference to our self-branded products;

(b) our management team and sales and marketing team are familiar with the procurement process of the hospitals and healthcare institutions in Shandong Province;

(c) we are a provider in Shandong Province which provides both medical imaging film products and medical imaging cloud services, which in turn may facilitate the hospitals and the medical practitioners to adapt to the shift from traditional medical imaging films to medical imaging cloud films; and

(d) our solid and established relationship with various distributors would be beneficial to our Group in expanding our customer network in East Shandong as a result of their delivery channel.

Technological Innovation

The healthcare systems in developed countries started the shift from traditional medical imaging films to digital films over the past two decades, and digitization in medical imaging has since gradually become a global trend. The shift to digital films mainly is to facilitate digital storage, access, and transmission of medical imaging data for purposes such as remote consultation and diagnosis. Presently, medical imaging results along with other patient information are usually stored in medical institutions database and could be accessed online by physicians and patients through patient portal, where the patients can still request hard copies of their medical imaging examination results for purposes such as transferring between medical institutions.

According to "Opinions of the General Office of the State Council on Promoting the Development of "Internet + Medical Health" (國務院辦公廳關於促進「互聯網+醫療健康」發展的意見) promulgated by the General Office of the State Council in 2018 and "Notice on Accelerating the Mutual Recognition of the Examination Results" (國家衛生健康委辦公廳關於加快推進檢查檢驗結果互認工作的通知) (the "**Notice**") published by the National Health Commission in 2021, the PRC government called for the construction of the national and regional health platform, through the establishment of medical institutions examination database including "medical imaging cloud films" serving as the source of database, in order to promote the sharing of examination data, and to achieve the interconnection and mutual recognition of examination data between medical institutions in the same region.

The Group has strong research and development capabilities, following the trend of growing demand for medical imaging informatization and medical imaging cloud services, and has chosen to vigorously develop medical imaging cloud services in face of the immense market opportunities while traditional medical imaging films is being transformed. Currently, the business has shown a good momentum of development. As cloud computing technology further matures and the continuous improvement of healthcare institutions' acceptance of cloud computing, medical imaging cloud will maintain rapid growth in the next few years, and medical core business systems will gradually migrate to the cloud. In the future, we will strive to help the medical imaging centers of cooperative healthcare institutions to realize functions such as image cloud storage, remote consultation, quality control, multi-disciplinary consultation, and big data applications, so that the general public can enjoy high-quality examinations and accurate diagnoses. We believe that our research and development capabilities are the cornerstone of our long-term competitiveness and the driving force for our future growth and development.

FINANCIAL REVIEW

The revenue of the Group was derived from the: (i) sales of medical imaging film products; and (ii) provision of medical imaging cloud services in Mainland China during the Year.

Revenue

For the Year, the total revenue decreased by 11.9% to approximately RMB156.1 million (2022: RMB177.1 million). The decrease was primarily attributable to the decrease in sales of medical imaging film products:

(i) Sales of medical imaging film products

For the Year, revenue generated from sales of medical imaging film products decreased by approximately RMB16.4 million, or 10.4%, to approximately RMB141.1 million (2022: RMB157.5 million). The decrease was primarily attributable to the fact that customers shifted their demand from international brand models of imaging films to our self-branded medical imaging films.

(ii) Provision of medical imaging cloud services

For the Year, revenue generated from the provision of medical imaging cloud services decreased by approximately RMB4.7 million, or 23.8%, to approximately RMB14.9 million (2022: RMB19.6 million). The decrease was mainly due to the reduction in sales income from imaging film products.

Cost of Sales

For the Year, cost of sales decreased by 26.5% to approximately RMB70.7 million (2022: RMB96.1 million), which was mainly because the cost of self-branded film was lower than the cost of international brand film, and the overall sales cost decreased as the sales proportion of self-branded film was further expanded.

Gross Profit and Gross Profit Margin

For the Year, the Group's gross profit increased by RMB4.4 million to approximately RMB85.4 million (2022: RMB81.0 million), which was primarily due to the significant decrease in cost of sales for the reasons set out in the sub-paragraph headed "Cost of Sales" above.

For the Year, the gross profit margin increased by approximately 9.0 percentage points to approximately 54.7% (2022: 45.7%), which was primarily attributable to the increase in gross profit margin from sales of medical imaging film products by approximately 10.5 percentage points to approximately 51.5% (2022: 41.0%), primarily attributable to the fact that customers shifted their demand from international brand models of imaging films to our self-branded medical imaging films with higher gross profit margin.

Other Income and Gains

For the Year, the Group's other income and gains increased by approximately RMB0.3 million, or 15.4%, to approximately RMB2.4 million (2022: RMB2.1 million). The increase was mainly attributable to the increase in interest income of bank deposits by approximately RMB0.8 million to approximately RMB0.8 million during the year (2022: RMB32,000).

Selling and Distribution Expenses

For the Year, the Group's selling and distribution expenses increased by approximately RMB3.1 million, or 13.2%, to approximately RMB26.6 million (2022: RMB23.5 million), which was mainly attributable to the increased labour costs and related travel, promotion and other expenses incurred during the year to expand our business.

Administrative Expenses

For the Year, the Group's administrative expenses decreased by 47.9% to approximately RMB14.3 million (2022: RMB27.5 million), which was primarily attributable to the fact that more intermediary service fees related to listing was incurred during the preparations for listing of the Company in 2022. However, the absence of such expenditures during the year resulted in a significant decrease in intermediary service fees.

Finance costs

For the Year, the Group's finance costs decreased by approximately RMB0.1 million, or 16.5%, to approximately RMB0.9 million (2022: RMB1.0 million), which was primarily attributable to the decrease in interests of bank loans by RMB0.3 million to RMB0.6 million for the year (2022: RMB0.9 million).

Income tax expense

For the Year, the Group's income tax expenses decreased by approximately RMB1.0 million, or 8.1%, to approximately RMB10.7 million (2022: RMB11.7 million) as a result of a decrease in effective tax rate to approximately 27.8% for the Year (2022: 39.0%). The decrease of effective tax rate was primarily attributable to the decrease of non-deductible listing expenses.

Profit for the Year and Net Profit Margin

As a result of the cumulative effect of the above factors, the Group's profit for the Year increased by approximately RMB9.6 million, or 52.7%, to approximately RMB27.9 million (2022: RMB18.3 million). For the Year, the Group's net profit margin increased to approximately 17.9% (2022: 10.3%). If we excluded the non-recurring listing expenses and one-off other income and gains/expenses from our results, we would have recorded profit of approximately RMB34.8 million and a net profit margin of approximately 19.6% for the year ended 31 December 2022.

Liquidity and Financial Resources

As at 31 December 2023, the Group reported net current assets of approximately RMB230.4 million (as at 31 December 2022: RMB226.1 million). The Group's cash and cash equivalents balances increased by approximately RMB39.0 million to approximately RMB68.4 million (as at 31 December 2022: RMB29.4 million).

For the Year, the net cash generated from operating activities was approximately RMB8.8 million (2022: RMB9.3 million). The cash generated from operating activities was mainly from the operating profits during the Year.

For the Year, the net cash used in investing activities was approximately RMB7.3 million (2022: RMB9.3 million). The net cash used in investing activities was mainly attributable to the purchase and prepayment of property, plant and equipment. For the Year, the net cash generated from financing activities was approximately RMB37.4 million (2022: RMB9.1 million). The net cash generated from financing activities was mainly attributable to receipt of approximately RMB82.4 million from the Listing.

As of 31 December 2023, the Group maintained a healthy liquidity position. The Board expects that the bank loans will be settled by funding from internal resources or extended as it becomes due. All principal banks will continue to provide funding to the Group for its business operation.

Bank Borrowings

As of 31 December 2023, the Group had outstanding interest-bearing bank loans of RMB21.1 million (as at 31 December 2022: RMB25.5 million).

Contingent Liabilities

As at 31 December 2023, the Group had no significant contingent liabilities (as at 31 December 2022: nil).

Capital Commitments

As at 31 December 2023, the Group had no significant capital commitments (as at 31 December 2022: nil).

Foreign Exchange Exposure

The sales and purchases of the Group were denominated in Renminbi. The cash and cash equivalents of the Group were mainly denominated in Renminbi and Hong Kong dollars. The borrowings are denominated in Renminbi. Since the Group's exposure to fluctuations in foreign exchange rates was minimal, the Group has not implemented any foreign currency hedging policy at the moment. However, the management will closely monitor the foreign exchange exposure of the Group and will consider hedging the foreign exchange exposure if it becomes significant to the Group.

Pledge of Assets

As at 31 December 2023, certain of the Group's buildings with a net carrying amount of approximately RMB9.2 million were pledged to secure some of the Group's interest-bearing bank borrowings (as at 31 December 2022: RMB5.4 million).

Gearing Ratio

As at 31 December 2023, the Group's gearing ratio decreased by 2.0% to 7.8% (as at 31 December 2022: 9.8%), which was mainly due to the decrease in interest-bearing bank borrowings. The gearing ratio is calculated by dividing total debt (including interest-bearing bank and other borrowings) by total equity at the end of the respective years.

Material Investments

The Group did not make any significant investments (including any investment in an investee company with a value of 5% or more of the Group's total assets as of 31 December 2023) during the Year or have future plans for material investments or capital assets in the coming year as at the date of this announcement.

Material Acquisitions and Disposals

The Group did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities or associated companies during the Year.

Dividend

On 28 March 2024, the Board recommended the payment of a final dividend of HK2.1 cents per Share (2022: HK2.1 cents per Share) for the year ended 31 December 2023, amounting to approximately HK$20.0 million (2022: HK$20.0 million). Subject to the passing of the relevant resolution at the forthcoming annual general meeting of the Company, the final dividend will be paid on or around Thursday, 20 June 2024 to Shareholders whose names appear on the register of members of the Company on Tuesday, 11 June 2024.

There is no arrangement that a Shareholder has waived or agreed to waive any dividends.

Employees and Remuneration Policies

The Group had a total of 56 (as at 31 December 2022: 43) employees as at 31 December 2023. The Group's remuneration policies were in line with relevant legislation, market conditions and the performance of our employees. The remuneration of employees was determined based on their performance, skills, knowledge, experience and market trend. The Group reviews the remuneration policies and packages on a regular basis and will make necessary adjustment commensurate with the pay level in the industry.

The Group offers training programs on topics such as industry trends, technology, management and professional skills, and other areas tailored to the needs of our employees for career advancement and overall employee quality improvement.

Pension Scheme

The Group participates in the central pension schemes as defined by the laws of the countries in which it has operations. The subsidiaries established and operating in Mainland China are required to provide certain staff pension benefits to their employees under existing regulations of the PRC. Pension scheme contributions are provided at rates stipulated by PRC regulations and are made to a pension fund managed by government agencies, which are responsible for administering the contributions for the subsidiaries' employees. During the year, there is no forfeited contribution (by the Group on behalf of its employees who leave the Group prior to vesting fully in such contributions) available to be utilized by the Group to reduce the contributions payable in the future years or to reduce the Group's existing level of contributions to the defined contribution retirement plan.

USE OF NET PROCEEDS FROM THE LISTING

The Company issued 192,850,000 Shares in the global offering at a price of HK$0.53 per Share upon Listing. The net proceeds from the global offering received by the Company amounted to approximately HK$76.8 million (equivalent to approximately RMB68.6 million).

There has been no change in the intended use of net proceeds from the Listing as disclosed in the Prospectus. A summary of the planned applications of the net proceeds as well as the expected timeline for utilization is set out below:

	Approx. % of the net proceeds from the Listing	Net proceeds from the Listing *RMB' million*	Utilized amount up to 31 December 2023 *RMB' million*	Unutilized amount at 31 December 2023 *RMB' million*	Expected timeline for full utilization
Expanding customer base and consolidating market presence	46.4%	31.8	–	31.8	December 2025
Enhancing medical imaging cloud services	37.3%	25.6	1.3	24.3	December 2025
Broadening product offerings	2.7%	1.9	–	1.9	December 2025
Promoting brands and increasing market awareness	2.5%	1.7	0.1	1.6	December 2025
Upgrading information technology systems	2.5%	1.7	0.1	1.6	December 2025
Working capital and other general corporate purposes	8.6%	5.9	5.9	–	N/A
Total	100.0%	68.6	7.4	61.2	

As at 31 December 2023, the amount of unutilized net proceeds amounted to approximately RMB61.2 million. The unutilized net proceeds were placed in interest-bearing deposits with authorized financial institutions or licensed banks in Hong Kong and the PRC.

Up to 31 December 2023, the utilized net proceeds were applied in accordance with the planned use as previously disclosed in the Prospectus and the remaining net proceeds are expected to be used as planned. The remaining unutilized net proceeds are expected to be utilized on or before 31 December 2025.

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

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

MODEL CODE

The Company has adopted the Model Code for dealings in securities of the Company by the Directors and relevant employees who are likely to be in possession of unpublished inside information of the Company. Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code for the Year. No incident of non-compliance of the Model Code by the relevant employees has been noted by the Company for the Year.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the CG Code as its own code of corporate governance. The Board believes that the Company has fully complied with the CG Code for the Year except for the deviation set out below.

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Nonetheless, in view of Mr. Meng Xianzhen's crucial role in the Group and its historical development and Mr. Meng Xianzhen's extensive experience in the industry, we consider that it is beneficial to the business development of the Group that Mr. Meng Xianzhen acts as both Chairman and Chief Executive Officer of the Group. This will provide a strong and consistent leadership to the Group and allow for more effective planning and management to the Group.

ANNUAL GENERAL MEETING

The AGM is scheduled to be held on Friday, 31 May 2024. A notice convening the AGM will be issued and disseminated to Shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the Shareholders who are entitled to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 28 May 2024 to Friday, 31 May 2024 both days inclusive.

In order to qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates should be lodged for registration with Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 27 May 2024.

For determining the entitlement to the proposed final dividend for the year ended 31 December 2023 subject to the approval by the Shareholders at the AGM, the register of members of the Company will be closed from Thursday, 6 June 2024 to Tuesday, 11 June 2024 both days inclusive. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates should be lodged for registration with Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 5 June 2024.

EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the Year, the Board, based on the recommendation of the remuneration committee of the Company, resolved to grant 6,802,000 Shares in total (the "**Awarded Shares**") under the share award scheme of the Company (the "**Share Award Scheme**"), which was adopted by the Company on 2 December 2023 (the "**Adoption Date**"), to 16 selected participants, who were employees of the Group, at nil consideration on 6 January 2024 (the "**Grant**"). The Awarded Shares representing approximately 0.72% of the issued share capital of the Company as at the Adoption Date shall vest on 5 January 2029, which is 5 years from date of Grant.

The Company was informed by the trustee that the purchases of an aggregate of 6,802,000 Shares on the market for the purpose of satisfying the Grant had been completed during the period from 16 January 2024 to 26 January 2024 (the "**Shares Purchased**"). The purchase of existing Shares by the trustee was financed with funds provided by the Company in accordance with the Share Award Scheme. Total consideration paid for the Shares Purchased was HK$5,200,760 with average consideration of approximately HK$0.76 per Share. Details of the Grant and the Shares Purchased are set out in the announcement of the Company dated 2 February 2024.

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Company's second amended and restated memorandum of association (the "**Memorandum of Association**") and second amended and restated articles of association (the "**Articles of Association**") were conditionally adopted on 7 December 2022, effective on the Listing. There have been no changes in the Memorandum of Association and Articles of Association up to the date of this announcement.

The Board has proposed to amend the Articles of Association for the purpose of, among others, updating and bringing the Articles of Association in line with the latest regulatory requirements in relation to the expanded paperless listing regime and the electronic dissemination of corporate communications by listed issuers and the relevant amendments made to the Listing Rules which took effect from 31 December 2023, as well as other housekeeping changes (the "**Proposed Amendments**").

For the purposes of the Proposed Amendments, the Board proposes to adopt the third amended and restated Articles of Association (the "**New Articles of Association**"), which consolidates the Proposed Amendments in substitution for, and to the exclusion of, the Articles of Association in their entirety.

The Proposed Amendments and adoption of the New Articles of Association are subject to the approval of the Shareholders by way of a special resolution to be considered and, if thought fit, passed at the AGM. A circular containing, among other matters, further details of the Proposed Amendments as well as the proposed adoption of the New Articles of Association, together with a notice of the AGM, will be despatched to the Shareholders in due course.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors, namely, Dr. Wong Man Hin Raymond, Dr. Zhao Bin and Dr. Chang Shiwang. Dr. Wong Man Hin Raymond is the chairman of the Audit Committee. The primary duties of the Audit Committee are to assist the Board by monitoring and evaluating the work of the external auditor, supervising the implementation of our internal audit system, reviewing and commenting on our financial reports and related disclosures, and other duties conferred by the Board.

REVIEW OF ANNUAL RESULTS

The Audit Committee has jointly reviewed with the management and the independent auditors of the Company, the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters (including the review of the audited consolidated financial statements of the Group for the Year, which has been agreed by the independent auditors of the Company) of the Group. The Audit Committee and the independent auditors consider that the annual results of the Group for the Year are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof.

SCOPE OF WORK FOR ANNUAL RESULTS ANNOUNCEMENT BY AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in this preliminary announcement have been agreed by the Group's independent auditor, Ernst & Young (the "**Auditor**"), to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2023. The work performed by the Auditor 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 assurance has been expressed by the Auditor on this preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (http://www.hkex.com.hk) and the Company (http://www.guanzegroup.com). The annual report for the reporting period containing all the information required by Appendix D2 to the Listing Rules will be dispatched to the Shareholders and available on the same websites in due course.

APPRECIATION

The Company would like to take this opportunity to thank all our valued Shareholders and various stakeholders of the Company for their continuous support. Also, the Company would like to express its appreciation to all the staff for their efforts and commitments to the Group.

DEFINITIONS

"AGM"	the annual general meeting of the Company to be held on Friday, 31 May 2024
"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors
"Chairman"	the chairman of the Board
"China" or the "PRC"	the People's Republic of China excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"CG Code"	the corporate governance code as set out under Appendix C1 to the Listing Rules
"Company" or "Guanze Medical"	Guanze Medical Information Industry (Holding) Co., Ltd. (formerly known as Guanze Intelligent Medical Information Industry (Holding) Co., Ltd.), an exempted company incorporated in the Cayman Islands with limited liability on 11 December 2020
"Directors"	the director(s) of the Company
"Group"	the Company and its subsidiaries at the relevant time
"HK dollar(s)" or "HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing"	the listing of the Shares on the Main Board on 29 December 2022, on which dealings in Shares first commence on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
"Main Board"	main board of the Stock Exchange

"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
"Prospectus"	the prospectus issued by the Company dated 15 December 2022
"Renminbi" or "RMB"	Renminbi, the lawful currency of the PRC
"Reporting Period"	the twelve-month period from 1 January 2023 to 31 December 2023
"Share(s)"	ordinary share(s) with nominal value of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Year"	the year ended 31 December 2023

By order of the Board
Guanze Medical Information Industry (Holding) Co., Ltd.
Meng Xianzhen
Chairman of the Board

Hong Kong, 28 March 2024

As at the date of this announcement, the executive Directors are Mr. Meng Xianzhen and Mr. Guo Zhenyu, the non-executive Director is Ms. Meng Cathy, the independent non-executive Directors are Dr. Zhao Bin, Dr. Chang Shiwang and Dr. Wong Man Hin Raymond.