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Kindstar Globalgene Technology, Inc.
康聖環球基因技術有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 9960)

**ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED
DECEMBER 31, 2024**

The Board is pleased to announce the audited consolidated results of the Group for the year ended December 31, 2024, together with the comparative figures for the year ended December 31, 2023. The Group's audited consolidated financial statements have been reviewed by the Audit Committee and the Auditor.

In this announcement, "we," "us," and "our" refer to the Company and where the context otherwise requires, the Group. Certain amounts and percentage figures included in this announcement have been subject to rounding adjustments. Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

FINANCIAL HIGHLIGHTS

	For the year ended December 31,		
	2024	2023	Year-on-year change
	<i>RMB'000</i>	<i>RMB'000</i>	%
Revenue	927,568	967,260	(4.1)
Gross profit	439,563	451,129	(2.6)
Gross margin (%)	47.4%	46.6%	0.8
Net (loss)/profit	(60,681)	36,447	(266.4)
Net margin ratio (%)	(6.5)%	3.8%	(10.3)

Note:

- (1) Includes hematology testing, neurology testing, maternity-related testing, genetic disease and rare disease testing, infectious disease testing, oncology testing, routine testing, scientific research services and CRO and others.

Revenue

Our total revenue decreased by 4.1% from RMB967.3 million for the year ended December 31, 2023 to RMB927.5 million. which was primarily attributable to (i) the impact of changes in settlement models of certain businesses for the period, resulting in a decrease in revenue of RMB20.8 million; and (ii) the slight decrease in overall business revenue compared with the corresponding period last year, excluding the impact of changes in settlement models.

Gross profit and gross profit margin

Our gross profit was lower compared to that of the corresponding period, mainly due to a decrease in revenue of RMB39.7 million and an increase in fixed asset investment. In comparison with the year of 2023, the Group newly built new laboratories in Shanghai and Guangzhou. Gross profit margin recorded an increase as compared to 2023 due to refined product mix, cost control and improvement of efficiency.

Net loss and net margin ratio

During the Reporting Period, we recorded a net loss of RMB60.7 million as compared to a net profit of RMB36.4 million recorded in the corresponding period of last year, with a net loss margin of 6.5%, representing a decrease of 10.3 percentage points year-on-year, primarily because (i) a significant amount of expected credit losses of trade receivables were incurred due to the extended collection period of certain receivables during the Reporting Period, resulting in the provision for expected credit losses of testing business of RMB71.2 million in 2024; (ii) the business growth of certain investees of the fund the Company invested in failed to meet expectations, resulting in fair value losses on fund investment of RMB21.2 million; and (iii) we received government subsidies of RMB27.1 million in the corresponding period in 2023, which was a non-recurring income, resulting in a decrease in profit accordingly.

BUSINESS REVIEW AND OUTLOOK

In 2024, China continued to strengthen the supervision of the healthcare industry, accelerating the third-party medical testing sector towards a new compliant, healthy and sustainable stage with the backing of the policies. The industry has overall entered a critical phase of in-depth adjustments and standardized development, posing more severe challenges to the operational strategies, business models and compliance management of enterprises. At the same time, with economic and social development and the increasing concern for the personal health of the public, the market demand for precision medicine and specialty esoteric testing has been rising. In view of this, Kindstar Global leveraged its accumulated experience and keen insights into the esoteric testing field to further expand its key specialties through multi-technology platforms and multi-testing projects. It also expanded its business modules and optimized resource allocation through strategic mergers and acquisitions (M&A), achieving steady development of its various businesses in 2024.

Steady Development of Specialty Esoteric Testing Businesses

Since its establishment, the Group has been deeply cultivated in six major specialty esoteric testing businesses, including hematology, neurology, genetic diseases and rare diseases, infectious diseases, oncology and maternity. It has built up its core barriers through independent scientific research and innovation as well as multi-technology platforms to maintain its leading advantages within the industry over the years. By virtue of our profound long-term experience and resources, we have also started to engage in the fields of ophthalmology, cardiovascular diseases, rheumatology and immunology, etc. We further consolidated our comprehensive competitiveness in the specialty esoteric testing field by establishing a standardized testing item manual and conducting R&D cooperation with principal hospitals.

In 2024, our six major existing specialty esoteric testing business fundamentals remained intact. Among which, the hematology testing service maintained steady growth in the number of hospitals that cooperated with us, with more than 160 new hospital customers. The coverage rate of our pediatric hematology segment in pediatric hospitals has continued to increase, and we have cooperated with a number of top-tier children's hospitals in China, including West China Children's and Women's Hospital, Shanghai Children's Medical Center, Shanghai Xinhua Hospital, Shanghai Fudan Children's Hospital, Suzhou Children's Hospital, Hunan Children's Hospital, Chongqing Children's Hospital. In the field of neurology, our ongoing projects covered almost all types of neurological diseases, including neuroimmunology, neuroinfection, neurogenesis, neuropharmacology, neuromuscular biopsy and neurotumor. In particular, we made greater progress in neurodegenerative diseases. Our business covered 166 provincial and municipal Class IIIA hospitals, and 228 prefectural hospitals, a total of 394 hospitals. We not only worked closely with industry experts from leading hospitals in China, such as West China Hospital of Sichuan University, Southern Medical University and Xiangya Hospital of Central South University, but also entered into strategic cooperation with Eisai, in which both of us made full use of our respective advantages in drug treatments for Alzheimer's Disease (AD) and biomarker detection for AD. We conducted comprehensive cooperation in the field of precision diagnosis and treatment of AD, jointly contributing to the sustainable development of precision diagnosis and treatment of AD.

In the field of oncology, the Group significantly improved the efficiency of report interpretation by launching the Onco-kindstar reporter, an intelligent reporting and analysis system for tumors, and extended its companion diagnostic products from common tumors to rare tumors, such as medulloblastoma, neuroblastoma and nephroblastoma. The molecular residual disease (MRD) solutions for tumor informed assays continued to be optimized and were widely recognized in the market. In addition, we acquired Guangzhou Jizhun Medical Co., Ltd. and Guangzhou Kangcheng Weiye Biotechnology Co., Ltd. (hereinafter referred to as “AnchorDX”) to swiftly penetrate the field of early screening and diagnosis for oncology. We completed the business modules of full-cycle screening and diagnosis of oncology, including early screening, early diagnosis, companion diagnostics and recurrence monitoring, which allowed us to precisely grasp the huge growth opportunity in the early screening and diagnosis market of oncology specialty testing, and identify new performance growth areas in 2025.

In the field of infection, we continued to develop and optimize our self-developed targeted pathogen sequencing, and the flexibility of clinical use was further enhanced. The sales of our targeted pathogen sequencing projects increased sharply compared with that of last year, with an annual increase of over 40%.

In terms of the maternity and pediatrics business, we were constantly devoted to the prevention of birth defects in newborns, the proportion of our noninvasive DNA and noninvasive plus testing businesses related to prenatal screening reached 35%. At the same time, we further increased the market coverage of pediatric neurology and pediatric endocrinology through our signature projects such as the L-CBA tests for MOG antibodies, multiple steroid hormone tests and vitamins tests.

In 2024, we continued to cultivate our new specialty esoteric testing businesses. In terms of ophthalmic testing, we became the first institution in China to attempt to monitor drug concentrations of adalimumab in the treatment of uveitis; the research officially launched based on the immune repertoire technology and thyroid eye disease mechanism. We secured 11 new Class IIIA hospital customers throughout the year, extending our coverage to capital-level cities and their neighboring cities in 13 provinces nationwide. In terms of rheumatology and immunology testing, the Group continued to focus on the diagnostics market for immunological abnormalities in pregnancy of autoimmunity, and maintained clinical collaborations with more than 250 hospitals for testing, with 7 projects obtaining the certification of autoimmune clinical testing center under the National Clinical Research Center for Dermatologic and Immunologic Diseases and 6 projects passed with full score in external quality assessment with leading Class IIIA hospitals in China. In the second half of 2024, we, together with our partners, started the R&D of immuno-diagnostic assay kits and began to promote the clinical registration of related products. In terms of cardiovascular testing, we refined the construction of a number of mass spectrometry platforms with our partners throughout 2024, introduced more than 100 new metabolite and gene detection indicators, obtained 13 new approved Class I reagents for mass spectrometry testing items, as well as obtained 1 Class II in vitro diagnostic assay kit; we also successfully completed the construction of 5 clinical mass spectrometry laboratories. Besides, the Group established a dermatology-related business in 2024 by launching 132 dermatology medical tests and setting up the first dermatology internet hospital with a medical esoteric laboratory in China so as to safeguard patients with a good “first line of defense” against diseases.

Scientific Research and Innovation to Drive the Development of the Industry

In 2024, we were committed to investing in scientific research and driving development with innovation and achieved abundant original achievements in scientific technology and clinical application research related to precision medicine, which injected strong impetus for the development of the industry and laid a solid foundation for our long-term development. During the year, the scientific research department of the Group published 12 articles (including 5 articles indexed in SCI and 7 articles indexed in the Core Journals of China), obtained 1 copyright authorization, and applied for 47 patents and 24 authorizations. The Group had 264 new R&D detection projects in total, including 130 projects related to molecular biology detection technology, 42 projects related to flow cytometry detection technology, 26 projects related to cytogenetic detection technology, and 17 projects related to pathological detection technology.

In terms of R&D, we continued to develop a variety of key projects during the year, including the development of automatic analysis procedures related to bioinformatics based on the NGS technology platform; lymphoma ctDNA testing for lymphoma diagnosis, medication guidance, disease monitoring and MRD assessment; the quantitative detection of fusion gene and gene mutation based on digital PCR technology; and enrichment of the classification and application of immunocyte under different clinical application scenarios through the addition of new immunology-based projects. In the first half of the year, the Group successfully built the “Bionano” optical genome mapping technology platform which is for the diagnosis or treatment guidance of hematological tumors, oncology and hereditary diseases, etc.

Remarkable Achievements in Quality and Compliance Management

In 2024, the Group made remarkable achievements in quality management and compliance management, laying a solid foundation for the steady development of the Company. During the year, we revised our quality management system documents in accordance with the requirements of ISO15189:2022 and organized more than 10 training sessions for internal auditors and the new version of the document system. All subsidiaries successfully passed the ISO15189 on-site audits.

In the meantime, the Group actively satisfied the requirements of the latest policy documents issued by various regions by adding new underlying management standards, revising the management requirements for self-inspection and entrusted inspection projects, and setting up an inspection project and R&D management committee of the Group. It also implemented measures such as making adjustments to the existing entrusted laboratories, entrusted tests and clinical test report templates, and developing and launching the order system of the Group. During the year, the operations of all subsidiaries of the Group continued to meet the compliance requirements and customer needs.

Highlighted Potential of the Products for Immune Repertoire

In 2024, the business of our core product in the immune repertoire area, Lymscan, which is used in minimal residual disease monitoring in lymphoma, expanded to over 160 institutions in 25 provinces, representing a year-on-year increase of nearly 100% in revenue as compared to 2023. We continued to increase clinical research collaborations with well-known pharmaceutical companies, and the related assay kit was filed as Class I medical device. We have also established a rigorous quality and performance evaluation system for our products. After rigorous testing on real world clinical samples, our current technical indicators have reached high testing standards of the industry. We have been cooperating with a number of well-known domestic enterprises and institutions to explore and refine the applications of KB-SEQ, a product for health monitoring; and we are finalizing our research on Fantekang, a product for immune reconstitution and monitoring, with famous national oncology hospitals, and working closely with renowned pharmaceutical companies to explore its immunotherapy efficacy.

During the year, the healthy human immune database self-developed by Wuhan Kindstar Biotechnology Co., Ltd., a subsidiary of the Group, was officially listed on the Hubei Huazhong Culture Property Rights Exchange. It realized data rights confirmation and value assessment through the exchange listing, and provided pharmaceutical companies and research institutions with legitimate data services. It also supported customized data utilization to accelerate the R&D of precision medical products.

Esoteric Testing Reagents

In 2024, Wuhan Haixi Biological Technology Co., Ltd., a subsidiary of the Group, focused on its self-developed products and formed a closed loop from R&D to commercialization of esoteric testing reagents through the integrated models of technical services and product sales. Its core products have completed 74 fusion gene screenings and the development of the reverse transcriptase assay kit and have kept pace with the latest guidelines and literature, further expanding the product line for the diagnosis of hematological tumors. The multi-omics technology layout was deepened, and the development of 35 NGS assay kits covering the areas of fusion gene and CNV analysis was achieved, with a completion rate of 91.4%. The new assay kits could satisfy the different needs of more than 95% of medical institutions, providing more choices for the industry.

In terms of R&D innovation, the Group launched the first micro haplogroup-based chimerism assay kit in China, with a sensitivity of 0.1% and a detection coverage of nearly 100%, which showed a significant advantage in post-transplant monitoring. Its performance was on a par with that of the mainstream products in Europe and the U.S. Additionally, the Group applied for a national intellectual property patent in respect of the corresponding technological innovations.

During the year, AnchorDx, which we announced the acquisition of, is also the leader in the industry in terms of the esoteric testing reagents segment. Its signature product UriFind® is the first assay kit approved for the supplementary diagnosis of urothelial carcinoma in China, and has obtained the Class III medical device registration certificate from the National Medical Products Administration. As of the end of 2024, UriFind® completed the procurement process in 8 hospitals and was officially available for sale. PulmoSeek®Plus, a product of AnchorDx, completed the preparatory work for the independent development and use of in vitro diagnostic reagents by medical institutions and orderly engaged in promoting the localization of LDT (Laboratory Developed Test). With the combined diagnostic system of “Methylation-based Liquid Biopsy + CT Imaging AI”, the product focused on the early screening of lung cancer as well as the identification of benign and malignant nodules, and its clinical data validation showed that the sensitivity of early diagnosis, the specificity and the accuracy rate were 98.1%, 91.7% and 97.3%, respectively. Currently, AnchorDx is accelerating the standardization of the testing process and the adaptation of medical terminal service and completing the gradual implementation of the LDT model in the testing scenarios at the hospital by 2025 as scheduled, so as to construct a medical terminal service network covering the full cycle of lung cancer “screening, diagnosis and treatment”.

Scientific Research Services and Contract Research Organizations (“CRO(s)”)

Leveraging on its professional R&D and innovation strength and bioinformatics accumulation, the Group has become a multi-omics scientific research service provider for many national and international leading biotechnology scientific research institutes and pharmaceutical companies since 2023. The Group not only established ultra-high-throughput second-generation sequencing platforms manufactured by Illumina and MGI but also became the first batch of Revio platform sequencing service providers to obtain official certification from PacBio in the Asia Pacific at the end of 2023. The Group also formed a full-dimensional technology matrix covering the fields of third-generation sequencing, NGS, single-cell sequencing, MAS-Seq (the third generation single cell), and STOmics to open up a new path of technical empowerment for precision medicine, drug development, multi-omics joint analysis and other fields. In 2024, the Group cooperated with nearly 200 hospitals and enterprises, and its overseas business expanded to many countries.

In 2024, the Group received over 200 pilot business consultancies, totaling 10 new contracts and supplemental agreements, involving various treatment fields such as cell therapy, multiple myeloma, acute myeloid leukemia and chronic myeloid leukemia (CML), with the value of new contracts amounting to approximately RMB18.00 million, the value of existing contract amounting to over RMB47.00 million, and the partners covering well-known pharmaceutical companies and R&D institutions for cell therapy at home and abroad. During the year, we also carried out the Thermo Fisher Sample Manager LIMS system project, the implementation of which could optimize the full-cycle precision management of CRO samples, significantly enhance the level of automation, facilitate the efficient collection and in-depth exploration of experimental data and reduce human error. This would better satisfy the safety, compliance and informatization requirements of domestic and international customers for laboratories in clinical drug trial centers and enhance the standardized management level of the CRO projects of the Group so as to inject strong impetus into the future development of the Company.

Internet Hospital

Back in 2021, the Group started the strategic deployment of its internet hospital. As of 2024, the doctor side of “Kindstar You Yi”, an Internet Hospital of the Group, successfully invited more than 300 doctors to join the You Yi Internet hospital platform to carry out online consultation, patient management and other duties in the Internet hospital. In terms of the doctors who joined the platform, it brought together doctors from multidisciplinary departments including internal medicine, hematology, dermatology, maternity, pediatrics, neurology and general medicine, with 26% of them holding titles of vice-senior or above. During the year, we launched the CML and chronic disease management tool. We collected feedback from a number of top experts and clinical patients to carry out several rounds of optimization and upgrading of the management tool and ensure that it was more in line with the actual clinical needs, so as to provide doctors and patients with a more efficient and convenient disease management tool, helping doctors to improve diagnostic and treatment efficiency and quality as well as improving patients’ experience.

In February 2025, in order to satisfy patients’ demand for efficient, accurate and convenient medical services, Kindstar You Yi officially integrated with the technical services of Deepseek, a leading artificial intelligence company. It reshaped the whole medical treatment process through the capability of AI large model, from accurate diagnosis/consultations, efficient prescription services to intelligent report interpretations, realizing the important milestone of the in-depth integration of “AI + Healthcare”. In the future, Kindstar You Yi will tap into the in-depth application of AI in chronic disease management, health alerts, health file formation and other scenarios, and is committed to making intelligent healthcare more humanistic and efficient.

External Investment and M&A

In the first half of 2024, the Group agreed to acquire a total of approximately 11.38% equity interest in Beijing Bofurui Gene Diagnostic Technology Co., Ltd. (北京博富瑞基因診斷技術有限公司) (hereinafter referred to as “**Bofurui**”) at a total consideration of RMB31,876,000. Bofurui is a leading enterprise in the field of transplantation esoteric testing and professional services in China. This acquisition enabled the Group to expand its presence in the transplantation market.

In September 2024, the Group announced the acquisition of 100% equity interest in AnchorDx. Upon completion of the acquisition in January 2025, the Group added an IVD product pipeline for early tumor screening and diagnosis to its existing product matrix to facilitate upstream and downstream industry integration of the Group and dual-track development in IVD and LDT segments. In the meanwhile, Orbimed, the former shareholder of AnchorDx, became one of the shareholders of Kindstar Global. Its rich investment experience in the healthcare industry helped the Group to expand the market and enhance its brand effect and market reputation.

As of December 31, 2024, the Company had sufficient cash reserves with approximately RMB2.01 billion of cash, cash equivalents and time deposits. In 2025, we will continue to deepen our strategic positioning of “precision diagnostics to drive clinical value”, and realize technological breakthroughs, service extensions, and ecological synergies through strategic investments and M&A. In terms of major specialties, we strengthened the full-cycle testing capability of the relevant specialties through strategic investment and M&A of innovative enterprises in the relevant fields. In terms of international capital cooperation, we invested in cutting-edge technologies and realized localization by the rich resources of relevant partners.

Digitalization, Informatization and Artificial Intelligence

In 2024, in view of the deep integration of artificial intelligence and medical testing, Kindstar Global has continued to promote the three-in-one transformation strategy of digitization, informatization and artificial intelligence, and has achieved remarkable achievements. The Group built a high-value medical data asset system through digital transformation; optimized the whole process efficiency through informatization; and created innovative medical solutions through artificial intelligence transformation, to make breakthroughs in the areas of enhancing precision diagnostic accuracy, opening up the intelligent medical scenarios, and promoting the capitalization of medical data, thus continuously injecting impetus into the development of precision medicine.

For digital transformation, Kindstar Global fully completed the strategic deployment of the intelligent order management platform and successfully constructed an integrated digital testing central platform with nationwide coverage. Through the three-end synergy structure of “terminal, cloud, management”, the Group realized the deep integration of business flow, data flow and capital flow, and set a new benchmark for the third-party testing industry in terms of digital transformation. The intelligent order platform co-established by the Group and the leading technology partners in the industry fully covered 32 provincial administrative districts across China. At the same time, the healthy human immune database self-developed by Kindstar Global was listed on the Hubei Huazhong Culture Property Rights Exchange, which became the first compliant circulating immunology data assets in China, successfully realizing the transformation of medical data from resources to assets, demonstrating the compliant application of industrial data and laying a high-quality data foundation for the training of artificial intelligence models.

For information transformation, the pharmacogenomics AI reporting system self-developed by Kindstar Global went into operation, realizing the automation of the whole process from reads-processing, results interpretation and analysis to automatic report generation, supporting the intelligent splitting and precise analysis of batch samples, compressing the artificial interpretation process, which originally took hours, into seconds, and greatly improving the work efficiency and accuracy of the results. The AI-SEQ hospital intelligent diagnostic and treatment analysis system, launched at the same time, integrated 20 years of experience in hematology and oncology diagnosis and the independent tumor database (consisting of more than 300,000 variation sites) with more than 30 domestic and international authoritative databases and more than 50,000 pieces of disease literature, and was equipped with second-level data interpretation and analysis as well as offline emergency response functions. The localized deployment assisted primary healthcare institutions in improving their diagnostic capabilities and accelerating the construction of regional closed-loop medical data.

For artificial intelligence transformation, Kindstar Global made breakthroughs in three major areas, namely medical service, disease diagnosis and treatment R&D. In terms of medical service, the Internet hospital integrated with large model technology of Deepseek to build a full-chain service system combining “precise diagnosis, intelligent consultations, assisted decision-making”, thus realizing the intelligent upgrading of the core scenarios, such as 5-second needs-based positioning, 24-hour personalized service, and one-stop diagnostic and treatment management. In terms of disease diagnosis, the Group developed the deep-learning-based leukemia intelligent typing system, which typed the FAB classification of AML patients, T/B cell classification of ALL patients and recurrence risk prediction, with the accuracy of each classification exceeding 90%. In terms of treatment R&D, the Group innovatively developed BeitAI-pHLA multimodal prediction model. Its prediction accuracy, computational efficiency and other key indicators were better than those of similar international products, providing technical support for the discovery of new cancer antigens and the R&D of immunotherapy.

Looking forward to 2025, the deep penetration of artificial intelligence technology will become the core driving force, which will bring opportunities for the rapid development of the specialty esoteric testing industry. In the meantime, the strengthening of policy and regulation as well as the continuous upgrading of technology will also safeguard the market development. We will continue to cultivate our existing business segment of specialty esoteric testing, leading the Group into the next phase of high-quality development driven by various factors including technological innovation, policy guidance and demand upgrades. Additionally, we will keep integrating upstream and downstream resources to enhance the synergistic efficiency between in vitro diagnostics (IVD) and laboratory self-built projects. Concurrently, we will improve the construction and enhancement of the Internet hospital, so as to promote the dual-track synergistic development of IVD + LDT.

Financial review

The table below sets forth our consolidated statements of profit or loss for the periods indicated, together with the change (expressed in percentages) from the year ended December 31, 2023 to the corresponding period of 2024:

	For the year ended December 31,		
	2024	2023	Year-on-
	RMB'000	RMB'000	year change
			%
REVENUE	927,568	967,260	(4.1)
Cost of sales	(488,005)	(516,131)	(5.4)
Gross profit	439,563	451,129	(2.6)
Other income and gains	120,475	138,094	(12.8)
Selling and marketing expenses	(282,171)	(307,781)	(8.3)
Administrative expenses	(100,268)	(105,626)	(5.1)
Research and development costs	(105,799)	(105,337)	0.4
Other expenses	(116,902)	(19,123)	511.3
Finance costs	(11,088)	(8,034)	38.0
(LOSS)/PROFIT BEFORE TAX	(56,190)	43,322	(229.7)
Income tax expense	(4,491)	(6,875)	(34.7)
(LOSS)/PROFIT FOR THE YEAR	(60,681)	36,447	(266.5)
Attributable to:			
Owners of the parent	(54,588)	41,286	(232.2)
Non-controlling interests	(6,093)	(4,839)	25.9

Revenue

We organize our businesses into nine segments, including hematology testing, neurology testing, maternity-related testing, genetic disease and rare disease testing, infectious disease testing, oncology testing, routine testing, CRO and scientific research services and others.

The table below sets forth our segment revenue and segment revenue proportion by operating segment for the periods presented.

	2024		2023		Year-on-
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	year change %
Hematology testing	585,108	63.1	590,308	61.0	(0.9)
Neurology testing	95,351	10.3	96,603	10.0	(1.3)
Maternity-related testing	53,881	5.8	55,418	5.8	(2.8)
Genetic disease and rare disease testing	44,747	4.8	46,715	4.8	(4.2)
Infectious disease testing	39,432	4.3	49,001	5.1	(19.5)
Oncology testing	21,722	2.3	32,064	3.3	(32.3)
Routine testing	42,394	4.6	57,473	5.9	(26.2)
Scientific research services and CRO	44,656	4.8	26,393	2.7	69.2
Others	277	0.0	13,285	1.4	(97.9)
Total	927,568	100.0	967,260	100.0	(4.1)

The table below sets forth the average price of testing services and the number of tests of the Company for the periods presented.

	For the year ended December 31,			
	2024		2023	
	Average Price <i>in (RMB)</i>	Testing Volume <i>(in thousands)</i>	Average Price <i>in (RMB)</i>	Testing Volume <i>(in thousands)</i>
Hematology testing	692	846	690	850
Neurology testing	1,340	71	1,314	73
Maternity-related testing	117	460	121	456
Genetic disease and rare disease testing	235	190	239	194
Infectious disease testing	227	173	227	214
Oncology testing	1,009	21	1,395	23
Routine testing	71	597	78	735
Total	382	2,358	379	2,545

Revenue from testing services

For the year ended December 31, 2024, revenue from each segment of main testing services remained relatively stable compared to last year, demonstrating a stable trend. Among which, revenue from hematology testing services of RMB585.1 million was comparable to the corresponding period of last year. Revenue from neurology testing services amounted to RMB95.3 million, representing a year-on-year decrease of 1.3%. Revenue from maternity-related testing services amounted to RMB53.8 million, representing a year-on-year decrease of 2.8%. Revenue from genetic disease and rare disease testing services amounted to RMB44.7 million, representing a year-on-year decrease of 4.2%. Revenue from infectious disease testing services amounted to RMB39.4 million, representing a year-on-year decrease of 19.5%. Revenue from oncology testing services amounted to RMB21.7 million, representing a year-on-year decrease of 32.3%. The higher decrease in revenue from infectious disease and oncology testing services was mainly due to the impact of the changes in above settlement models.

CRO and scientific research testing service

For the year ended December 31, 2024, our CRO and scientific research testing services generated a revenue of RMB44.7 million, representing a significant increase of 69.2% from RMB26.4 million in the corresponding period last year. The Company completed the development of a comprehensive technology platform in 2024, covering over 200 hospitals and corporate clients, which has driven its revenue growth. After becoming the first batch of companies being accredited by the official service provider PacBio Revio in Asia Pacific area at the end of 2023, Kindstar Global introduced 2 more tri-generation sequencing system of PacBio Revio in 2025 while fully upgrading the latest SPRQ reagents of PacBio, which marked it to be one of the national leading PacBio service providers in terms of total delivery capacity and throughput of PacBio sequencer.

Cost of Sales

Our cost of sales consists of staff costs related to the personnel who performed our testing services, costs incurred by third-party institutions or laboratories, raw material costs and others. “Others” mainly include third-party logistics, depreciation and amortization and rental expenses. The following table sets forth a breakdown of our cost of sales by nature for the periods indicated, both in actual amounts and as a percentage of cost of sales.

	For the year ended 31 December				
	2024		2023		Year-on-year change
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	%
Staff costs	133,130	27.3	147,585	28.6	(9.8)
Outsourcing costs	92,884	19.0	90,583	17.6	2.5
Raw material	148,967	30.5	173,200	33.6	(14.0)
Others	113,024	23.2	104,763	20.2	7.9
Total	<u>488,005</u>	<u>100.0</u>	<u>516,131</u>	<u>100.0</u>	<u>(5.4)</u>

Our cost of sales decreased by 5.4% from RMB516.1 million for the year ended December 31, 2023 to RMB488.0 million during the Reporting Period, which was due to the decrease in revenue of approximately RMB39.7 million or 4.1%, directly resulting in the decrease in costs.

Gross Profit, Gross Profit Margin and Segment Results

For the year ended December 31, 2024, we recorded a consolidated gross profit of RMB439.6 million, representing a year-on-year decrease of 2.6%, with a consolidated gross profit margin of 47.4%, representing an increase of 0.8 percentage point year-on-year. The above changes in our gross profit and gross profit margin compared with the corresponding period were primarily due to the decrease of RMB39.7 million in the revenue and the new product business which was undergoing a period of investment in product research and development and channel construction, coupled with that the Group has added new laboratories in Shanghai and Guangzhou in terms of investment in fixed assets in order to expand its testing capacity and specialty tests as compared to last year. However, the Company achieved certain success in cost control and test efficiency, resulting in a year-on-year increase in consolidated gross margin.

Our management monitors the results of our operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment result is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax from continuing operations. The adjusted profit/loss before tax from continuing operations, or our segment result, is measured consistently with our profit before tax excluding other income and gains, administrative expenses, research and development expenses, other expenses, finance costs, listing expenses and fair value loss on financial liabilities at FVTPL. The following table sets forth a breakdown of our segment results for the years indicated, both in actual amounts and as a percentage of segment revenue.

	For the year ended December 31,				
	2024	% of	2023	% of	Year-on-year change %
Segment result <i>RMB'000</i>	segment revenue	Segment result <i>RMB'000</i>	segment revenue	Year-on-year change %	
Hematology testing	122,048	20.9	107,761	18.3	13.3
Neurology testing	19,554	20.5	16,972	17.6	15.2
Maternity-related testing	867	1.6	1,303	2.4	(33.4)
Genetic disease and rare disease testing	4,544	10.2	4,664	10.0	(2.6)
Infectious disease testing	3,786	9.6	5,484	11.2	(31.0)
Oncology testing	10,767	49.6	6,053	18.9	77.9
Routine testing	465	1.1	592	1.0	(21.5)
Scientific research services and CRO	(4,509)	(10.1)	3,031	11.5	(248.8)
Others	(130)	(46.8)	(2,512)	(18.9)	(94.8)
Total	157,392	17.0	143,348	14.8	9.8

During the Reporting Period, the Company's overall operating result was RMB157.4 million, representing an increase of 9.8% as compared with RMB143.3 million for the corresponding period in 2023, mainly due to the increase in the rate of our principal segments results driven by proactively strengthening internal management efficiency and implementing cost control measures, coupled with digital transformation, to respond to the current market environment.

Other Income and Gains

Our other income and gains decreased from RMB138.1 million for the year ended December 31, 2023 to RMB120.5 million for the Reporting Period, which was primarily because we received government subsidies of RMB27.1 million in the corresponding period of last year, which was a non-recurring income.

Selling and Marketing Expenses

Our selling and marketing expenses decreased by 8.3% from RMB307.8 million for the year ended December 31, 2023 to RMB282.2 million for the Reporting Period, which was primarily due to (i) the enhancement of the efficiency of marketing operations through optimization of internal marketing structure and personnel; (ii) the adjustment of marketing strategies and optimization of sales channels; and (iii) the establishment of a regional co-construction center to provide services for reducing selling expenses.

Administrative Expenses

Our administrative expenses decreased by 5.1% from RMB105.6 million for the year ended December 31, 2023 to RMB100.3 million for the Reporting Period, which was primarily due to the organizational structure optimization and office cost control conducted by us.

Research and Development Costs

Our research and development costs increased by 0.4% from RMB105.3 million for the year ended December 31, 2023 to RMB105.8 million for the Reporting Period, accounting for 11.4% of revenue. To maintain corporate competitiveness and continue to promote layout of new specialty and new test technology, we maintain a high level of investment in research and development.

Other Expenses

For the year ended December 31, 2024, our other expenses were RMB116.9 million, representing an increase of 511.3% as compared to RMB19.1 million for the corresponding period in 2023. Other expenses mainly refer to the expected credit losses of trade receivables of RMB71.2 million and fair value losses on fund investment of RMB21.2 million.

Finance Costs

Our finance costs increased by 38.0% from RMB8.0 million for the year ended December 31, 2023 to RMB11.1 million for the Reporting Period. The increase in finance costs was due to the reasonable capital planning by the Company and increased bank borrowings.

Income Tax Expense

Our income tax expense decreased by 34.7% from RMB6.9 million for the year ended December 31, 2023 to RMB4.5 million for the corresponding period in 2024.

(Loss)/Profit for the Year

Our loss for the year was reversed from profit of RMB36.4 million for the year ended December 31, 2023 to loss of RMB60.7 million.

Liquidity and Capital Resources

We have maintained a comprehensive treasury policy, detailing specific functions and internal control measures for capital use. These functions and measures include but are not limited to procedures of capital management and liquidity management. We manage and maintain our liquidity through the use of internally generated cash flows from operations, bank borrowings and proceeds from the Global Offering and the Listing of the Shares on the Main Board of the Stock Exchange. We regularly review our major funding positions to ensure that we have adequate financial resources in meeting our financial obligations.

For the year ended December 31, 2024, we funded our working capital and other capital expenditure requirements through a combination of income generated from operations, investments received and the proceeds from the Global Offering. The following table sets forth a summary of our cash flows for the periods indicated.

	For the year ended December 31,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Net cash flows used in operating activities	(44,119)	(14,780)
Net cash flows (used in)/from investing activities	(1,210,531)	854,922
Net cash flows from/(used in) financing activities	144,626	(82,827)
Net (decrease)/increase in cash and cash equivalents	(1,110,024)	757,315
Cash and cash equivalents at the beginning of the year	1,472,799	680,359
Effect of foreign exchange rate changes, net	18,797	35,125
Cash and cash equivalents at the end of the year	381,572	1,472,799

Cash and cash equivalents

For the year ended December 31, 2024, our net cash used in operating activities was RMB44.1 million.

For the year ended December 31, 2024, our net cash used in investing activities was RMB1,210.5 million, mainly for the purchase of time deposits.

For the year ended December 31, 2024, our net cash flows from financing activities was RMB144.6 million, primarily attributable to bank loan financing, Share repurchases and RSU purchases as well as the distribution of dividends for 2023.

As a result of the foregoing, our cash and cash equivalents were primarily held in Renminbi and United States dollars, which decreased by 74.1% from RMB1,472.8 million as of December 31, 2023 to RMB381.6 million as of December 31, 2024, the decrease in cash and cash equivalents was due to the purchase of time deposits.

During the Reporting Period, we conducted business in China, and most of our transactions were settled in Renminbi. Our presentation and functional currency are Renminbi. We were not exposed to significant foreign exchange risk since we did not have any significant financial assets or liabilities denominated in currencies other than Renminbi, except that cash at banks deposited in the United States dollars or Hong Kong dollars primarily from investors as capital contributions. The foreign exchange risk exposure of the Group mainly comes from the risk of exchange of United States dollars to Renminbi and Hong Kong dollars. We managed our foreign exchange risk by regularly reviewing net foreign exchange exposures, and conducted risk management. The hedging activities period of the Group shall not exceed twelve months. The management of the Group continued to pay attention to the market environment and the Group's own foreign exchange risk profile, and considered to taking appropriate hedging measures when necessary.

Indebtedness

For the year ended December 31, 2024, as we had utilized a credit limit of RMB388 million for bank financing, our unutilized banking facilities were RMB431 million as at December 31, 2024.

Gearing ratio

The Group monitored capital on the basis of the gearing ratio. That ratio is calculated by dividing the total borrowings as shown in the consolidated balance sheet by the share capital and reserves attributable to the equity holder of the Company. As of December 31, 2024, the total borrowings are RMB355 million, total share capital and reserves attributable to the equity holder of the Company is RMB2,784.0 million, the gearing ratio is 12.8%.

Capital Expenditures

Our principal capital expenditures relate primarily to the purchase of equipment and the renovation of our laboratories. The following table sets forth our capital expenditures for the periods indicated.

	For the year ended	
	December 31,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Purchases of property, plant and equipment	132,317	168,758
Purchases of other intangible assets	3,139	6,112
Total	<u>135,456</u>	<u>174,870</u>

Contingent Liabilities

As of December 31, 2024, we did not have any material contingent liabilities.

Significant Investments and Future Plans for Material Investments or Capital Assets

As of December 31, 2024, we did not hold any significant investment. In addition, save for the expansion plans as disclosed in the sections headed “Business” and “Future Plans and Use of Proceeds” in the Prospectus, we have no future plans for material investments or capital assets.

Material Acquisitions and Disposals

Reference is made to the announcements of the Company dated September 20, 2024 and January 24, 2025, in relation to, among other things, the acquisition of equity interest in the target companies involving issue of consideration Shares under general mandate and the new target contractual arrangements. Unless otherwise stated, capitalized terms used in this paragraph shall have the same meaning as those defined in the announcements. On September 20, 2024, the Company, Kindstar Wuhan WFOE, the Target WFOE, the Target US Company, AnchorDx Cayman, AnchorDx HK, the Target WFOE Domestic Sellers, Wuxi Anchor, OrbiMed, Jian-Bing FAN and the AnchorDx Cayman Preferred Shareholders (except Wuxi Anchor and OrbiMed) entered into the Transaction Agreement, pursuant to which: (i) Kindstar Wuhan WFOE has conditionally agreed to acquire and AnchorDx HK and the Target WFOE Domestic Sellers have conditionally agreed to sell 100% equity interest in aggregate in the Target WFOE; and (ii) the Company has conditionally agreed to acquire and AnchorDx HK has conditionally agreed to sell 49% equity interest in the Target US Company, collectively at the Acquisition Consideration in the total amount of approximately US\$31.30 million. Those acquisitions have been completed on January 24, 2025. For details, please refer to the announcements of the Company dated September 20, 2024 and January 24, 2025.

Save as disclosed above, during the Reporting Period, we did not conduct any material acquisitions or disposals of subsidiaries, associates and joint ventures.

Charges on Group Assets

As of December 31, 2024, We have a building with a carrying value of RMB152.6 million pledged due to a ten-year bank loans agreement.

As at 31 December 2024, the amount of the pledged deposits due to litigations or secure bills payable was RMB9.3 million (RMB9.7 million as at 31 December 2023).

Save as disclosed above, as of December 31, 2024, we did not have any charged assets.

Employees

As of December 31, 2024, we had 3,011 employees in total and most of them were located in Hubei and Sichuan Provinces, Beijing and Shanghai. We conduct new staff training regularly to guide new employees and help them adapt to the new working environment. In addition, we provide online and in-person formal and comprehensive company-level and department-level training to our employees on a quarterly basis in addition to on-the-job training. We also encourage our employees to attend external seminars and workshops to enrich their technical knowledge and develop competencies and skills, and provide training and development programs to our employees and external training sessions from time to time to improve their technical skills and ensure their awareness and compliance with our various policies and procedures.

The remuneration of our employees is determined with reference to market conditions and individual employees’ performance, qualification and experience. In line with the performance of us and individual employees, a competitive remuneration package is offered to retain employees, including salaries, discretionary bonuses and benefit plans.

The Company adopted the pre-IPO stock incentive plans on March 14, 2013, December 20, 2015 and December 1, 2016. As of December 31, 2023, options to subscribe for 5,081,772 Shares, representing approximately 0.52% of the then total issued share capital of the Company, were outstanding and held by the grantees. On June 22, 2021, the Company also adopted the Post-IPO RSU Scheme and Post-IPO Option Scheme, of which our employees are eligible participants, effective upon the Listing Date. Details of the Post-IPO RSU Scheme and the Post-IPO Option Scheme are set out in the sections headed “Statutory and General Information – E. Post-IPO RSU Scheme” and “Statutory and General Information – F. Post-IPO Option Scheme” in Appendix IV to the Prospectus. As of December 31, 2024, no restricted share unit or option had been granted or agreed to be granted under the Post-IPO RSU Scheme or Post-IPO Option Scheme, respectively.

Significant Events After the Reporting Period

On January 24, 2025, we completed the acquisition of 100% equity interest in Guangzhou Kangchengweiye Biotechnology Co., Ltd. (廣州康丞唯業生物科技有限公司) and 49% equity interest in AnchorDx Inc. at a total amount of approximately US\$31.30 million, which consists of US\$20.50 million in cash and US\$10.80 million worth of 59,431,356 shares of equity.

Use of Proceeds from the Global Offering

The Company was listed on the Stock Exchange on July 16, 2021. The net proceeds from the Global Offering amounted to approximately HKD2,053.6 million. The net proceeds from the Global Offering (adjusted on a pro-rata basis based on the actual net proceeds) have been and will be utilized in accordance with the intended use of the proceeds set out in the Prospectus. The following table sets forth the status of the use of net proceeds from the Global Offering⁽¹⁾:

Intended use of proceeds	Percentage of intended use of proceeds (%)	Intended use of proceeds from the Global Offering (In HKD million)	Actual amount		Unutilized net proceeds as of December 31, 2024 (In HKD million)	Timeframe for utilisation of the unused balance
			Unutilized net proceeds as of December 31, 2023 (In HKD million)	of use for the year ended December 31, 2024 (In HKD million)		
Sales and marketing of our existing esoteric testing service lines to cover more hospitals, especially Class III hospitals						
Sales, marketing and expansion of hematology testing business	15	308.0	200.4	34.6	165.8	By June 30, 2028
Sales, marketing and expansion of genetic diseases and rare diseases and maternity-related testing business	10	205.4	162.7	9.1	153.6	By June 30, 2028
Sales, marketing and expansion of oncology, infectious disease and neurology testing businesses	10	205.4	137.1	18.4	118.7	By June 30, 2028
Research and development of our existing esoteric testing service lines						
Research and development of hematology testing	6.7	136.9	33.0	26.2	6.8	By June 30, 2028

Intended use of proceeds	Percentage of intended use of proceeds (%)	Intended use of proceeds from the Global Offering (In HKD million)	Actual amount		Unutilized net proceeds as of December 31, 2024 (In HKD million)	Timeframe for utilisation of the unused balance
			Unutilized net proceeds as of December 31, 2023 (In HKD million)	of use for the year ended December 31, 2024 (In HKD million)		
Research and development of genetic diseases and rare diseases and maternity-related testing	6.7	136.9	18.0	3.7	14.3	By June 30, 2028
Research and development of neurology, infectious disease, oncology and routine testing	6.7	136.9	120.7	65.4	55.3	By June 30, 2028
Development and commercialization of new lines of esoteric testing services	15	308.0	237.4	85.9	151.5	By June 30, 2028
Expansion across the industry value chain by acquiring attractive technology or testing-related companies that are complementary and synergistic to our existing businesses	5	102.7	76.0	57.3	18.7	By June 30, 2028
Increasing our testing capacity	10	205.4	33.8	24.7	9.1	By June 30, 2028
Overseas expansion into markets outside of China	5	102.7	102.7	0	102.7	By June 30, 2028
Working capital and other general corporate purposes	10	205.4	142.7	47.8	94.9	–
Total	100.0	2,053.6	1,264.5	373.1	891.4	

Note:

(1) The figures in the table are approximate figures.

We currently have no intention to change the use of the unutilized net proceeds and have been actively monitoring the market environment for appropriate timing to implement our plans. The timeline for utilization of the unutilized net proceeds was adjusted from June 30, 2025 to June 30, 2028 based on the Group's current view of future market conditions and business operations. To the extent that the net proceeds from the Global Offering are not immediately applied for the above purposes and to the extent permitted by the relevant law and regulations, we intend to deposit the net proceeds only into short-term deposits with licensed financial institutions in Hong Kong or the PRC. We will make an appropriate announcement if there is any change to the above proposed use of proceeds or if any amount of the proceeds will be used for general corporate purpose.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
REVENUE	4	927,568	967,260
Cost of sales		<u>(488,005)</u>	<u>(516,131)</u>
Gross profit		<u>439,563</u>	<u>451,129</u>
Other income and gains		120,475	138,094
Selling and marketing expenses		(282,171)	(307,781)
Administrative expenses		(100,268)	(105,626)
Research and development costs		(105,799)	(105,337)
Other expenses		(116,902)	(19,123)
Finance costs		<u>(11,088)</u>	<u>(8,034)</u>
(LOSS)/PROFIT BEFORE TAX	5	<u>(56,190)</u>	<u>43,322</u>
Income tax expense	6	<u>(4,491)</u>	<u>(6,875)</u>
(LOSS)/PROFIT FOR THE YEAR		<u><u>(60,681)</u></u>	<u><u>36,447</u></u>
Attributable to:			
Owners of the parent		(54,588)	41,286
Non-controlling interests		<u>(6,093)</u>	<u>(4,839)</u>
		<u><u>(60,681)</u></u>	<u><u>36,447</u></u>
OTHER COMPREHENSIVE INCOME			
Exchange differences on translation of the financial statements of the Company		<u>15,249</u>	<u>32,198</u>
Other comprehensive expense for the year, net of tax		<u>15,249</u>	<u>32,198</u>
Total comprehensive income for the year, net of tax		<u><u>(45,432)</u></u>	<u><u>68,645</u></u>
Attributable to:			
Owners of the parent		(39,339)	73,484
Non-controlling interests		<u>(6,093)</u>	<u>(4,839)</u>
		<u><u>(45,432)</u></u>	<u><u>68,645</u></u>
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic (RMB)			
For (loss)/profit for the year	8	<u><u>(5.77 cents)</u></u>	<u><u>4.31 cents</u></u>
Diluted (RMB)			
For (loss)/profit for the year	8	<u><u>(5.77 cents)</u></u>	<u><u>4.25 cents</u></u>

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

31 December 2024

	<i>Notes</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment	<i>9</i>	575,064	437,033
Prepayment for purchase of property, plant and equipment		4,975	85,485
Right-of-use assets		42,496	41,269
Prepayments, deposits and other receivables	<i>12</i>	24,977	5,194
Other intangible assets		37,991	31,335
Amounts due from related companies (non-current)		4,913	–
Time deposits	<i>13</i>	410,000	10,000
Investments in associates		42,247	5,950
Deferred tax assets		52,066	54,385
Goodwill		9,169	9,497
Financial assets at FVTPL	<i>10</i>	324,441	280,482
Total non-current assets		1,528,339	960,630
CURRENT ASSETS			
Inventories		51,499	48,701
Trade and bills receivables	<i>11</i>	504,211	566,561
Prepayments, deposits and other receivables	<i>12</i>	73,980	44,832
Amounts due from related parties		8,408	13,480
Time deposits (more than 3 months)	<i>13</i>	1,217,543	552,450
Pledged deposits		9,314	9,756
Cash and cash equivalents		381,572	1,472,799
Total current assets		2,246,527	2,708,579
CURRENT LIABILITIES			
Trade and bills payables	<i>14</i>	178,018	221,740
Other payables and accruals	<i>15</i>	330,523	313,685
Contract liabilities	<i>16</i>	5,995	11,924
Interest-bearing bank borrowings	<i>17</i>	286,566	152,900
Profit tax payable		1,698	1,322
Amounts due to related parties		29,926	23,374
Lease liabilities		17,777	12,132
Deferred tax liabilities		3,942	5,772
Contingent Consideration		–	922
Total current liabilities		854,445	743,771
NET CURRENT ASSETS		1,392,082	1,964,808
TOTAL ASSETS LESS CURRENT LIABILITIES		2,920,421	2,925,438

	<i>Notes</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
NON-CURRENT LIABILITIES			
Deferred income		2,044	1,201
Long term loans		68,500	–
Lease liabilities		25,519	29,256
		<hr/>	<hr/>
Total non-current liabilities		96,063	30,457
		<hr/>	<hr/>
Net assets		2,824,358	2,894,981
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the parent			
Share capital and Treasury shares	<i>18</i>	1,513	1,543
Reserves	<i>20</i>	2,782,499	2,870,449
		<hr/>	<hr/>
		2,784,012	2,871,992
Non-controlling interests		40,346	22,989
		<hr/>	<hr/>
Total equity		2,824,358	2,894,981
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 24 August 2007 and its shares have been listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 16 July 2021 (the “Global Offering”). The registered address of the office of the Company is P.O. Box 472, 2nd Floor, Harbour Place, 103 South, Church Street, George Town, Grand Cayman KY1-1106, Grand Cayman.

The Company is an investment holding company. During the reporting periods, the major subsidiaries of the Company were principally engaged in the provision of clinical testing services in the People’s Republic of China (the “PRC”). The subsidiaries established in the PRC are all limited liability companies incorporated under the PRC laws.

Information about subsidiaries

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

Name	Notes	Date and place of incorporation/registration and place of operations	Issued ordinary share/registered capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Kindstar Globalgene (HK) Limited		Hong Kong 30-Aug-2007	HKD10,000	100%	–	Investment holding
Kindstar Singapore Holdings PTE. Ltd.		Singapore 11-Sep-2019	US\$1	100%	–	Investment holding
康聖環球(北京)醫學技術有限公司 Kindstar Global (Beijing) Technology Co., Ltd.* (“Kindstar Beijing WFOE”)		PRC/Mainland China 20-Nov-2007	RMB121,000,000	–	100%	Investment holding
武漢康聖達醫學檢驗所有限公司 Wuhan Kindstar Medical Laboratory Co., Ltd.* (“Wuhan Kindstar”)		PRC/Mainland China 8-Aug-2003	RMB6,900,000	–	100%	Clinical Testing Service
北京海思特醫學檢驗實驗室有限公司 Beijing Hightrust Medical Laboratory Co., Ltd.* (“Beijing Hightrust”)		PRC/Mainland China 26-Aug-2005	RMB20,000,000	–	100%	Clinical Testing Service
上海新培晶醫學檢驗所有限公司 Shanghai SimpleGene Medical Laboratory Co., Ltd.* (“Shanghai SimpleGene”)		PRC/Mainland China 28-Sep-2004	RMB20,000,000	–	100%	Clinical Testing Service
新疆康聖達醫學檢驗所有限公司 Xinjiang Kindstar Kindstar Medical Laboratory Co., Ltd.* (“Xinjiang Kindstar”)		PRC/Mainland China 6-Apr-2017	RMB16,000,000	–	100%	Clinical Testing Service
四川華西康聖達醫學檢驗有限公司 Sichuan Huaxi Kindstar Medical Laboratory Co., Ltd.* (“Huaxi kindstar”)		PRC/Mainland China 29-Dec-2017	RMB10,000,000	–	60%	Clinical Testing Service

Name	Notes	Date and place of incorporation/registration and place of operations	Issued ordinary share/registered capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
成都聖元醫學檢驗實驗室有限公司 Chengdu Shengyuan Medical Laboratory Co., Ltd.* ("Chengdu Shengyuan")		PRC/Mainland China 16-Oct-2018	RMB5,000,000	–	65%	Clinical Testing Service
康聖環球(武漢)醫學特檢技術有限公司 Kindstar Global (Wuhan) Medical Esoteric Technology Co., Ltd. ("Kindstar Global Wuhan")		PRC/Mainland China 05-Sep-2017	RMB10,100,000	–	100%	Investment holding
天津康聖達醫學檢驗實驗室有限公司 Tianjin Kindstar Medical Laboratory Co., Ltd.* ("Tianjin Kindstar")		PRC/Mainland China 27-Oct-2017	RMB5,000,000	–	90%	Clinical Testing Service
上海希諾醫學檢驗實驗室有限公司 Shanghai Xinuo Medical Laboratory Co., Ltd. ("Shanghai Xinuo")		PRC/Mainland China 15-Oct-2019	RMB5,000,000	–	80.5%	Clinical Testing Service
康聖環球醫學科技(武漢)有限公司 Kindstar Global Medical Technology (Wuhan) Co., Ltd. ("Kindstar Wuhan WFOE")		PRC/Mainland China 11-Sep-2020	RMB800,000,000	–	100%	Investment holding
武漢康聖真源醫學檢驗所有限公司 Wuhan Kindstar Zhenyuan Medical Laboratory Co., Ltd. ("Kindstar Zhenyuan")		PRC/Mainland China 3-Feb-2021	RMB10,000,000	–	70%	Clinical Testing Service
康聖環球(武漢)投資管理有限公司 Kindstar (Wuhan) Investment Management Co., Ltd. ("Kindstar Investment")		PRC/Mainland China 8-Sep-2021	RMB30,000,000	–	100%	Investment holding
武漢康聖貝泰生物科技有限公司 Wuhan Kindstar Biotechnology Co., Ltd. ("Kindstar Biotech")	(a)	PRC/Mainland China 14-Sep-2021	RMB10,769,231	–	65%	Clinical Testing Service
武漢易檢雲信息技術有限公司 Wuhan Yijianyun Information Technology Co., Ltd. ("Wuhan Yijianyun")		PRC/Mainland China 8-Oct-2021	RMB5,000,000	–	90%	E-commerce Service
成都溫江康聖友醫互聯網醫院有限公司 Chengdu Wenjiang Kangshengyou Medical Internet Hospital Co., Ltd. ("Wenjiang Kangshengyou")		PRC/Mainland China 22-Oct-2021	RMB50,000,000	–	100%	Clinical Testing Service
上海信諾佰世醫學檢驗有限公司 Shanghai SinoPath Medical Laboratory Co., Ltd. ("SinoPath")		PRC/Mainland China 1-Dec-2021	RMB33,000,000	–	80.5%	Clinical Testing Service
武漢海希生物科技有限公司 Wuhan Haixi Biological Technology Co., Ltd. ("Haixi Biological Technology")	(b)	PRC/Mainland China 21-Jan-2022	RMB1,100,000	–	46.5%	Product development and technical services

Name	Notes	Date and place of incorporation/registration and place of operations	Issued ordinary share/registered capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
武漢海希生命科技有限公司 Wuhan Haixi Life Science Technology Co., Ltd. ("Wuhan Haixi")		PRC/Mainland China 21-Jan-2022	RMB1,000,000	–	51.1%	Reagent development and sales
武漢鴻蒙賽爾生物科技有限公司 Wuhan HumanCell Biotechnology Co., Ltd. ("HumanCell")		PRC/Mainland China 6-Apr-2022	RMB10,000,000	–	60%	Car-t Treatment
武漢康聖金岸醫學檢驗有限公司 Wuhan Kindstar Kindan Medical Laboratory Co., Ltd. ("Kindstar Jinan")		PRC/Mainland China 6-Jun-2022	RMB500,000	–	100%	Clinical Testing Service
武漢康聖啟源醫學檢驗實驗室有限公司 Wuhan Kindstar Qiyuan Medical Laboratory Co., Ltd. ("Wuhan Qiyuan")		PRC/Mainland China 28-Jun-2022	RMB10,000,000	–	100%	Clinical Testing Service
武漢康聖澤源醫學檢驗實驗室有限公司 Wuhan Kindstar Zeyuan Medical Laboratory Co., Ltd. ("Wuhan Zeyuan")		PRC/Mainland China 16-Aug-2022	RMB500,000	–	70%	Clinical Testing Service
武漢康聖青合醫學檢驗有限公司 Wuhan Kindstar Qinghe Medical Laboratory Co., Ltd. ("Wuhan Qinghe")		PRC/Mainland China 19-Aug-2022	RMB500,000	–	100%	Clinical Testing Service
武漢希諾醫學檢驗實驗室有限公司 Wuhan Xinuo Medical Laboratory Co., Ltd. ("Wuhan Xinuo")		PRC/Mainland China 7-Sep-2022	RMB5,000,000	–	100%	Clinical Testing Service
康聖環球(長沙)醫學科技有限公司 Kindstar Global (Changsha) Medical Technology Co., Ltd. ("Kindstar Changsha")		PRC/Mainland China 12-Dec-2022	RMB30,000,000	–	100%	Clinical Testing Service
康聖序源生物科技(武漢)有限公司 Kindstar Sequenon Biotechnology (Wuhan) Co., Ltd. ("Kindstar Sequenon")	(c)	PRC/Mainland China 4-Jan-2023	RMB30,000,000	–	80%	Clinical Testing Service
廣州南醫康聖生物技術有限公司 Guangzhou SouthMed Kindstar Biotechnology Co., Ltd. ("Guangzhou SouthMed")	(d)	PRC/Mainland China 24-Mar-2023	RMB30,000,000	–	52%	Clinical Testing Service
武漢康聖創業投資管理有限公司 Wuhan Kindstar Venture Capital Management Co., Ltd. ("Kindstar Venture Capital")	(e)	PRC/Mainland China 17-May-2023	RMB10,000,000	–	80.5%	Investment holding
長沙康聖醫學檢驗實驗室有限公司 Changsha Kindstar Medical Laboratory Co., Ltd. ("Changsha Kindstar")	(f)	PRC/Mainland China 22-May-2023	RMB5,000,000	–	51.25%	Clinical Testing Service

Name	Notes	Date and place of incorporation/registration and place of operations	Issued ordinary share/registered capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
康聖環球(上海)醫學科技有限公司 Kindstar Global (Shanghai) Medical Technology Co., Ltd. ("Kindstar Shanghai")	(g)	PRC/Mainland China 11-Jul-2023	RMB50,000,000	-	100.0%	Clinical Testing Service
上海希諾未來醫學科技有限公司 Shanghai Sino Future Medical Technology Co., Ltd. ("Sino Future")	(h)	PRC/Mainland China 21-Nov-2023	RMB10,000,000	-	80.5%	Clinical Testing Service
湖北康聖佑安醫療科技有限公司 Hubei Kindstar Youan Medical Technology Co., Ltd. ("Kindstar Youan")	(i)	PRC/Mainland China 23-Aug-2024	RMB5,000,000	-	51.0%	Clinical Testing Service
湖北省恩施州康聖醫學檢驗有限公司 Hubei Enshi Kindstar Medical Laboratory Co., Ltd. ("Enshi Kindstar")	(j)	PRC/Mainland China 9-Oct-2023	RMB10,000,000	-	100.0%	Clinical Testing Service
貴州康聖達醫療科技有限公司 Guizhou Kindstar Medical Technology Co., Ltd. ("Guizhou Kindstar")	(k)	PRC/Mainland China 23-Aug-2024	RMB5,000,000	-	100.0%	Clinical Testing Service
恩施州康聖欣儀醫學檢驗有限公司 Enshi Kindstar Xinyi Medical Laboratory Co., Ltd. ("Kindstar Xinyi")	(l)	PRC/Mainland China 6-Jul-2017	RMB8,000,000	-	100.0%	Clinical Testing Service

Notes:

- (a) On 14 September 2021, Kindstar Biotech was established under the laws of the PRC with a registered capital of RMB10 million. On 7 June 2024, Kindstar Biotech received a capital injection of RMB769,000 from a minority shareholder, of which RMB769,000 is share capital and RMB9,231,000 is capital reserve.
- (b) On 21 January 2022, the Group acquired Wuhan Haixi and Haixi Biological Technology. On 27 August 2024, Haixi Biological Technology received a capital injection of RMB100,000 from a minority shareholder, of which RMB100,000 is share capital and RMB14,900,000 is capital reserve.
- (c) On 4 January 2023, Kindstar Sequenon was established under the laws of the PRC with a registered capital of RMB30 million.
- (d) On 24 March 2023, Guangzhou SouthMed was established under the laws of the PRC with a registered capital of RMB30 million.
- (e) On 17 May 2023, the Group acquired Kindstar Venture Capital.
- (f) On 22 May 2023, Changsha Kindstar was established under the laws of the PRC with a registered capital of RMB5 million. On 31 January 2024 and 30 May 2024, Changsha Kindstar received a capital injection of RMB250,000 from a minority shareholder.
- (g) On 11 July 2023, Kindstar Shanghai was established under the laws of the PRC with a registered capital of RMB50 million.
- (h) On 21 November 2023, Sino Future was established under the laws of the PRC with a registered capital of RMB10 million.

- (i) On 23 August 2024, Kindstar Youan was established under the laws of the PRC with a registered capital of RMB5 million. From 14 October 2024 to 21 October 2024, Kindstar Youan received a capital injection of RMB200,000 from a minority shareholder.
- (j) On 9 October 2023, Enshi Kindstar was established under the laws of the PRC with a registered capital of RMB10 million.
- (k) On 23 August 2024, Guizhou Kindstar was established under the laws of the PRC with a registered capital of RMB5 million.
- (l) On 11 July 2017, Kindstar Xinyi was established under the laws of the PRC with a registered capital of RMB8 million. During the year ended 31 December 2024, the Group acquired the 100% interest of Kindstar Xinyi.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRSs (which include all applicable IFRS Accounting Standards issued by the International Accounting Standards Board (the “IASB”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, derivative financial instruments, wealth management products and equity investments which have been measured at fair value. Disposal groups held for sale are stated at the lower of their carrying amounts and fair values less costs to sell. These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, 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 related assets (including goodwill), any non-controlling interest and exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

The new or amended IFRSs that are effective from 1 January 2024 did not have any significant impact on the Group's accounting policies. The nature and the impact of the new and revised IFRSs that are applicable to the Group are described below:

- (a) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

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

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in the Consolidated financial statements. The Group intends to apply these revised IFRSs, if applicable, when they become effective.

Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture²</i>
Amendments to IAS 21	<i>Lack of Exchangeability¹</i>
IFRS 18	<i>Presentation and Disclosure in Financial Statements³</i>
IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures³</i>
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments⁴</i>
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity⁴</i>
<i>Annual Improvements to IFRS Accounting Standards – Volume 11</i>	Amendments to: IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 74

¹ Effective for annual periods beginning on or after 1 January 2025

² No mandatory effective date yet determined but available for adoption

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

⁴ Effective for annual periods beginning on or after 1 January 2026

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, the Group has expected that these standards will not have a significant effect on the Group's financial performance and financial position.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has ten reportable operating segments as follows:

- (a) Hematology testing segment includes testing services related to blood diseases.
- (b) Genetic diseases and rare diseases segment includes testing services from the rare disease.
- (c) Infectious diseases segment includes testing services from the infection department.
- (d) Oncology segment includes testing related to oncology diseases.
- (e) Neurology segment includes testing services related to neurological diseases undertaken by the Group.
- (f) Maternity-related diseases segment includes testing services related to maternity.
- (g) Routine testing segment conducts routine tests for the doctors' daily diagnoses.
- (h) Scientific research services and CRO segment includes research and development services.
- (i) The "others" segment provides testing services for R&D projects and others and miscellaneous service.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax from continuing operations. The adjusted profit/loss before tax from continuing operations is measured consistently with the Group's profit before tax except that other income and gains, administrative expenses, research and development costs, other expenses and finance costs are excluded from such measurement. No analysis of segment assets and liabilities is presented as management does not regularly review such information for the purposes of resource allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

For the year ended 31 December 2024

Segments	Hematology Testing	Genetic diseases and rare diseases	Infectious diseases	Oncology	Neurology	Maternity-related diseases	Routine testing	Scientific research services and CRO	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue	585,108	44,747	39,432	21,722	95,351	53,881	42,394	44,656	277	927,568
Sales to external customers	122,048	4,544	3,786	10,767	19,554	867	465	(4,509)	(130)	157,392
Segment results										
Reconciliation:										
Other income and gains										120,475
Administrative expenses										(100,268)
Research and development costs										(105,799)
Other expenses										(116,902)
Finance costs										(11,088)
Group's (loss)/profit before tax										(56,190)

For the year ended 31 December 2023

Segments	Hematology Testing		Genetic diseases and rare diseases		Infectious diseases		Oncology		Neurology		Maternity-related diseases		Routine testing		Scientific research services and CRO		Others		Total
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	
Segment revenue																			
Sales to external customers	590,308	46,715	49,001	32,064	96,603	55,418	57,473	26,393	13,285	967,260									
Segment results	107,761	4,664	5,484	6,053	16,972	1,303	592	3,031	(2,512)	143,348									
Reconciliation:																			
Other income and gains																			138,094
Administrative expenses																			(105,626)
Research and development costs																			(105,337)
Other expenses																			(19,123)
Finance costs																			(8,034)
Group's (loss)/profit before tax																			43,322

4. REVENUE

An analysis of revenue is as follows:

Revenue from contracts with customers

(i) *Disaggregated revenue information*

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Types of services		
Clinical testing service – at a point in time	882,912	940,867
Testing services for R&D projects and others – over time	<u>44,656</u>	<u>26,393</u>
Total revenue from contracts with customers	<u><u>927,568</u></u>	<u><u>967,260</u></u>

The following table shows the amounts of revenue recognised during the reporting periods that were included in the contract liabilities at the beginning of each reporting period and recognised from performance obligations satisfied in previous periods:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Revenue recognised that was included in the contract liabilities balance at the beginning of year:		
Clinical Testing Service	1,928	5,520
Testing services for R&D projects and others	<u>1,833</u>	<u>1,109</u>
	<u><u>3,761</u></u>	<u><u>6,629</u></u>

(ii) *Performance obligations*

Clinical Testing Service

The performance obligation is satisfied upon delivery of the testing report and the payment is generally due within 30 days from the date of billing, except for individual customers, where payment in advance is normally required.

Testing services for R&D projects and others

Under Testing services for R&D projects and others, revenue is recognised at the amount to which the Group has the right to invoice for services performed. Therefore, under practical expedient allowed by IFRS 15, the Group does not disclose the value of unsatisfied performance obligation.

5. (LOSS)/PROFIT BEFORE TAX

The Group's (loss)/profit before tax is arrived at after charging/(crediting):

	<i>Notes</i>	2024 RMB'000	2023 <i>RMB'000</i>
Cost of services provided		488,005	516,131
Depreciation of property, plant and equipment	9	45,163	48,691
Depreciation of right-of-use assets		22,356	20,669
Amortisation of other intangible assets		6,034	5,665
Research and development costs		105,799	105,337
Auditor's remuneration		3,320	4,056
Salaries and other benefits		298,906	316,409
Less: Amount capitalised		2,332	1,405
		296,574	315,004
Pension scheme contributions, social welfare and other welfare		43,417	45,119
Less: Amount capitalised		275	167
		43,142	44,952
Lease payments not included in the measurement of lease liabilities		2,819	2,190
Bank interest income		(82,440)	(80,122)
Finance costs		11,088	8,034
Foreign exchange losses, net		486	1,587
Other income from financial assets at FVPTL		3,497	2,712
Share of losses of associates		429	570
Fair value changes on financial assets at FVTPL		(21,194)	16,962
Fair value gains on contingent consideration		922	5,140
Losses on disposal of items of property, plant and equipment and other intangible assets		723	221
Impairment losses on financial assets under ECL model		71,209	1,238
Impairment losses of inventories to net realisable value		3,374	1,081
Impairment losses of goodwill		328	942

6. INCOME TAX

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

Cayman Islands

Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gains.

Singapore

No provision for Singapore profits tax has been made as the Group had no operating activity in Singapore during the reporting periods. The subsidiary incorporated in Singapore was subject to income tax at the rate of 17% on the estimated assessable profits arising in Singapore during the reporting periods.

Hong Kong

No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the reporting periods. The subsidiary which operates in Hong Kong at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year.

Mainland China

According to the Corporate Income Tax Law of the People's Republic of China (the "CIT Law"), the uniform income tax rate is 25% (2023: 25%), except for 5 subsidiaries (Wuhan Kindstar, Beijing Hightrust, Shanghai SimpleGene, Sino Path and Kindstar Zhenyuan) accredited as a "High and New Technology Enterprise" ("HNTE") which were entitled to income tax rate of 15% and 4 subsidiaries (Xinjiang Kindstar, Kindstar You Yi, Chengdu Shengyuan and Huaxi Kindstar) incorporated in Western China which were entitled to income tax rate of 15% under the Grand Western Development Program policy.

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current income tax	4,002	8,832
Deferred income tax	489	(1,957)
	<hr/>	<hr/>
Total tax charge for the year	4,491	6,875
	<hr/> <hr/>	<hr/> <hr/>

A reconciliation of the tax expense applicable to (loss)/profit before tax at the statutory rate for Mainland China in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the statutory tax rates to the effective tax rates, are as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
(Loss)/Profit before tax	(56,190)	43,322
	<hr/>	<hr/>
Tax at the statutory tax rate (25%)	(14,047)	10,830
Lower tax rates for specific provinces or enacted by local authority	(8,469)	(16,026)
Adjustments in respect of current tax of previous periods	1,660	3,670
Income not subject to tax	(299)	(668)
Expenses not deductible for tax	12,652	9,126
Tax losses not recognised	33,025	20,820
Additional deductible allowance for qualified research and development costs	(20,031)	(20,877)
	<hr/>	<hr/>
Tax charge at the Group's effective rate	4,491	6,875
	<hr/> <hr/>	<hr/> <hr/>

The Group has accumulated tax losses of RMB7,058,000 arising in Mainland China as at 31 December 2024 (2023: RMB28,115,000) that will expire in one to ten years for offsetting against future taxable profits of the subsidiaries in which the losses arose. Deferred tax assets in respect of RMB33,025,000 accumulated tax losses (2023: RMB12,084,000) of certain subsidiaries have not been recognised as these subsidiaries are not considered probable that taxable profits will be available against which the accumulated tax losses can be utilised as at 31 December 2024.

7. DIVIDENDS

The final dividend in respect of 2023 of HK\$0.0284 per share, totaling approximately HK\$28,000,000 was approved at the Annual General Meeting on 5 June 2024 and was paid in cash on 9 August 2024.

Final dividend of HK\$0.0238 per share was proposed by the Board for the year ended 31 December 2024. The proposed final dividend is subject to the approval of the Company shareholders at the forthcoming annual general meeting.

8. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earning per share amount is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 946,166,949 (2023: 957,994,542) in issue during the year.

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, adjusted to reflect the interest on the exercise of certain batch of share options. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year ended 31 December 2023, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

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

The calculation of basic earnings per share is based on:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
<u>(Loss)/Profit</u>		
(Loss)/Profit attributable to ordinary equity holders of the parent (RMB'000)	(54,588)	41,286
<u>Ordinary shares</u>		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	946,166,949	957,994,542
<u>Effect of dilutive potential ordinary shares:</u>		
Share options	–	12,761,543
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	946,166,949	970,756,085
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT		
– Basic (RMB)	(5.77 cents)	4.31 cents
– Dilute (RMB)	(5.77 cents)	4.25 cents

9. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Laboratory equipment RMB'000	Transportation equipment RMB'000	Other equipment RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2024							
At 1 January 2024							
Cost	232,959	310,068	6,657	42,430	131,182	32,798	756,094
Accumulated depreciation	(11,241)	(200,454)	(4,429)	(27,125)	(75,812)	–	(319,061)
Net carrying amount	<u>221,718</u>	<u>109,614</u>	<u>2,228</u>	<u>15,305</u>	<u>55,370</u>	<u>32,798</u>	<u>437,033</u>
At 1 January 2024, net of accumulated depreciation	221,718	109,614	2,228	15,305	55,370	32,798	437,033
Additions	155,475	13,425	1	1,894	21,034	15,082	206,911
Transfer	22,829	–	175	–	4,788	(35,713)	(7,921)
Disposals	–	(7,967)	–	(3,630)	(3,263)	(946)	(15,806)
Acquisition of a subsidiary	–	–	–	10	–	–	10
Depreciation provided during the year	<u>(8,559)</u>	<u>(18,239)</u>	<u>(643)</u>	<u>(4,932)</u>	<u>(12,790)</u>	<u>–</u>	<u>(45,163)</u>
At 31 December 2024, net of accumulated depreciation	<u>391,463</u>	<u>96,833</u>	<u>1,761</u>	<u>8,647</u>	<u>65,139</u>	<u>11,221</u>	<u>575,064</u>
At 31 December 2024: Cost	411,263	315,526	6,833	40,704	153,741	11,221	939,288
Accumulated depreciation	<u>(19,800)</u>	<u>(218,693)</u>	<u>(5,072)</u>	<u>(32,057)</u>	<u>(88,602)</u>	<u>–</u>	<u>(364,224)</u>
Net carrying amount	<u>391,463</u>	<u>96,833</u>	<u>1,761</u>	<u>8,647</u>	<u>65,139</u>	<u>11,221</u>	<u>575,064</u>

	Buildings RMB '000	Laboratory equipment RMB '000	Transportation equipment RMB '000	Other equipment RMB '000	Leasehold improvements RMB '000	Construction in progress RMB '000	Total RMB '000
31 December 2023							
At 1 January 2023	232,154	254,046	6,551	36,585	114,655	5,096	649,087
Cost	(5,931)	(177,131)	(3,922)	(22,398)	(60,987)	–	(270,369)
Accumulated depreciation							
Net carrying amount	<u>226,223</u>	<u>76,915</u>	<u>2,629</u>	<u>14,187</u>	<u>53,668</u>	<u>5,096</u>	<u>378,718</u>
At 1 January 2023, net of accumulated depreciation	226,223	76,915	2,629	14,187	53,668	5,096	378,718
Additions	–	66,131	352	6,572	6,312	38,722	118,089
Transfer	805	–	–	–	10,215	(11,020)	–
Disposals	–	(10,110)	(246)	(727)	–	–	(11,083)
Depreciation provided during the year	<u>(5,310)</u>	<u>(23,322)</u>	<u>(507)</u>	<u>(4,727)</u>	<u>(14,825)</u>	<u>–</u>	<u>(48,691)</u>
At 31 December 2023, net of accumulated depreciation	<u>221,718</u>	<u>109,614</u>	<u>2,228</u>	<u>15,305</u>	<u>55,370</u>	<u>32,798</u>	<u>437,033</u>
At 31 December 2023:							
Cost	232,959	310,068	6,657	42,430	131,182	32,798	756,094
Accumulated depreciation	<u>(11,241)</u>	<u>(200,454)</u>	<u>(4,429)</u>	<u>(27,125)</u>	<u>(75,812)</u>	<u>–</u>	<u>(319,061)</u>
Net carrying amount	<u>221,718</u>	<u>109,614</u>	<u>2,228</u>	<u>15,305</u>	<u>55,370</u>	<u>32,798</u>	<u>437,033</u>

10. FINANCIAL ASSETS AT FVTPL

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Investment in unlisted funds – non current *	<u>324,441</u>	<u>280,482</u>
Financial assets at FVTPL in total	<u><u>324,441</u></u>	<u><u>280,482</u></u>

* The investment includes subscription of limited partnership of an unlisted fund to allow the Group to further access a wider variety of participants in the clinical testing industry. The unlisted fund was measured at fair value through profit or loss.

11. TRADE AND BILLS RECEIVABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade receivables	631,805	627,476
Bills receivable	<u>733</u>	<u>354</u>
	<u><u>632,538</u></u>	<u><u>627,830</u></u>
Allowance for expected credit losses	<u>(128,327)</u>	<u>(61,269)</u>
	<u><u>504,211</u></u>	<u><u>566,561</u></u>

The Group's trading terms with its customers are mainly on credit, except for individual customers, where payment in advance is normally required. The credit period is generally from three months to nine months. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. The balances of trade receivables are non-interest-bearing.

An ageing analysis of the trade and bills receivables as at the end of each of the reporting periods, based on the billing date and net of allowance for expected credit losses, is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 1 year	195,812	210,202
1 year to 2 years	74,866	278,199
2 years to 3 years	191,286	31,306
3 years to 4 years	18,504	24,826
4 years to 5 years	12,426	17,590
Over 5 years	<u>11,318</u>	<u>4,438</u>
	<u><u>504,211</u></u>	<u><u>566,561</u></u>

The movements in the allowance for expected credit losses of trade receivables are as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
At beginning of year	61,269	63,390
Impairment losses, net	71,174	1,238
Amount written off as uncollectible	(4,116)	(3,359)
	<hr/>	<hr/>
At end of year	128,327	61,269
	<hr/> <hr/>	<hr/> <hr/>

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Deposits and other receivables (current)	56,649	33,082
Prepayments (current)	11,694	8,422
Value-added tax recoverable		
– current	1,885	1,457
– non-current*	24,977	5,194
Prepaid expenses (current)	502	1,871
Deferred issue cost (current)	3,250	–
	<hr/>	<hr/>
	98,957	50,026
	<hr/> <hr/>	<hr/> <hr/>
Analysed into:		
Current portion	73,980	44,832
Non-current portion	24,977	5,194
	<hr/>	<hr/>
	98,957	50,026
	<hr/> <hr/>	<hr/> <hr/>

The balances are not secured by collateral.

Other receivables had no historical default. The financial assets included in the above balances relate to receivables were categorised in stage 1 at the end of each of the reporting periods. In calculating the expected credit loss rate, the Group considers the historical loss rate and adjusts for forward-looking macroeconomic data. During the reporting periods, the Group estimated that the expected credit loss rate for other receivables and deposits was minimal.

The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Long ageing balances are reviewed regularly by senior management. In view of the fact that the Group's deposits and other receivables relate to a large number of diversified counterparties, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its deposits and other receivable balances.

* The amount mainly represents value-added tax balance expected not to be recoverable in next twelve months.

13. TIME DEPOSITS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Time deposits – current (more than 3 months)	1,217,543	552,450
Time deposits – non-current (more than 1 year)	<u>410,000</u>	<u>10,000</u>
	<u>1,627,543</u>	<u>562,450</u>

Non-current time deposits represent deposits over one year. As at 31 December 2024, RMB410,000,000 of non-current time deposit carried fixed interest rates ranging from 2.45% to 2.85% per annum with maturity of May 2025.

Current time deposits represent deposits over 3 months but less than one year. As at 31 December 2024, RMB1,217,543,260 of current time deposits carried fixed interest rates ranging from 2.02% to 5.74% per annum.

14. TRADE AND BILLS PAYABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Bills payable	34,496	13,150
Trade payables	<u>143,522</u>	<u>208,590</u>
	<u>178,018</u>	<u>221,740</u>

15. OTHER PAYABLES AND ACCRUALS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Accruals	130,343	136,056
Payroll payable	129,841	141,056
Other payables*	65,439	36,573
Equity acquisition payables*	<u>4,900</u>	<u>–</u>
	<u>330,523</u>	<u>313,685</u>

16. CONTRACT LIABILITIES

The Group recognised the following revenue-related contract liabilities:

	31 December 2024 RMB'000	31 December 2023 RMB'000
Testing services for R&D projects and others	2,941	7,970
Clinical testing service	<u>3,054</u>	<u>3,954</u>
	<u>5,995</u>	<u>11,924</u>

Contract liabilities include advances received to provide testing services for R&D projects and others and clinical testing services.

17. INTEREST-BEARING BANK BORROWINGS

	As at 31 December 2024		
	Effective interest rate per annum %	Maturity	RMB'000
Current			
Bank borrowings – credit	<u>2.6-3.65</u>	2025	<u>286,566</u>
Non-Current			
Bank borrowings – credit	<u>LPR-20BPS</u>	2026-2034	<u>68,500</u>

	As at 31 December 2023		
	Effective interest rate per annum %	Maturity	RMB'000
Current			
Bank borrowings – credit	<u>2.75-3</u>	2024	<u>152,900</u>

Analysed into:

	2024 RMB'000	2023 RMB'000
Bank borrowings repayable:		
Within one year or on demand	286,566	152,900
In the second year	1,000	–
In the third to fifth years, inclusive	15,500	–
Beyond five years	<u>52,000</u>	<u>–</u>
	<u>355,066</u>	<u>152,900</u>

In February 2024, Kindstar Shanghai, a subsidiary of the Company, entered into a ten-year bank loans agreement of RMB70,000,000 with Nanshi Branch of Shanghai Pudong Development Bank, which was guaranteed by Wuhan Kindstar and SinoPath and secured by mortgages over the Kindstar Shanghai's buildings, which had a net carrying value at the end of the reporting period of approximately RMB152,627,000. In August 2024, Kindstar Shanghai repaid the loans amounted to RMB500,000.

18. SHARE CAPITAL/TREASURY SHARES

Issued and fully paid

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Issued and fully paid:		
2024: 981,291,940 (2023:986,308,104) ordinary shares	<u>1,589</u>	<u>1,599</u>

Treasury Shares

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Shares repurchased:		
44,184,500 (2023: 32,003,000) treasury shares	<u>76</u>	<u>55</u>

19. STOCK INCENTIVE PLANS

Pre-IPO stock incentive plans

The Company's Pre-IPO Stock Incentive Plans (the "Pre-IPO Scheme") were adopted pursuant to resolutions passed on 14 March 2013, 20 December 2015 and 1 December 2016, respectively, for the primary purpose of providing incentives to directors of the Company and eligible employees of the Group.

Details of Pre-IPO Scheme granted are as follows:

Grant date	Number of options	Expiry date	Exercise price per share	Notes
15 March 2013	4,576,229	14 March 2023	\$0.03	(i)
31 December 2013	8,608,131	31 December 2023	\$0.03	(ii)
31 December 2015	15,813,456	31 December 2025	\$0.06	(ii)
31 December 2016	17,242,524	31 December 2026	\$0.09	(ii)

Notes:

- (i) 25%, 25%, 25% and 25% of the total number of the options granted shall vest on the first, second, third and fourth anniversary of vesting commencement date, respectively.
- (ii) 100% of the total number of the options granted shall vest immediately after grant date.

The number of options and exercise price per share for the options granted on 14 March 2013, 20 December 2015 and 1 December 2016 represented the unadjusted number of options and exercise prices before considering the Share split and capitalisation issue.

The following share options were outstanding during the reporting periods:

	31 December 2024		31 December 2023	
	Weighted average exercise price HKD per share	Number of options 000	Weighted average exercise price HKD per share	Number of options 000
At the beginning of year	0.17	5,081,772	0.14	14,987,592
Exercised during the year	0.18	(1,637,836)	0.12	(9,777,820)
Forfeited during the year	—	—	0.06	(128,000)
At the end of year	0.17	3,403,936	0.17	5,081,772
Exercisable at the end of the year	—	3,403,936	—	5,081,772

The weighted average share price at the date of exercise for share options exercised during 2024 was HK\$1.45 per share (2023: HK\$1.93 per share options were exercised).

Shares issued upon exercise of share options

1,637,836 shares were issued upon exercise of share options with the weighted average exercise price in US\$5.97 cent in 2024 (9,777,820 shares was issued upon exercise of share options with the weighted average exercise price in US\$4.85 cent in 2023).

Post-IPO RSU Scheme

No shares had been granted under the post-IPO RSU scheme during 2024.

20. RESERVES

Group

(i) Capital reserve

The capital reserve represents the difference between the par value of the shares issued and the consideration received.

(ii) Other capital reserve

The other capital reserve of the Group represents the difference between the aggregate of the then net assets of the non-controlling interests acquired and the consideration paid by the Group for the acquisition of non-controlling interests.

(iii) Share-based payment reserve

The share-based payment reserve of the Group represents the fair value of equity-settled share-based payments granted in 2013, 2015 and 2016. 1,637,836 share options were exercised in 2024.

(iv) Exchange fluctuation reserve

The exchange fluctuation reserve represents exchange differences arising from the translation of the financial statement of group companies whose functional currencies are different from the Group's presentation currency.

AGM

The AGM will be held on June 5, 2025. A notice convening the AGM will be published and dispatched to the Shareholders in the manner required by the Listing Rules in due course.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK\$0.0238 per Share for the year ended December 31, 2024 (For the year ended December 31, 2023: HK\$0.0284 per Share). The actual total amount of final dividend to be distributed will be determined based on the total issued share capital of the Company as at the Record Date for determining the eligibility of Shareholders to receive the final dividend. The recommendation of payment of the final dividend is subject to the Shareholders' approval at the forthcoming AGM of the Company. Upon approval, the proposed final dividend will be payable to the Shareholders on or before August 27, 2025, whose names appear on the register of members of the Company on June 13, 2025 (the "**Record Date**").

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining the Shareholders' eligibility to attend and vote at the AGM, the register of members of the Company will be closed from Monday, June 2, 2025 to Thursday, June 5, 2025, both dates inclusive, during which period no transfer of Share will be registered. In order to be eligible as Shareholders to attend and vote at the AGM, unregistered holders of Shares shall ensure that all transfer of Shares documents accompanied by the relevant Share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, May 30, 2025.

For the purpose of ascertaining the Shareholders' entitlement to the proposed final dividend for the year ended December 31, 2024 (subject to the approval by Shareholders at the AGM), the register of members of the Company will be closed from Wednesday, June 11, 2025 to Friday, June 13, 2025, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for the entitlement to the proposed final dividend, all transfers of Shares documents accompanied by the relevant Share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Tuesday, June 10, 2025.

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

For the year ended December 31, 2024, the Company repurchased a total of 13,321,000 Shares (the "**Shares Repurchased**") on the Stock Exchange at an aggregate consideration of approximately HK\$19.8 million (inclusive of transaction fees such as brokerage fee, stamp duty and transaction levy). 6,257,000 of the Shares Repurchased were subsequently cancelled and the remaining 7,064,000 of the Shares Repurchased are held as treasury Shares. The repurchase of Shares was effected because the Board considered that a Share repurchase in the then conditions demonstrated the Company's confidence in its own business outlook and prospects and would, in the long term, benefit the Company and create value to the Shareholders.

Particulars of the Shares Repurchased in 2024 are as follows:

Month of repurchase	No. of Shares repurchased	Highest price paid per Share (HK\$)	Lowest price paid per Share (HK\$)	Aggregate consideration (HK\$'000)
January	859,500	1.77	1.51	1,414
March	120,500	1.48	1.43	178
April	2,216,500	1.60	1.44	3,390
May	2,876,500	1.67	1.52	4,618
June	1,900,000	1.67	1.55	3,024
September	1,966,000	1.38	1.17	2,634
October	3,382,000	1.43	1.22	4,526
Total	13,321,000	1.77	1.17	19,784

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company listed securities for the year ended December 31, 2024. As at December 31, 2024, the Company had 7,064,000 treasury Shares (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) which are intended to be used for purposes such as employee incentives, sale or transfer to obtain liquid funds, etc. subject to the actual decision(s) making by the Board.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining and promoting stringent corporate governance. The principle of the Company’s corporate governance is to promote effective internal control measures, uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business, to ensure that its affairs are conducted in accordance with applicable laws and regulations and to enhance the transparency and accountability of the Board to all the Shareholders. The Company has applied the principles as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 of the Listing Rules.

The Board is of the view that, during the Reporting Period, the Company has complied with the code provisions as set out in the CG Code, except for the deviation as explained below.

Code provision C.2.1 of the CG Code stipulates that the roles of chairman of the Board and chief executive should be separate and should not be performed by the same individual. The roles of chairman of the Board and chief executive officer of the Company are held by Dr. Huang. In view of Dr. Huang’s experience, personal profile and his roles in the Group, and the fact that Dr. Huang has been a chief executive of the Group since its incorporation, the Board considers it beneficial to the business prospect and operational efficiency of the Group that Dr. Huang acts as the chairman of the Board and continues to act as the chief executive officer of the Company.

While this will constitute a deviation from the CG Code, the Board believes that this structure will not impair the balance of power and authority between the Board and the management of the Company, given that: (i) decision to be made by the Board requires approval by at least a majority of the Directors; (ii) Dr. Huang and the other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that he acts for the benefit and in the best interests of the Company and will make decisions for the Group accordingly; and (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high calibre individuals who meet regularly to discuss issues affecting the operations of the Company. Moreover, the overall strategic and other key business, financial, and operational policies of the Group are made collectively after thorough discussion at both the Board and senior management levels. The Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of chairman of the Board and chief executive officer is necessary.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as the Group’s code of conduct regarding the Directors’ securities transactions. Having made specific enquiry of all the Directors, all the Directors confirmed that they have strictly complied with the Model Code during the Reporting Period.

The Board has also adopted written guidelines (the “**Employees Written Guidelines**”) no less exacting than the Model Code to regulate all dealings by relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of securities in the Company as referred to in code provision C.1.3 of the CG Code. No incident of non-compliance with the Employees Written Guidelines by the Company’s relevant employees had been noted during the Reporting Period after making reasonable enquiry.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL INFORMATION

The Board has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code. As of the date of this announcement, the Audit Committee consists of three members, namely Dr. Xia Xinping, Mr. Huang Zuie-Chin and Mr. Gu Huaming. Dr. Xia Xinping, being the chairman of the Audit Committee, holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary duties of the Audit Committee include, without limitation, assisting the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of the Group and overseeing the audit process.

The Audit Committee has reviewed the Group’s consolidated financial statements for the year ended December 31, 2024. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company with senior management members and the Auditor, and discussed matters with respect to internal controls with senior management members. Based on this review and discussions with the management and Ernst & Young, the Audit Committee was satisfied that the Group’s consolidated financial statements were prepared in accordance with applicable accounting standards and fairly present the Group’s financial position and results for the year ended December 31, 2024.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.kindstar.com.cn). The annual report of the Company for the year ended December 31, 2024 containing all the information required by the Listing Rules will be dispatched to the Shareholders and made available on the same websites in due course.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“AGM”	the annual general meeting of the Company to be held on Thursday, June 5, 2025
“Audit Committee”	the audit committee of the Board
“Auditor”	Ernst & Young, Certified Public Accountants, the auditor of the Company
“Board”	the board of Directors of the Company
“China” or “PRC”	the People’s Republic of China and, except where the context requires and only for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan. “Chinese” shall be construed accordingly
“Company” or “Kindstar Global”	Kindstar Globalgene Technology, Inc., (康聖環球基因技術有限公司) an exempted company with limited liability incorporated under the laws of the Cayman Islands, the shares of which are listed on the main board of the Stock Exchange (stock code: 9960)
“Director(s)”	the director(s) of the Company
“Global Offering”	the global offering of the Shares in connection with the listing of the Shares on the Main Board of the Stock Exchange on July 16, 2021
“Group”	the Company and its subsidiaries (including the PRC Consolidated Entities)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC Consolidated Entity(ies)”	entity(ies) whose financial results have been consolidated and accounted for as subsidiaries of the Company by virtue of variable interest entity structure

“Reporting Period”	the year ended December 31, 2024
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) in the share capital of the Company with a par value of US\$0.00025 each
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By order of the Board
Kindstar Globalgene Technology, Inc.
 康聖環球基因技術有限公司
HUANG Shiang
Chairman

Hong Kong, March 28, 2025

As of the date of this announcement, the Board comprises Dr. HUANG Shiang, Mr. TU Zanbing and Ms. CHAI Haijie as executive Directors, Mr. HUANG Zuie-Chin, Mr. PENG Wei and Ms. HUANG Lu as non-executive Directors, and Dr. YAO Shanglong, Dr. XIA Xinping and Mr. GU Huaming as independent non-executive Directors.