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IVD Medical Holding Limited

華檢醫療控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1931)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024 AND RESUMPTION OF TRADING

The board (the “**Board**”) of directors (the “**Directors**”) of IVD Medical Holding Limited (the “**Company**”) is pleased to announce the financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2024 (the “**Reporting Period**”) as below.

FINANCIAL HIGHLIGHTS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>	Change
Revenue	3,162,415	3,088,387	2.4%
Gross profit	751,173	671,701	11.8%
Profit for the year	266,034	237,126	12.2%
Profit attributable to owners of the parent	260,420	238,163	9.3%
Adjusted profit for the year (<i>Note</i>)	280,413	262,124	7.0%
Adjusted profit attributable to owners of the parent (<i>Note</i>)	274,246	263,161	4.2%
Earnings per share			
Basic (RMB cents)	17.42	17.62	(0.20)
Diluted (RMB cents)	17.42	17.62	(0.20)

Note: Adjusted profit for the year and adjusted profit attributable to owners of the parent are non-GAAP financial measures. They are calculated by excluding certain impact of non-operating items which affect the results presented in the consolidated financial statements but which the Company considers them to be not indicative of the operating performance of the Group, and are included with the intent to provide shareholders of the Company (“**Shareholders**”) and potential investors with supplementary information to assess the performance of the Group’s core operations. See the paragraph headed “Adjusted profit for the year” in this announcement for more information about these measures.

For the Reporting Period, the Group achieved revenue of RMB3,162,415 thousand, which represented an increase of 2.4% as compared to the year ended 31 December 2023.

Profit of the Group for the Reporting Period recorded an increase of 12.2% as compared to the year ended 31 December 2023. Such increase was primarily attributable to the increase in gross profit margin of the Group's analysers and after-sales services business.

The Board did not recommended a final dividend in respect of 2024.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2024

		2024	2023
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	4	3,162,415	3,088,387
Cost of sales		<u>(2,411,242)</u>	<u>(2,416,686)</u>
Gross profit		751,173	671,701
Other income and gains, net	5	21,813	29,131
Selling and distribution expenses		(139,805)	(136,313)
Administrative expenses		(165,332)	(159,980)
(Impairment of)/reversal of impairment of trade receivables		(1,796)	958
Other expenses		–	(1,838)
Finance costs	6	(35,979)	(21,040)
Fair value loss on financial assets at fair value through profit or loss		(9,468)	(20,631)
Share of losses of associates		(10,217)	(16,837)
Share of loss of a joint venture		<u>(8,612)</u>	<u>(5,822)</u>
Profit before tax	7	401,777	339,329
Income tax expense	8	<u>(135,743)</u>	<u>(102,203)</u>
Profit for the year		<u>266,034</u>	<u>237,126</u>
Profit/(loss) for the year attributable to:			
Owners of the parent		260,420	238,163
Non-controlling interests		<u>5,614</u>	<u>(1,037)</u>
Profit for the year		<u>266,034</u>	<u>237,126</u>

	<i>Notes</i>	2024 RMB'000	2023 <i>RMB'000</i>
OTHER COMPREHENSIVE INCOME/(EXPENSE)			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		756	781
Realisation of exchange fluctuation reserve upon deregistration of a subsidiary		<u>—</u>	<u>1,691</u>
		756	2,472
Other comprehensive income/(expense) that will not be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of the Company's financial statements		<u>12,127</u>	<u>(2,405)</u>
Other comprehensive income for the year, net of tax		<u>12,883</u>	<u>67</u>
Total comprehensive income for the year		<u>278,917</u>	<u>237,193</u>
Total comprehensive income/(expense) attributable to:			
Owners of the parent		273,303	238,230
Non-controlling interests		<u>5,614</u>	<u>(1,037)</u>
		<u>278,917</u>	<u>237,193</u>
Earnings per share attributable to ordinary equity holders of the parent			
	<i>10</i>		
Basic (RMB cents)		17.42	17.62
Diluted (RMB cents)		<u>17.42</u>	<u>17.62</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

		2024	2023
	Notes	RMB'000	RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		104,312	91,448
Intangible assets		1,635,885	1,635,885
Investments in associates		10,806	10,123
Investment in a joint venture		25,167	33,197
Financial assets at fair value through profit or loss		16,011	25,256
Deferred tax assets		15,065	6,930
Total non-current assets		1,807,246	1,802,839
CURRENT ASSETS			
Inventories		1,236,751	1,109,554
Trade receivables	11	484,276	532,158
Prepayments and other receivables		137,875	42,740
Pledged deposits		83,378	72,975
Cash and cash equivalents		1,774,358	1,224,786
Total current assets		3,716,638	2,982,213
CURRENT LIABILITIES			
Trade payables	12	595,183	506,567
Other payables and accruals	13	188,311	330,790
Interest-bearing bank borrowings		732,566	319,896
Tax payable		30,609	41,869
Total current liabilities		1,546,669	1,199,122
NET CURRENT ASSETS		2,169,969	1,783,091
TOTAL ASSETS LESS CURRENT LIABILITIES		3,977,215	3,585,930

	<i>Notes</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
NON-CURRENT LIABILITIES			
Other payables and accruals	<i>13</i>	13,167	13,289
Deferred tax liabilities		202,862	186,752
Total non-current liabilities		216,029	200,041
Net assets		3,761,186	3,385,889
EQUITY			
Equity attributable to owners of the parent			
Share capital	<i>14</i>	5,603	4,637
Reserves		3,709,015	3,340,298
		3,714,618	3,344,935
Non-controlling interests		46,588	40,954
Total equity		3,761,186	3,385,889

NOTES TO FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands. The registered office of the Company is located at the office of Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company is located at Room 1703, Grandtech Centre, 8 On Ping Street, Shatin, Hong Kong. The shares of the Company commenced listing on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 12 July 2019 (the “**Listing**”).

The Company is an investment holding company. During the year, the Company’s subsidiaries were principally engaged in the sale and manufacture of medical equipment and consumables and provision of after-sales services related to medical equipment.

2.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss which have measured at fair value. The consolidated 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 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 the related assets (including goodwill), liabilities, any non-controlling interest and the 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 amendments to IFRSs for the first time for the current year's consolidated 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</i> <i>(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 nature and the impact of the amendments to IFRSs that are applicable to the Group are described below:

- (a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) 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.

- (c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's consolidated financial statements.

The adoption of the above amendments to IFRSs has had no significant financial effect on this financial information. Other than above mentioned, the accounting policies adopted in the preparation of the financial information are consistent with those used in the annual financial statements for the year ended 31 December 2023.

3. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the sale and manufacture of medical equipment and consumables and the provision of after-sales services related to medical equipment. For the purpose of resource allocation and performance assessment, the Group's management focuses on the operating results of the Group. As such, the Group's resources are integrated and no discrete operating segment information is available. Accordingly, no operating segment information is presented.

Geographical information

(a) Revenue from external customers

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Chinese Mainland	3,154,904	3,075,304
Others	7,511	13,083
	<hr/>	<hr/>
Total revenue	<u>3,162,415</u>	<u>3,088,387</u>

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Chinese Mainland	1,769,684	1,765,767
Others	6,486	4,886
	<hr/>	<hr/>
Total non-current assets	<u>1,776,170</u>	<u>1,770,653</u>

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

During the years ended 31 December 2024 and 2023, no revenue from transactions with a single external customer amounted for 10% or more of the total revenue of the Group.

4. REVENUE

An analysis of revenue is as follows:

	2024 RMB'000	2023 RMB'000
<i>Revenue from contracts with customers</i>		
Sales of trading goods	2,946,782	2,898,390
Sales of manufactured goods	9,644	10,623
Provision of after-sales services	205,989	179,374
	<hr/>	<hr/>
Total revenue	<u>3,162,415</u>	<u>3,088,387</u>

5. OTHER INCOME AND GAINS, NET

	2024 RMB'000	2023 RMB'000
Other income		
Bank interest income	2,672	2,910
Rental income	350	301
Government subsidies*	15,524	15,996
Others	1,635	576
	<hr/>	<hr/>
Total other income	<u>20,181</u>	<u>19,783</u>
Gains or losses		
Written-off of prepayments	(143)	–
(Loss)/gain on termination/modification of lease contracts	(66)	7
Gain on disposal of items of property, plant and equipment, net	47	141
Foreign exchange differences, net	1,794	9,200
	<hr/>	<hr/>
Total gains, net	<u>1,632</u>	<u>9,348</u>
	<hr/>	<hr/>
Total other income and gains, net	<u>21,813</u>	<u>29,131</u>

* Government grants have been received from the PRC local government authorities to support subsidiaries' daily operating activities. There are no unfulfilled conditions or contingencies relating to these grants.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 RMB'000	2023 RMB'000
Interest on bank loans	26,883	19,944
Interest on lease liabilities	1,049	993
Interest on factored trade receivables	8,047	103
	<hr/>	<hr/>
Total finance costs	<u>35,979</u>	<u>21,040</u>

7. PROFIT BEFORE TAX

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Cost of inventories sold	2,321,961	2,319,546
Cost of services provided	89,281	97,140
Depreciation of owned assets	22,910	23,968
Depreciation of right-of-use assets	15,290	13,591
Research and development costs	7,402	8,665
Expenses relating to short term leases	7,207	13,841
Auditors' remuneration	3,400	3,200
Employee benefit expenses (including directors' and chief executive's remuneration):		
Wages and salaries	183,798	148,939
Pension scheme contributions	37,895	34,930
Total	221,693	183,869
Write-down of inventories to net realisable value	3,658	4,239
Loss on deregistration of a subsidiary	–	1,838

8. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2023: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2023: 8.25%) and the remaining assessable profits are taxed at 16.5% (2023: 16.5%). Tax on profits assessable in Chinese Mainland has been calculated at the applicable PRC corporate income tax ("CIT") rate of 25% during the year.

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current – Hong Kong		
Over-provision in prior years	–	(1,914)
Charge for the year	1,615	4,184
Current – Chinese Mainland		
(Over-provision)/under-provision in prior years	(1,621)	516
Charge for the year	127,774	117,312
Deferred	7,975	(17,895)
Total tax charge for the year	135,743	102,203

9. DIVIDENDS

	2024 RMB'000	2023 <i>RMB'000</i>
Interim – Nil (2023: HK2.970 cents) per ordinary share	–	36,935
Proposed final – Nil (2023: HK6.209 cents) per ordinary share	–	76,314
	<u>–</u>	<u>113,249</u>

No dividend was proposed for the year ended 31 December 2024, nor has any dividend been proposed since the end of the reporting period.

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to owners of the parent, and the weighted average number of ordinary shares in issue during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to owners of the parent.

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 2024, 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 calculations of the basic and diluted earnings per share are based on:

	2024 RMB'000	2023 <i>RMB'000</i>
Earnings		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	<u>260,420</u>	<u>238,163</u>
	Number of shares	
	2024	2023
Shares		
Weighted average number of ordinary shares in issue less shares held for Share Award Scheme held by the Company during the year used in the basic earnings per share calculation	<u>1,495,230,580</u>	<u>1,351,885,316</u>

11. TRADE RECEIVABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade receivables	489,779	535,827
Impairment, net	(5,503)	(3,669)
	<hr/>	<hr/>
Net carrying amount	<u>484,276</u>	<u>532,158</u>

The majority of the Group's sales of products were mainly made on the payment-in-advance basis or granted with credit periods ranging from 30 to 180 days. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. There is a certain concentration of credit risk. The total trade receivables from the five largest debtors at 31 December 2024 represented 38.7% (2023: 41.1%) of the total trade receivables, while 19.7% (2023: 17.6%) of the total trade receivables was due from the largest debtor.

The Group does not hold any collateral or other credit enhancement over its trade receivable balances. Trade receivables are non-interest-bearing.

The ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance for impairment of trade receivables, is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 1 month	392,336	396,049
1 to 2 months	47,932	84,936
2 to 3 months	19,592	22,075
Over 3 months	24,416	29,098
	<hr/>	<hr/>
Total	<u>484,276</u>	<u>532,158</u>

12. TRADE PAYABLES

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 1 month	438,723	406,783
1 to 2 months	143,770	71,606
2 to 3 months	5,761	502
Over 3 months	6,929	27,676
	<hr/>	<hr/>
Total	<u>595,183</u>	<u>506,567</u>

Included in the trade payables are trade payables of RMB58,000 (2023: RMB131,000) due to an associate which are repayable within 60 days, which represents credit terms similar to those offered by the associate to its major customers.

Trade payables are non-interest-bearing and are normally settled on terms of 60-days.

13. OTHER PAYABLES AND ACCRUALS

	2024 RMB'000	2023 RMB'000
Contract liabilities	32,433	80,041
Other payables	13,586	39,582
Accruals	49,432	52,745
Dividend payables	82,628	146,637
Lease liabilities	23,399	24,425
Others	—	649
	<u>201,478</u>	<u>344,079</u>
Less: other payables included in non-current liabilities	<u>(13,167)</u>	<u>(13,289)</u>
Total	<u><u>188,311</u></u>	<u><u>330,790</u></u>

14. SHARE CAPITAL

	2024 RMB'000	2023 RMB'000
Authorised:		
3,000,000,000 ordinary shares of US\$0.0005 each (2023: 3,000,000,000 ordinary shares of US\$0.0005 each)	<u>10,280</u>	<u>10,280</u>
Issued and fully paid:		
1,625,508,096 ordinary shares of US\$0.0005 each (2023: 1,354,590,080 ordinary shares of US\$0.0005 each)	<u>5,603</u>	<u>4,637</u>

The movements in the Company's issued share capital during the year ended 31 December 2024 and 2023 were as follows:

	Number of ordinary shares	Nominal value of ordinary shares US\$'000	Equivalent to RMB'000
At 1 January 2023, 31 December 2023 and 1 January 2024	1,354,590,080	678	4,637
Placement of new shares (note a)	<u>270,918,016</u>	<u>141</u>	<u>966</u>
At 31 December 2024	<u><u>1,625,508,096</u></u>	<u><u>819</u></u>	<u><u>5,603</u></u>

Note:

- (a) On 25 June 2024, the Company and a placing agent entered into a placing agreement pursuant to which the Company has conditionally agreed to place a maximum of 270,918,016 placing shares to independent investors at a price of HK\$0.7 per share. The placing was completed on 24 July 2024 pursuant to which the Company has allotted and issued 270,918,016 placing shares. The net proceeds derived from the placing amounted to approximately HK\$189,453,000 (equivalent to RMB173,142,000) and resulted in the increase in share capital of approximately HK\$1,057,000 (equivalent to RMB966,000) and share premium of approximately HK\$188,396,000 (equivalent to RMB172,176,000, net of transaction costs of approximately HK\$190,000 (equivalent to RMB175,000)).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

The Group is a leading distributor of IVD products in the People's Republic of China ("PRC"). The Group is also engaged in the research, development, manufacturing and sales of its self-branded IVD products. The Group has been able to increase its market share and profits steadily by taking advantage of its competitive and diverse product portfolio, extensive distribution network and hospital coverage.

During the Reporting Period, the Group recorded a revenue of RMB3,162,415 thousand, representing an increase of 2.4% as compared to the corresponding period of 2023. The Group's profit for the year increased by 12.2% to RMB266,034 thousand for the Reporting Period.

Business Segments

The Group's business can be broadly categorised into the following three segments:

- ***Distribution Business***

The distribution of IVD products forms the cornerstone of the Group's business. It primarily involves the trading of IVD analysers, reagents and other consumables to customers such as distributors, hospitals and healthcare institutions and logistics providers. The Group's distribution of IVD products was primarily conducted through Vastec, a subsidiary of the Company. Vastec is primarily engaged in the distribution of Sysmex' haemostasis products in the PRC, it has been the sole national distributor of Sysmex' haemostasis products with exclusive distribution rights in the PRC since 1997. It also procures a diversified portfolio of IVD products from other leading international brands for distribution in the PRC. As of 31 December 2024, 6,763 of Sysmex' haemostasis analysers have been installed by the Group and in use at hospitals and healthcare institutions accumulatively.

Having worked together for 27 years, Vastec and Sysmex Shanghai Ltd. continue to deepen their cooperative relationship. In the Reporting Period, they jointly respond to the dynamic demands of the medical device market in the PRC, further consolidating Vastec's market position as the exclusive distributor of Sysmex's haemostasis products in Chinese Mainland, and also providing a robust business foundation for the Group in a regulatory environment characterized by changing policies.

The Group also provides 4 Thrombotic Markers products manufactured by Sysmex to the market. These products adopt highly sensitive chemiluminescence technology, which may facilitate early diagnosis of thrombosis and fibrinolysis. As of 31 December 2024, 101 Sysmex' haemostasis immunoassay analysers which performed the 4 Thrombotic Markers have been installed by the Group at the hospitals and healthcare institutions in the PRC.

In addition, the Group provides solution services to the clinical laboratories of hospitals. This has enabled the Group to establish and maintain direct relationships with local medical practitioners so as to keep the Group close to the frontline of medical practice and market demand of IVD products. In 2024, the Group provided solution services to nine Class III hospitals in the PRC. Solution services contributed revenue of RMB239,381 thousand for the Reporting Period, representing a decrease of 1.1% as compared to RMB241,944 thousand for the year ended 31 December 2023.

Through years of operations, the Group has established an expansive distribution network across 31 provinces, municipalities and autonomous regions in the PRC with an extensive hospital coverage. As of 31 December 2024, the Group had 351 direct customers, including hospitals and healthcare institutions, and 1,253 distributors in its established distribution network. As of 31 December 2024, the Group also covered 1,674 Class III hospitals mainly through its sub-distribution networks in the PRC, which further enhanced the competitiveness of the Group.

- ***After-sales Services***

Apart from distributing IVD products in the PRC, the Group also derives its revenue from providing after-sales services to end customers of Sysmex' haemostasis analysers in the PRC. In 2017, Vastec entered into an after-sales services agreement with Sysmex to provide after-sales services to haemostasis analysers procured by its end customers. The after-sales services provided by Vastec generally include maintenance and repair services, installation services and end customer trainings. Vastec primarily provides its after-sales services to hospitals and healthcare institutions. During the Reporting Period, the after-sales services business has been sustainably and steadily developing.

- ***Self-branded Products Business***

The Group has also engaged in the research, development, manufacturing and sales of IVD analysers and reagents under its own brand. The Group's self-branded IVD reagents were manufactured by Suzhou DiagVita Biotechnology Co., Ltd. and Bazoe Medical Co., Ltd., and the Group's IVD analysers were produced by the Group's equipment manufacturer, Langmai Biotechnology (Shandong) Co., Ltd. These self-developed IVD products primarily include IVD analysers and reagents under the IVD testing category of point-of-care testing, mass spectrometry and microbiology.

INDUSTRY OVERVIEW

The continual growth of the healthcare market in the PRC is driven by a combination of favourable socio-economic factors including (i) the growth of the PRC population's disposable income and spending on healthcare, (ii) the increase of the overall PRC population and the accelerated ageing population, (iii) the expansion of the PRC economy, and (iv) strong support from the PRC government on healthcare spending as well as on continuous technological innovation. The Group expects that there will be significant growth potential for the healthcare market, especially the medical device market in the PRC. The integrated distribution value chain of the Group will provide strong support for the Group's development in the future.

According to Frost & Sullivan, by 2027, the PRC IVD market at ex-factory price level is projected to reach RMB278.7 billion with a compound annual growth rate of 15.7% during 2021 to 2027. In the future, the PRC IVD market is expected to grow with the aggravating trend of an ageing population, the growth of medical expenses per capita and the progress of technological development. The haemostasis analysis and other segmented fields are expected to continue to maintain a highly concentrated competitive landscape.

At the same time, global artificial intelligence technology is accelerating its penetration into the real economy, giving rise to disruptive innovations across multiple fields. AI-driven robotic technology has become a key engine for driving industrial upgrades, with application scenarios covering intelligent manufacturing, logistics automation, service interaction, and high-end equipment operation and maintenance, demonstrating cross-industry commercialization potential. The versatility of such technologies enables them to quickly adapt to diverse scenario requirements, becoming an emerging growth pole independent of traditional industries. The Group closely monitors the reshaping effects of such technological breakthroughs on the global industrial landscape and continuously evaluates their commercialization pathways in different verticals to explore the possibilities of expanding future business boundaries.

BUSINESS OUTLOOK AND DEVELOPMENT STRATEGIES

On 12 July 2019, the Company successfully commenced its listing on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), providing the Group with a good opportunity for further development. Based on continuous insights into technological innovations and market demands in the healthcare industry, the Group will further expand the boundaries of technological innovation while consolidating its core IVD business, actively exploring the strategic value of robotic technology and cutting-edge technologies to seize growth opportunities brought about by global technological changes.

Looking ahead, the Group will leverage the capital market to continue consolidating its leading position in the IVD industry in the PRC and adopt active development strategies, including but not limited to the following key directions:

Expanding product portfolio, the reach of distribution network and hospital coverage

To capitalise on the high growth potential in the IVD market, the Group aims to continuously expand its product portfolio by diversifying product categories, increasing brand coverage, and expanding the breadth of its distribution network and hospital coverage. To achieve these purposes, the Group intends to (i) establish and maintain relationships with well-known IVD manufacturers and suppliers by way of stocking sufficient target IVD products to secure more distribution rights; (ii) strengthen its relationship with hospitals in urban areas, community clinics at the provincial and municipal levels and other customers in rural areas; and (iii) establish a new department and hire more sales personnel to manage the expansion of its distribution coverage.

Enhancing the intelligence of its solution services to continue to develop its distribution business

The Group has been providing solution services to hospitals in the PRC since 2013. By being the general supplier of the clinical laboratory department in such hospitals, the Group participates in the design of laboratory layouts, provides centralised procurement of IVD products, conducts real-time inventory monitoring and provides other after-sales services to clinical laboratories. Through years of operation, the Group has accumulated a wealth of operational experience and a diversified product portfolio, thus being able to promote the same to other hospitals and healthcare institutions.

The Group plans to further upgrade the technical architecture of providing solution services to hospitals by introducing data-driven operational models and automated process management tools to enhance the operational efficiency and service response capability of clinical laboratories. Including but not limited to, optimizing inventory monitoring systems using intelligent algorithms to achieve precise demand forecasting; or enhancing real-time collaboration capabilities with medical institutions through remote diagnostic platforms. Such innovative initiatives will create higher added value for customers and provide technical support for the Group to explore the mid to high-end market.

The Group plans to hire more sales personnel to manage the promotion and marketing of solution services of the Group and to stock sufficient IVD products of various brands to strengthen the Group’s advantages in centralized procurement. In addition, the Group intends to continuously participate in national and local IVD symposiums and academic conferences to enhance brand awareness.

Accelerating the upgrading of research and development capabilities to promote the strategic integration of intelligent hardware and automation technology

Strong research and development capabilities are critical to securing future development and sustainable growth of the Group. The Group will continue to increase its investment in research and development, focusing on advancing technological breakthroughs in the fields of mass spectrometry, molecular diagnostics, and microbiology. The Group, in addition to actively considering further strengthening its technological reserves and research and development capabilities through equity acquisitions or additional investments in non-wholly owned subsidiaries or other local companies focusing on the research and development of mass spectrometry reagents, also plans to further adopt artificial intelligence (“AI”) in its operations to enhance the development of the Group’s IVD products. AI-driven tools and analyzes can provide valuable insights in assisting the research, testing, and data analysis of the Group’s IVD product portfolio.

Meanwhile, the Group is also actively exploring the application potential of intelligent hardware development and high-precision sensing technology, including but not limited to the application potential of AI robotics technology in industrial automation, precision operations, and complex scenario services. This type of technological layout will focus on building core algorithm and hardware integration capabilities, laying the foundation for potential commercialization paths in the future. The Group is committed to seeking companies focused on AI robotic solutions and intends to develop its AI robotics business through collaboration and capital increase, aiming to support the large-scale deployment of AI technology in the future, which marks an important step in the Group’s strategic layout in the field of AI. The Group will further develop its technology business and bring more revenue to the Company by investing in AI-related equipment and systems. The Group officially entered the AI field in 2024 by establishing a wholly-owned subsidiary, Goheal Technology Limited (更好科技有限公司) (“**Goheal Technology (Hong Kong)**”), which is incorporated in Hong Kong. Goheal Technology (Hong Kong) has also established Goheal Technology Holdings (Shenzhen) Company Limited (更好科技控股(深圳)有限公司) (“**Goheal Technology Holdings (Shenzhen)**”) in China. Its business scope includes system integration services for applications in the AI industry, foundational resources and technology platforms for AI, technical consulting services for AI public service platforms, development of application software for AI, development of theoretical and algorithmic software for AI, as well as investment activities conducted with its own funds. In light of the recent vigorous development of high-tech industries in China, particularly in AI and robotics, the Board of the Company believes that carriers of AI, such as robots and data analysis platforms, computing hardware and software, platform as a service (PAAS), and infrastructure as a service (IAAS), are engines driving the development of companies in the new era, bringing both enormous and valuable business opportunities as well as challenges to the Group. The Group will leverage Goheal Technology (Hong Kong) and Goheal Technology Holdings (Shenzhen) as platforms to explore the potential of AI new technologies to assist its existing businesses and create economic value through Goheal Technology, such as researching how AI can optimize the operations of existing businesses like sample collection, analysis, and testing. On the other hand, the Group is actively exploring the opportunities brought by the rapid development of new technologies, capturing the business opportunities arising from the enormous demands for computing hardware and software, as well as IAAS due to the proactive development of new technologies (especially AI) both domestically and internationally.

In addition, the Group is actively assessing the potential for cross-industry technological synergies, including but not limited to collaboration with intelligent system development institutions to explore diversified application scenarios in precision engineering and algorithm-driven technologies. Such collaboration aims to break through the technological framework of traditional medical equipment, preparing the Group with forward-looking technological capabilities for the future.

FINANCIAL REVIEW

Overview

The financial summary set out below is extracted or calculated from the audited consolidated financial statements of the Group for the Reporting Period which were prepared in accordance with International Financial Reporting Standards.

During the Reporting Period, the Group recorded revenue of RMB3,162,415 thousand, representing an increase of RMB74,028 thousand or 2.4% as compared to the corresponding period of 2023.

During the Reporting Period, the Group recorded a net profit for the year of RMB266,034 thousand, representing an increase of RMB28,908 thousand or 12.2% as compared to the corresponding period of 2023. Profit attributable to owners of the parent amounted to RMB260,420 thousand, representing an increase of RMB22,257 thousand or 9.3% as compared to the corresponding period of 2023.

During the Reporting Period, the Group recorded non-GAAP adjusted profit for the year of RMB280,413 thousand, representing an increase of RMB18,289 thousand or 7.0% as compared to the corresponding period of 2023.

	For the year ended 31 December		
	2024	2023	Change
	<i>RMB'000</i>	<i>RMB'000</i>	
Operating Results			
Revenue	3,162,415	3,088,387	2.4%
Gross profit	751,173	671,701	11.8%
Earnings before interest and depreciation and amortization (EBITDA)	475,956	397,928	19.6%
Profit attributable to owners of the parent	260,420	238,163	9.3%
Adjusted profit for the year (Note 1)	280,413	262,124	7.0%
Adjusted profit attributable to owners of the parent (Note 1)	<u>274,246</u>	<u>263,161</u>	<u>4.2%</u>
Financial Ratios			
Gross profit margin (%) (Note 2)	23.8%	21.7%	increased by 2.1 percentage point
Net profit margin (%) (Note 2)	8.4%	7.7%	increased by 0.7 percentage point
Adjusted profit for the year margin (%) (Note 3)	8.9%	8.5%	increased by 0.4 percentage point
Return on assets (%) (Note 2)	5.2%	5.2%	–
Return on equity (%) (Note 2)	<u>7.4%</u>	<u>7.3%</u>	<u>increased by 0.1 percentage point</u>
Average turnover days of trade receivables (days) (Note 2)	59	65	(6)
Average turnover days of inventories (days) (Note 2)	178	131	47
Average turnover days of trade payables (days) (Note 2)	<u>83</u>	<u>63</u>	<u>20</u>

	31 December		
	2024	2023	Change %
	<i>RMB'000</i>	<i>RMB'000</i>	
Financial Position			
Total assets	5,523,884	4,785,052	15.4%
Equity attributable to owners of the parent	3,714,618	3,344,935	11.1%
Cash and cash equivalents	<u>1,774,358</u>	<u>1,224,786</u>	<u>44.9%</u>
Financial Ratios			
Current ratio (times) (Note 2)	2.4	2.5	(0.1)
Quick ratio (times) (Note 2)	1.6	1.6	–
Debt to equity ratio (times) (Note 2)	<u>0.2</u>	<u>0.1</u>	<u>0.1</u>

Note 1: Adjusted profit for the year and adjusted profit attributable to owners of the parent are non-GAAP financial measures. See also the paragraph headed “Adjusted profit for the year” in this announcement for more information.

Note 2: Gross profit margin equals gross profit divided by revenue.

Net profit margin equals net profit divided by revenue.

Return on assets equals net profit divided by average total assets during the reporting period.

Return on equity equals net profit attributable to owner of the Company divided by average equity attributable to owner of the Company during the reporting period.

Average turnover days of trade receivables equal to the average of the opening and closing balances of trade receivables of the reporting period divided by revenue and multiplied by 365 days.

Average turnover days of inventories equal to the average of the opening and closing balances of inventories of the reporting period divided by cost of sales and multiplied by 365 days.

Average turnover days of trade payables equal to the average of the opening and closing balances of trade payables of the reporting period divided by cost of sales and multiplied by 365 days.

Current ratio equals total current assets divided by total current liabilities as at the end of the reporting period.

Quick ratio equals total current assets less inventories divided by total current liabilities as at the end of the reporting period.

Debt to equity ratio equals total debt divided by total equity as at the end of the reporting period. Debt means interest-bearing borrowings.

Note 3: Adjusted profit for the year margin is a financial ratio and is calculated by adjusted profit for the year (see Note 1 above), a non-GAAP financial measures, divided by the revenue for the year.

Revenue

Revenue of the Group amounted to RMB3,162,415 thousand for the Reporting Period, representing an increase of 2.4% as compared to RMB3,088,387 thousand for the year ended 31 December 2023.

Revenue by business segment

The table below sets out the breakdown of the Group's revenue by business segment for the years indicated:

Business segment	For the year ended 31 December				Change
	2024		2023		
	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>	
Distribution business	2,946,782	93.2	2,898,390	93.9	1.7%
After-sales services	205,989	6.5	179,374	5.8	14.8%
Self-branded products business	9,644	0.3	10,623	0.3	(9.2%)
Total	3,162,415	100.0	3,088,387	100.0	2.4%

Revenue by product type

The table below sets out the breakdown of the Group's revenue generated from distribution business and self-branded products business by product type for the years indicated:

Product type	For the year ended 31 December				Change
	2024		2023		
	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>	
IVD analysers					
– Distribution business	304,658	10.3	330,517	11.3	(7.8%)
– Self-branded products business	1,821	0.1	1,868	0.1	(2.5%)
Subtotal	306,479	10.4	332,385	11.4	(7.8%)
IVD reagents and other consumables					
– Distribution business	2,642,124	89.3	2,567,873	88.3	2.9%
– Self-branded products business	7,823	0.3	8,755	0.3	(10.6%)
Subtotal	2,649,947	89.6	2,576,628	88.6	2.8%
Total	2,956,426	100.0	2,909,013	100.0	1.6%

Revenue by channel

The table below sets out the breakdown of the Group's revenue generated from distribution business and self-branded products business by sales channels for the years indicated:

Sales channel	For the year ended 31 December				Change
	2024		2023		
	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>	
Distribution business					
– Distributors	2,374,583	80.4	2,355,731	80.9	0.8%
– Hospitals and healthcare institutions	391,676	13.2	377,043	13.0	3.9%
– Logistics providers	180,523	6.1	165,616	5.7	9.0%
Subtotal	2,946,782	99.7%	2,898,390	99.6	1.7%
Self-branded products business					
– Distributors	9,096	0.3	9,130	0.3	(0.4%)
– Hospitals and healthcare institutions	548	0.0	1,493	0.1	(63.3%)
Subtotal	9,644	0.3	10,623	0.4	(9.2%)
Total	2,956,426	100.0	2,909,013	100.0	1.6%

Cost of sales

Cost of sales of the Group amounted to RMB2,411,242 thousand for the Reporting Period, representing a decrease of 0.2% as compared to RMB2,416,686 thousand for the year ended 31 December 2023. Such decrease was primarily due to the decrease in cost of analysers.

Cost of sales by business segment

The table below sets out the breakdown of the Group's cost of sales by business segment for the years indicated:

Business segment	For the year ended 31 December				Change
	2024		2023		
	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>	
Distribution business	2,318,979	96.2	2,316,752	95.9	0.1%
After-sales services	89,281	3.7	97,140	4.0	(8.1%)
Self-branded products business	2,982	0.1	2,794	0.1	6.7%
Total	2,411,242	100.0	2,416,686	100.0	(0.2%)

Cost of sales by product type

The table below sets out the breakdown of the Group's cost of sales for distribution business and self-branded products business by product type for the years indicated:

Product type	For the year ended 31 December				Change
	2024		2023		
	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>	
IVD analysers					
– Distribution business	236,222	10.2	283,454	12.2	(16.7%)
– Self-branded products business	815	0.0	836	0.0	(2.5%)
Subtotal	237,037	10.2	284,290	12.2	(16.6%)
IVD reagents and other consumables					
– Distribution business	2,082,756	89.7	2,033,298	87.7	2.4%
– Self-branded products business	2,168	0.1	1,958	0.1	10.7%
Subtotal	2,084,924	89.8	2,035,256	87.8	2.4%
Total	2,321,961	100.0	2,319,546	100.0	0.1%

Gross profit and gross profit margin

Gross profit represents revenue less cost of sales. Gross profit of the Group amounted to RMB751,173 thousand for the Reporting Period, representing an increase of 11.8% as compared to RMB671,701 thousand for the year ended 31 December 2023. Such increase was primarily attributable to increase in gross profit margin of the Group's analysers and after-sales services business.

Gross profit margin is calculated as gross profit divided by revenue. Gross profit margin of the Group was 23.8% for the Reporting Period, which increased from 21.7% for the year ended 31 December 2023. The increase was primarily attributable to the decrease in cost of analysers and services rendered.

Gross profit and gross profit margin by business segment

The table below sets out the breakdown of the Group's gross profit and gross profit margin by business segment for the years indicated:

Business segment	For the year ended 31 December				Change
	2024		2023		
	Gross profit <i>RMB'000</i>	Gross profit margin %	Gross profit <i>RMB'000</i>	Gross profit margin %	
Distribution business					
– IVD reagents and other consumables	559,368	21.2	534,575	20.8	4.6%
– IVD analysers	68,436	22.5	47,063	14.2	45.4%
Subtotal	627,803	21.3	581,638	20.1	7.9%
After-sales services	116,708	56.7	82,234	45.8	41.9%
Self-branded products business					
– IVD reagents and other consumables	5,655	72.3	6,797	77.6	(16.8%)
– IVD analysers	1,006	55.2	1,032	55.2	(2.5%)
Subtotal	6,662	69.1	7,829	73.7	(14.9%)
Total	751,173	23.8	671,701	21.7	11.8%

Gross profit and gross profit margin by product type

The table below sets out the breakdown of the Group's gross profit and gross profit margin generated from distribution business and self-branded products business by product type for the years indicated:

Product type	For the year ended 31 December				Change
	2024		2023		
	Gross profit <i>RMB'000</i>	Gross profit margin %	Gross profit <i>RMB'000</i>	Gross profit margin %	
IVD analysers					
– Distribution business	68,436	22.5	47,063	14.2	45.4%
– Self-branded products business	1,006	55.2	1,032	55.2	(2.5%)
Subtotal	69,442	22.7	48,095	14.5	44.4%
IVD reagents and other consumables					
– Distribution business	559,368	21.2	534,575	20.8	4.6%
– Self-branded products business	5,655	72.3	6,797	77.6	(16.8%)
Subtotal	565,023	21.3	541,372	21.0	4.4%
Total	634,465	21.5	589,467	20.3	7.6%

Other income and gains, net

Other income and gains, net of the Group amounted to RMB21,813 thousand for the Reporting Period, representing a decrease of 25.1% as compared to RMB29,131 thousand for the year ended 31 December 2023. Such increase was primarily due to the decrease in foreign exchange gain.

	For the year ended	
	31 December	
	2024	2023
	RMB'000	RMB'000
Other income		
Bank interest income	2,672	2,910
Rental income	350	301
Government subsidies	15,524	15,996
Others	1,635	576
	<hr/>	<hr/>
Total other income	20,181	19,783
	<hr/>	<hr/>
Gains or losses		
Written-off of prepayment	(143)	–
(Loss)/gain on termination/modification of lease contracts	(66)	7
Gain on disposal of items of property, plant and equipment, net	47	141
Foreign exchange differences, net	1,794	9,200
	<hr/>	<hr/>
Total gains, net	1,632	9,348
	<hr/>	<hr/>
Total other income and gains, net	21,813	29,131
	<hr/>	<hr/>

Selling and distribution expenses

Selling and distribution expenses of the Group amounted to RMB139,805 thousand for the Reporting Period, representing an increase of 2.6% as compared to RMB136,313 thousand for the year ended 31 December 2023. Such increase was primarily due to the increase of the Group's marketing activities.

Administrative expenses

Administrative expenses of the Group amounted to RMB165,332 thousand for the Reporting Period, representing an increase of 3.3% as compared to RMB159,980 thousand for the year ended 31 December 2023. Such increase was primarily due to the increase of the Group's business activities.

Other expenses

There were no significant other expenses of the Group for the Reporting Period (2023: RMB1,838 thousand).

	For the year ended	
	31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Loss on deregistration of a subsidiary	—	1,838
	<u>—</u>	<u>1,838</u>
	<u>—</u>	<u>1,838</u>

Finance costs

Finance costs of the Group amounted to RMB35,979 thousand for the Reporting Period, representing an increase of 71.0% as compared to RMB21,040 thousand for the year ended 31 December 2023. Such increase was primarily due to the increase in average bank borrowing amount during the Reporting Period.

Profit for the year

Profit of the Group for the year amounted to RMB266,034 thousand for the Reporting Period, representing an increase of 12.2% as compared to RMB237,126 thousand for the year ended 31 December 2023. Such increase was primarily attributable to increase in gross profit margin of the Group's analysers and after-sales service business.

Adjusted profit for the year

Adjusted profit of the Group is a non-GAAP financial measure which excludes certain impact of non-operating items which affect the results presented in the consolidated financial statements but which the Company considers to be not indicative of the operating performance of the Group. Such non-GAAP measures are presented, with the intent to provide the Shareholders and potential investors with supplementary information to assess the performance of the Group's core operations. Adjusted profit for the year is calculated by deducting the items listed below from the profit for the year. Adjusted profit for the year amounted to RMB280,413 thousand for the Reporting Period, representing an increase of 7.0% as compared to RMB262,124 thousand for the year ended 31 December 2023. Such increase was primarily attributable to increase in gross profit margin of analysers and after-sales service business.

	2024 RMB'000	2023 <i>RMB'000</i>
Profit for the year	266,034	237,126
Adjusted for non-operating items:		
Fair value loss on financial assets at fair value through profit or loss	9,468	20,631
Share of loss/(profit) of a joint venture	8,612	5,822
Deferred tax on fair value adjustments of equity investments at fair value through profit or loss	(3,701)	(1,455)
Adjusted profit for the year (non-GAAP)	<u>280,413</u>	<u>262,124</u>

* The aforementioned joint venture focuses on equity investment in IVD industry, see Company's announcement dated 3 August 2020.

** Non-GAAP financial measure does not have a standardised meaning prescribed by GAAP and therefore may not be comparable to similar measures presented by other companies. Non-GAAP financial measure should be considered in addition to, not as a substitute for, measures of the Group's financial performance prepared in accordance with relevant GAAP.

Use of proceeds from the placement of new shares under general mandate

The net proceeds from the placing of new shares under general mandate on 24 July 2024, after deducting the commissions and other fees and expenses in relation to the placing, amounted to approximately HK\$189.6 million. Up to the date of this announcement, the Group had used the net proceeds as follows:

Intended uses of the net proceeds	Original allocation of net proceeds <i>HK\$ (million)</i>	Utilized up to the date of this announcement <i>HK\$ (million)</i>	Remaining balance of net proceeds as at the date of this announcement <i>HK\$ (million)</i>
(A) Medical related business development			
(i) Acquisition of and/or investment in business(es) or cooperation with other companies	151.3	140.0	11.3
(ii) Support the research and development of biologic project products	18.9	3.9	15.0
	170.2	143.9	26.3
(B) General working capital of the Company	18.9	18.9	–
Total	<u>189.1</u>	<u>162.8</u>	<u>26.3</u>

There was no material change between the intended use and the actual use of the net proceeds. Unutilized net proceeds of approximately HK\$26.3 million is currently expected to be fully utilized within two years from the completion date of such share placement.

Liquidity and financial resources

As of 31 December 2024, the Group had cash and cash equivalents of RMB1,774,358 thousand (primarily denominated in HK\$, RMB and US\$), as compared to RMB1,224,786 thousand as of 31 December 2023. The approach adopted by the Board to manage the liquidity of the Group is to ensure sufficient liquidity at any time to meet its matured liabilities as to avoid any unacceptable loss or damage to the Group's reputation.

Capital structure

As of 31 December 2024, the Group's total equity attributable to owners of the parent was RMB3,714,618 thousand (31 December 2023: RMB3,344,935 thousand), comprising share capital of RMB5,603 thousand (31 December 2023: RMB4,637 thousand) and reserves of RMB3,709,015 thousand (31 December 2023: RMB3,340,298 thousand).

Net current assets

The Group had net current assets of RMB2,169,969 thousand as of 31 December 2024, representing an increase of RMB386,878 thousand as compared to RMB1,783,091 thousand as of 31 December 2023.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates primarily relates to its cash and bank balances. The Group has not used any interest rate swaps to hedge its interest rate risk, and will consider hedging significant interest rate risk should the need arise.

Foreign currency risk

The Group faces transactional currency exposures arising from bank deposits held by operating units in currencies other than the units' functional currency. The currencies giving rise to such risk are primarily US\$ and HK\$. For the Reporting Period, the Group recorded a net foreign exchange gain of RMB1,794 thousand, as compared to a net foreign exchange gain of RMB9,200 thousand for the year ended 31 December 2023. As of 31 December 2024, the Group did not have any significant hedging arrangements to manage foreign exchange risks but has been actively monitoring and overseeing its foreign exchange risks.

Material asset valuation

Management of the Company has engaged Colliers International (Hong Kong) Limited to perform the impairment assessment on the Distribution CGU (cash generating unit of distribution of IVD reagents and medical equipment) for the Reporting Period, which was based on value-in-use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The recoverable amount of the Distribution CGU has a significant headroom of not less than RMB100 million over the carrying amount of net assets of Distribution CGU. Management, based on the sensitivity analysis performed, is not aware of any possible change in key assumptions used that would cause a cash generating unit's carrying amount to exceed its recoverable amount.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the head of credit control.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings and projected cash flows from operations.

Capital expenditure

For the Reporting Period, the Group's total capital expenditure amounted to RMB67,103 thousand, which was primarily used in purchase of property, plant and equipment and addition of right-of-use assets.

Charge/pledge of assets

As of 31 December 2024, the Group's bank deposits of RMB83,378 thousand were pledged to secure the Group's letter of credit in the aggregate amount of RMB564,932 thousand.

Borrowings

The Group had bank borrowings of RMB732,566 thousand as of 31 December 2024 denominated in RMB, which bore interest at fixed rates. All of the Group's bank borrowings as of 31 December 2024 were repayable on or before 31 December 2025.

Contingent liabilities and guarantees

As of 31 December 2024, the Group did not have any material contingent liabilities, guarantees or litigation against it (as of 31 December 2023: nil).

Gearing ratio

As of 31 December 2024, the Group's gearing ratio, which is equivalent to total debt divided by total assets, was 13.3% (as of 31 December 2023: 6.7%).

Significant investments and future plans for investment and capital assets

As of 31 December 2024, the Group had a capital commitment to a joint venture of RMB29,332 thousand (as of 31 December 2023: RMB29,829 thousand). As of 31 December 2024, the Group did not hold any other significant investments in the equity interests of other companies. The Group does not have other plans for material investments and capital assets which have been authorised by the Board except as referred to in this announcement.

Final dividend

The Board has resolved not to recommend a final dividend for the Reporting Period (2023: HK6.209 cents per Share).

Employee and remuneration policy

As of 31 December 2024, the Group had 863 employees (as of 31 December 2023: 803 employees). Total staff remuneration expenses, including remuneration for Directors, for the Reporting Period amounted to RMB221,693 thousand (2023: RMB183,869 thousand).

The Group has adopted a performance-based remuneration policy for its employees. Remuneration is determined with reference to performance, skills, qualifications and experience of the staff concerned and with reference to the Group's operating results and comparable market practices.

In addition to salary payments, other staff benefits include pension, social insurance and housing provident contribution made by the Group, performance-based compensation, bonus, share incentives through the Company's share option scheme and share award scheme. These share schemes provide flexibility to the Group in attracting and retaining personnel, and in providing incentive to employees in recognition of their contribution to the Group. As of 31 December 2024, there were 2,711,000 outstanding share options granted under the Company's share option scheme.

Other important events during the Reporting Period

Placement of new shares under general mandate

The Company issued 270,918,016 ordinary shares ("Shares") on 24 July 2024 (representing approximately 16.67% of the issued Shares as enlarged by such allotment, with an aggregate nominal value of USD135,459.01) to not less than six placees (being third parties who are independent of, and not connected with, the Company and its connected persons (as defined in the Listing Rules) at the price of HK\$0.7 per Share, pursuant to a placing agreement between the Company and Sunhigh Financial Holdings Limited (as placing agent) dated 25 June 2024. These Shares were issued under the general mandate. The Company received net proceeds

of approximately HK\$189 million. More information is set out in the paragraph “Use of proceeds from the placement of new shares under general mandate” above, and the Company’s announcements dated 25 June 2024 and 24 July 2024, respectively.

Renewal of lease transactions

The Company entered into the framework property lease agreement on 31 December 2024 with Mr. Ho Kuk Sing, Mr. Leung King Sun and Mr. Lin Xianya with respect to lease transactions by the Group (as leasee). Vastec Medical Equipment (Shanghai) Co., Ltd. (“**Vastec**”) (a member of the Group) entered into a warehouse lease agreement on 31 December 2024 with Shanghai Shinva Tai Kang Biotechnology Co., Ltd. with respect to lease by Vestec (as leasee). Each of Mr. Ho, Mr. Leung, Mr. Lin and Shanghai Shinva Tai Kang Biotechnology Co., Ltd. are connected persons of the Company. These agreements and the transactions contemplated thereunder constitute continuing connected transactions and/or connected transactions of the Company, subject to the reporting, announcement and annual review requirements but exempt from the independent Shareholders’ approval requirement under Chapter 14A of the Listing Rules. More information is set out in the Company’s announcement dated 31 December 2024.

Change of auditor

Ernst & Young resigned as the Company’s auditor on 28 October 2024, and Moore CPA Limited was appointed as the Company’s auditor with effect from 28 October 2024. More information with respect to the change of auditor is set out in the Company’s announcement dated 28 October 2024 and the paragraph headed “Subsequent events” below.

Change of composition of the Board and other personnel

The following changes of the composition of the Board took place during the Reporting Period:

- (a) The following appointments took place: Mr. Chan Siu Kei Ken as an executive Director, Mr. Law Kim Fai as an executive Director, chief financial officer and company secretary, Mr. Liu Fei as a non-executive Director, and Mr. Wong Sze Lok as an independent non-executive Director. They have obtained the legal advice referred to in Rule 3.09D of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), and each of them has confirmed he understood his obligations as a director of a listed issuer (For Mr. Liu Fei, on 8 March 2024, and for other new Directors, on 28 March 2024); and
- (b) The following resignations became effective: Mr. Leung King Sun as an executive Director and chief operating officer, Mr. Sun Tao and Mr. Yang Zhaoxu as non-executive Directors and Mr. Lau Siu Ki as an independent non-executive Director.

Ms. Lam Wai Yan ceased to be a company secretary of the Company with effect from 1 July 2024.

More information with respect to the above and other associated changes in the Board committees and personnel is set out in the Company’s announcements dated 31 January 2024, 8 March 2024, 28 March 2024 and 28 June 2024, respectively.

Subsequent events

Prism Hong Kong Limited was appointed as the Company's auditor with effect from 20 February 2025, to fill the vacancy following the resignation of Moore CPA Limited which took effect on 17 February 2025. More information is set out in the Company's announcements dated 17 February 2025, 20 February 2025, 11 March 2025 and 13 March 2025.

Save as referred to in this announcement, the Group did not have any material event which affected the Group significantly and required to be disclosed under the Listing Rules since the end of the Reporting Period and up to the date of this announcement.

SUPPLEMENTAL INFORMATION

Review by the audit committee

The Audit Committee has reviewed the Company's annual results for the Reporting Period and this announcement.

Scope of work of Prism Hong Kong Limited

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

Purchase, sale or redemption of the Company's listed securities

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of its listed securities (including sale of treasury shares as defined under the Listing Rules). As of 31 December 2024, the Company did not hold any treasury shares.

Material acquisitions and disposals of subsidiaries, associates or joint ventures

The Group did not have any material acquisition or disposal of subsidiaries, associates or joint ventures during the Reporting Period except as referred to in this announcement.

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**") set out in Appendix C3 to the Listing Rules regarding securities transactions by the Directors.

All Directors have confirmed, following specific enquiries by the Company, that they have complied with the Model Code throughout the Reporting Period.

Compliance with the corporate governance code

During the Reporting Period, save for the code provision addressed below, the Company has complied with the applicable code provisions as set out in Part 2 of Appendix C1 to the Listing Rules.

Code provision C.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. The chairman and chief executive officer of the Company are held by Mr. Ho Kuk Sing is one of the founders of the Group and has extensive experience in the industry. The Board is of the view that given that Mr. Ho had been responsible for leading the strategic planning and business development of the Group, the arrangement would allow for effective and efficient planning and implementation of business decisions and strategies under his strong and consistent leadership, and should be overall beneficial to the management and development of the Group's business.

Public float

From information publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public at all times during the Reporting Period as required under the Listing Rules.

Pre-emptive rights

There are no provisions for pre-emptive rights under the Company's articles of association (the "Articles") and the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to the existing shareholders of the Company.

Annual report and notice of annual general meeting

The 2024 annual report containing information required by the Listing Rules and the notice of the forthcoming annual general meeting will be published on the websites of the Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.ivdholding.com>) in due course.

RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange was suspended at 9:00 a.m. on Tuesday, 1 April 2025. An application has been made by the Company to the Stock Exchange for the resumption of trading in the shares of the Company on the Stock Exchange with effect from 9:00 a.m. on Monday, 14 April 2025.

By Order of the Board
IVD Medical Holding Limited
Ho Kuk Sing
Chairman and Executive Director

Hong Kong, 11 April 2025

As at the date of this announcement, the Board comprises four executive Directors, namely, Mr. Ho Kuk Sing, Mr. Lin Xianya, Mr. Chan Siu Kei Ken and Mr. Law Kim Fai, two non-executive Directors, namely, Ms. Yao Haiyun and Mr. Liu Fei and three independent non-executive Directors, namely, Mr. Zhong Renqian, Mr. Leung Ka Sing and Mr. Wong Sze Lok.

Certain figures in this announcement have been subject to rounding adjustments.

This announcement may contain certain forward-looking statements that reflect the Company's beliefs, plans or expectations about the future. These statements are based on a number of assumptions, current estimates and projections, and subject to inherent risks, uncertainties and other factors which may or may not be beyond the Company's control. The actual outcomes may differ. Nothing contained in these statements is, or shall be, relied upon as any assurance, representation or warranty otherwise. Neither the Company nor its directors, staff, agents, advisers or representatives assume any responsibility to update, supplement, correct these statements or adapt them to future events.