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ADICON Holdings Limited
艾迪康控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 9860)

ANNOUNCEMENT OF ANNUAL RESULTS 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 corresponding period in 2023.

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

KEY FINANCIAL HIGHLIGHTS

	For the year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Revenue	**2,914,113**	3,297,828
Gross Profit	**1,098,649**	1,434,107
Profit for the year	**62,563**	262,322
Attributable to:		
Owners of the parent	**47,014**	234,885
Non-controlling interests	**15,549**	27,437
Earnings per Share ***(Expressed in RMB per Share)***		
Basic	**0.07**	0.34
Diluted	**0.07**	0.31

CHAIRWOMAN'S STATEMENT

The year 2024 presented both challenges and opportunities. While uncertainties in the macroeconomic environment and market fluctuations created headwinds, we remain confident in the long-term prospects of the ICL industry. In response, we have adjusted our strategy, increased investments in technology platforms and talent development, to keep ADICON on a stable growth path and further strengthen our competitive edge to capture opportunities in the ICL industry's next phase of growth.

Despite market challenges, we delivered industry-leading results. In 2024, our base testing business grew by over 8%, esoteric testing by more than 18%, and co-construction business saw an impressive 62% increase. Strong performance in tender bids further expanded our market share, highlighting our competitive strength.

In 2024, we finalized our five-year strategic plan for the esoteric business. This plan details key projects, technology platforms, target markets, regional focus, capacity planning, and future development initiatives, while also setting clear investment priorities for the next five years. We are strengthening our expertise in hematology and oncology while expanding into neuroimmunology and chronic disease segments. Our goal is to drive innovation and achieve breakthroughs in key technologies such as early screening and accurate diagnosis. Key projects, including metagenomic sequencing, tumor methylation early screening, and pathological examinations utilizing electron microscopy, align with our technical strengths and present significant market potential. These initiatives are set to reinforce our leadership in esoteric testing and enhance the clinical value of the diagnostic services we provide.

Our co-construction business continues to be a key growth driver. This segment, involving collaborative laboratory setups with partner institutions, is not only an important channel for market reach but is also crucial for resource sharing, technology integration, and service innovation. In 2024, we deepened partnerships with hospitals and research institutions, leveraging shared resources, technology, and talent to contribute to the industry's advancement. Moving forward, we plan to expand regional collaborations to further solidify our market position.

Digital transformation remains a key strategic focus. In 2024, we increased investments in digital platforms and AI, further integrating information technology with clinical diagnostics. Our new next generation Laboratory Information Management System (LIMS) has been deployed across 20 key subsidiaries, with full implementation expected by the end of 2025 to accelerate the laboratory management and data handling capacity. Meanwhile, AI technology has been widely adopted across our Company:

- ***Internal Efficiency:*** We developed intelligent assistants like AI-Yi Assistant, AI-Xiaoying, and AiDa to provide prompt, professional support to our employees.

- ***Diagnostic Assistance:*** AI-driven tools for pathology analysis have been successfully implemented in areas such as cervical cancer screening and reproductive genetics. These tools enhance reading speeds by a factor of 6-7 compared to manual methods, and AI has already assisted in the review of over 8 million slides.

- ***Report Interpretation:*** We utilize AI to automatically interpret and analyze test reports, streamlining processes, improving efficiency, and providing more reliable data to support clinical decision-making. We are also implementing platform upgrades to several core digital systems – including our Order Management System (OMS), AI-powered Logistics (AI Logistics), Pathology Information Management System (PIMS), Reporting Platforms, and Regional Laboratory Information Systems (LIS) – to further propel business development and innovation.

ADICON made significant strides in enhancing our laboratory capabilities in 2024. Fourteen subsidiaries achieved triple-system certification, reflecting our commitment to excellence in quality management. We currently operate 23 ISO15189-accredited laboratories, with industry-leading accreditation projects. Furthermore, the introduction of over 300 new tests during 2024 further solidifying our competitive advantage and market leadship.

Recognizing opportunities for industry consolidation, we plan to pursue strategic mergers and acquisitions with companies that possess advanced diagnostic capabilities. By integrating resources and complementary technologies, we aim to strengthen our expertise in esoteric testing, enhance our competitive edge, and provide clients with more comprehensive diagnostic solutions, ultimately creating greater medical value.

We are focused on driving steady growth in the routine testing segment while accelerating the expansion of esoteric testing with an emphasis on medical value. Our co-construction segment will strengthen supply chain and service capabilities, complemented by our distribution segment's operational support. We will continue to invest in core businesses to increase revenue and profitability, prioritizing innovation, efficient execution, and global partnerships to adapt to market changes. With the dedication of our team, we are confident in achieving sustained growth and delivering strong returns for our investors.

Ms. YANG Ling
Chairwoman

March 31, 2025

MANAGEMENT DISCUSSION AND ANALYSIS

Business Overview

We are one of the leading ICL service providers in China. We offer comprehensive and best-in-class testing services primarily to hospitals and health check centers through an integrated network of 34 self-operated laboratories across China. The high quality of our services is backed by our strong performance in terms of international accreditation and comprehensive testing menu. Currently, 23 of our laboratories have been accredited by ISO15189, which enables us to provide customers with the quality assurance that comes with this rigorous international standard. Our testing portfolio consists of over 4,000 medical diagnostic tests, including the introduction of over 300 new high-end diagnostic tests in 2024. Our expanded testing portfolio includes the Aijianwei targeted microbial detection (tNGS) series, high-sensitivity Minimal Residual Disease (MRD) tests using digital PCR for hematologic malignancies, tumor tissue origin gene testing, Optical Genome Mapping (OGM)-based facioscapulohumeral muscular dystrophy (FSHD) detection, and whole- exome sequencing for genetic diseases. Additionally, we successfully completed the technology transfer of two additional products with Guardant Health, a global leader in precision oncology — Guardant OMNI and G360 Response. We are committed to continuously serving our patients and the general public with our high-quality testing services as a leading ICL service provider in China, and becoming a trusted and reliable partner for medical professionals and the general public.

2024 was an adjustment year and transition year for the ICL industry, moving away from the impacts of COVID-19 in 2023 and prior years. COVID-19 testing had a number of overhangs on the industry including furthering the budgetary pressures of local governments and health bureaus as well as our hospital customers. Despite the economic headwinds and some of the new Volume-Based Procurement (VBP) tenders and Diagnosis-Related Group (DRG)/ Diagnosis-Intervention Packet (DIP) 2.0 reimbursement in 2024, we grew our base revenues by 8.2% in 2024, compared to the same period in 2023. Furthermore, our overall average selling price (ASP) decreased by approximately 6.1%, compared to the same period in 2023, but still remained higher in comparison to 2022 ASP and has remained relatively steady over the long-run as we continue to balance pricing declines through faster growth in higher ASP items in our product mix. We feel positive about the new initiatives in support of healthcare sector innovation including in the diagnostics and contract research organization space.

In 2024, our Company delivered steady performance. In particular, revenue generated from our base business (excluding COVID-19) increased by 8.2%, driven by strong growth of our esoteric testing services, which saw growth exceeding 18%, compared to the same period in 2023. This growth is a testament to the continued strength of our testing service offerings, such as oncology tests and ob-gyn/neonatal tests, as well as the outstanding success of the central laboratory testing partnered with Guardant Health, Inc. (Nasdaq: GH). This collaboration, fully operational at the beginning of 2024, has meaningfully contributed to our overall esoteric revenue growth. Furthermore, in response to national healthcare cost control measures, we have actively promoted strategies such as collaboration laboratories, centralized procurement, and single device deployment. Our revenue generated from collaboration laboratories increased by 62% in 2024 compared to the same period in 2023. This expansion has not only broadened our market reach but also broadened our service offerings to customers, ultimately strengthening our market competitiveness and industry influence. In 2024, our revenue amounted to RMB2,914.1 million representing a decrease of 11.6% as compared to the corresponding period of 2023, and our gross profit amounted to RMB1,098.6 million, representing a decrease of 23.4% as compared to the corresponding period of 2023.

We continued the strategic deployment of our upgraded digital infrastructure across our national laboratory network. This includes new next generation versions of our Laboratory Information Management System (LIMS), Order Management System (OMS), Laboratory Reporting Platform, Pathology Information Management System (PIMS), and AI-Powered Logistics System. This commitment to a cutting-edge digital testing platform underscores our dedication to elevating operational efficiency and service quality. At the same time, we further embraced the power of AI, reaching a milestone of over 8 million AI-interpreted pathology images. AI technology has significantly enhanced the efficiency and accuracy of our pathology readings, and has streamlined our overall laboratory workflow. We are actively expanding AI applications into cellular imaging and sequencing, further optimizing operational efficiency and enhancing client retention.

On the operational front, we maintained our industry-leading capabilities. Through rigorous cost control measures, we achieved further reductions in reagent procurement costs by 10% and logistics costs by 6% in 2024 compared to 2023, positively impacting key operational metrics. We also improved our laboratory manpower efficiency by 7% in 2024 compared to 2023 through optimized resource allocation and staffing strategies. We added three more laboratories with ISO15189 accreditation, bringing the total to 23 — with industry-leading 320 testing items having passed accreditation at our Hangzhou laboratory. As the international gold standard for medical laboratory quality management, ISO15189 accreditation is highly stringent, granted only to laboratories with outstanding technical and management systems. These initiatives ensure we maintain our service quality and competitive advantage while providing our clients with cost-efficient laboratory solutions. Moving forward, continuous improvement in operational efficiency remains a key focus to support our Group's sustainable competitiveness.

Since our inception, multiple subsidiaries have been recognized as National High-Tech Enterprises. In 2024, Tianjin Adicon Medical Laboratory Co., Ltd. and Hangzhou AiYijian Technology Co., Ltd. earned the prestigious "Specialized, Refined, and Innovative Small and Medium-Sized Enterprise" designation, while Wuhan Adicon Medical Laboratory Co., Ltd. received the "Gazelle Enterprise" recognition from the Hubei Provincial Department of Science and Technology.

In 2024, we continued to set industry benchmarks in medical diagnostic logistics, with 23 subsidiaries recognized as pilot units under the national standard "Operational Specifications for Medical Diagnostic Biological Sample Cold Chain Logistics". Ten subsidiaries obtained certification under this national standard, including our Hangzhou subsidiary, which became the first certified unit in Zhejiang Province. This national standard represents the highest regulatory framework for biological sample cold chain logistics in China, highlighting our excellence in medical logistics infrastructure. Additionally, as the officially designated training provider for 2024, we played a key role in national standardization training organized by the China Federation of Logistics & Purchasing (CFLP), contributing to industry-wide standardization and the advancement of medical logistics quality.

In terms of academic contributions and research collaborations, we have helped develop the "Expert Consensus on Quality Management in Flow Cytometry Testing for Lymphocyte Subpopulations." Additionally, we launched two major provincial-level "Jianbing-Lingyan" R&D projects in collaboration with leading medical institutions: 1) A joint project with Zhejiang University School of Medicine's Second Affiliated Hospital focusing on early warning and precision treatment strategies for severe community-acquired pneumonia, and 2) A partnership with Children's Hospital affiliated with Zhejiang University School of Medicine, researching new diagnostic and precision treatment technologies for pediatric autoimmune nephrotic syndrome based on novel autoantibodies. In 2024, we also secured five project approvals under the Ministry of Education Industry-Academia Collaboration Platform and established partnerships with Zhejiang University and Zhejiang Chinese Medical University.

Our Company has finalized its strategic development plan for the next five years. In terms of business expansion, we will leverage our centralized operational model, establishing a framework built around provincial hubs, five regional centers, and one national center to enhance nationwide efficiency and service delivery. Our routine testing segment is targeted for continued steady growth. We plan to accelerate the expansion of our esoteric testing segment, focusing on delivering greater medical value and increasing market share. The co-construction business will be further leveraged to enhance supply chain integration and service capabilities. Our distribution segment will remain a key strategic complement, supporting our overall operations and co-construction customers. With a strong commitment to innovation, digital transformation, and strategic partnerships, ADICON is well-positioned to strengthen its market leadership, enhance operational efficiency, and drive sustainable growth in the years ahead.

Industry Overview

Various government policies promote the rapid development of medical services

In 2013, the National Health and Family Planning Commission and State Administration of Traditional Chinese Medicine issued the Several Opinions on Accelerating the Development of Socially-run Medical Institutions (《關於加快發展社會辦醫的若干意見》), allowing non-public medical institutions to be included in the designated scope of medical insurance and allowing doctors to practice at multiple sites to help them simultaneously work in private and public hospitals. In 2019, the National Health Commission and the National Development and Reform Commission jointly issued the Opinions on Promoting the Sustainable and Standardized Development of Medical Services in the Society (《關於促進社會辦醫持續健康規範發展的意見》), supporting tertiary public hospitals to share medical imaging, clinical testing, pathological diagnosis and other services with private medical institutions to form a cooperative medical management system, and standardizing and guiding social forces to set up chain and group-based ICLs. In 2021, the National Health Commission issued the Notice on Printing and Distributing the Guiding Principles for the Setup Plan of Medical Institutions (2021-2025) (《關於印發醫療機構設置規劃指導原則(2021-2025年)的通知》), further loosening planning restrictions on the total amount and space of social medical areas and encouraging medical institutions organized by social forces to take the lead in establishing or joining medical consortia. In addition, by providing service-oriented care with lengthier patient visits and an increased emphasis on preventative care, private hospitals have gradually gained public trust and being perceived more favorably, which in turn encouraged further growth of private hospitals. This initiative reflects the Chinese government's commitment to improving healthcare accessibility and quality by encouraging private investment and innovation in the medical sector. By supporting non-public medical institutions, China aims to provide a more diverse and comprehensive range of healthcare services to its citizens.

Series of healthcare reforms benefiting the ICL market

The PRC government had carried out a series of healthcare reforms and introduced favorable policies aiming to reshape the ICL industry and further support growth and investment in the private sector. In a bid to promote high-quality development of the sector, the National Development and Reform Commission released the 14th Five-Year Plan in May 2022, which unveiled a new road map to spur China's bioeconomy. The new plan pledged to promote the integration and innovation of biotechnology and information technology, as well as accelerate the development of biomedicine, biological breeding, biomaterials, bioenergy and other industries to enhance bioeconomy in terms of scope and strength. In March 2021, the State Council issued Regulations for the Supervision and Administration of Medical Devices (《醫療器械監督管理條例》), which provides that for in-vitro diagnostic reagents that do not have the same product on the market in China, qualified medical institutions can develop required in-vitro diagnostic reagents that are not available in China on their own according to their clinical needs, and use them in their own units under the guidance of medical practitioners. This can be seen as a favorable policy for laboratory developed tests.

Unfulfilled needs of the healthcare services market are driving the growth of the ICL business

China's healthcare services market is rapidly growing. Unfulfilled needs of the market include the following:

- Various initiatives have been rolled out by the PRC government to drive a hierarchical healthcare system, including hospital alliances and publication of standardized referral pathways and reimbursement reform, to further improve patients' access to primary care and balance public medical resources. The promotion of the hierarchical healthcare system is also conducive to the increase in demand for ICL testing.

- There is expected to be an increasing number of hospitals established in lower tier cities, which will drive the demand for ICL testing in these areas.

- In recent years, a series of healthcare reforms have been carried out by the PRC government to optimize hospital revenue structures by reducing their reliance on medication and emphasizing examination and treatment, which requires more expertise and the service capabilities of physicians and hospitals. It is expected that revenues generated by examination and treatment will contribute a growing percentage to the total revenues of hospitals. The change in revenue structure and emphasis on examination and treatment may result in an increasing demand for clinical testing, which will lead to more outsourcing demand to ICLs.

- The PRC government has made strong efforts to further increase the accessibility and affordability of healthcare services through its healthcare reforms. Huge investments have been made to construct and upgrade healthcare infrastructure and expand medical insurance coverage. In order to respond to cost pressure, public medical institutions could choose to outsource laboratory testing, a trend that encourages the development of ICLs.

Growing testing volume driven by population aging and better diagnostic services

Population aging has directly led to a surge in the prevalence of chronic diseases and an increase in the number of patients affiliated with serious diseases, both of which have and will continue to drive testing demands, thereby boosting the testing volume. In addition, growing health awareness and soaring instances of chronic diseases are pushing people to conduct early detection and take initiatives for preventive measures. Driven by increasing demand from customers, there has been a growing outsourcing rate of tests from health check centers as they are incentivized to seek cost competitive tests performed with premium quality. In addition, the evolving field of precision medicine and emergence of novel technologies have also significantly stimulated the development of China's ICL market. ICLs are increasingly important in the era of precision medicine. It will largely help physicians to integrate individual health data and information from clinical factors, real-time monitoring factors, molecular/diagnosis factors (multi-omics including epigenetics), and exogenous factors (environmental, behavioral, socio-economic, lifestyle) to develop personalized evidence-based treatment interventions and deliver superior therapeutic outcomes.

Unique advantages of ICLs over hospital-based laboratories

ICL chain operators have broad network coverage, which enables them to more easily connect to and cater to hospitals in different classes across regions. Moreover, once ICLs have expanded to a certain scale, they are capable of performing a large volume of tests with lower costs, benefiting from centralized management, procurement and optimized utilization of equipment, human resources, reagents and facilities. In addition, ICLs generally are capable of performing a broad range of tests. Furthermore, with more capital resources and capital investment, ICLs are faster at introducing and applying new technologies and equipment, and are more proactive in achieving clinical laboratory accreditation and hire experienced and quality personnel to enhance their competitiveness, enabling them to deliver higher quality testing services.

Multi-tiered Market Collaboration: Promoting Balanced Distribution of Medical Resources

In China, the distribution of medical resources remains significantly uneven, concentrated primarily in a few provinces and cities. This has led to overcrowding in Class IIIA hospitals (the highest level of hospitals in China) and their disproportionate share in medical services. ICLs, leveraging their strong capabilities in bidding and specialized testing, have established strategic partnerships with top-tier Class IIIA hospitals. At the same time, ICLs are capitalizing on their extensive and specialized testing menus and economies of scale to facilitate the expansion and accessibility of high-quality medical resources. They achieve this by providing comprehensive, high-quality medical testing services comparable to those of tertiary hospitals to lower-tiered medical institutions. This collaborative development model not only significantly enhances the diagnosis, treatment, and service capabilities of primary healthcare facilities but also effectively promotes a more balanced distribution of medical resources. Ultimately, it addresses the issue of uneven and inefficient healthcare resource allocation.

Stricter regulatory policy promoting a regular and sustainable development of the ICL industry

In May 2023, 14 departments, including the National Health Commission, issued the Key Points for Correcting Misconduct in Purchase and Sale of Medicine and Medical Services in 2023 (《2023年糾正醫藥購銷領域和醫療服務中不正之風工作要點》), pursuant to which a one-year national centralized rectification of corruption in the medical industry was launched in August 2023 to conduct in-depth governance improvement of the entire healthcare industry and its supply chain. In addition, several regions such as Hunan Province, Shaanxi Province and Shanghai Municipality introduced special measures for the outsourcing of diagnostic testing services. The implementation of these regulatory policies will create a fair and transparent market environment for ICLs, especially industry leaders, and provide greater development opportunities. Driven by these policies, unfair competition in commercial activities will be largely eliminated, allowing legitimate industry-leading companies to leverage their advantages in resources, technology, and brand to gain greater market share through higher service quality and innovation. Furthermore, the transparency of these policies enhances the credibility of the entire industry, thereby promoting the sound and sustainable development of the ICL industry.

DRG/DIP 2.0 issued further improving the efficiency of medical insurance settlement

In July 2024, the National Healthcare Security Administration issued the Notice on the Issuance of the Version 2.0 Grouping Scheme for Payment by DRG and DIP and Related Work Arrangements (《關於印發按病組和病種分值付費2.0 版分組方案並深入推進相關工作的通知》) (the "**Notice**"), accompanied by the documents for the Version 2.0 Grouping Scheme for Payment by Diagnosis Related Groups (DRG) (《按病組 (DRG) 付費分組方案2.0版》) and the Version 2.0 Disease Database for Payment by Diagnosis-Intervention Packet (DIP) (《按病組分值 (DIP) 付費病種庫2.0版》). The adjustments to the DRG and DIP programs continue to emphasize and refine cost containment measures which we believe will be beneficial in the long run to the lowest cost provider of healthcare services and products, including to ICLs, who are the lowest cost providers of diagnostic testing services across various testing providers. In addition, the Notice emphasizes that measures such as prepayment of medical insurance fund shall be encouraged to alleviate the financial pressure of medical institutions, and the backlog of outstanding payables by medical insurance fund shall be fully settled. The policy implementation aims to improve the efficiency of medical insurance settlement, assisting hospitals in timely refunding suppliers including ICL enterprises and further improving the cash flow and operational stability of ICL enterprises. Consequently, ICL enterprises can plan the use of funds more effectively, enhance operational efficiency, and further improve market competitiveness.

China's medical industry opening-up

On September 7, 2024, three departments, including the National Health Commission, jointly issued the Notice of the Ministry of Commerce, the National Health Commission and the National Medical Products Administration on Launching Pilot Projects to Expand Opening-up in the Medical Field (商務部國家衛生健康委國家藥監局關於在醫療領域開展擴大開放試點工作的通知), which outlines pilot programs for expanded openness in the medical field. These developments are aimed at attracting foreign investment to promote the high-quality development of China's medical sector and better meet people's healthcare needs. Key aspects of the pilot programs include (i) allowing foreign-invested enterprises to engage in human stem cell and gene diagnosis and treatment technologies in selected free trade zones and Hainan Free Trade Port; and (ii) permitting the establishment of wholly foreign-owned hospitals in specific cities and regions, excluding traditional Chinese medicine hospitals and public hospital acquisitions. This pilot program represents an important step in efforts to attract foreign investment and expertise in the healthcare sector, and is consistent with the broader goals of healthcare reform and the government's efforts to improve the country's medical capabilities.

Big data processing, artificial intelligence and other technologies continue to promote the transformation and advancement of the pharmaceutical and biological industry

Biopharmaceutical R&D is developing rapidly, discovering new targets, therapies and disease models, and accelerating the advancement of diagnostic technologies, which helps R&D and clinical trial development, clinical trial enrollment and follow-up diagnosis, treatment monitoring and disease progression/recurrence monitoring. As testing technology continues to develop, the key role of diagnostic technology continues to be highlighted. Traditional technologies such as polymerase chain reaction (PCR) and next-generation sequencing (NGS) are constantly improving, while the application of emerging technologies such as mass spectrometry, flow cytometry and multi-omics technology groups is leading the development of the industry. As an early adopter of new technologies, ICL can provide comprehensive diagnostic solutions for research and clinical use, ultimately providing patients with more accurate diagnosis and treatment options.

At the same time, big data and artificial intelligence are also reshaping the clinical testing industry. The intelligent integration of information such as genomic data and electronic health records makes disease identification, risk prediction and personalized treatment more accurate. AI technology not only improves laboratory quality control and enhances the accuracy and consistency of test results, but also supports disease monitoring and health trend analysis. We continue to invest in upgrading laboratory information systems and data management capabilities, and use AI to optimize warehousing, reporting and logistics operations to improve efficiency and accuracy. We believe that the ICL industry is at the forefront of digitalization of healthcare and will become an important promoter and beneficiary of future technological progress. As AI technology ushers in a generational breakthrough in the medical field, the ICL industry, with its extensive data sets and broad-based application development, has become a key hub for the implementation and innovation of AI technology, promoting the development of medical testing towards greater intelligence and precision.

Taking ADICON as an example, we widely use AI technology to improve internal operational efficiency, optimize pathology-assisted diagnosis, and realize intelligent interpretation of test reports. At the same time, we will continue to upgrade internal OMS, AI logistics, PIMS and other digital systems to promote business innovation and efficient development, improve overall operational efficiency, ensure more accurate and intelligent medical services, and further optimize patient and customer experience.

Medical service price reforms in many places provide new opportunities for the ICL industry

In recent years, both the national and local governments have successively issued relevant documents to adjust the pricing of various types of diagnostic testing projects, and have carried out price adjustments for diagnostic tests nationwide in batches. Since October 2024, the National Healthcare Security Administration has begun to standardize the prices of diagnostic tests in batches. For example, the "Notice on Carrying out the Standardization of Medical Service Prices (First Batch)" issued in October 2024 required price adjustments for multiple diagnostic tests, and then relevant documents were successively issued to standardize the prices of more diagnostic tests. These measures are aimed at controlling medical costs and reducing the burden on patients, especially for standardizing costly and commonly used diagnostic tests.

However, these price management measures will have significant impacts to hospitals operating profits, especially after the price adjustment of diagnostic tests, hospitals may face greater profit pressure or even operate at loss at a loss. Hospitals may need to respond to this challenge by controlling internal expenditures or outsourcing some test items. As hospitals increase their demand for outsourced test services, ICL companies, as third-party testing service providers, can provide high-quality and cost-effective testing services, significantly helping hospitals reduce overall expenses, and expand ICL's share in overall diagnostic testing market.

Financial Review

Selected Items from the Audited Consolidated Statement of Profit or Loss and Other Comprehensive Income

Revenue

Our revenue for the year ended December 31, 2024 amounted to RMB2,914.1 million, representing a decrease of approximately 11.6% as compared with RMB3,297.8 million for the year ended December 31, 2023. The overall revenue decline was primarily due to the decrease in revenue from COVID-19-related testing in 2024, following the lifting of COVID-19-related restrictions.

However, revenue from our base business (excluding COVID-19-related testing), including esoteric testing services, increased by 8.2% from RMB2,693.3 million in 2023 to RMB2,914.1 million in 2024. This growth reflects the continued expansion of our esoteric testing services and the strengthening of our collaboration laboratory network, supported by a healthy growth in sample volumes during 2024, particularly in our clinical chemistry and other comprehensive income professional groups. We experienced strong revenue growth in our molecular biology and other comprehensive testing segments, which was due to the continued expansion of our overall business and our ongoing investment in our esoteric testing portfolio as well as sales efforts over the past several years. On the customer side, we expanded our customer base 8.8% from 18,324 customers in 2023 to 19,934 customers in 2024, with particularly strong customer growth in public hospital customers through our increased tender bid participation.

Cost of Sales

Our cost of sales for the year ended December 31, 2024 amounted to RMB1,815.5 million, representing a decrease of approximately 2.6% as compared with RMB1,863.7 million for the year ended December 31, 2023. This decrease was primarily due to improved laboratory operating efficiency, which reduced staff costs and operating expenses. We also achieved significant cost savings through reduced logistics expenses and strategic optimization of our laboratory network.

Gross Profit and Gross Profit Margin

Based on the factors described above, the gross profit of our Group was RMB1,098.6 million for the year ended December 31, 2024, representing a decrease of approximately 23.4% as compared with RMB1,434.1 million for the year ended December 31, 2023.

Gross profit margin is calculated as gross profit divided by revenue. Our gross profit margin decreased from 43.5% in 2023 to 37.7% in 2024, primarily due to (i) a reduced operating leverage as a result of reduced contribution from our COVID-19-related testing in 2023; and (ii) the impact of recently opened laboratories and collaboration laboratories, which were still in the ramp-up phase and had not yet reached full operational efficiency in 2024.

Leveraging our nationwide laboratory network and strong purchasing power, we initiated centralized procurement for reagents and consumables to achieve cost savings. In general, our experienced procurement team in headquarters negotiates with and coordinates suppliers and vendors to aggregate purchase volume and thereby secure better terms for our subsidiaries. All of our suppliers and vendors are periodically tendered to ensure that we are able to take advantage of our operating scale effectively and ensure optimal and cost-effective reagents and consumables for delivering testing services. Moreover, our continued improvements in operating scale and business growth enabled us to gain stronger bargaining power with our suppliers, which have enabled us to mitigate the effects of reduced operating leverage.

To ensure that local suppliers can provide a comparable level of quality and consistency, we internally validate local suppliers' offerings, and only cooperate with those that meet our standards. For suppliers that meet our requirements, we will make an effort to transit our testing volume to lower cost local suppliers for these reagents. We are in a continuous process of assessing and validating new local supplier alternatives on a test-by-test or testing group-by-testing group basis and have been able to secure the benefits of lower costs while maintaining the same strict quality standards of imported equipment and reagents.

Other Income and Gains

Our other income and gains for the year ended December 31, 2024 amounted to RMB49.3 million, representing a decrease of approximately 20.0% as compared with RMB61.6 million for the year ended December 31, 2023. This decrease was primarily due to the non-recurrence in 2024 of non-cash fair value gain of RMB15.3 million, recognized in 2023, on put option over non-controlling interests under valuation adjustment mechanism relating to our acquisitions of Shangrao Adicon and Jiangxi Jince.

Selling and Marketing Expenses

Our selling and marketing expenses for the year ended December 31, 2024 amounted to RMB465.7 million, representing a decrease of approximately 4.0% as compared with RMB485.2 million for the year ended December 31, 2023. This decrease was primarily due to a decrease of RMB17.0 million in marketing costs and a decrease of RMB1.9 million in marketing expenses as we implemented the enhanced cost control measures in 2024.

Administrative Expenses

Our administrative expenses for the year ended December 31, 2024 amounted to RMB253.3 million, representing a decrease of approximately 6.5% as compared with RMB271.0 million for the year ended December 31, 2023. This decrease was primarily due to a decrease in staff costs resulting from our organizational structure optimization in 2024 and reduced share-based payment expenses compared to 2023.

R&D Costs

Our R&D expenses for the year ended December 31, 2024 amounted to RMB120.0 million, representing a decrease of approximately 16.4% as compared with RMB143.5 million for the year ended December 31, 2023. This decrease was primarily due to the reduced staff expenses and lower R&D related reagent and consumables use in 2024.

Other Expenses

Our other expenses for the year ended December 31, 2024 amounted to RMB164.6 million, representing an increase of approximately 65.2% as compared with RMB99.6 million for the year ended December 31, 2023. This increase was primarily due to impairment losses of RMB142.1 million, an increase of RMB68.3 million over the year prior. These impairment losses consisted of RMB98.7 million of COVID-19 related customer receivables impairment and RMB2.3 million of COVID-19 related inventory impairment in 2024. In addition, we recorded a RMB6.4 million increase in loss of disposal of property, plant and equipment and other intangible assets due to cost reduction and laboratory network optimization efforts.

Listing Expenses

We recorded nil from listing expenses for the year ended December 31, 2024, compared to RMB72.2 million of listing expenses incurred associated with the Global Offering for the year ended December 31, 2023.

Finance Costs

Our finance costs for the year ended December 31, 2024 amounted to RMB52.4 million, representing a decrease of approximately 39.3% as compared with RMB86.3 million for the year ended December 31, 2023. This decrease was primarily due to a decrease of RMB33.0 million in interest expenses on our bank borrowings, following the refinancing of our USD-denominated offshore bank borrowings into lower-interest RMB-denominated loans at the end of 2023 and the beginning of 2024.

Income Tax Expenses

Our income tax expenses for the year ended December 31, 2024 amounted to RMB29.4 million, representing a decrease of approximately 66.2% as compared with RMB87.1 million for the year ended December 31, 2023. This decrease was generally in line with the decline in our profit before tax, after adjusting for non-taxable or tax-deductible fair value gains and losses, share-based payment expenses, and offshore interest expenses in 2024.

Profit for the Year

As a result of the foregoing, we recorded profit of RMB62.6 million for the year ended December 31, 2024, representing a decrease of approximately 76.1% as compared with profit of RMB262.3 million for the year ended December 31, 2023.

Selected Items from the Consolidated Statement of Financial Position

Current Assets/Liabilities

Our total current assets decreased to RMB3,050.7 million as of December 31, 2024 from RMB3,303.4 million as of December 31, 2023, and our total current liabilities increased to RMB1,925.1 million as of December 31, 2024 from RMB1,757.0 million as of December 31, 2023.

Inventories

Our inventories as of December 31, 2024 amounted to RMB126.9 million, representing a decrease of approximately 28.1% as compared with RMB176.6 million as of December 31, 2023. This decrease was primarily due to the decrease in our purchases of reagents and consumables as a results of the reduced demand for COVID-19 related testing services and the enhanced inventory management measures we implemented in 2024. Our inventory turnover days decreased at from 40 days in 2023 to 31 days in 2024 due to our continuing efforts to tighten controls on our inventory levels.

Trade and Bills Receivables

Our trade and bills receivables as of December 31, 2024 amounted to RMB1,377.4 million, representing a decrease of approximately 9.1% as compared with RMB1,515.4 million as of December 31, 2023. This decrease in net trade and bills receivables was primarily due to extensive credit control efforts implemented and executed through the year and also due to the significant ECL provision taken in 2024 of RMB139.8 million, of which RMB98.7 million was related to receivables from COVID-19 screening-related customers. Our gross trade and bills receivables turnover days increased from 211 days in 2023 to 220 days in 2024 as a result of longer settlement periods experienced from our customers. Excluding the impact of our large screening COVID-19 receivables, our receivables turnover days from our base business decreased from 190 days in 2023 to 172 days in 2024.

Prepayments, Deposits and Other Receivables

Our prepayments, deposits and other receivables as of December 31, 2024 amounted to RMB251.1 million, representing an increase of approximately 24.9% as compared with RMB201.0 million as of December 31, 2023. This increase was primarily due to (i) a RMB29.6 million increase in long-terms receivables from reclassifying certain trade receivables to non-current assets following the execution of extended payment plans with customers; (ii) an RMB11.8 million increase in prepayments for property, plant and equipment reflects increased activity of our procurement division; and (iii) a RMB10.8 million increase in prepaid taxes was partially due to some local tax bureaus requesting earlier payments.

Trade and Bills Payables

Our trade and bills payables as of December 31, 2024 amounted to RMB721.8 million, representing a decrease of approximately 2.7% as compared with RMB742.1 million as of December 31, 2023. This decrease was generally in proportion with the decline of cost of sales in 2024. Our trade and bills payables turnover days decreased from 177 days in 2023 to 148 days in 2024. This decrease is primarily due to reduction in average balance in payables 2024 relative to 2023 as COVID-19 related trade payables declined.

Financial Assets at FVPTL

Our financial assets at FVPTL amounted to nil as of December 31, 2024, as compared with RMB52.4 million as of December 31, 2023. This change was primarily due to the redemption of our wealth management products in April 2024.

Other Payables and Accruals

Our other payables and accruals as of December 31, 2024 amounted to RMB613.4 million, representing a decrease of approximately 18.8% as compared with RMB755.5 million as of December 31, 2023. This decrease was primarily due to (i) a reduction of RMB87.8 million in payroll payables, mainly resulting from a change in our Company's year-end bonus payroll cycle; (ii) a decrease of RMB24.3 million in listing expenses; and (iii) a decrease of RMB22.1 million in advance payments received for subscription of share awards under our employee incentive plans.

Contract Liabilities

Our contract liabilities as of December 31, 2024 amounted to RMB29.9 million, representing a decrease of approximately 13.7% as compared with RMB34.7 million as of December 31, 2023. This decrease was primarily due to a reduction in advance payments from customers for the delivery of equipment and services in 2024.

Pledged deposits

Our pledged deposits amounted to RMB956.0 million as of December 31, 2024, representing an increase of approximately 34.2% as compared with RMB712.6 million as of December 31, 2023. This increase was primarily due to the additional bank deposits required, as we drew down an additional RMB-denominated offshore loan to refinance the remaining portion of our USD-denominated offshore loan in January 2024. This increase was partially offset by the scheduled repayment of pledged deposit loans, which led to the release of related pledged deposits.

Liquidity and Capital Resources

During the year ended December 31, 2024, our Group funded cash requirements principally from cash generated from the operating activities. As of December 31, 2024, we had cash and cash equivalents of RMB1,043.8 million, representing an increase of approximately 8.8% as compared with RMB959.4 million as of December 31, 2023. This increase was primarily due to the net proceeds received from our operating activities.

Our current cash and cash equivalents, together with anticipated operating cash inflows, is expected to be sufficient to meet our working capital requirements, daily operational needs, and financial commitments. As of the date of this announcement, we do not have any definitive plans for material fundraising activities. However, we will continue to monitor market conditions and may pursue equity or debt financing opportunities should the need arise to support future growth initiatives or enhance liquidity.

Indebtedness

During the year ended December 31, 2024, we incurred borrowings to finance our capital expenditure and working capital requirements, which were primarily denominated in RMB. All of the interest-bearing bank borrowings during the year ended December 31, 2024 were loans with effective annual interest rates ranging from 1.93% to 3.5% as of December 31, 2024. Our net cash position (equals cash and cash equivalents plus pledged deposits and net of interest-bearing bank borrowing) decreased by 11.5% from RMB784.5 million as of December 31, 2023 to RMB693.9 million as of December 31, 2024.

Contingent Liabilities

As of December 31, 2024, we were not involved in any material legal, arbitration or administrative proceedings that, if adversely determined, would be expected to materially and adversely affect our financial position or result of operations. As such, our Group did not have any contingent liabilities as of December 31, 2024.

Capital Expenditures

Capital expenditures primarily consisted of expenditures on (i) property, plant and equipment, and (ii) other intangible assets, which primarily include patents, software and customer relationships.

Our capital expenditures for the year ended December 31, 2024 amounted to RMB117.6 million, representing a decrease of approximately 28.9% as compared with RMB165.4 million for the year ended December 31, 2023. This decrease was primarily due to the decrease in our purchases of property and equipment as a result of the reduced rate of new laboratory openings in 2024.

Capital Commitments

Capital commitments primarily constituted our purchases of property and equipment for the construction, expansion and enhancement of our facilities.

Our capital committees as of December 31, 2024 amounted to RMB9.3 million, representing a decrease of 35.9% as compared with RMB14.5 million as of December 31, 2023. This decrease was primarily due to reduced rate of new laboratory openings and expansions in 2024.

Financial Ratios

The following table sets forth certain of the key financial ratios as of the dates indicated:

	As of December 31,	
	2024	2023
Liquidity ratios		
Current ratio[1]	**1.58**	1.88
Quick ratio[2]	**1.52**	1.78
Capital adequacy ratios		
Gearing ratio[3]	**0.74**	0.49

Notes:

(1) Current assets divided by current liabilities as of the end of the years.

(2) Current assets less inventories divided by current liabilities as of the end of the years.

(3) Total borrowings divided by total equity as of the end of the years.

Charges on Assets

As of December 31, 2024, the Group had no charges on assets.

Future Plans for Material Investments

As of the date of this announcement, the Group does not have any concrete committed plans for material investments and capital assets in 2025.

Foreign Exchange Risk and Hedging

We primarily operate in the PRC with most of our transactions denominated and settled in RMB. However, certain of our time deposits, bank balances and cash and other financial assets are denominated in foreign currencies and exposed to foreign currency risks. We currently do not have a foreign currency hedging policy. However, we manage foreign exchange risks by closely monitoring our foreign exchange exposure and will consider hedging against significant foreign exchange risks should the need arise.

Material Acquisitions, Significant Investments and Disposals

During the year ended December 31, 2024, we did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures. As of December 31, 2024, we did not hold any significant investments (including any investment in an investee company) with a value of 5% or more of the Group's total assets.

Employees and Remuneration

As of December 31, 2024, we had a total of 5,445 employees (as of December 31, 2023: 5,713 employees). For the year ended December 31, 2024, we incurred total remuneration costs of RMB887.2 million (for the year ended December 31, 2023: RMB975.4 million). The remuneration packages of our employees include salaries, benefits, social insurance and share based compensation, the amount of which is generally determined by their qualifications, industry experience, position and performance. We contribute to social insurance and housing provident funds as required by the PRC laws and regulations.

To maintain the quality, knowledge and skill levels of the workforce, our Group provides regular and specialized trainings tailored to the needs of employees in different departments, including regular training sessions conducted by senior employees or third party consultants covering various aspects of our business operations.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	**2024**	2023
		RMB'000	*RMB'000*
REVENUE	4	**2,914,113**	3,297,828
Cost of sales		**(1,815,464)**	(1,863,721)
Gross profit		**1,098,649**	1,434,107
Other income and gains		**49,261**	61,609
Selling and marketing expenses		**(465,691)**	(485,155)
Administrative expenses		**(253,274)**	(271,015)
Research and development costs		**(120,037)**	(143,522)
Other expenses		**(164,590)**	(99,622)
Listing expenses		**—**	(72,189)
Finance costs		**(52,358)**	(86,316)
Fair value gains on financial liabilities at fair value through profit or loss ("**FVTPL**")		**—**	11,475
PROFIT BEFORE TAX	5	**91,960**	349,372
Income tax expense	6	**(29,397)**	(87,050)
PROFIT FOR THE YEAR		**62,563**	262,322
Attributable to:			
Owners of the parent		**47,014**	234,885
Non-controlling interests		**15,549**	27,437
		62,563	262,322

	Notes	**2024**	2023
		RMB'000	*RMB'000*
OTHER COMPREHENSIVE LOSS			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of the financial statements of subsidiaries		**(5,073)**	(7,768)
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of the financial statements of the Company		**(6,239)**	(36,381)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX		**(11,312)**	(44,149)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**51,251**	218,173
Attributable to:			
Owners of the parent		**35,702**	190,736
Non-controlling interests		**15,549**	27,437
		51,251	218,173
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT		**RMB**	RMB
Basic	8	**0.07**	0.34
Diluted	8	**0.07**	0.31

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**31 December 2024** *RMB'000*	31 December 2023 *RMB'000*
NON-CURRENT ASSETS			
Property and equipment	9	**398,520**	410,987
Right-of-use assets		**165,719**	187,390
Goodwill		**79,802**	79,802
Other intangible assets		**154,064**	151,416
Deferred tax assets		**129,180**	103,971
Prepayments, deposits and other receivables	11	**54,543**	12,575
Amounts due from related parties		**2,511**	2,474
Financial assets at FVTPL		**—**	1,535
Pledged deposits		**650,000**	300,000
Total non-current assets		**1,634,339**	1,250,150
CURRENT ASSETS			
Inventories		**126,935**	176,593
Trade and bills receivables	10	**1,377,364**	1,515,434
Prepayments, deposits and other receivables	11	**196,521**	188,474
Financial assets at FVTPL		**—**	50,837
Amounts due from related parties		**25**	25
Pledged deposits		**306,000**	412,602
Cash and cash equivalents		**1,043,833**	959,423
Total current assets		**3,050,678**	3,303,388
CURRENT LIABILITIES			
Trade and bills payables	12	**721,814**	742,108
Other payables and accruals	13	**613,380**	755,527
Contract liabilities		**29,905**	34,664
Interest-bearing bank borrowings		**467,975**	95,870
Profit tax payable		**30,274**	77,790
Amounts due to related parties		**1,081**	1,858
Lease liabilities		**60,709**	49,201
Total current liabilities		**1,925,138**	1,757,018
NET CURRENT ASSETS		**1,125,540**	1,546,370
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,759,879**	2,796,520

	Notes	**31 December 2024** *RMB'000*	31 December 2023 *RMB'000*
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**837,943**	791,647
Lease liabilities		**124,523**	153,117
Deferred tax liabilities		**22,737**	23,166
Total non-current liabilities		**985,203**	967,930
NET ASSETS		**1,774,676**	1,828,590
EQUITY			
Equity attributable to owners of the parent			
Share capital	14	**97**	97
Treasury shares	14	**(112,120)**	—
Reserves		**1,760,108**	1,707,974
		1,648,085	1,708,071
Non-controlling interests		**126,591**	120,519
Total equity		**1,774,676**	1,828,590

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

ADICON Holdings Limited ("the Company") is a limited liability company incorporated in the Cayman Islands on 20 August 2008. Its registered office address is the Third Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, Cayman Islands.

The Company is an investment holding company. During the year, the Company's subsidiaries were principally engaged in providing medical testing services and the trade of medical testing equipment in the People's Republic of China (the "PRC").

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRS Accounting Standards (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) issued by the International Accounting Standards Board ("IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments, wealth management products, contingent consideration which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

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 revised IFRS Accounting Standards for the first time for the current year's financial statements.

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

The nature and the impact of the revised IFRS Accounting Standards 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 financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

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

IFRS 18	*Presentation and Disclosure in Financial Statements*[3]
IFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to IAS 21	*Lack of Exchangeability*[1]
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[2]
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*[2]

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

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

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

4 No mandatory effective date yet determined but available for adoption

Further information about those IFRS Accounting Standards that are expected to be applicable to the Group is described below.

IFRS 18 replaces IAS 1 Presentation of Financial Statements. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss and other comprehensive income, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss and other comprehensive income into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which is renamed as IAS 8 Basis of Preparation of Financial Statements. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 Statement of Cash Flows, IAS 33 Earnings per Share and IAS 34 Interim Financial Reporting. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group's financial statements.

IFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10 Consolidated Financial Statements, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with IFRS Accounting Standards. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply IFRS 19. Some of the Company's subsidiaries are considering the application of IFRS 19 in their specified financial statements.

Amendments to IFRS 9 and IFRS 7 clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income ("FVTOCI") and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. Amendments to *contracts referencing nature-dependent electricity* clarify the application of the "own-use" requirements for in-scope contracts, amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts and add new disclosure requirements. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB. However, the amendments are available for adoption now.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to IFRS Accounting Standards – Volume 11 set out amendments to IFRS 1, IFRS 7 (and the accompanying *Guidance on implementing IFRS 7)*, IFRS 9, IFRS 10 and IAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- IFRS 7 *Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing IFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing IFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IFRS 9 *Financial Instruments:* The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IFRS 10 *Consolidated Financial Statements:* The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IAS 7 *Statement of Cash Flows:* The amendments replace the term "cost method" with "at cost" in paragraph 37 of IAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

3. OPERATING SEGMENT INFORMATION

Geographical information

For management purposes, the Group is organised into a whole business unit based on their products and services. Management monitors the results of the Group's operating as a whole for the purpose of making decisions about resource allocation and performance assessment.

Since nearly all of the Group's non-current assets were located in Mainland China, no geographical segment information is presented in accordance with IFRS 8 Operating Segments.

Information about a major customer

No revenue from the Group's sales to a single customer amounted to 10% or more of the Group's revenue during the year.

4. REVENUE

An analysis of revenue is as follows:

(i) Disaggregated revenue information

	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Medical diagnostic services	**2,914,113**	3,297,828
Timing of revenue recognition		
Goods transferred at a point in time	**2,878,000**	3,272,740
Services transferred over time	**36,113**	25,088
Total	**2,914,113**	3,297,828

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

	2024	2023
	RMB'000	*RMB'000*
Revenue recognised that was included in the contract liabilities balance at the beginning of year:	**34,664**	21,060

(ii) Performance obligations

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

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 the services performed. Therefore, under the practical expedient allowed by IFRS 15, the Group does not disclose the value of unsatisfied performance obligation.

5. PROFIT BEFORE TAX

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

	2024	2023
	RMB'000	*RMB'000*
Cost of services provided	**1,514,526**	1,692,871
Cost of inventories sold	**300,938**	170,850
Depreciation of property and equipment*	**105,104**	99,397
Depreciation of right-of-use assets*	**60,955**	59,552
Amortisation of other intangible assets*	**10,034**	8,490
Fair value gains on convertible redeemable preferred shares	**—**	(11,475)
Fair value gains on put option over non-controlling interests	**—**	(15,305)
Fair value losses on financial assets on FVTPL, net	**2,230**	4,913
Research and development costs	**120,037**	143,522
Auditors' remuneration	**3,230**	8,095
Listing expenses excluding auditors' remuneration	**—**	67,315
Employee benefit expense*		
(including directors' remuneration):	**887,189**	975,366
Share awards	**2,151**	17,054
Salaries and other benefits	**723,122**	775,757
Pension scheme contributions, social welfare and other welfare	**161,916**	182,555
Lease payments not included in the measurement of lease liabilities	**15,996**	17,105
Bank interest income	**(21,472)**	(20,160)
Foreign exchange (gains)/losses, net	**(7,594)**	8,198
Losses on disposal of items of property and equipment		
and other intangible assets	**10,174**	3,767
Losses on disposal of items of right-of-use assets	**159**	—
Impairment losses, net of reversal:	**142,097**	73,840
– Financial assets under the ECLs model	**139,777**	57,864
– Inventories	**2,320**	15,976

* The depreciation of property and equipment, the depreciation of right-of-use assets, the amortisation of other intangible assets, and the employee benefit expenses for the year are included in "Cost of sales", "Selling and marketing expenses", "Administrative expenses" and "Research and development costs" in the consolidated statement of profit or loss and other comprehensive income.

6. INCOME TAX

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

Cayman Islands

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

Hong Kong

The subsidiaries which operate in Hong Kong are subject to profits tax at a rate of 8.25% which applies to the first HKD2,000,000 of assessable profits, and the remaining assessable profits are subject to profits tax at a rate of 16.5%.

Pursuant to the PRC Enterprise Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5% since September 2023. The Group is therefore liable to withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

Mainland China

Pursuant to the Enterprise Income Tax Law of the PRC and the respective regulations (the "EIT Law"), the subsidiaries which operate in Mainland China are subject to EIT at a rate of 25% on the taxable income, except for certain subsidiaries which are entitled to preferential tax rates.

Pillar Two income taxes

The Group is out of the scope of the Pillar Two model rules because the revenue for the year ended 31 December 2024 did not exceed Euro 750 million. The Group continues to closely monitor Pillar Two legislative developments, as more countries prepare to enact the Pillar Two model rules, to evaluate the potential future impact on its financial statements.

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

	2024	2023
	RMB'000	*RMB'000*
Current income tax	**55,035**	77,954
Deferred income tax	**(25,638)**	9,096
Total tax charge for the year	**29,397**	87,050

A reconciliation of the tax expense applicable to profit before tax using the statutory rate for the jurisdictions in which the majority of the Group's subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	2024	2023
	RMB'000	*RMB'000*
Profit before tax	**91,960**	349,372
Tax at the statutory tax rate (25%)	**22,990**	87,343
Lower tax rates for specific provinces or enacted by local authority	**(7,100)**	(28,586)
Effect on opening deferred tax assets or liabilities resulting from previously unrecognised tax losses, tax credit or temporary differences and adjustments in respect of current tax of previous periods	**2,816**	(7,759)
Additional deductible allowance for qualified research and development costs	**(16,521)**	(17,217)
Expenses not deductible for tax	**4,557**	6,621
Tax losses utilised from previous years	**(2,078)**	(225)
Tax losses not recognised	**24,173**	51,371
Effect of withholding tax at 5% (2023: 5%) on the distributable profits of the Group's PRC subsidiaries	**560**	(4,498)
Tax charge at the Group's effective rate	**29,397**	87,050

7. DIVIDENDS

No dividend has been paid or declared by the Company for the year ended 31 December 2024.

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

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 721,371,760 (2023: 690,606,994) outstanding during the year, as adjusted to reflect the rights 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 convertible redeemable preferred shares for the year. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the year, 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. For the year ended 31 December 2024, the calculation of diluted earnings per share has not considered restricted share units ("RSUs") under the share incentive plans of the Company as the inclusion would be anti-dilutive.

The calculations of basic and diluted earnings per share are based on:

	2024	2023
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation (RMB'000)	**47,014**	234,885
Less: Fair value gains on financial liabilities at FVTPL	**—**	11,475
	47,014	223,410
Ordinary shares ('000)		
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation*	**721,372**	690,607
Earnings per share (RMB per share)	**0.07**	0.34
Effect of dilution – weighted average number of ordinary shares:		
Convertible redeemable preferred shares	**—**	26,019
Weighted average number of ordinary shares outstanding during the year used in the diluted earnings per share calculation	**721,372**	716,626
Diluted earnings per share (RMB per share)	**0.07**	0.31

* The weighted average number of shares was after taking into account the effect of treasury shares held.

9. PROPERTY AND EQUIPMENT

	Office and electronic equipment *RMB'000*	Laboratory equipment *RMB'000*	Motor vehicles *RMB'000*	Leasehold improve-ments *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
31 December 2024						
At 1 January 2024						
Cost	**97,985**	**522,037**	**16,605**	**260,600**	**8,708**	**905,935**
Accumulated depreciation	**(46,123)**	**(324,960)**	**(11,711)**	**(112,154)**	**—**	**(494,948)**
Net carrying amount	**51,862**	**197,077**	**4,894**	**148,446**	**8,708**	**410,987**
At 1 January 2024, net of accumulated depreciation	**51,862**	**197,077**	**4,894**	**148,446**	**8,708**	**410,987**
Additions	**8,320**	**71,495**	**216**	**8,962**	**15,832**	**104,825**
Disposals	**(1,064)**	**(3,976)**	**(342)**	**(6,806)**	**—**	**(12,188)**
Transfers	**—**	**—**	**—**	**16,493**	**(16,493)**	**—**
Depreciation provided during the year	**(14,857)**	**(58,090)**	**(1,980)**	**(30,177)**	**—**	**(105,104)**
At 31 December 2024, net of accumulated depreciation	**44,261**	**206,506**	**2,788**	**136,918**	**8,047**	**398,520**
At 31 December 2024						
Cost	**101,918**	**560,340**	**14,896**	**271,110**	**8,047**	**956,311**
Accumulated depreciation	**(57,657)**	**(353,834)**	**(12,108)**	**(134,192)**	**—**	**(557,791)**
Net carrying amount	**44,261**	**206,506**	**2,788**	**136,918**	**8,047**	**398,520**

	Office and electronic equipment *RMB'000*	Laboratory equipment *RMB'000*	Motor vehicles *RMB'000*	Leasehold improve-ments *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
31 December 2023						
At 1 January 2023						
Cost	67,341	489,062	15,557	226,735	8,244	806,939
Accumulated depreciation	(35,952)	(304,229)	(9,165)	(82,165)	—	(431,511)
Net carrying amount	31,389	184,833	6,392	144,570	8,244	375,428
At 1 January 2023, net of accumulated depreciation	31,389	184,833	6,392	144,570	8,244	375,428
Additions	33,198	66,093	2,355	9,245	33,796	144,687
Disposals	(779)	(4,321)	(135)	(4,496)	—	(9,731)
Transfers	427	553	—	32,352	(33,332)	—
Depreciation provided during the year	(12,373)	(50,081)	(3,718)	(33,225)	—	(99,397)
At 31 December 2023, net of accumulated depreciation	51,862	197,077	4,894	148,446	8,708	410,987
At 31 December 2023						
Cost	97,985	522,037	16,605	260,600	8,708	905,935
Accumulated depreciation	(46,123)	(324,960)	(11,711)	(112,154)	—	(494,948)
Net carrying amount	51,862	197,077	4,894	148,446	8,708	410,987

10. TRADE AND BILLS RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Trade receivables	**1,745,680**	1,751,633
Bills receivable	**4,564**	6,174
	1,750,244	1,757,807
Allowance for expected credit losses	**(372,880)**	(242,373)
Total	**1,377,364**	1,515,434

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally from 90 to 120 days. Each customer has a maximum credit limit. 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. In view of the aforementioned and the fact that the Group's trade and bills receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade and bills receivable balances. Trade and bills receivables are non-interest-bearing.

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

	2024	2023
	RMB'000	*RMB'000*
1 month to 6 months	**855,432**	1,074,252
6 months to 1 year	**213,256**	259,156
1 year to 2 years	**261,867**	157,116
2 years to 3 years	**40,694**	24,177
Over 3 years	**6,115**	733
Total	**1,377,364**	1,515,434

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

	2024	2023
	RMB'000	*RMB'000*
At beginning of year	**242,373**	190,307
Impairment losses	**139,804**	58,120
Amount written off as uncollectible	**(9,297)**	(6,054)
At end of year	**372,880**	242,373

The Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECLs. The Group determines the ECLs on these items by using a provision matrix. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns such as ageing, historical denial and past collection experience, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. The following table details the risk profile of trade and bills receivables, the expected loss rate represents combined expected loss rate of different groupings of various customer segments:

	As at 31 December 2024		
	Amount	**Expected loss rate**	**Impairment**
	RMB'000	***%***	***RMB'000***
Individually assessed	**125,727**	**100.00**	**125,727**
Measured by provision matrix:			
1 month to 6 months	**887,190**	**3.58**	**31,758**
6 months to 1 year	**245,057**	**12.98**	**31,801**
1 year to 2 years	**341,135**	**23.24**	**79,268**
2 years to 3 years	**101,361**	**59.85**	**60,667**
3 years to 4 years	**36,605**	**83.45**	**30,548**
4 years to 5 years	**9,564**	**99.39**	**9,506**
Over 5 years	**3,605**	**100.00**	**3,605**
Total	**1,750,244**		**372,880**

	As at 31 December 2023		
	Amount	Expected loss rate	Impairment
	RMB'000	*%*	*RMB'000*
Measured by provision matrix:			
1 month to 6 months	1,099,652	2.31	25,400
6 months to 1 year	301,788	14.13	42,632
1 year to 2 years	255,344	38.47	98,228
2 years to 3 years	77,425	68.77	53,248
3 years to 4 years	18,751	96.09	18,018
4 years to 5 years	3,605	100.00	3,605
Over 5 years	1,242	100.00	1,242
Total	1,757,807		242,373

11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	**2024** *RMB'000*	2023 *RMB'000*
Deposits		**20,553**	20,277
– current		**7,173**	7,397
– non-current	(a)	**13,380**	12,880
Prepayments	(b)	**43,778**	43,877
Prepayments for property, plant and equipment		**11,840**	—
Advanced payment for investment	(c)	**18,200**	18,200
Advance lease payments for short-term leases		**6,286**	6,325
Subscription receivable for exercising share awards	(d)	**83,851**	90,105
Prepaid taxes		**29,413**	18,625
Long-term receivables	(e)	**29,601**	—
Others		**7,820**	3,945
Provision for impairment		**(278)**	(305)
Total		**251,064**	201,049

Notes:

(a) The amount represents deposits for leases of properties with over one-year lease terms and deposits with suppliers.

(b) The amount represents prepayments for reagents and consumables.

(c) As at 31 December 2024, the balance amounting to approximately RMB18,200,000 represents an advance payment for the proposed acquisition of two Independent Clinical Laboratories ("ICL"s) in Henan from parties which are independent of the Company and its connected persons, Yongcheng Meikang Shengde Medical Laboratory Co., Ltd. and Minquan County Meikang Shengde Medical Laboratory Co., Ltd. The advance payment was refundable if certain conditions were not satisfied.

(d) As at 31 December 2024, the balance amounting to approximately RMB83,851,000 represents the subscription receivables due from executive directors, senior management and employees under share incentive plans to settle the share awards being exercised. The amount is not yet received by the Company due to the restrictions from the Sale and Payment of Foreign Exchange Regulations.

(e) In June 2024, a subsidiary of the Group entered into a supplemental agreement with a customer for nucleic acid testing services completed in 2022. Pursuant to the supplemental agreement, the receivables of RMB31,900,000 due from the customer will be settled by three instalment payments over three consecutive years. As such, the receivable has been reclassified as a non-current asset and measured at its present value of RMB29,099,000 as of the date of signing the supplemental agreement, and subsequently measured at amortised cost.

12. TRADE AND BILLS PAYABLES

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

	2024	2023
	RMB'000	*RMB'000*
Within 1 year	**649,124**	667,679
1 to 2 years	**47,205**	65,836
2 to 3 years	**23,502**	7,016
Over 3 years	**1,983**	1,577
Total	**721,814**	742,108

The trade and bills payables are non-interest-bearing and are normally settled on 60 to 120 day terms.

13. OTHER PAYABLES AND ACCRUALS

	Notes	**2024**	2023
		RMB'000	*RMB'000*
Payroll payables		**226,178**	313,959
Accruals		**141,673**	141,104
Payables arising from acquisitions	(a)	**99,306**	99,306
Other payables		**78,501**	90,554
Amounts due to non-controlling shareholders	(b)	**61,175**	57,127
Advance payments received for subscription of share awards		**—**	22,059
Accrued listing expenses		**5,310**	29,596
Deferred revenue		**1,237**	1,822
Total		**613,380**	755,527

Notes:

(a) In connection with the acquisition of Shangrao Adicon and Jiangxi Jince, the Group acquired 61% equity interests during 2021 at a total consideration of RMB45,726,000 in cash, which has been fully paid by January 2023. The Group was also obligated to purchase the remaining non-controlling interests in Shangrao Adicon and Jiangxi Jince from minority shareholders upon satisfaction of certain conditions in the relevant share purchase agreements. As of 31 December 2024, the satisfaction of these conditions was still under evaluation. The Group estimated that the present value of the put option's strike price over the non-controlling interests in Shangrao Adicon and Jiangxi Jince amounted to RMB42,160,000 as at 31 December 2024 (2023: RMB42,160,000), with the debit entry on recognising the put option as a debit to equity and the subsequent changes recognised in profit or loss.

In connection with the acquisition of Henan Adicon, the Group acquired 51% equity interests in Henan Adicon during 2022 at a total consideration of RMB88,916,000 in cash, of which RMB62,241,000 had been paid and RMB26,675,000 recognised as contingent consideration. The fair value of the contingent consideration was RMB13,337,000 as of 31 December 2024 (2023: RMB13,337,000) and the subsequent fair value changes were recognised in profit or loss. The Group is also obligated to purchase 19% equity interests in Henan Adicon from minority shareholders upon satisfaction of certain condition of 2024 and 2025 precedents in the relevant share purchase agreements. The Group estimated that the present value of the put option's strike price over the non-controlling interests in Henan Adicon amounted to RMB43,809,000 as at 31 December 2024 (2023: RMB43,809,000), with the debit entry on recognising the put option as a debit to equity and the subsequent changes recognised in profit or loss.

(b) Pursuant to the share purchase agreement entered into between the Group and the then shareholders of Henan Adicon, the collection of revenue from COVID-19 testing services earned by Henan Adicon during 2021 shall be repaid to the then shareholders. The balance amounting to RMB61,175,000 (2023: RMB57,127,000) represents the revenue collected by the Group on behalf of the then shareholders as at 31 December 2024.

14. SHARE CAPITAL AND TREASURY SHARES

	2024	2023
	RMB'000	*RMB'000*
Issued and fully paid:		
727,260,291 (2023: 727,354,791) ordinary shares	**97**	97

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

	Number of shares in issue	Share capital
		RMB'000
At 1 January 2023	653,402,129	86
Shares issued upon the Global Offering (Note a)	17,288,500	2
Automatic conversion of Convertible Preferred Shares upon Global Offering	52,761,653	8
Shares issued upon partial exercise of the Over-allotment Option (Note b)	3,902,509	1
At 31 December 2023 and 1 January 2024	727,354,791	97
Shares repurchased and cancelled (Note c)	(94,500)	—
At 31 December 2024	**727,260,291**	**97**

A summary of movements in the Group's treasury shares is as follows:

	Number of shares	Treasury shares *RMB'000*
At 1 January 2024	—	—
Shares repurchased by the Company	1,611,500	14,033
Shares purchased by a trust (Note d)	11,448,500	98,805
Shares cancelled (Note c)	(94,500)	(718)
At 31 December 2024	12,965,500	112,120
Treasury shares held by the Company	1,517,000	13,315
Treasury shares held by a trust	11,448,500	98,805

Notes:

a. On 30 June 2023, the Company issued a total of 17,288,500 ordinary shares of USD0.00002 each at the price of HKD12.32 per share by means of the Global Offering.

b. On 26 July 2023, the Company issued a total of 3,902,509 ordinary shares of USD0.00002 each at the price of HKD12.32 per share by means of partial exercise of the over-allotment option.

c. In September 2024, 94,500 Shares were cancelled according to the resolution of the board of directors of the Company.

d. During the year of 2024, the employee benefit trust under the 2024 Incentive Plans purchased 11,448,500 shares of the Company at a total consideration, including expenses, of HK$108,046,000 (equivalent to RMB98,805,000) and these shares were held as treasury shares.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with the CG Code

The Company has adopted the code provisions of the CG Code and regularly reviews its compliance with the CG Code. The Board has committed to maintaining good corporate governance standards. The Board believes that good corporate governance standards are essential in providing framework for the Group to safeguard the interests of Shareholders and to enhance corporate value and accountability.

To the best knowledge of the Directors, the Company has complied with all applicable code provisions of the CG Code for the year ended December 31, 2024 and up to the date of this announcement.

Compliance with the Model Code

The Company has adopted the Model Code as its code of conduct regarding dealing in the securities of the Company by the Director and the Group's senior management who, because of their office or employment, are likely to possess inside information of the Company and/or securities. Specific enquiry has been made of all the Directors and they have confirmed their compliance with the Model Code for the year ended December 31, 2024 and up to the date of this announcement. In addition, no incident of non-compliance of the Model Code by the senior management of the Group was noted for the year ended December 31, 2024 and up to the date of this announcement.

In case when the Company is aware of any restricted period for dealings in the Company's securities, the Company will notify its Directors and senior management in advance.

Purchase, Sale or Redemption of Listed Securities

In accordance with the Shareholders' resolution passed by the Shareholders at the annual general meeting held on May 30, 2024, the Directors were granted a general mandate (the "**Repurchase Mandate**") to repurchase no more than 72,735,479 Shares from time to time. On May 30, 2024 and December 16, 2024, the Board resolved to utilize the Repurchase Mandate to repurchase Shares in the open market not more than 36,367,739 Shares and 36,287,165 Shares, respectively. For details, please refer to the announcements of the Company dated June 4, 2024 and December 19, 2024. During the year ended December 31, 2024 and up to the date of this announcement, the Company has repurchased 1,711,500 Shares on the Stock Exchange at an aggregate consideration of HK$16.1 million (including brokerage and other fees), of which (i) 94,500 Shares were cancelled on September 6, 2024; and (ii) 1,617,000 Shares are held as treasury Shares. As of the date of this announcement, the Company held 1,617,000 Shares intended to be held as treasury Shares. The Company has not yet determined on the intended use of such treasury Shares and will utilize them as permitted under the Listing Rule, subject to, market conditions and its capital management needs.

Details of the Shares repurchased are summarized as follows:

Month of repurchase	Total number of Shares repurchased	Repurchase price per Share Highest	Repurchase price per Share Lowest	Aggregate consideration (including brokerage and other fees)
		HK$	*HK$*	*HK$ million*
June 2024	1,611,500	10.12	8.14	15.4
January 2025	100,000	7.62	6.73	0.7

Save as disclosed above, neither the Company nor any member of the Group has purchased, sold or redeemed any of the listed securities of the Company (including sale of treasury Shares) during the year ended December 31, 2024 and up to the date of this announcement.

Employee Incentive Plan

As of the date of this announcement, the Company has adopted three share schemes, namely, the senior executive incentive plan (the "**Senior Executive Incentive Plan**"), the senior management incentive plan (the "**Senior Management Incentive Plan**", together with the Senior Executive Incentive Plan, the "**2019 Incentive Plans**") and the 2024 Incentive Plan.

2019 Incentive Plans

The Senior Executive Incentive Plan and the Senior Management Incentive Plan were both adopted and approved on July 9, 2019, and subsequently amended and restated on November 7, 2020, April 14, 2021 and October 1, 2021. The terms of the 2019 Incentive Plans are substantially similar, and their principal terms are outlined in "Appendix IV — Statutory and General Information" of the Prospectus.

As of December 31, 2024, (i) 26,363,605 Shares issued under the 2019 Incentive Plans, representing 3.63% of the Company's total issued shares, were held by Trident Trust Company (HK) Limited ("**Trident**"); and (ii) 31,884,911 Shares issued under the 2019 Incentive Plans, representing 4.38% of the Company's total issued shares, were held by Computershare Hong Kong Investor Services Limited's account at DBS Vickers (Hong Kong) Limited ("**Computershare**").

Upon the listing of the Shares, there are no RSUs or options available for grant under the 2019 Incentive Plans, and there is no service provider sublimit under the 2019 Incentive Plans.

The total shares currently held by Trident and Computershare continue to be managed and governed under the 2019 Incentive Plans. As described in "Appendix IV — Statutory and General Information" of the Prospectus, the 2019 Incentive Plans are administered by a plan administrator (the "**Plan Administrator**"), who is a Director designated by the Board. The Plan Administrator is authorized to undertake all necessary and appropriate actions, including (i) vesting options and/or RSUs to eligible employees upon their exercise under the 2019 Incentive Plans; and (ii) managing all employee shares after exercise. The Plan Administrator, or a representative as designated by the Plan Administrator from time to time, is also in charge of giving instructions to trustees regarding the exercise of voting rights for shares held by the trustee, if required by law. Pursuant to the 2019 Incentive Plans, if the trustee is required by law to vote, the Plan Administrator shall exercise the relevant voting rights in accordance with the majority votes of the Shareholders in the Company's general meetings. For example, if a majority of the Shareholders in a general meeting votes against a resolution, the Plan Administrator or his/her representative shall vote against such resolution, and vice versa. In the case of an equality of votes, the Plan Administrator or his/her representative shall abstain from voting, and any votes cast by or on behalf of the Plan Administrator shall not be counted. Under the 2019 Incentive Plans, the Plan Administrator has full control over the sale, disposal or transfer of the Shares held by the trusts, as well as the power to revoke any options and/or RSUs granted as well as vested share awards to eligible employees in accordance with the plan rules.

2024 Incentive Plan

The 2024 Incentive Plan was adopted and approved on March 28, 2024. As of December 31, 2024, 11,448,500 Shares have been purchased by the trustee for the purposes of the 2024 Incentive Plan, and 9,150,000 RSUs have been granted to eligible participant under the 2024 Incentive Plan on October 31, 2024.

Audit Committee and Review of Financial Statements

The Audit Committee comprises three independent non-executive Directors, namely Mr. YEH Richard (chairman), Mr. MI Brian Zihou and Mr. ZHANG Wei. The Audit Committee is governed by terms of reference that are in compliance with the requirements of the Listing Rules.

The Audit Committee has reviewed the consolidated financial statements of the Group for the year ended December 31, 2024 in conjunction with the Company's external auditor, Ernst & Young. Based on this review and discussions with the Company's senior management, the Audit Committee was satisfied that the consolidated financial statements of the Group 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. The Audit Committee has also discussed the accounting policies, standards, requirement and practices adopted by the Company and reviewed the effectiveness of risk management and internal control measures of the Group with senior management. The Audit Committee does not have any disagreement with the accounting treatment adopted by the Company.

Scope of Auditor's Work

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit of loss and other comprehensive income and the related notes thereto for the year ended December 31, 2024 as set out in this announcement have been agreed by the Company's auditors, Ernst & Young, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Ernst & Young 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 Ernst & Young on this announcement.

Use of Proceeds

The shares of the Company were listed on the Main Board of the Stock Exchange on June 30, 2023. The total net proceeds from the Global Offering (after deduction of underwriting commissions and related costs and expenses) amounted to RMB230.9 million.

The net proceeds raised from the Global Offering had been used in the manner as disclosed in the section headed "Future Plans and Use of Proceeds" of the Prospectus, and was fully utilized as of December 31, 2024.

The table below sets forth the details of the utilization of net proceeds received from the Global Offering:

Description	Total percentage amount	Net proceeds from the Global Offering *(RMB in millions)*	Utilized amount up to December 31, 2023 *(RMB in millions)*	Utilized amount during the year ended December 31, 2024 *(RMB in millions)*	Unutilized amount as of December 31, 2024 *(RMB in millions)*	Expected timeline for utilizing for the unutilized net proceeds
Strengthening our routine and esoteric testing capabilities	15.0%	34.6	19.6	19.6	-	December 31, 2024
Network expansion through establishing new laboratories, partnership investments and development of new channels	25.0%	57.7	13.4	13.4	-	December 31, 2024
Business development activities to form strategic collaborations with industry participants as well as strategic and bolt-on acquisitions	25.0%	57.7	14.3	14.3	-	December 31, 2024
Upgrade and expansion of our existing laboratories	15.0%	34.6	13.1	13.1	-	December 31, 2024
Investment in operating infrastructure including logistics facilities, artificial intelligence technologies and IT infrastructure	10.0%	23.1	10.8	10.8	-	December 31, 2024
Working capital and general corporate purpose	10.0%	23.1	7.4	7.4	-	December 31, 2024
Total	100.0%	230.9	78.6	78.6	-	

Events after the Year Ended December 31, 2024

The Directors are not aware of any significant events requiring disclosure that took place subsequent to December 31, 2024 and up to the date of this announcement.

Final Dividends

The Board did not recommend the payment of any final dividend for the year ended December 31, 2024 (for the year ended December 31, 2023: nil).

Annual General Meeting

The Annual General Meeting will be held prior to May 31, 2025. A circular (including notice convening the Annual General Meeting) will be published and dispatched (if requested) to the Shareholders in the manner required by the Listing Rules in due course.

Publication of Annual Results Announcement and Annual Report

This announcement is published on the websites of the Stock Exchange (**www.hkexnews.hk**) and the Company (**www.adicon.com.cn**).

The annual report for the year ended December 31, 2024 containing all the information required by the Listing Rules will be published on the websites of the Stock Exchange and the Company and dispatched to the Shareholders (if requested) in due course.

DEFINITIONS

"AI"	artificial intelligence
"Annual General Meeting"	the annual general meeting of the Company
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors
"China" or "the PRC"	the People's Republic of China, and for the purposes of this announcement only, except where the context requires otherwise, references to China or the PRC exclude Taiwan and the special administrative regions of Hong Kong and Macau
"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules

"Companies Ordinance"	the Companies Ordinance, Chapter 622 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
"Company", "we", "us", "our" or "ADICON"	ADICON Holdings Limited (艾迪康控股有限公司), an exempted limited liability company incorporated in the Cayman Islands on March 20, 2008
"COVID-19"	coronavirus disease 2019, a disease caused by a novel virus designated as severe acute respiratory syndrome coronavirus 2
"Director(s)"	the director(s) of our Company
"ECL"	expected credit loss
"FVTPL"	fair value through profit or loss
"Global Offering"	the global offering of Shares by the Company, including the exercise of the over-allotment option, as described in the Prospectus
"Group", "our Group" or "the Group"	the Company, its subsidiaries and consolidated affiliated entities from time to time
"HK$" or "Hong Kong Dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"ICL"	independent clinical laboratory
"IFRS"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules
"Prospectus"	the prospectus issued by the Company on June 19, 2023
"RMB"	Renminbi, the lawful currency of China
"RSU(s)"	restricted share unit(s)

"R&D"	research and development
"Share(s)"	ordinary share(s) in the share capital of our Company with a par value of US$0.00002 each
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"treasury Share(s)"	has the meaning ascribed to it under the Listing Rules
"2019 Incentive Plans"	the senior executive incentive plan of our Company and the senior management incentive plan of our Company adopted and approved on July 9, 2019, as amend from time to time
"2024 Incentive Plan"	the 2024 incentive plan of the Company adopted and approved on March 28, 2024, as amend from time to time
"%"	per cent.

By Order of the Board
ADICON Holdings Limited
Ms. YANG Ling
Chairwoman

Hong Kong, March 31, 2025

As at the date of this announcement, the Board comprises Mr. GAO Song as executive Director; Ms. YANG Ling, Mr. LIN Jixun, Ms. FENG Janine Junyuan and Mr. ZHOU Mintao as non-executive Directors; and Mr. MI Brian Zihou, Mr. YEH Richard and Mr. ZHANG Wei as independent non-executive Directors.