AUSTAR
奧 星

Austar Lifesciences Limited
奧星生命科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6118)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

	2024	2023
	RMB'000	*RMB'000*
Revenue	**1,500,402**	1,763,734
Gross profit	**301,217**	336,050
Profit/(loss) for the year from continuing operations	**13,572**	(34,789)
Loss for the period from discontinued operations	**—**	(116,514)
Profit/(loss) for the year	**13,572**	(151,303)
Profit/(loss) from continuing operations attributable to the owners of the Company	**16,079**	(32,607)
Loss from discontinued operations attributable to the owners of the Company	**—**	(80,866)
	16,079	(113,473)
Total assets	**2,083,635**	2,158,972
Net assets	**793,468**	775,473
Gross profit margin	**20.1%**	19.1%
Current ratio	**1.3**	1.3
Gearing ratio	**33.9%**	39.2%
Net debt to equity ratio	**30.2%**	43.5%
Basic and diluted earnings/(loss) per share from continuing and discontinued operations *(Note)*	**RMB0.03**	RMB(0.22)
Basic and diluted earnings/(loss) per share from continuing operations *(Note)*	**RMB0.03**	RMB(0.06)

Note:

The calculation of earnings/(loss) per share is based on the profit/(loss) attributable to the owners of the Company for each of the years ended 31 December 2024 and 2023 and the weighted average number of shares during that year. The Company had no dilutive ordinary shares for each of the years ended 31 December 2024 and 2023.

ANNUAL RESULTS

The board ("**Board**") of directors ("**Directors**", each a "**Director**") of Austar Lifesciences Limited ("**Company**" or "**AUSTAR**") announces the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2024 ("**Year**"), together with the comparative figures for the year ended 31 December 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	**For the year ended 31 December 2024** ***RMB'000***	For the year ended 31 December 2023 *RMB'000*
Continuing operations			
Revenue	*3*	**1,500,402**	1,763,734
Cost of sales	*3, 6*	**(1,199,185)**	(1,427,684)
Gross profit		**301,217**	336,050
Selling and marketing expenses	*6*	**(131,851)**	(167,323)
Administrative expenses	*6*	**(107,225)**	(133,666)
Net impairment losses on financial assets and contract assets		**(3,389)**	(31,893)
Research and development expenses	*6*	**(53,549)**	(55,332)
Other income		**27,548**	11,706
Other gains — net	*5*	**2,430**	10,464
Operating profit/(loss)		**35,181**	(29,994)
Finance income	*4*	**2,895**	3,290
Finance costs	*4*	**(17,202)**	(14,437)
Finance costs — net		**(14,307)**	(11,147)
Share of net profit of investments accounted for using the equity method		**298**	6,731
Profit/(loss) before income tax		**21,172**	(34,410)
Income tax expense	*8*	**(7,600)**	(379)
Profit/(loss) for the year from continuing operations		**13,572**	(34,789)
Discontinued operations			
Loss for the period from discontinued operations	*9*	**—**	(116,514)
Profit/(loss) for the year		**13,572**	(151,303)

	Note	**For the year ended 31 December 2024** *RMB'000*	For the year ended 31 December 2023 *RMB'000*
Profit/(loss) for year attributable to owners of the Company			
— from continuing operations		**16,079**	(32,607)
— from discontinued operations		**—**	(80,866)
		16,079	(113,473)
Loss for the year attributable to non-controlling interests			
— from continuing operations		**(2,507)**	(2,182)
— from discontinued operations		**—**	(35,648)
		(2,507)	(37,830)
		13,572	(151,303)
EARNINGS/(LOSS) PER SHARE	*10*		
From continuing and discontinued operations			
— Basic and diluted (RMB)		**0.03**	(0.22)
From continuing operations			
— Basic and diluted (RMB)		**0.03**	(0.06)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the year ended 31 December 2024	For the year ended 31 December 2023
	RMB'000	*RMB'000*
Profit/(loss) for the year	**13,572**	(151,303)
Other comprehensive income/(expense)		
Item that will not be reclassified to profit or loss:		
Exchange differences on translation from functional currency to presentation currency	**9,521**	6,253
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**(5,408)**	(22,893)
Reclassification of cumulative translation reserve upon discontinued operations of foreign operations	**—**	3,182
Reclassification of cumulative translation reserve upon deemed disposal of an investment accounted for using the equity method	**405**	—
Transfer upon deregistration of subsidiaries	**(21)**	—
Share of other comprehensive (expense)/income of investments accounted for using the equity method	**(1,524)**	257
	(6,548)	(19,454)
Other comprehensive income/(expense) for the year, net of tax	**2,973**	(13,201)
Total comprehensive income/(expense) for the year	**16,545**	(164,504)
Total comprehensive income/(expense) attributable to:		
— owners of the Company	**18,396**	(123,931)
— non-controlling interests	**(1,851)**	(40,573)
	16,545	(164,504)
Total comprehensive income/(expense) attributable to owners of the Company:		
— from continuing operations	**18,396**	(43,065)
— from discontinued operations	**—**	(80,866)
	18,396	(123,931)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**As at 31 December 2024** *RMB'000*	As at 31 December 2023 *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**310,085**	320,243
Right-of-use assets		**104,041**	123,609
Intangible assets		**42,298**	42,471
Deferred tax assets		**15,169**	16,720
Investments accounted for using the equity method		**60,281**	82,110
Total non-current assets		**531,874**	585,153
Current assets			
Inventories		**238,425**	243,160
Contract assets	*13*	**562,477**	642,906
Trade and notes receivables	*12*	**424,534**	351,783
Prepayments and other receivables		**119,652**	117,237
Pledged bank deposits		**38,868**	36,378
Term deposits with initial terms of over three months		**1,000**	10,000
Cash and cash equivalents		**166,805**	163,765
		1,551,761	1,565,229
Assets classified as held for sale		**—**	8,590
Total current assets		**1,551,761**	1,573,819
Total assets		**2,083,635**	2,158,972
EQUITY			
Equity attributable to owners of the Company			
Share capital		**4,071**	4,071
Reserves		**448,446**	383,648
Retained earnings		**338,892**	385,294
		791,409	773,013
Non-controlling interests		**2,059**	2,460
Total equity		**793,468**	775,473

	Notes	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
LIABILITIES			
Non-current liabilities			
Lease liabilities		**31,197**	52,138
Long-term borrowings	*15*	**25,142**	110,848
Deferred income		**135**	341
Deferred tax liabilities		**40,181**	37,843
Other financial liabilities		**4,826**	4,642
Total non-current liabilities		**101,481**	205,812
Current liabilities			
Trade and other payables	*14*	**639,271**	663,436
Contract liabilities	*13*	**202,263**	180,190
Current income tax liabilities		**1,540**	848
Short-term borrowings	*16*	**229,750**	255,313
Current portion of long-term borrowings	*15*	**98,884**	64,520
Lease liabilities		**16,978**	13,380
Total current liabilities		**1,188,686**	1,177,687
Total liabilities		**1,290,167**	1,383,499
Total equity and liabilities		**2,083,635**	2,158,972

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 9 January 2014 as an exempted company with limited liability. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company and its subsidiaries are principally engaged in providing integrated engineering solutions to pharmaceutical manufacturers and research institutes, as well as manufacturing and distribution of pharmaceutical equipments and consumables in the People's Republic of China ("**PRC**"). The ultimate holding company of the Company is Standard Fortune Holdings Limited, a company incorporated in the British Virgin Islands ("**BVI**") with limited liability and wholly owned by Mr. Ho Kwok Keung, Mars ("**Mr. Mars Ho**", also the "**Controlling Shareholder**"), Chairman of the Board and the Chief Executive Officer of the Company (the "**Chief Executive Officer**").

Ordinary shares of HK$0.01 each in the share capital of the Company ("**Shares**") have been listed on the Main Board of The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") since 7 November 2014.

The consolidated financial statements are presented in thousands of Renminbi Yuan ("**RMB**"), unless otherwise stated, and are approved for issue by the Board on 26 March 2025.

As disclosed in Note 3, the presentation of comparative information in respect of the revenue and segment information for the year ended 31 December 2023 has been represented and restated in order to reflect the changes from six to three operating segments during the current year.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("**IFRSs**") issued by the International Accounting Standards Board ("**IASB**"). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**") and by the Hong Kong Companies Ordinance.

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

2.2 Application of new and amendments to IFRSs

(a) Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRSs issued by IASB for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the consolidated 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
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The application of the amendments to IFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

(b) New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity[3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards — Volume 11[3]
Amendments to IAS 21	Lack of Exchangeability[2]
IFRS 18	Presentation and Disclosure in Financial Statements[4]

[1] Effective for annual periods beginning on or after a date to be determined.
[2] Effective for annual periods beginning on or after 1 January 2025.
[3] Effective for annual periods beginning on or after 1 January 2026.
[4] Effective for annual periods beginning on or after 1 January 2027.

Except for the new and amendments to IFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 Presentation of Financial Statements. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to IAS 8 and IFRS 7.

Minor amendments to IAS 7 Statement of Cash Flows and IAS 33 Earnings per Share are also made. IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the consolidated statement of profit or loss and other comprehensive income and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of IFRS 18 on the Group's consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue from contracts with customers

Continuing operations:

	For the year ended 31 December 2024			
	Integrated Process and Packaging Equipment & Systems *RMB'000*	**Consulting, Digitalization and Construction** *RMB'000*	**Life Science Equipment and Consumables** *RMB'000*	**Total** *RMB'000*
Types of goods or service				
Revenue from integrated engineering solutions contracts	**569,304**	**454,736**	**14,292**	**1,038,332**
Revenue from sale of goods	**35,790**	**32,998**	**313,476**	**382,264**
Revenue from services rendered	**50,111**	**28,080**	**1,615**	**79,806**
Total	**655,205**	**515,814**	**329,383**	**1,500,402**

	For the year ended 31 December 2023 (restated)			
	Integrated Process and Packaging Equipment & Systems	Consulting, Digitalization and Construction	Life Science Equipment and Consumables	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Types of goods or service				
Revenue from integrated engineering solutions contracts	809,364	530,326	—	1,339,690
Revenue from sale of goods	27,310	48,130	300,330	375,770
Revenue from services rendered	26,412	18,799	3,063	48,274
Total	863,086	597,255	303,393	1,763,734

Segment information

The chief operating decision makers ("**CODMs**") have been identified as the Chief Executive Officer, the vice presidents and the directors of the Company who review the Group's internal reports in order to assess performance and allocate resources.

The CODMs consider the business primarily from a product and service perspective. In the current year, the Group reorganised its internal reporting structure which resulted in changes to the composition of reportable segments. The Group integrated the former six operating segments into three reportable segments: (1) Integrated Process and Packaging Equipment & Systems; (2) Consulting, Digitalization and Construction; and (3) Life Science Equipment and Consumables. The CODMs consider these changes would provide a more relevant and reliable measurement of performance of each business segment. Prior year segment disclosures have been represented to conform with current year's presentation.

The CODMs evaluate the performance of the reportable segments based on gross profit.

The segment results for the year ended 31 December 2024 are as follows:

Continuing operations:

	Integrated Process and Packaging Equipment & Systems *RMB'000*	Consulting, Digitalization and Construction *RMB'000*	Life Science Equipment and Consumables *RMB'000*	Total *RMB'000*
Segment revenue and results				
Segment revenue	**821,327**	**611,418**	**346,162**	**1,778,907**
Inter-segment revenue	**(166,122)**	**(95,604)**	**(16,779)**	**(278,505)**
Revenue#	**655,205**	**515,814**	**329,383**	**1,500,402**
Recognised at a point in time	**85,901**	**61,078**	**315,091**	**462,070**
Recognised over time	**569,304**	**454,736**	**14,292**	**1,038,332**
Cost of sales	**(562,371)**	**(436,193)**	**(200,621)**	**(1,199,185)**
Segment results				
Gross profit	**92,834**	**79,621**	**128,762**	**301,217**
Other segment items				
Amortisation	**3,260**	**3,377**	**605**	**7,242**
Depreciation	**26,648**	**9,201**	**10,015**	**45,864**
Provision for/(reversal of) impairment losses on financial assets and contract assets	**6,586**	**(3,141)**	**(56)**	**3,389**
Write-down of inventories	**2,831**	**958**	**1,459**	**5,248**
Share of net profit of investments accounted for using the equity method	**(298)**	**—**	**—**	**(298)**
Finance costs	**10,169**	**5,377**	**1,656**	**17,202**
Interest income	**(1,190)**	**(1,101)**	**(604)**	**(2,895)**
Loss/(gain) on disposal of property, plant and equipment	**176**	**(13)**	**34**	**197**

No single customer contributed over 10% of the total revenue of the Group during the year.

The segment results for the year ended 31 December 2023 are as follows:

Continuing operations (restated):

	Integrated Process and Packaging Equipment & Systems *RMB'000*	Consulting, Digitalization and Construction *RMB'000*	Life Science Equipment and Consumables *RMB'000*	Total *RMB'000*
Segment revenue and results				
Segment revenue	984,850	732,646	321,778	2,039,274
Inter-segment revenue	(121,764)	(135,391)	(18,385)	(275,540)
Revenue#	863,086	597,255	303,393	1,763,734
Recognised at a point in time	53,722	66,929	303,393	424,044
Recognised over time	809,364	530,326	—	1,339,690
Cost of sales	(763,665)	(456,281)	(207,738)	(1,427,684)
Segment results				
Gross profit	99,421	140,974	95,655	336,050
Other segment items				
Amortisation	3,279	3,194	1,093	7,566
Depreciation	19,808	12,274	5,951	38,033
Provision for/(reversal of) impairment losses on financial assets and contract assets	6,363	25,618	(88)	31,893
Write-down/(reversal of write-down) of inventories	7,094	(3,038)	10,105	14,161
Share of net profit of investments accounted for using the equity method	(6,731)	—	—	(6,731)
Finance costs	9,674	3,414	1,349	14,437
Interest income	(2,039)	(1,134)	(117)	(3,290)
Loss on disposal of property, plant and equipment	355	495	—	850

No single customer contributed over 10% of the total revenue of the Group during the year.

A reconciliation of segment gross profit to total profit/(loss) before income tax from continuing operations is provided as follows:

Continuing operations:

	For the year ended 31 December 2024 *RMB'000*	For the year ended 31 December 2023 *RMB'000* (Restated)
Integrated Process and Packaging Equipment & Systems	**92,834**	99,421
Consulting, Digitalization and Construction	**79,621**	140,974
Life Science Equipment and Consumables	**128,762**	95,655
Total gross profit for reportable segments	**301,217**	336,050
Selling and marketing expenses	**(131,851)**	(167,323)
Administrative expenses	**(107,225)**	(133,666)
Net impairment losses on financial assets and contract assets	**(3,389)**	(31,893)
Research and development expenses	**(53,549)**	(55,332)
Other income	**27,548**	11,706
Other gains — net	**2,430**	10,464
Finance costs — net	**(14,307)**	(11,147)
Share of net profit of investments accounted for using the equity method	**298**	6,731
Profit/(loss) before income tax from continuing operations	**21,172**	(34,410)

The segment assets as at 31 December 2024 and 2023 are as follows:

	As at 31 December 2024		As at 31 December 2023	
	Total assets *RMB'000*	**Investments accounted for using the equity method** *RMB'000*	Total assets *RMB'000* (Restated)	Investments accounted for using the equity method *RMB'000* (Restated)
Integrated Process and Packaging Equipment & Systems	**1,143,870**	**60,281**	1,078,414	82,110
Consulting, Digitalization and Construction	**502,916**	**—**	609,272	—
Life Science Equipment and Consumables	**218,154**	**—**	226,352	—
Total segment assets	**1,864,940**	**60,281**	1,914,038	82,110
Unallocated:				
Deferred tax assets	**15,169**		16,720	
Assets classified as held for sale	**—**		8,590	
Headquarter assets	**203,526**		219,624	
Total assets	**2,083,635**		2,158,972	

All assets are allocated to operating segments other than deferred tax assets, assets classified as held for sale and headquarter assets. Assets used jointly by operating segments are allocated on the basis of the revenue earned by individual operating segments.

The Group's borrowings are not considered to be segment liabilities, but are managed by the treasury function.

	As at 31 December 2024 Total liabilities ***RMB'000***	As at 31 December 2023 Total liabilities *RMB'000* (Restated)
Integrated Process and Packaging Equipment & Systems	**471,044**	501,997
Consulting, Digitalization and Construction	**252,807**	252,797
Life Science Equipment and Consumables	**96,529**	87,250
Total segment liabilities	**820,380**	842,044
Unallocated:		
Deferred tax liabilities	**40,181**	37,843
Short-term borrowings	**229,750**	255,313
Long-term borrowings	**25,142**	110,848
Current portion of long-term borrowings	**98,884**	64,520
Headquarter liabilities	**75,830**	72,931
Total liabilities	**1,290,167**	1,383,499

All liabilities are allocated to operating segments other than deferred tax liabilities, short-term borrowings, long-term borrowings, current portion of long-term borrowings and headquarter liabilities. Liabilities used jointly by operating segments are allocated on the basis of the revenue earned by individual operating segments.

Geographical information

Information about the Group's revenue from continuing operations from external customers is presented based on the country in which the customer is located, and certain assets are based on country where the assets are located:

Continuing operations:

	For the year ended 31 December 2024 ***RMB'000***	For the year ended 31 December 2023 *RMB'000*
Revenue		
Mainland China	**1,333,487**	1,681,099
Other locations	**166,915**	82,635
	1,500,402	1,763,734

	As at 31 December 2024 *RMB'000*	As at 31 December 2023 *RMB'000*
Non-current assets other than financial assets and deferred tax assets		
Mainland China	**492,111**	524,375
Other locations	**24,594**	44,058
	516,705	568,433

4. FINANCE COSTS — NET

Continuing operations:

	For the year ended 31 December 2024 *RMB'000*	For the year ended 31 December 2023 *RMB'000*
Finance costs		
— Bank borrowings	**(14,365)**	(10,916)
— Lease liabilities	**(2,649)**	(3,045)
— Other financial liabilities	**(188)**	(185)
Exchange losses, net	**—**	(291)
	(17,202)	(14,437)
Finance income		
— Bank deposits	**2,895**	3,290
	2,895	3,290
	(14,307)	(11,147)

5. OTHER GAINS — NET

Continuing operations:

	For the year ended 31 December 2024 *RMB'000*	For the year ended 31 December 2023 *RMB'000*
Loss on derecognition of a joint venture	**(423)**	—
Gain on bargain purchase on acquisition of a subsidiary	**4,066**	—
Loss on disposal of property, plant and equipment	**(197)**	(850)
Gain on disposal of land use right classified as right-of-use asset	**—**	4,954
Gain on early termination of lease contracts	**1,060**	—
Exchange (losses)/gains, net	**(4,096)**	7,116
Others	**2,020**	(756)
	2,430	10,464

6. EXPENSES BY NATURE

Continuing operations:

	For the year ended 31 December 2024 *RMB'000*	For the year ended 31 December 2023 *RMB'000*
Raw materials used	**738,226**	924,789
On-site subcontract fee	**110,337**	140,048
Technical service fee	**30,149**	26,814
Staff costs, including directors' emoluments *(Note 7)*	**402,632**	459,799
Depreciation		
— Property, plant and equipment	**28,694**	19,795
— Right-of-use assets	**17,170**	18,238
Amortisation	**7,242**	7,566
Travel expenses	**34,825**	39,069
Freight and port charges	**28,280**	28,533
Professional fee	**6,885**	17,092
Sales tax and surcharges	**9,835**	8,632
Warranty provision	**5,821**	15,496
Office expenses	**13,417**	11,650
Business entertainment expenses	**11,672**	8,597
Write-down of inventories	**5,248**	14,161
Promotion expenses	**6,553**	8,599
Auditor's remuneration		
— Audit service		
— Moore CPA Limited	**2,780**	2,780
— Other auditors	**378**	642
— Non audit service		
— Moore CPA Limited	**188**	—
— PricewaterhouseCoopers	**—**	2,681
Repair and maintenance	**3,539**	2,235
Human resources management expenses	**1,512**	1,372
Labour productive cost	**2,025**	645
Bank charges	**1,760**	1,612
Communication expenses	**1,507**	1,572
Renovation expenses	**2,424**	2,272
Convention service expenses	**722**	230
Property management fee	**142**	183
Other operating expenses	**17,847**	18,903
	1,491,810	1,784,005

7. STAFF COSTS, INCLUDING DIRECTORS' EMOLUMENTS

Continuing operations:

	For the year ended 31 December 2024	For the year ended 31 December 2023
	RMB'000	*RMB'000*
Salaries and bonuses	**319,464**	359,592
Pension and social obligations	**83,168**	100,207
	402,632	459,799

8. INCOME TAX EXPENSE

Continuing operations:

	For the year ended 31 December 2024	For the year ended 31 December 2023
	RMB'000	*RMB'000*
Current income tax expense		
— PRC corporate income tax	**3,768**	3,627
— Hong Kong and overseas profits tax	**548**	338
	4,316	3,965
Overprovision in prior years		
— PRC corporate income tax	**(221)**	(853)
— Hong Kong and overseas profits tax	**—**	(16)
	(221)	(869)
Deferred tax expense/(credit)	**3,505**	(2,717)
	7,600	379

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and, accordingly, is exempted from local income tax.

The Group's subsidiaries incorporated in the BVI under the International Business Companies Acts or, as the case maybe, BVI Business Companies Act are exempted from local income tax.

The taxation of the Group's subsidiaries in Hong Kong is calculated at 16.5% of the estimated assessable profits for the year (2023: 16.5%), except for a subsidiary of the Group in Hong Kong which is a qualifying entity applicable to the two-tiered profits tax rates. Under the two-tiered profits tax rates regime, the profits tax rate for the first HK$2 million of assessable profits will be lowered to 8.25%, and assessable profits above HK$2 million will continue to be subject to the rate of 16.5%.

Corporate income tax in the PRC is calculated based on the statutory profit or loss of subsidiaries incorporated in the PRC in accordance with the PRC tax laws and regulations, after adjusting certain income and expense items, which are not assessable or deductible for income tax purposes. According to the PRC Corporate Income Tax Law promulgated by the PRC government, the tax rate for the Company's PRC subsidiaries is 25%, except for certain subsidiaries which are taxed at preferential tax rates. Shanghai Austar Pharmaceutical Technology Equipment Ltd. ("**Shanghai Austar**"), Austar Pharmaceutical Equipment (Shijiazhuang) Ltd. ("**Austar SJZ**"), and Austar Hansen Lifesciences (Shanghai) Ltd. ("**Austar Hansen**") are high and new technology enterprises certified by relevant local authorities in the PRC. These entities are entitled to preferential corporate income tax rates of 15% upon fulfilment of certain conditions under the tax ruling. Austar SJZ has been enjoying preferential corporate income tax rate since 2015 and renewed its "High and New Technology Enterprise" qualification for another three years in 2024. Shanghai Austar and Austar Hansen have been enjoying preferential corporate income tax rate since 2013 and renewed their "High and New Technology Enterprise" qualification for another three years in 2022.

9. DISCONTINUED OPERATIONS

As set out in the Company's announcements dated 3 August 2023 and 29 August 2023, H+E Pharma GmbH and S-Tec GmbH, the then indirect non-wholly-owned subsidiaries of the Company, filed for insolvency under self-administration (debtor-in-possession) proceedings in Germany on 3 August 2023.

As the business operations of Germany Operations were considered as a separate geographical area of operations, and it was a component of an entity comprises operations and cash flows that was clearly distinguished, operationally and for financial reporting purposes, from the rest of the Group, so it was considered and accounted for as discontinued operations ("**Discontinued Operations**") for the year ended 31 December 2023. The directors of the Company also considered that separately highlighting the results and cash flows of the Discontinued Operations provided clearer information that was relevant in assessing the ongoing ability of the Group to generate cash flows.

Accordingly, the carrying amount related to the net liabilities of the Discontinued Operations was deconsolidated from the consolidated financial statements of the Group as of 3 August 2023. The results, other comprehensive income and cash flows of the Discontinued Operations were separately presented in the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, and consolidated statement of cash flows for the year ended 31 December 2023.

The net liabilities relating to the Discontinued Operations were RMB113,320,000 upon deconsolidation as at 3 August 2023 and an aggregate one-off loss upon deconsolidation of the Discontinued Operations was recognised in 2023 and included in the losses from the Discontinued Operations.

The loss from Discontinued Operations for the period from 1 January 2023 to 3 August 2023 was set out below.

	Period from 1 January 2023 to 3 August 2023 *RMB'000*
Revenue	45,632
Cost of sales	(89,630)
Gross loss	(43,998)
Selling and distribution expenses	(787)
Administrative expenses	(6,160)
Other losses — net	(18,627)
Operating loss	(69,572)
Finance costs	(3,225)
Loss before income tax	(72,797)
Income tax credit	46
Loss from discontinued operations	(72,751)
Add: One-off gains recognised upon the deconsolidation of the Discontinued Operations attributable to owners of the Company	56,924
Less: Reclassification of cumulative translation reserve upon the deconsolidation of the Discontinued Operations	(3,182)
Less: Impairment loss on amounts due from the Discontinued Operations	(97,505)
Loss from discontinued operations	(116,514)

The major classes of assets and liabilities relating to the Discontinued Operations as at 3 August 2023 were set out below:

	As at 3 August 2023 *RMB'000*
Deconsolidated assets	36,294
Deconsolidated liabilities	149,614
Deconsolidated net liabilities	(113,320)
Deconsolidated net liabilities attributable to non-controlling interests	(56,396)
Deconsolidated net liabilities attributable to owners of the Company	(56,924)

The net cash flows incurred relating to the Discontinued Operations were as follows:

	Period from 1 January 2023 to 3 August 2023 *RMB'000*
Operating activities	12,217
Investing activities	—
Financing activities	(9,627)
Effect of foreign exchange rate changes	234
Net cash inflow	2,824

10. EARNINGS/(LOSS) PER SHARE

From continuing operations

The calculation of the basic earnings/(loss) per share amount is based on the profit/(loss) for the year attributable to owners of the Company and the weighted average number of ordinary shares of approximately in issue during the year.

The calculation of the basic and diluted earnings/(loss) per share is based on the following:

	For the year ended 31 December 2024 *RMB'000*	For the year ended 31 December 2023 *RMB'000*
Profit/(loss) for the year attributable to owners of the Company	**16,079**	(113,473)
Less: loss for the period from discontinued operations attributable to owners of the Company	**—**	80,866
Earnings/(loss) for the purpose of calculating basic and diluted earnings/(loss) per share from continuing operations	**16,079**	(32,607)

	For the year ended 31 December 2024 *'000*	For the year ended 31 December 2023 *'000*
Number of shares		
Weighted average number of ordinary shares in issue during the year for the purposes of the basic and diluted earnings/(loss) per share	**512,582**	512,582

As the Company had no potential ordinary shares for each of the years ended 31 December 2024 and 2023, diluted earnings/(loss) per share for the years ended 31 December 2024 and 2023 are the same as basic earnings/(loss) per share.

From continuing and discontinued operations

	For the year ended 31 December 2024 *RMB'000*	For the year ended 31 December 2023 *RMB'000*
Profit/(loss) for the year attributable to owners of the Company for the purpose of basic earnings/(loss) per share	**16,079**	(113,473)

The denominators used are the same as those detailed above for basic and diluted earnings/(loss) per share from continuing operations.

From discontinued operations

For the year ended 31 December 2023, basic and diluted loss per share for the Discontinued Operations is RMB15.78 cents per share (2024: N/A), based on the loss for the year attributable to owners of the Company from the Discontinued Operations of RMB80,866,000 (2024: N/A) and the denominators used are the same as those detailed above for basic and diluted earnings/(loss) per share from the continuing operations.

11. DIVIDENDS

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

12. TRADE AND NOTES RECEIVABLES

	As at 31 December 2024 *RMB'000*	As at 31 December 2023 *RMB'000*
Trade receivables *(Note (a))*	**431,813**	349,258
Notes receivables *(Note (b))*	**43,170**	52,078
	474,983	401,336
Less: loss allowance	**(50,449)**	(49,553)
End of the year	**424,534**	351,783

As at 1 January 2023, trade receivables from contracts with customers amounted to RMB383,081,000, net of loss allowance.

Notes:

(a) The ageing analysis of gross trade receivables (including amounts due from related parties of trading in nature of RMB3,340,000 (2023: RMB11,292,000) based on sales contracts at the respective dates of consolidated statement of financial position is as follows:

	As at 31 December 2024 *RMB'000*	As at 31 December 2023 *RMB'000*
Within 6 months	**266,333**	202,822
6 months to 1 year	**45,967**	47,895
1 to 2 years	**56,252**	42,710
2 to 3 years	**33,524**	32,764
Over 3 years	**29,737**	23,067
	431,813	349,258

Most of the trade receivables are due within 90 days in accordance with sales contracts.

Included in the trade receivables are debtors with a carrying amount of RMB219,212,000 (2023: RMB181,359,000) at 31 December 2024, which are past due. Out of the past due balances, RMB182,290,000 (2023: RMB144,300,000) has been past due 90 days or more and is not considered as in default at 31 December 2024 by considering the continuous business relationship and historical repayments from these customers. The Group does not hold any collateral over these balances or charge any interest thereon.

The Group applies the simplified approach to provide for expected credit losses ("**ECL**") on all trade receivables. Trade receivables have been assessed for ECL individually.

(b) Most of the notes receivables are bank acceptance with maturity dates within six months (2023: within six months). At 31 December 2024, notes receivables of RMB20,633,000 (2023: RMB31,899,000) were classified as financial assets at fair value through other comprehensive income.

Transfers of financial assets

Transferred financial assets that are not derecognised in their entirety

At 31 December 2024, the Group endorsed certain notes receivable accepted by banks in the PRC (the "**Endorsed notes**") with a carrying amount of RMB72,778,000 (2023: RMB52,078,000) to certain of its suppliers in order to settle the trade payables due to such suppliers (the "**Endorsement**").

In the opinion of the directors of the Company, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Notes of RMB15,377,000 (2023: RMB33,062,000), and accordingly, it continued to recognise the full carrying amounts of such Endorsed Notes and the associated trade payables settled. Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Notes, including the sale, transfer or pledge to any other third parties.

(c) The carrying amounts of the Group's trade and notes receivables that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	As at 31 December 2024 *RMB'000*	As at 31 December 2023 *RMB'000*
United States Dollar ("**US$**")	**17,258**	10,878
Euro ("**EUR**")	**4,033**	2,774
Others	**227**	3,761
	21,518	17,413

13. ASSETS AND LIABILITIES RELATED TO CONTRACTS WITH CUSTOMERS

The Group has recognised the following assets and liabilities related to contracts with customers:

	As at 31 December 2024	As at 31 December 2023
	RMB'000	*RMB'000*
Contract assets	**581,050**	662,881
Less: loss allowance	**(18,573)**	(19,975)
Total contract assets	**562,477**	642,906
Contract liabilities	**(202,263)**	(180,190)

14. TRADE AND OTHER PAYABLES

	As at 31 December 2024	As at 31 December 2023
	RMB'000	*RMB'000*
Trade payables *(Note (a))*	**382,106**	405,927
Payroll and welfare payable	**65,987**	69,953
Accrued expenses	**37,081**	32,596
Payable to vendors of project cost and construction	**108,252**	99,564
Indirect taxes payable	**5,525**	9,781
Warranty provision *(Note (e))*	**15,954**	20,781
Employee payables	**2,681**	1,890
Others	**21,685**	22,944
	639,271	663,436

Notes:

(a) The ageing analysis of trade payables (including amounts due to related parties of trading in nature of RMB1,490,000 (2023: RMB35,421,000)) based on invoice date is as follows:

	As at 31 December 2024	As at 31 December 2023
	RMB'000	*RMB'000*
Within 6 months	**269,889**	266,485
6 months to 1 year	**47,041**	90,876
1 to 2 years	**41,792**	31,209
2 to 3 years	**8,235**	4,679
Over 3 years	**15,149**	12,678
	382,106	405,927

(b) As at 31 December 2024 and 2023, the carrying amounts of trade and other payables are approximated at their fair values.

(c) The carrying amounts of the Group's trade and other payables that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	As at 31 December 2024	As at 31 December 2023
	RMB'000	*RMB'000*
US$	**24,545**	21,941
EUR	**3,945**	2,982
HK$	**—**	740
Others	**190**	688
	28,680	26,351

(d) As at 31 December 2024, payments for trade payables RMB15,377,000 (2023: RMB33,062,000) with notes receivables were not derecognised.

(e) The warranty provision represents managements best estimate of the Group's liability under 2-year assurance-type warranty granted on pharmaceutical equipment, based on prior experience for defective products.

	Warranty provision *RMB'000*
At 1 January 2024	**20,781**
Additional provision in the year	**5,821**
Utilisation of provision	**(10,648)**
At 31 December 2024	**15,954**

15. LONG-TERM BORROWINGS

	As at 31 December 2024 *RMB'000*	As at 31 December 2023 *RMB'000*
Bank borrowings, secured *(Note (a))*	**35,869**	77,810
Bank borrowings, unsecured *(Note (b))*	**88,157**	97,558
	124,026	175,368
Less: Long-term borrowings due within one year	**(98,884)**	(64,520)
	25,142	110,848

The carrying amount of the above borrowing is repayable#:

Within one year	**98,884**	64,520
Within a period more than one year but not exceeding two years	**25,142**	88,968
Within a period more than two years but not exceeding five years	**—**	21,880
	124,026	175,368
Less: amount due within one year shown under current liabilities	**(98,884)**	(64,520)
Amounts shown under non-current liabilities	**25,142**	110,848

The amounts due are based on scheduled repayment dates set out in the loan agreements.

Notes:

(a) As at 31 December 2024, the secured long-term bank borrowings are denominated in RMB and secured by the Group's buildings and right-of-use assets (2023: buildings, right-of-use assets and assets classified as held for sale). For the year ended 31 December 2024, the secured long-term bank borrowings bore interest rates ranging from 3.65% to 4.25% (2023: 3.95% to 4.35%) per annum.

(b) As at 31 December 2024, the unsecured long-term bank borrowings were denominated in RMB and bore interest rates ranging from 3.30% to 3.65% (2023: 3.50% to 3.65%) per annum. As at 31 December 2024 and 2023, certain bank borrowings were guaranteed by certain subsidiaries of the Group.

As at 31 December 2024, the fair value of the borrowings (including long-term borrowings due within one year) was not materially different to their carrying amounts, since the interest payable on those borrowings was close to current market rates.

The exposure of the Group's long-term borrowings is as follows:

	As at 31 December 2024	As at 31 December 2023
	RMB'000	*RMB'000*
Fixed-rate borrowings	**25,880**	39,780
Variable-rate borrowings	**98,146**	135,588
	124,026	175,368

The Group's variable-rate borrowings carry interest at the People's Bank of China Loan Prime Rate minus 0.05% to plus 0.90% per annum. Interest rate is reset every twelve months.

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	As at 31 December 2024	As at 31 December 2023
Effective interest rate:		
Fixed-rate borrowings	**3.65%**	3.50% to 3.65%
Variable-rate borrowings	**3.30% to 4.25%**	3.50% to 4.35%

The Group's bank borrowings are denominated in RMB which is the functional currencies of the relevant group entities.

16. SHORT-TERM BORROWINGS

	As at 31 December 2024	As at 31 December 2023
	RMB'000	*RMB'000*
Bank borrowings, secured *(Note (a))*	**72,579**	61,425
Bank borrowings, unsecured *(Note (b))*	**157,171**	193,888
	229,750	255,313

Notes:

(a) As at 31 December 2024, the secured short-term bank borrowings were denominated in RMB and secured by the Group's buildings and right-of-use assets (2023: buildings, right-of-use assets and assets classified as held for sale). For the year ended 31 December 2024, the secured short-term bank borrowings bore interest rates from 1.50% to 3.80% (2023: 2.40% to 4.00%) per annum and were repayable within one year.

(b) As at 31 December 2024, the unsecured short-term bank borrowings are denominated in RMB (2023: RMB) and bore interest rates ranging from 2.95% to 3.90% (2023: 3.10% to 4.10%) per annum and were repayable within one year. As at 31 December 2024 and 2023, certain bank borrowings were guaranteed by certain subsidiaries of the Group.

The exposure of the Group's borrowings is as follows:

	As at 31 December 2024	As at 31 December 2023
	RMB'000	*RMB'000*
Fixed-rate borrowings	**180,886**	196,713
Variable-rate borrowings	**48,864**	58,600
	229,750	255,313

The Group's variable-rate borrowings carry interest at the People's Bank of China Loan Prime Rate plus 0.35% per annum. Interest rate is reset every twelve months.

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	As at 31 December 2024	As at 31 December 2023
Effective interest rate:		
Fixed-rate borrowings	**1.50% to 3.90%**	2.40% to 4.10%
Variable-rate borrowings	**3.45% to 3.80%**	3.10% to 4.00%

MARKET REVIEW

In 2024, China's pharmaceutical industry underwent a profound transformation driven by policy adjustments, capital restructuring, and innovation breakthroughs. Although the biopharmaceutical sector has demonstrated great potential in technology and market, delays in capital expenditure projects remain a challenge, geopolitical uncertainties continued to which negatively influence the stability of the global pharmaceutical supply chain, leading to unpredictable changes. Compared with biologics, the proportion of investment in chemical drug projects has increased. Driven by national policies promoting equipment renewal, technological upgrades, and digital transformation in the pharmaceutical industry, as well as the expectations and guidelines outlined in the EU GMP (Good Manufacturing Practice) Annex 1 for sterile products — covering pharmaceutical quality systems, contamination control strategies, airflow patterns, new technologies, and new processes — investment in the construction, renovation and expansion of GMP facilities for sterile products, along with upgrades to process equipment, are expected to increase. Additionally, cost reduction and efficiency improvement have become essential strategies for pharmaceutical companies to maintain competitiveness. By adopting advanced information technologies and digital tools, companies can realize automation and intelligence in production processes, enhancing production efficiency and reducing costs, thereby creating new business opportunities.

On 22 September 2023, the National Medical Products Administration (NMPA) officially submitted its application to join the Pharmaceutical Inspection Co-operation Scheme (PIC/S), and received the confirmation letter on 8 November 2023. According to PIC/S procedures, the maximum duration for completing the joining process is 6 years. During this period, the NMPA may need to take measures to meet PIC/S requirements and allow sufficient time for the industry to comply with PIC/S GMP guidelines. This initiative will create business opportunities in quality and compliance demands.

The global pharmaceutical sector will continue to experience new breakthroughs. In terms of technology, Antibody-Drug Conjugates (ADC) are becoming increasingly mature, and T Cell Engagers (TCE) are expected to become the next mainstream. In the field of diseases, tumors, diabetes, and autoimmune disorders will continue to dominate the largest share of the drug market, while significant progress has been made in areas such as neurology and Metabolic Dysfunction-Associated Steatohepatitis (MASH). The pipeline for cell and gene therapies, as well as mRNA vaccine technologies, has continued to expand, with development activities in these areas maintaining its continuous growth. This growth highlights the sector's ongoing response to global demand for advanced therapeutics, driving innovation in drug delivery and manufacturing technologies. As the innovative drugs market remains robust, in China, Newly Created Company (NewCo) has become the mainstream model for companies to enter into the global market. Meanwhile, China-made GLP-1 drugs, ADC, and autoimmune drugs are expected to experience significant growth in 2025. Several autoimmune drugs are expected to gain approval, all of which will accelerate the pace of domestic substitution.

The Chinese government has expressed clear support for the innovation of traditional Chinese medicine (TCM). The 2024 government work report emphasized the need to "promote the inheritance and innovation of TCM and strengthen the development of specialized TCM". On 3 January 2025, the General Office of the State Council issued the "Opinions on Comprehensively Deepening the Reform of Drugs and Medical Devices Regulation to Promote High-Quality Development of the Pharmaceutical Industry", which called for increased support for TCM research and innovation, improvements to the TCM regulatory system to align with its characteristics, and encouragement of the use of new technologies, processes, and dosage forms to improve existing TCM products.

Compared with traditional subcutaneous injections, microneedle drug delivery systems are safer and enable painless and minimally invasive administration. In China, they were initially applied to medical aesthetics and dermatology, and the market demand continues to grow. Current research primarily focuses on delivering vaccines, small-molecule drugs, biologics for the treatment of tumors, diabetes, cosmetics, osteoporosis, and skin diseases. Among these, soluble microneedle technology has emerged as a popular research and application direction in drug delivery due to its advantages of safety, efficiency, precision, and controlled release.

The adoption of artificial intelligence (AI) and machine learning (ML) in drug discovery has also accelerated, allowing for more efficient identification of therapeutic targets and shortening of development timelines. These advancements have created opportunities for technology partnerships and investments in the digital infrastructure.

With the continuous advancements in gene sequencing technology, rapid developments in AI and big data, as well as interdisciplinary technology integration, precision medicine, personalized and intelligent diagnosis and treatment for patients offer great development potentials. Precision medicine is expected to have significant value, particularly in areas such as tumor treatment, genetic disease screening, and personalized management of chronic diseases. The growth of precision medicine has increased higher demands for the accuracy and specificity of diagnostic reagents. Meanwhile, the widespread application of personalized treatment methods, such as targeted therapy and immunotherapy, will substantially increase the market demand for diagnostic reagents. As the centralized procurement of In vitro diagnostic reagents continues to expand, market resources will likely to become increasingly concentrated among leading enterprises.

BUSINESS REVIEW

For the Year, the Group recorded approximately RMB1,500.4 million in revenue, a decrease of 14.9% compared to same period of 2023 mainly due to the decrease in opening backlog as the Group suffered from a significant order-in-take decline around 32.7% for the whole year of 2023. However, the net profit after tax for 2024 showed a positive turnaround as compared to the losses recorded in 2023 and the order-in-take for 2024 increased by 12.1% compared to the same period of 2023. Such turnaround achievement is attributed to the management's resilient efforts of being able to tackle the challenges of severe competition in the China market.

Our strategies are to boost up the share of service business which offers benefits of being able to achieve higher profit margin and lesser reliance on possible fluctuation of client capital expenditure (CAPEX) investments. The service business is not easy to be replicated. In 2024, the Group incorporated the Environmental Monitoring and Detection System related product line into its service business portfolio. This initiative will further streamline the technical resources within the team and enhance the capability of the service business.

The front-end engineering design and consulting services business, focusing on biopharmaceutical process design, facility compliance, and consulting effectiveness, obtained more awareness and recognition in 2024. The first-tier clients in China and multinational companies (MNCs), requiring production facilities that meet international regulatory standards, have led to a significant rise in demand for high-quality engineering consulting and design services. To meet the increasing market needs and to better synergize the Group's technology resources, the Strategy Consulting & Engineering (SCE) business unit was established, specializing in early-stage engineering consulting, design, technical services, and project management. By leveraging its 12 technology application capabilities, SCE could offer end-to-end services, from pre-sales technical solutions, cost estimation to bid proposals and project execution. This ensures quality compliance, schedule control, and cost efficiency, fully addressing clients' diverse needs.

At the end of 2024, the Group completed the acquisition of the 51% equity interest in AUSTAR Pharmaceutical Systems (Hong Kong) Limited (formerly known as STERIS-AUSTAR Pharmaceutical Systems Hong Kong Limited) ("**AUSTAR Pharmaceutical**"), which had been a joint venture of the Group since its establishment in 2006. To better serve clients and further realize economies of scale, both partners have decided to transfer the manufacturing of all AUSTAR Pharmaceutical's products to AUSTAR under a new licensing agreement to integrate resources and improve efficiency. The Group will continue to delivering high quality products and services under the Finn Aqua brand.

Due to intense competition in the China market, and following the COVID-19 pandemic, efforts in reorganization of the international business team have been placed, aiming at capturing more projects and increasing the share of international business relative to China. The number of enquiries and orders received in 2024 showed a significant increase in order acquisition in markets such as East Asia, Southeast Asia, India, the Middle East, North Africa and South America. It is expected that the percentage of increase in international business revenue will rise and begin to reflect in next year as the backlogs to international business are gradually converted into revenue. Notably, the business of integrated fill finish packaging system achieved more than 50% of order-in-take in territories other than China. Global expansion has been a corporate strategy of the Group for a number of years, and 2024 is the year of witnessing the successful implementation of such strategy.

The Group has been working on continuous upgrading of its technical solutions and services. The intelligent material weighing and dispensing solution is continuously being refined and upgraded in respect of improving material flowability, controlling material residue, packaging material adaptability, and increasing efficiency. At the same time, the automatic solution extending from raw materials and excipients to the inner packaging materials has been realized. By leveraging the Group's strength in information technology, a continuous integration of the two capabilities has been achieved, and a core production area turnkey solution has been successfully offered and delivered.

Continuous efforts have been made in Large Volume Parenteral (LVP) production lines. Relying on a solid technical foundation, we achieved the whole system automation of the LVP production line from unpacking, weighing, to transferring of the raw materials, excipients, granules, and assembled caps, and successfully secured contracts in 2024.

In the area of continuous manufacturing (CM), as a new technology for Oral Solid Dosage (OSD), the government has introduced several policies to encourage the application of new technologies in the pharmaceutical industry. As a leading enterprise in this field, the Group has continued its investment in technology development, and successfully conducted process development and feasibility assessments for multiple products varieties from batch to CM, which laid a solid foundation for upcoming commercial production. Meanwhile, AUSTAR actively collaborates with the Center for Drug Evaluation (CDE) in China and pharmaceutical enterprises planning CM pipelines, to discuss and explore the construction models from batch to CM, covering feasibility assessment, process technology transfer, process system design and construction, control system design and evaluation, process analytical technology (PAT) modeling, and regulatory compliance.

To establish a more synergized and efficient business platform, the Group completed its business restructuring adjustment following a serious review of its production lines. From 2024 onwards, the six business segments of the Group have been consolidated into three business segment groups, namely, (1) Integrated Process and Packaging Equipment & Systems; (2) Consulting, Digitalization and Construction; and (3) Life Science Equipment and Consumables (SIC). This restructuring adjustment is expected to bring about competence improvement and allow the Group to be more resilient under tougher competitive circumstances. The Group is proudly looking forward to a more precise positioning as a technological company with comprehensive knowledge and experience in life sciences process technology and applications as well as industry regulatory rules and practices, which would enable the Group to help clients address issues in quality, compliance, and operational excellence.

The Group believes that building up world-class technical competence requires continuous resources input in which efforts put into recruiting top talents and consultants may adversely impact the Group's profit margin in the short-term, but that the competitive edges over the competitors would be strengthened in the long term. The Group believes that a mid and long-term robust corporate competitiveness and performance achievement are foreseeable with such continuous investment efforts together with a firm commitment to our vision and strategies. The Group's aggressive approach in investing in human resources, geographical expansion and enhancing product and application solution competences will bring more satisfactory business results to the Group.

ORDER-IN-TAKE

Set out below is a breakdown of the value of the Group's order-in-take (value-added-tax ("**VAT**") included) by business groups:

	For the year ended 31 December				
Order-in-take by	**2024**		2023		Change
business segment	***RMB'000***	*%*	*RMB'000*	*%*	*%*
Integrated Process and Packaging Equipment & Systems	**828,501**	**47.9%**	622,046	40.3%	33.2%
Consulting, Digitalization and Construction	**540,783**	**31.3%**	599,699	38.9%	(9.8%)
Life Science Equipment and Consumables	**359,551**	**20.8%**	321,061	20.8%	12.0%
Total	**1,728,835**	**100.0%**	1,542,806	100.0%	12.1%

The total order-in-take amounted to approximately RMB1,728.8 million, representing an increase of approximately RMB186.0 million or 12.1% for the Year, from approximately RMB1,542.8 million for the year ended 31 December 2023. The business groups of Integrated Process and Packaging Equipment & Systems and Life Science Equipment and Consumables had an increase of 33.2% and 12.0%, respectively. At the same time, the business group of Consulting, Digitalization and Construction experienced a decrease of 9.8%.

Integrated Process and Packaging Equipment & Systems

The order-in-take amount of the business group of Integrated Process and Packaging Equipment & Systems amounted to approximately RMB828.5 million for the Year, showing an increase of approximately RMB206.5 million, or 33.2%, compared to approximately RMB622.0 million for the year ended 31 December 2023.

The market experienced a stable and moderate rebound in the second half of 2024, with gradual signs of steady recovery emerging across the industry. The domestic market has begun to release pent-up demand, while the implementation of the EU GMP Annex 1 Manufacture of Sterile Medicinal Products guidelines has driven an increase in renovation projects by domestic pharmaceutical companies. Order coverage has expanded from the singular biopharmaceutical sector to related fields such as chemical pharmaceuticals and healthcare, gradually extending from the Chinese market alone to global markets. Meanwhile, during the exploration of overseas market expansion, there has also been a modest improvement in order intake.

Consulting, Digitalization and Construction

The order-in-take amount of the business group of Consulting, Digitalization and Construction recorded approximately RMB540.8 million during the Year, representing a decrease of approximately RMB58.9 million, or 9.8%, from approximately RMB599.7 million for the year ended 31 December 2023.

In 2024, the total order intake value declined due to a sharp reduction in investments in new biopharmaceutical projects and intense market competition. Pharmaceutical companies showed weaker investment willingness in new facility construction and upgrade projects, leading to reduced market orders. However, leveraging the group's strengths in providing full-stage services for pharmaceutical engineering, we aim to boost order intake by driving automation and digitalization system orders through consulting and design services, while focusing on industry demands for energy efficiency and delivering integrated solutions. Opportunities for compliance upgrades aligned with EU/US standards and digital transformation are increasing, with more companies prioritizing overseas market expansion and production efficiency improvements. Significant growth in related opportunities and integrated orders is anticipated in 2025. Despite challenges such as fewer post-pandemic biopharma projects, profit declines caused by centralized procurement of chemical drugs, and reduced international Contract Development and Manufacturing Organization (CDMO) orders affecting single-contract values, 2025 will see new opportunities explored through market segmentation, quality system consulting strategy adjustments, and expansion into China's growing pharmaceutical equipment maintenance service market. Overall, 2025 will prioritize value-driven competition and cost control, enhancing gross margins and order values via differentiated strategies, cost optimization, global market expansion, resource integration, and technological innovation to ensure sustainable business growth.

Life Science Equipment and Consumables

The order-in-take amount of the business group of Life Science Equipment and Consumables increased by approximately RMB38.5 million, or 12.0% from approximately RMB321.1 million for the year ended 31 December 2023 to approximately RMB359.6 million.

Order intake growth in 2024 was mainly due to initiatives including strengthening sales management through organizational adjustments and strategic focus, as well as deploying dedicated key account managers to drive client engagement. Despite the slowdown in the biopharmaceutical sector, the business group intensified its efforts in targeting sterile chemical drug manufacturers and complex formulation enterprises, securing orders from these clients. Leveraging years of expertise in contamination control strategy (CCS), we established a more robust sterile assurance consumables supply system. By refining existing operations from an application-centric perspective, optimizing market strategies, and enhancing scenario-based solutions, we captured additional orders across more clients and product categories. Looking ahead, the continuous improvement in research and development (R&D) capabilities at our consumables manufacturing center and the increasingly mature own brand products (OBP) supply system will further elevate the competitiveness of AUSTAR's proprietary brands, bolstering our core strengths in an intensifying market. We have also built promising distribution channels in overseas markets such as Southeast Asia and East Asia, laying the groundwork for future growth through self-developed and OBP products. Moving forward, we will increase R&D investments to develop more competitive products, amplify marketing efforts to enhance brand recognition and market share, and expand equipment maintenance services by capitalizing on the growth of China's pharmaceutical equipment maintenance market. These initiatives will drive sustainable business growth through value-driven competition, cost optimization, global expansion, resource integration, and technological innovation.

BACKLOGS

Set out below is a breakdown of the Group's closing value of backlogs (VAT excluded) and the corresponding number of contracts by business segment as at 31 December 2024:

	For the year ended 31 December 2024			
Backlogs by business segment	*Number of contracts*	*%*	*RMB'000*	*%*
Integrated Process and Packaging Equipment & Systems	577	36.7%	531,577	49.2%
Consulting, Digitalization and Construction	799	50.9%	497,636	46.0%
Life Science Equipment and Consumables	194	12.4%	52,299	4.8%
Total	1,570	100.0%	1,081,512	100.0%

PRODUCTION, EXECUTION AND ORGANIZATION

The facility of AUSTAR UK Limited ("**AUSTAR UK**"), a wholly-owned subsidiary of the Group, at Huddersfield, West Yorkshire, the United Kingdom, successfully retained its ISO 9001 & 14001 certifications without any non-conformance. The team has also gained accreditation from Alcumus SafeContractor which is the market-leading health & safety accreditation system, helping contractors and organizations become healthier, safer, and stronger whilst safeguarding AUSTAR's safety reputation.

Under the primary goal of promoting and coaching in the AUSTAR Production System (APS), in late 2024, technicians from the China team joined the UK team to execute the Build, Test and Factory Acceptance Test (FAT), which provided valuable learning and experience to all the engineers involved. It is believed that this kind of mutual learning and discussion is an effective way to help technicians grow and build a solid support for our global expansion strategy.

The relocation of Nanjing manufacturing centre to the Shanghai manufacturing centre was successfully completed in July 2024. Following the relocation, quick responses were carried out in the system integration of team organization, quality control, Environment, Health, and Safety (EHS), and production. The integration of the two production sites represented that our aseptic freeze-drying, filling and visual inspection operations from Nanjing have been seamlessly merged into our state-of-the-art Shanghai manufacturing centre to better serve global clients efficiently. Spanning over 31,300 square meters, the upgraded Shanghai manufacturing centre has advanced intelligent manufacturing capabilities. This integration further enhances the Shanghai manufacturing production line, extending from bioprocessing and liquid processing to lyophilization, filling and inspection.

With the purpose of enhancing quality culture and leadership, the Group restructured the quality team, which now belongs to each business group respectively. We believe this restructuring aligns best with the new management structure and will improve overall working efficiency.

After continuous accumulation and improvements in previous years, the APS reached a mature stage in 2024. Over 600 reasonable suggestions were proposed, and the team completed more than 90 Kaizen activities and 20 Toyota Business Practices (TBP)-A3 improvement projects. At the same time, two additional Lean Dojo Management Experience Simulation Courses on Plan-Do-Check-Act (PDCA) focusing on increasing work efficiency, and Theory of constraints (TOC) focusing on reducing costs were developed, bringing the total number of courses in this project to 7.

Following the acquisition of the remaining shareholding in AUSTAR Pharmaceutical, a then joint venture, at the end of 2024, the two production teams are in the process of integration. We believe that with the guidance of the APS, a more efficient management and production system will soon be established.

The AUSTAR Consumables Manufacturing Center (MSC), focusing on contamination control consumables and sterile transfer consumables, has made significant progress in production capacity construction, especially in the field of sterile docking technology. Products like Rapid Docking Bags (RDB) have stepped into the stage of commercialized batch production. This represents technology innovation breakthrough, which promotes a wide application of sterile docking technology in the pharmaceutical industry. Meanwhile, the MSC continues to optimize its operation system in the field of quality, supply chain and production. Through introducing advanced production management principle and digital tools to ensure its operation effectiveness and reliable and stable product quality, with the full capability from R&D to commercialized mass production, the MSC aims to provide clients with high quality and cost-effective consumables, helping them achieve compliant operations and lean production.

Following the business restructuring adjustment in early 2024, and with the aim of establishing a more efficient execution team, the Project Execution Center (PEC) has been restructured based on the principle of business group focus and technician capabilities. In 2024, the PEC executed over 600 projects and successfully delivered 385 projects in mainland China, Taiwan, Southeast Asia, South America and other regions, covering a wide range of sub-industrial sectors, such as Active Pharmaceutical Ingredients (APIs), hospitals, chemicals, biologics, peptide APIs, medicinal aesthetics. In addition to successfully delivering a new leading peptide process project and a medical hyaluronic acid project in China, PEC has also established and cultivated a team of excellent international execution engineers for high quality project execution outside China, in response to the continuous increasing project needs in the global market. The team has executed projects in different countries and regions, including Jordan, Algeria, the United Arab Emirates and Uzbekistan.

With the successful commissioning of multiple tens of billions of tablets automatic weighing and feeding projects for oral preparations and biopharmaceutical automatic weighing and feeding projects, as well as the extension to the implementation of LVP automatic weighing and feeding projects, AUSTAR has laid a cornerstone in the field of digital centralized weighing and feeding, and has been advancing towards intelligent manufacturing. In the face of increasingly stringent national regulations on traditional chemical drugs and TCM, AUSTAR provides professional consulting services to many leading pharmaceutical groups in the areas of subsidiary quality management unification, computerized system validation and management, and daily operations, and has assisted some companies in successfully passing international certification inspections. In the emerging field of nuclear drugs, AUSTAR also offers professional services in quality system establishment, new project confirmation, and validation consulting.

SALES AND MARKETING

The Group's internal sales cooperation model is designed to encourage sales teams from different sectors and different product lines to support each other to offer more relevant solutions to our clients. This model is facilitated by a sophisticated business-intelligent information system of customer relations management to ensure our clients are properly taken care of and our sales team works cost-effectively.

In China, through years of sales talent and organization development, the Company's sales process is relatively mature, covering across area of biological and chemical medicine, medical device, animal health, Chinese medicine, cosmetics, nutria-pharmaceuticals etc. The China sales team is focusing on the China market, and the specific matter experts and technology application team are supporting territory sales for technical support and proposal preparation and presentation.

For global expansion, we have been building up the team gradually according to execution strategies. In recent years, European and Southeast Asia teams were recruited to directly take care of the related sales leads and enquiries. A new leadership team established early 2023 initiated some organization change by optimizing the existing team members and introducing some new members. From the sales order-in-take information, it seems that such organization change has a positive effect as evidenced by the drastic improvement of orders especially in India and Southeast Asia. It is believed that the Group's global revised sales team is able to contribute a greater portion share of sales order-in-take gradually in the near future. Some more committed agents are under engagement and under investigation in 2024.

In the second half of 2024, the Group actively participated in and organized 22 diverse events across key international markets. Through these engagements, AUSTAR reinforced its position in traditional markets while expanding the AUSTAR corporate image into new regions.

Notable exhibitions included Pharma Pro & Pack in Hyderabad, Allpack Indonesia, CPHI & PMEC India, CPHI & P-MEC Worldwide in Milan, CIPM 2024 in Xiamen, China, Pharmtech & Ingredients Moscow, and CPHI Middle East 2024 in Saudi Arabia. Some of these events marked our debut in the region and unlocking new business opportunities in the rapidly expanding markets. We engaged in meaningful discussions with global clients and industry peers, enhancing AUSTAR's brand recognition and forging new partnerships.

Hosting production site open days is a good way to showcase AUSTAR's overall capabilities in leading technology and production, such an event was held in 2024. In 2025, following our global expansion strategy, the Group will create more communication opportunities through attending influential global events and organizing production site open days.

Following the upgrading of our technology and products, 50 new brochures were created in the second half of 2024, accounting for a total of 244 brochures now being shared via the Resource Center on the Group's website. With a four-language material sharing platform, our global clients can easily download the brochures to understand our products, technical solutions, and service capabilities.

In the second half of 2024, the Group released 252 news of the Company, which were shared over 460 times via 16 social media accounts, generating more than 360,000 clicks. The team has been working on exploring more functions on different social media platforms to meet increasing demands and new end-user habits. Dynamic visual information has proven to be highly effective; 37 videos were produced in the second half of the Year, covering new technology, products, project cases studies, function capabilities, industry knowledge and holiday greetings, all of which attracted significant attention. As followers on key social media platforms continue to grow, we have observed order inquiries coming from social media and website channels have been increasing as well, which is strong evidence of the effectiveness and significant impacts of social media channels.

RESEARCH AND DEVELOPMENT

As at 31 December 2024, the Group owned 419 patents. During the Year, the Group obtained 43 registered patents, and applications for 48 patents are currently in progress.

The demand for digitalization and informatization in the solid dosage industry has increased significantly, as has the expectation for integrated solutions that combine process equipment, information systems, and process services. Clients are requesting system integrators to provide turnkey solutions starting from the conceptual design phase. In response to these market needs, AUSTAR has further enhanced the capabilities of its Innovation Process Research Center, optimizing automatic weighing, batching, and material containment transfer systems through R&D and business development, together with automated guided vehicles (AGV) and manufacturing execution systems (MES) facilitates seamless data sharing among systems.

The continuous manufacturing system launched in 2023 has completed its performance testing in 2024, and successfully achieved the process research and development transition from batch to continuous manufacturing for a number of drug products. In addition, an automatic feeding station designed for the large-scale commercialization of TCM was developed and applied to the project.

Drawing on our deep understanding of solid dosage R&D and processes, AUSTAR has developed dual-drive granulation technology for TCM granules, and integrated multiple functions such as PAT modeling, Design of Experiments (DoE), online data acquisition, and data analysis into its self-developed Pharmalytics data platform. This platform connects various R&D software systems, helping engineers to quickly complete modeling, DoE, and data analysis, making it a leading example of digitalizing R&D processes platform.

Based on the core process equipment of biopharmaceuticals, and combined with the actual market needs, the Group has developed standard cultivation systems for upstream cells and microorganisms, as well as core equipment for downstream processes. Additionally, we have supplemented the development of experimental-scale bioreactors and expanded the application of online Raman systems in both upstream and downstream areas. The development of new standard products contributes to industry by improving product quality, reducing production costs, promoting trade efficiency, and increasing project response efficiency.

The optimization and secondary development of the Guideless Robotic Pusher (GRP) system have been completed, enabling its application in more scenarios such as aseptic material transfer; the system also successfully transformed into the commercial application stage. With the characteristics of an all-electric drive, no oil, no pneumatics, and no pollution, GRP offers a wide range of application scenarios and competitiveness in the aseptic pharmaceutical market, which has increasingly high automation requirements in the future.

Our research is advancing prefilled syringe (PFS) technologies under the direction of higher integration and multi-purpose functionality. With the characteristics of simplicity, high integration and strong scalability, the PFS product portfolio expansion in 2024 has enriched the delivery scope, and we believe the continuous expansion of the product portfolio will cope with the increasing needs of the end users.

The Group has successfully introduced a high/low-speed automatic cartoner, equipped with a servo-controlled, efficient and stable transmission mechanism, as well as modular design structure machine features and rapid adjustment and change part functions. They are designed in accordance with cGMP (Current Good Manufacturing Practice) standards to meet the needs of pharmaceutical production. The high/low-speed automatic cartoner is capable of handling intelligent automatic cartoning for various types of packaging, including aluminum-plastic panels, injection plastic trays, medicine bottles, and related food packaging.

AUSTAR has enriched its Container Closure Integrity Test (CCIT) seal integrity testing products and developed sealing test equipment for vials based on Tunable Diode Laser Absorption Spectroscopy (TDLAS) technology and the principle of vacuum attenuation method, which features modular design, multi-specification compatibility, and can be integrated with front-end visual inspection machines. This has expanded the Group's product offerings to meet the increasing needs of the market.

The prototype of the cleanroom intelligent cleaning robot has been successfully developed. It is the world's first smart unmanned operating system that can automatically deploy and implement cleanroom cleaning and disinfection procedures in compliance with the requirements of EU GMP Annex I. The expected upcoming widespread adoption of this technology will significantly promote the process of unmanned intervention in the core areas of pharmaceutical manufacturing.

The Group has successfully developed a series of containment transfer products, including stainless steel and PE Rapid Transfer Ports (RTP) and their accompanying Rapid Docking Bags (RDB). These products are designed to meet the stringent requirements for containment transfer technology in high-end fields such as ADC, cell therapy, and gene therapy. The project team has completed the technology transfer and realized production in China. Meanwhile, through redesign and rigorous testing, we could ensure that the products fully comply with GMP, FDA, and other related regulatory requirements. Currently, some product specifications have completed R&D, and entered the stage of marketization, making a new level of AUSTAR's independent R&D and manufacturing capabilities in high-end life sciences consumables.

PROSPECTS

Since 2024, the six business segments of the Group have been consolidated into three business segment groups: (1) Integrated Process and Packaging Equipment & Systems (IPS), which combines all the original business segments of Liquid and Bioprocess System and Powder and Solid System; (2) Consulting, Digitalization and Construction (CDC), which consolidates all the services and engineering construction businesses into one business segment, from the original business segments of Clean Room and Automation Control & Monitoring System, GMP Compliance Service, and a majority of Distribution and Agency of Pharmaceutical Equipment; and (3) Life Science Equipment and Consumables (SIC), in which the business segment of Life Science Consumables remains as it is but renamed as such.

Integrated Process and Packaging Equipment & Systems

The business segment of Integrated Process and Packaging Equipment & Systems is focused on the business and technology direction of advanced manufacturing and process in life sciences industry. Its establishment has been formed naturally in response to the growing urge within the pharmaceutical industry to have a turnkey supplier with technical and knowledge capacity combinations for both liquid and solid systems, chemical synthesis and biological process, sterility, and non-sterility, from milling to freeze-drying, to tackle some complex formulation and complete API process requirements. An obvious benefit of such competence is its ability to deliver turnkey solutions of peptides and oligonucleotide drugs.

CM has become critically significant in replacing the conventional batch manufacturing methods and offering various technical and economic benefits, especially in terms of CAPEX and operational costs. Recognizing such importance, our chief executive officer Mr. Ho Kwok Keung Mars, led our expert team in supporting the translation and publication of the Chinese edition of the book titled "How to design and implement Powder-to-tablet Continuous Manufacturing Systems" in November 2023. In 2023, the Group organized the first product trial and demo of one OSD CM system developed by AUSTAR. Such success is based on the long-term effort and resources allocated to talent knowledge development of aspects such as digitalization, PAT, pharmaceutical formulation and data processing technology. In 2024 some drug products entitled by clients for studying the technical feasibility for changing from batch to continuous manufacturing were conducted in the Group's process laboratory. CM is a disruptive technology in pharmaceutical manufacturing. The recent enthusiasm on demand for CM applications on innovative and generic drugs following the launch of our CM product and publication launch has strengthened our confidence that the CM applications can bring tremendous business opportunities in terms of service and equipment in mid-long term. In the short-term, the Group is ready to offer consulting services and pilot equipment to support clients' clinical and formulation development tasks.

In order to win the orders of centralized purchase policy by cost and scale, a digitalized manufacturing facility of extraordinary scale of production in the magnitude of 10 billion tablets/ capsules per year had been a challenging but now a realistic competitive edge for pharmaceutical manufacturers to pursue. AUSTAR had assisted clients to implement such facility by our digitalization consulting and critical equipment and systems. The AUSTAR OSD integrated system, developed with solid client references, is able to capture more market share in this market segment.

In the area of Freeze-drying, Filling & Inspection technology, the Group will work on product R&D and system integration in various product lines, including PFS systems, powder dosing, high-speed liposome filling line, ampoule product lines, liquid nitrogen freeze-dryers, and fully automated aseptic filling system without manual intervention. The Group has evolved from solely providing freeze-drying machines to developing freeze-drying systems (freeze-dryer + sterile isolation + Automatic Loading and Unloading System (ALUS)) and aims to become a comprehensive solution provider for liquid reagents from design to manufacturing and validation, covering core equipment of freeze-dryer, sterile isolator, ALUS, washer, dehydrogenation tunnel, filling and stoppering machine, capping machine, and inspection machine. Through continuous improvements in this area covering products, service and spare parts, the Group can enhance its overall competitiveness in the global market.

Integrated Filling & Freeze-drying system is now combined with the then business segment of Powder and Solid System, bringing additional technical strength to freeze-dryers with its powder handling and highly potent active pharmaceutical ingredient (HPAPI) containment expertise. Vial and PFS Filling Lines and Freeze-Dryers are important core equipment in the pharmaceutical and medical beauty industry. From being a representative for European suppliers to becoming an equipment manufacturer with its own R&D capabilities, AUSTAR has gone through such tough development process with a classical case like filling line and freeze-dryers, as products from concept to high maturity taking years to complete as high technical barriers and clients' typical conservative attitudes on new vendor qualification in the pharmaceutical industry. With the new EU GMP Annex I rules followed by World Health Organization (WHO) and PIC/S new GMP guidelines, the adoption of more stringent sterility assurance approaches will definitely help the Group's filling line and isolator equipment and system business.

The C-True visual inspection machines launched in the end of 2023. A relatively satisfactory number of orders of such highly potential products were obtained in 2024 and its prospects for coming years are very exciting. The adoption of its unique "camera non-tracking" visual inspection technology and AI deep-learning technology can ensure stable image acquisition and to tackle defect identification. This product, together with our vial and syringe filling line, is our starting point of business growth journey from primary packaging to secondary packaging.

The equipment company Noozle, with AUSTAR as a minority shareholder, has been delivering satisfactory results; its performance improvement through the Group's operation support and its own proactive initiative to explore more industrial sectors in 2024. Noozle's core equipment of powder micronization and nano homogenization has tremendous potentials in complex drug research and manufacturing. Noozle and AUSTAR are able to bundle products together to make competitive offerings.

Consulting, Digitalization and Construction

The scope of the business segment of Consulting, Digitalization and Construction covers services from consulting on front-end engineering, concept and detailed design, digitalization, automation and information systems, GMP compliance and quality systems, facility construction project management up to facility turnkey solutions in the life sciences industry focusing in the biopharmaceutical sectors. Its strength is based on the Group's sophisticated IT-based project execution processes, pharmaceutical process knowledge and automation and information system engineering knowledge of the Group's Research and Manufacturing Operation Information Integrated System (REMOIIS) platform. Such services are able to meet clients' facility management and equipment maintenance and system upgrading requirements.

The Group has been delivering turnkey solutions including clean room engineering in regions other than China such as Middle East and Southeast Asia. The skills and knowledge gained in China allowed the Group to tackle various kinds of project complexity in other regions to deliver very competitive and cost-efficient design to build projects compared to other regional competition players. One of the key business development directions is to explore global expansion opportunities as the profit margin in other regions is better in general.

The Group's knowledge and experience in digitalization and regulatory compliance in the pharmaceutical industry has been allowing the Group to acquire projects with challenging requirements of fully integrated system with intelligent information systems, which distinguishes AUSTAR from the other equipment and system competitors. Such automation and digitalization project requirements are simply coming from the urgent need of clients facing the challenges of operation cost-down pressure, especially in China, due to all the currently implemented drug price-down policies.

The importance and urgency of digitalization transformation in terms of Pharma 4.0 have well been recognized in the developed countries. Research and manufacturing companies in life sciences in emerging countries including China have gradually realized that they must speed up their pace in digitalization transformation in order to catch up with their peers in the developed countries. The Group has addressed such development and trend in the past several years by spending serious efforts into developing talents and skills in the segment of technologies. A sophisticated structure of the REMOIIS platform was created by the Group to facilitate software vendors and partners to offer solutions to clients, with the Group's capacity to act as a system integrator and provide infrastructure including data processing and analytics, by covering levels from level 0 to level 3 throughout the whole product life cycle. Whereas, the Group is aware of such situation and plans to expand its business sector on service relating to repairment and maintenance to cater for the needs of potential customers.

The Group has a strong and experienced service team to offer classical repair and maintenance, automation system upgrading up to facility management services. The market demand of services on facility and equipment maintenance has been increasing as pharmaceutical researchers and manufacturers are focusing their resources on core competencies instead of developing staff for repair and maintenance. Outsourcing repair and maintenance to other service vendors instead of executing such operation by clients themselves is a current market trend. The regulatory requirements on computer system validation will bring about technical challenges for our clients to upgrade their automation systems for the updated regulatory compliance.

The GMP compliance and pharmaceutical quality management services offered by the Group are highly recognized in the biopharmaceutical sectors in China and Asia regions. Such experience can be applied to other industrial sectors within life sciences to leverage the reputation gained in the biopharmaceutical sectors, such as animal health, medical beauty, radiopharmaceutical and medical devices, which requires more and more GMP production practices due to the more stringent regulatory inspections by authorities.

Leverage the various professional knowledge accumulated over the years, each business unit in the business segment has established a comprehensive consulting team including process consulting, conceptual design and detailed design, intelligent and information consulting, and compliance and facility management consulting. This capability allows the Group to stand out from many other service providers and allows the Group to successfully provide pharmaceutical companies with unique comprehensive consulting services.

In the face of intense competition in the pharmaceutical market in China, pharmaceutical companies are experiencing sharply increased cost pressures, forcing them to find solutions for reducing costs and increasing efficiency. Digital transformation and energy-saving transformation will become development trends in the near future. By implementing overall operation and maintenance management, facility management services and energy-saving transformation, pharmaceutical companies can improve production efficiency and reduce operating costs, which will become trends to promote sustainable development of the pharmaceutical industry. This is one area in which the Group spends considerable amount of time and efforts on maximising its profit in achieving cost efficiency.

Life Science Equipment and Consumables

The conventional business of the business segment of Life Science Equipment and Consumables is related to service, consumable and equipment. With more than 20 years of dominance in the market in China in sterility assurance for bio decontamination, we have demonstrated a good track record of client loyalty and profit margin. Although it appears to be a buy-and-resell business model, a deeper examination into this business reveals that its strength and competitiveness rely on its knowledge on decontamination – washing, disinfection and sterilization. One of our key growth initiatives is the launching of our own-brand products several years ago by cooperating with third-party vendors and existing partners with its China manufacturing facilities. As such, we can cover more price-sensitive sectors with higher sales quantities. Another growth momentum driver for this decontamination product and service business is being driven by the regulatory requirements of EU GMP Annex 1 especially with the efforts PIC/S-EMA-WHO Joint Implementation Working Group on Revised Annex 1 (manufacture of sterile medicinal products) announced in January 2024. New sectors like high-value medical beauty, peptides and oligonucleotide and other complex drugs can be a new revenue generation source for this business. The cell and gene therapy (CGT) sector is a very exciting opportunity for those vendors who are able to offer sterility assurance consulting, supporting services and consumables to those clients where product and patient safety are critical.

Services and products related to aseptic transfer and single-use bioprocess consumables mainly refers to our clean steam bags and bioprocess bags from one of our previous joint-venture. Following the disposal of our interests in this joint venture in 2021, the Group is working out a new business model to tackle the issues and explore such product market opportunities. For aseptic transfer, the Group has partnered with CAPE Europe France ("**CAPE Europe**"), a joint venture of AUSTAR located in France with innovative RTP products, for sales and technical cooperation. For single-use bioprocess consumables, without proper strategies it would be too tough to regain the market share, as client perception and vendor capacities have all changed in the past few years especially during the COVID-19 pandemic period.

A strategic direction of the business segment lies in advanced therapies and advanced bioprocess technology. Specifically, for products of bioreactors, freeze & thaw equipment and isolators were transferred to the business segment of Integrated Process and Packaging Equipment & Systems to leverage such products to make its offering more comprehensive in bioprocessing, allowing the business segment of Life Science Equipment and Consumables to focus on consumables and containment control related business. In the past one to two years, in order to help our clients to tackle the challenges in the advanced therapy medicinal products (ATMP) sector with corresponding solutions, the Group has provided (i) customization of process development and optimization, where the main products are in cell preparation segment and involved in the scaling up process, such as wave bioreactor, glass bioreactor, honeycomb cell culture system and isolator, cell preparation station and cell storage programmable cooling device; and (ii) contamination control and containment material handling and transport in its commercial production including cell preparation isolators, sterile transport spare parts and equipment, environmental monitoring systems.

Strong Technical Competence and Knowledge

The Group has been developing 12 technology applications in our competence and knowledge model, and individual specific technology application teams have been established step by step over the past years. Such 12 technology application teams comprise: 1) Pharmaceutical Automation & Digitalization, 2) Cleaning, Sterilization & Disinfection, 3) Clean Utilities, 4) Biopharma Process and Technology, 5) Containment Technology, 6) Clean Room/HVAC/EMS/BMS, 7) Freeze-drying, Filling & Inspection, 8) Biosafety Technology and Facilities, 9) Laboratory Technology & Facilities, 10) Pharmaceutical Formulation Technology, 11) Regulatory Compliance & Operation Excellence, and 12) Analytics Measurement Technologies, where regular workshops were held for the purpose of better unification of the technology capability of individual product lines into comprehensive technology solutions. It is believed that with these cross-business-unit professional technical application teams, more up-to-date technology solutions can be provided to the clients.

Service Business Opportunities

Our enthusiasm on the development of the service business has been prevailing among all major business units and product lines, as the service business does not apparently require heavy working capital to achieve business performance as compared with equipment and engineering systems business. The service business depends on established human capital and streamlined process, and more importantly, the brand recognition gained from long-time client loyalty and satisfaction. It is believed that AUSTAR possesses all these elements.

The scope of the Group's service offerings under the service business has been gradually increasing to enhance its differentiation from competition. It is not easy for the competitors to copy the service business, which offers reasonable profit margin contributions to the Group. A dedicated service business growth initiative team was established around two years ago to adopt more aggressive approach and action plans to increase the service business revenue. With the ratio of the Group's service business increasing in near future, the gross margin contribution therefrom is expected to become more significant.

Global Expansion

For global expansion, we have been building up the team gradually according to our execution strategies, as in the past few years, European and Southeast Asia teams were recruited to directly take care of the related sales leads and enquiries. It is believed that the Group's global sales team is able to contribute a greater portion of sales order-in-take gradually in the near future. It is evident that selling standardized equipment products is easier compared to services and customized-products and systems. The more integrated the system, the more challenging for communicating with clients on technical and commercial proposals and project execution. In the past 10 years, the Group has been gradually developing a more standardized core equipment in our product portfolios, which was more convenient to sell than systems in some regions other than China. The Group's global project execution team, through team competence building, has demonstrated its capability in professional project management with very high levels of client satisfaction and client loyalty in the Middle East, North Africa and South East Asia.

The AUSTAR UK facility with its research and development, and marketing competence can help the Group to develop its business in Europe. In addition, CAPE Europe, based in France, will further enlarge the scale of the Europe market. The Group is committed to being one of the leaders in the life sciences industry.

Complex Drugs

The US FDA has defined complex drugs with the following categories:

1. Products with complex active ingredients (e.g., peptides, polymeric compounds, complex mixtures of active pharmaceutical ingredients); complex formulations (e.g., liposomes, colloids); complex routes of delivery (e.g., locally acting drugs, complex ophthalmological products and otic dosage forms that are formulated as suspensions, emulsions, or gels); or complex dosage forms e.g., implantable, transdermal, metered dose inhalers, extended release injectables.

2. Complex drug-device combination products (e.g., auto-injectors, inhalers).

3. Other products where complexity or uncertainty concerning the approval pathway or possible alternative approach would benefit from early scientific engagement.

While complex products are gaining popularity and there are hundreds of advanced delivery platforms being currently under development, only a handful of technologies are of practical use at this time. Product technology examples in this sector include nanoparticles, drug-eluting systems/devices, liposomes, polymeric microparticles, and others. Complex processing challenges include, among others, aseptic manufacturing, the inclusion of highly potent compounds, milling/particle engineering, spray drying, extrusion, and microfluidization.

In 2022, the Group acquired a 40% share in Noozle, a company which manufactures some of the core equipment of the above-mentioned processes, namely micro and nano particle homogenization including jet milling and micro fluidization equipment. For the time being, most of the clients are in the research phases with laboratory and pilot scale equipment and facilities, but it is expected that revenue will increase significantly after these clients have successfully obtained new drug approvals and turn to commercial phases with larger production scales. It is an important supplementary product strategy for the Group to offer complete turnkey solutions with the core equipment available in the scope of Noozle.

Advanced Therapies Medicinal Products

Due to the release and enforcement of EU GMP new regulations and process requirements of CGT, sterility assurance in the whole manufacturing process have become stringent and a key consideration in equipment and system engineering. It is believed that with AUSTAR UK, our subsidiary in the UK, CAPE Europe, our joint venture in France, and the Group's manufacturing facility for sterile transfer and isolation technology in China will work closely with a strategic goal to offer most competitive sterile protection and assurance scheme globally, will contribute to substantial growth in revenue and profit to the Group.

New therapeutics research and commercialization is one of the key business growth driving forces for life sciences service providers like AUSTAR. It is believed that CGT technology and process are still at an early development phase where there is still much room for innovative and creative service providers to initiate a lot of new business and new products and services in this field. The optimism surrounding this sector has brought about enthusiasm for investment and dedication of resources towards R&D and manufacturing plans in life sciences, as clearly witnessed now in Asia with equipment orders acquired in 2024 outside China. The Group is getting more and more involved in this sector from strategic and engineering consulting to equipment and consumable supply. Such proactive involvement would help us develop more knowledge and experience to create and innovate products and services in this potential sector. The Group believe the development trend of the CGT sector will continue to be prospectus after, the approval of CAR-T drugs represented that the ATMP products has entered the stage of rapid development, even though CAPEX investment for new projects for ATMP have been slowing down due to some adverse macroeconomic factors in 2024. The Group is dedicated to helping clients to build a compliant, lean and flexible cell therapy facilities, providing engineering and process solutions from conceptual design, clean engineering to core cell therapy process equipment, and building traceable cell therapy automation and information solutions. Since 2023 more cell-related equipment and systems in the ATMP sector have been launched including some products developed and manufactured by the Group with its own intellectual property rights. The strong pipelines of products and services under development, through the corporate level Innovative and Research Centre and through business unit R&D teams, can support further growth in the Group's business.

RESULTS OF OPERATIONS

Revenue

The Group provides its services and products under three business groups, namely: (1) Integrated Process and Packaging Equipment & Systems, the major types of which include liquid process system and powder and solid system; (2) Consulting, Digitalization and Construction, the major types of which include design consulting, compliance services system, and cleanroom/automation control system; and (3) Life Science Equipment and Consumables, focusing on life sciences consumables, advanced therapies and advanced bioprocessing technologies.

The Group's total revenue amounted to approximately RMB1,500.4 million for the Year, representing a decrease of approximately 14.9% compared to the year ended 31 December 2023, primarily attributable to the decrease in revenue from the business groups of Integrated Process and Packaging Equipment & Systems and Consulting, Digitalization and Construction, partially offset by the increase in revenue from the business group of Life Science Equipment and Consumables.

The following table sets forth, the breakdown of the Group's revenue by business group:

	For the year ended 31 December				
	2024		2023		Change
Revenue by business segment	***RMB'000***	*%*	*RMB'000* *(Restated)*	*%*	*%*
Integrated Process and Packaging Equipment & Systems	**655,205**	**43.6%**	863,086	48.9%	(24.1%)
Consulting, Digitalization and Construction	**515,814**	**34.4%**	597,255	33.9%	(13.6%)
Life Science Equipment and Consumables	**329,383**	**22.0%**	303,393	17.2%	8.6%
Total	**1,500,402**	**100%**	1,763,734	100.0%	(14.9%)

Integrated Process and Packaging Equipment & Systems

The Group's revenue from the business group of Integrated Process and Packaging Equipment & Systems decreased by approximately RMB207.9 million, or 24.1%, from approximately RMB863.1 million for the year ended 31 December 2023 to approximately RMB655.2 million for the Year. The decrease was mainly due to a decrease in opening backlog.

Consulting, Digitalization and Construction

The Group's revenue from the business group of Consulting, Digitalization and Construction decreased by approximately RMB81.5 million, or 13.6%, from approximately RMB597.3 million for the year ended 31 December 2023 to approximately RMB515.8 million for the Year. The decline in the backlog balance at the end of 2023, coupled with the delayed initiation of some signed projects due to client development plan adjustments, and relatively weak order intake in 2024, led to reduced sales revenue in 2024.

Life Science Equipment and Consumables

The Group's revenue from the business group of Life Science Equipment and Consumables increased by approximately RMB26.0 million, or 8.6%, from approximately RMB303.4 million for the year ended 31 December 2023 to approximately RMB329.4 million for the Year. The increase was mainly due to the increase in order-in-take and the increase in the opening backlog for the Year.

The following table sets forth the breakdown of the Group's revenue by geographical regions:

	For the year ended 31 December				
	2024		2023		Change
Revenue	***RMB'000***	***%***	*RMB'000*	*%*	*%*
Mainland China	**1,333,487**	**88.9%**	1,681,099	95.3%	(20.7%)
Other locations	**166,915**	**11.1%**	82,635	4.7%	102.0%
Total	**1,500,402**	**100%**	1,763,734	100%	(14.9%)

The Group derived its revenue mainly from customers in Mainland China, which accounted for approximately 88.9% of the total revenue for the Year (2023: approximately 95.3%). Revenue from other locations showed an increase during the Year.

Cost of sales

The Group's cost of sales decreased by approximately RMB228.5 million or 16.0% from approximately RMB1,427.7 million for the year ended 31 December 2023 to approximately RMB1,199.2 million for the Year. The decrease was mainly due to the drop in revenue.

Gross profit and gross profit margin

The Group's gross profit decreased by approximately RMB34.9 million or 10.4% from approximately RMB336.1 million for the year ended 31 December 2023 to approximately RMB301.2 million for the Year. The gross profit margin increased from approximately 19.1% for the year ended 31 December 2023 to approximately 20.1% for the Year. The increase in the gross profit was mainly due to the higher gross profit margin achieved by the business group of Integrated Process and Packaging Equipment & Systems and Life Science Equipment and Consumables.

The following table sets forth the breakdown of the Group's gross profit and gross profit margin by business groups:

Gross profit and gross profit margin by business group	For the year ended 31 December 2024			For the year ended 31 December 2023		
			Gross profit margin			Gross profit margin
	RMB'000	*%*	*%*	*RMB'000* (Restated)	*%*	*%*
Integrated Process and Packaging Equipment & Systems	**92,834**	**30.8%**	**14.2%**	99,421	29.6%	11.5%
Consulting, Digitalization and Construction	**79,621**	**26.4%**	**15.4%**	140,974	42.0%	23.6%
Life Science Equipment and Consumables	**128,762**	**42.8%**	**39.1%**	95,655	28.4%	31.5%
Total	**301,217**	**100.0%**	**20.1%**	336,050	100.0%	19.1%

Notes:

1. Gross profit margin by business group represents gross profit divided by revenue of the respective business group for the Year.

2. Total gross profit margin represents gross profit divided by total revenue for the Year.

Integrated Process and Packaging Equipment & Systems

The gross profit from the business group of Integrated Process and Packaging Equipment & Systems decreased by approximately RMB6.6 million, or 6.6%, from approximately RMB99.4 million for the year ended 31 December 2023 to approximately RMB92.8 million for the Year. The gross profit margin increased from approximately 11.5% for the year ended 31 December 2023 to approximately 14.2% for the Year. Market competition has intensified, leading clients to reduce operational costs and lower procurement prices. However, the supply chain team's enhanced bargaining power in material procurement and improvements in workforce efficiency have both contributed to an increase in gross profit margin. Additionally, the expansion of overseas projects has further boosted the gross profit margin.

Consulting, Digitalization and Construction

The gross profit from the business group of Consulting, Digitalization and Construction decreased by approximately RMB61.4 million, or 43.5%, from approximately RMB141.0 million for the year ended 31 December 2023 to approximately RMB79.6 million for the Year. The gross profit margin of the business group of Consulting, Digitalization and Construction decreased from approximately 23.6% for the year ended 31 December 2023 to approximately 15.4% for the Year.

In 2024, constrained market demand and intensified price competition drove clients toward low-price bidding strategies. To retain market share, strategic projects compressed profit margins, leading to dual declines in both absolute gross profit and profitability ratios despite revenue growth. To address these challenges, the following strategic initiatives will be prioritized in 2025:

- Shift to Value-Centric Competition: Transition from price-based to differentiated value propositions, emphasizing customized solutions and service excellence.
- End-to-End Cost Optimization: Implement full-cycle cost control mechanisms across procurement, operations, and project delivery.
- Global Market Strategy: Strategically integrate AUSTAR CDC's Core Resources and Cutting-edge Technological Capabilities to Accelerate Global Expansion.
- Portfolio Rebalancing: Establish a margin-weighted project screening framework to prioritize contracts with superior profitability profiles.
- Technology-Driven Margin Enhancement: Accelerate R&D in digital construction technologies (e.g., Building Information Modelling (BIM), Internet of Things integration) to capture technical premiums.

Through these measures, we aim to systematically improve contract quality, strengthen margin resilience, and achieve sustainable business growth with gradual gross margin recovery.

Life Science Equipment and Consumables

The gross profit from the business group of Life Science Equipment and Consumables increased by approximately RMB33.1 million or 34.6% from approximately RMB95.7 million for the year ended 31 December 2023 to approximately RMB128.8 million for the Year. The increase in gross profit was mainly due to the increase in revenue. The gross profit margin of the business group of Life Science Equipment and Consumables increased from approximately 31.5% for the year ended 31 December 2023 to approximately 39.1% for the Year. The improvement in gross profit margin was primarily attributed to changes in the product mix of signed contracts, with higher-margin consumables accounting for a larger share of sales, leading to an overall increase in the gross profit margin.

Selling and marketing expenses

Selling and marketing expenses decreased by approximately RMB35.4 million, or 21.2%, to approximately RMB131.9 million for the Year from approximately RMB167.3 million for the year ended 31 December 2023. The decrease was mainly the result of the decrease on personnel costs, warranty provision, professional fees, and travelling expenses.

Administrative expenses

Administrative expenses decreased by approximately RMB26.5 million, or 19.8%, to approximately RMB107.2 million for the Year from approximately RMB133.7 million for the year ended 31 December 2023. The decrease was mainly the result of decrease of personnel cost, professional fees, and auditor's remuneration.

Net impairment losses on financial assets and contract assets

Net impairment losses on financial assets and contract assets of approximately RMB3.4 million were recorded for the Year, compared to net impairment loss on financial assets and contract assets of approximately RMB31.9 million for the year ended December 2023. The impairment losses mainly reflected the impact of credit risk individual assessment for certain higher-risk customers and projects after the consideration of the likelihood of recovering from specific debtors.

Research and development expenses

The Group's research and development expenses decreased by approximately RMB1.8 million or 3.3% to approximately RMB53.5 million for the Year from approximately RMB55.3 million for the year ended 31 December 2023. The decrease was the combined result of the headcount decrease, decrease of technical service fee and increase of material consumption during the Year.

Other income

Other income increased by approximately RMB15.8 million, or 135.0%, to approximately RMB27.5 million for the Year from approximately RMB11.7 million for the year ended 31 December 2023. This increase was mainly due to the government grants for compensation related to the disposal of land use rights.

Other gains – net

The Group recorded a net other gain of approximately RMB2.4 million for the Year, which was mainly due to gain on bargain purchase on acquisition of a subsidiary of approximately RMB4.1 million and gain on early termination of lease contracts of approximately RMB1.1 million, offset by exchange losses of approximately RMB4.1 million. For the year ended 31 December 2023, there were exchange gains of approximately RMB7.1 million and a gain on disposal of the land use rights classified as a right-of-use asset of approximately RMB5.0 million.

Finance costs – net

Finance costs – net increased from approximately RMB11.1 million for the year ended 31 December 2023 to approximately RMB14.3 million for the Year, mainly due to the increase of interest expense as a result of higher loan level during the Year.

Share of net profit of investments accounted for using the equity method

The Group's share of net profit of investments accounted for using equity method decreased by approximately RMB6.4 million, from approximately RMB6.7 million for the year ended 31 December 2023 to approximately RMB0.3 million for the Year, primarily due to the decrease in profit contribution from the Group's associates, AUSTAR Pharmaceutical Systems (Hong Kong) Ltd and Noozle Fluid Technology (Shanghai) Co., Ltd.

Profit/(loss) before income tax

The Group recorded a profit before income tax of approximately RMB21.2 million for the Year compared to a loss before income tax of approximately RMB34.4 million for the year ended 31 December 2023, which was due to the factors as described above in this section.

Income tax expense

Income tax expense increased by approximately RMB7.2 million, from approximately RMB0.4 million for the year ended 31 December 2023 to approximately RMB7.6 million for the Year, which was mainly due to the increase in profit before income tax.

Profit/(loss) for the year

The Group recorded a profit for the Year of approximately RMB13.6 million compared to a loss of approximately RMB151.3 million for the year ended 31 December 2023, which was primarily attributable to the loss from discontinued operation of approximately RMB116.5 million last year and factors as described above in this section.

LIQUIDITY AND FINANCIAL RESOURCES

The following table summarizes the Group's consolidated statement of cash flows:

	For the year ended 31 December 2024	For the year ended 31 December 2023
	RMB'000	*RMB'000*
Net cash generated from/(used in) operating activities	**98,805**	(62,649)
Net cash generated from/(used in) investing activities	**4,430**	(54,467)
Net cash (used in)/generated from financing activities	**(101,323)**	147,115
Net increase in cash and cash equivalents	**1,912**	29,999

For the Year, the Group had net cash generated from operating activities of approximately RMB98.8 million, mainly attributable to the following:

i. profit before income tax for the Year of approximately RMB21.2 million, plus the depreciation of property, plant, equipment and right-of-use assets totalling approximately RMB45.9 million and the amortization of intangible assets of approximately RMB7.2 million;

ii. decrease in contract assets of approximately RMB91.0 million, and the increase in contract liabilities of approximately RMB17.4 million, and the decrease in inventory of approximately RMB10.9 million;

iii. partially offset by an increase in trade and other receivables of approximately RMB56.3 million and a decrease in trade and other payables of approximately RMB36.5 million.

For the Year, the Group had net cash from investing activities of approximately RMB4.4 million, which was mainly attributable to proceeds from disposal of land use rights of approximately RMB12.4 million and redemption of term deposits with initial terms of over three months of RMB10.0 million, partially offset by the purchase of property, plant, and equipment in a total amount of approximately RMB20.5 million.

For the Year, the Group had net cash used in financing activities of approximately RMB101.3 million, mainly due to the repayments of borrowings of approximately RMB380.0 million, principal elements of lease payments of approximately RMB7.5 million and interest paid of approximately RMB17.1 million. These outflows were partially offset by proceeds from borrowings of approximately RMB303.1 million.

As at 31 December 2024 and 31 December 2023, the Group had cash and cash equivalents of approximately RMB166.8 million and RMB163.8 million, respectively, and balances of pledged bank deposits under current assets were approximately RMB38.9 million and RMB36.4 million, respectively, and term deposits with initial term of over three months of approximately RMB1.0 million and RMB10.0 million, respectively.

Net current assets

The Group's net current assets as at 31 December 2024 decreased by approximately RMB33.0 million, or 8.3%, from approximately RMB396.1 million as at 31 December 2023 to approximately RMB363.1 million as at 31 December 2024. This decrease was driven by decrease of revenue.

As at 31 December 2024, the Group's total current assets amounted to approximately RMB1,551.8 million, which represented a decrease of approximately RMB22.0 million as compared with approximately RMB1,573.8 million as at 31 December 2023.

As at 31 December 2024, the Group's total current liabilities amounted to approximately RMB1,188.7 million, which represented an increase of approximately RMB11.0 million as compared with that of approximately RMB1,177.7 million as at 31 December 2023.

Borrowings and gearing ratio

As at 31 December 2024, the total short-term interest-bearing bank borrowings amounted to RMB229.8 million. The secured short-term bank borrowings amounted to RMB72.6 million, bearing interest rates ranging from 1.50% to 3.80% per annum (2023: 2.40% to 4.00% per annum), and the unsecured short-term bank borrowings amounted to RMB157.2 million, bearing interest rates ranging from 2.95% to 3.90% per annum (2023: 3.10% to 4.10% per annum).

The long-term bank borrowings amounted to RMB25.1 million, bearing interest rates of 3.65% per annum (2023: 3.50% to 4.35%). The long-term borrowings due within one year amounted to RMB98.9 million, bearing interest rates from 3.30% to 4.25% per annum (2023: 3.50% to 4.35%).

The Group's gearing ratio was approximately 33.9% as at 31 December 2024 (31 December 2023: 39.2%). The ratio was calculated based on total debts as of the respective dates divided by total equity as of the respective dates and multiplied by 100%.

Pledged assets

As at 31 December 2024, in addition to pledged bank deposits of approximately RMB38.9 million (31 December 2023: approximately RMB36.4 million), the Group had buildings and right-of-use assets having a total carrying amount of approximately RMB223.6 million and approximately RMB64.1 million respectively (31 December 2023: buildings, right-of-use assets and assets classified as held for sale having a total carrying amount of approximately RMB229.9 million, approximately RMB61.8 million and approximately RMB8.6 million respectively) which were pledged as collateral for certain bank borrowings of the Group.

Contingent liabilities

As at 31 December 2024, the Group provided guarantee to banks in respect of one irrevocable letter of credit utilized by ROTA KG, an investment accounted for using the equity method, totalling EUR600,000 (approximated at RMB4,515,000). It sets forth the maximum exposure of these guarantees to the Group.

HUMAN RESOURCES

As at 31 December 2024, the Group had 1,445 full-time employees for research and development, sales and marketing, administration, project management and execution and manufacturing. This represents a decrease of 165 employees as compared with the number of employees as at 31 December 2023. The employee costs (including the Directors' remuneration) were approximately RMB402.6 million for the Year, which represented a decrease of approximately 12.4% as compared with approximately RMB459.8 million for the year ended 31 December 2023.

Employee costs of the Group decreased mainly due to the Group's decrease in its number of employees as part of organizational structure optimization and to stimulate organizational vitality.

The Group regularly reviews its remuneration policies and employee benefits with reference to market practices and performance of individual employees. The remuneration of the employees and the Directors are determined by reference to their responsibilities, professional qualification, industry experience and performance. The emolument policy of the Directors is recommended by the remuneration committee of the Board and determined by the Board.

The Group has established various welfare plans including the provision of basic medical insurance, unemployment insurance and other relevant insurance for employees who are employed by the Group pursuant to the PRC rules and regulations and the existing policy requirements of the local government. The Group has also made statutory contributions for its employees in Hong Kong, Taiwan, India, Indonesia, Germany, UK and Malaysia.

The Group has formulated provisions and rules on employees' training, such as the "Training and Development Control Procedures" and the "Training Management Control Procedures", detailing the implementation of training and accountability in training. In addition, in the "Staff Handbook", the Group divides training into orientation, overseas training, management training, professional skills training and corporate culture training.

CAPITAL COMMITMENT

Capital expenditure on property, plant and equipment and intangible assets that had been contracted for but not yet incurred as of 31 December 2024 and 2023 amounted to approximately RMB2.1 million, which was mainly attributable to the unpaid commitment of construction of the new facilities in Shanghai and Shijiazhuang.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES, ASSOCIATED COMPANIES OR JOINT VENTURES

Except for the acquisition of a 51% equity interest in AUSTAR Pharmaceutical by the Group on 16 December 2024, there were no significant investments, material acquisition or disposal of subsidiaries, associates or joint ventures by the Group during the Year. Details of the aforesaid acquisition are set out in the Company's announcement dated 16 December 2024.

FOREIGN EXCHANGE RISK

The Group mainly operates in the PRC and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Euro, US dollar and HK dollar. Foreign exchange risk arises from the ending balances of the internal borrowings among the Group's subsidiaries, which have different functional currencies, the foreign currencies held by the Group's subsidiaries and offices and the sales of the Group's products and services to overseas customers who settle payments in foreign currencies. The Directors do not consider the foreign exchange rate risks as material to the Group and therefore, did not utilize any financial instruments such as forward currency exchange contracts to hedge the risks.

EVENTS OCCURRING AFTER THE REPORTING PERIOD

There is no material subsequent event undertaken by the Company or by the Group after 31 December 2024 and up to the date of this announcement.

FINAL DIVIDEND

The Directors do not recommend the payment of any dividend for the Year (2023: nil).

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the annual general meeting of the Company to be held on Friday, 23 May 2025 ("**2025 AGM**"), the register of members of the Company will be closed from Monday, 19 May 2025 to Friday, 23 May 2025, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the 2025 AGM, all transfer of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by 4:30 p.m. on Friday, 16 May 2025.

CORPORATE GOVERNANCE PRACTICES

The Company recognizes the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the shareholders of the Company ("**Shareholders**") as a whole. The Company has adopted and committed to a code of corporate governance, containing the code provisions set out in the Corporate Governance Code ("**Corporate Governance Code**") contained in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") ("**Listing Rules**").

Save for the deviation from code provision C.2.1 of the Corporate Governance Code as described below, the Board considers that, the Company has complied, to the extent applicable and permissible, with the code provisions as set out in the Corporate Governance Code during the Year.

Code provision C.2.1 of the Corporate Governance Code requires the roles of the chairman and chief executive should be separated and should not be performed by the same individual. Mr. Ho Kwok Keung, Mars assumes the roles of both of the chairman of the Board and the chief executive officer of the Company. The Board believes that vesting the roles of chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority of the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and efficiently. In addition, the Board is of the view that the balanced composition of executive and non-executive Directors (including the independent non-executive Directors) on the Board and the various committee of the Board (primarily comprising independent non-executive Directors) in overseeing different aspects of the Company's affairs would provide adequate safeguards to ensure a balance of power and authority.

COMPLIANCE WITH THE MODEL CODE BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix C3 to the Listing Rules as its code of conduct regarding its Directors' securities transactions. The Directors are reminded of their obligations under the Model Code on a regular basis. Following specific inquiries, all Directors have confirmed their compliance with the required standard set out in the Model Code during the Year.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES

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

AUDIT COMMITTEE

The Board established the audit committee ("**Audit Committee**") on 21 October 2014 with written terms of reference in compliance with Rules 3.21 to 3.23 of the Listing Rules and the Corporate Governance Code. The Audit Committee currently comprises two independent non–executive Directors, namely Mr. Cheung Lap Kei and Madam Chiu Hoi Shan and the non–executive Director, namely Madam Ji Lingling. Mr. Cheung Lap Kei is the chairman of the Audit Committee. None of them is a member of the former or existing auditor of the Company. The terms of reference of the Audit Committee are published on the Company's website and the website of the Stock Exchange.

The primary duties of the Audit Committee are to review the half-yearly and annual results of the Company and to supervise the Group's financial report process and internal control system, and to formulate or review polices relating anti-bribery compliances by ensuring regular management review of relevant corporate governance measures and its implementation, and to communicate with external auditor on the audit procedures and accounting issues.

The Audit Committee has reviewed the consolidated financial statements of the Company for the Year.

SCOPE OF WORK OF MOORE CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, Moore CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by Moore CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Moore CPA Limited on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.austar.com.hk). The annual report of the Company for the Year containing all the information required by the Listing Rules will be despatched to the Shareholders (if required) and published on the respective websites of the Stock Exchange and the Company in due course.

APPRECIATION

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

On behalf of the Board
Austar Lifesciences Limited
Ho Kwok Keung, Mars
Chairman and Chief Executive Officer

Hong Kong, 26 March 2025

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Ho Kwok Keung, Mars, Mr. Ho Kin Hung, Mr. Chen Yuewu and Madam Zhou Ning; one non-executive Director, namely Madam Ji Lingling; and three independent non-executive Directors, namely Mr. Cheung Lap Kei, Madam Chiu Hoi Shan and Mr. Leung Oi Kin.