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Kindstar Globalgene Technology, Inc.

康聖環球基因技術有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9960)

**(1) ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED
DECEMBER 31, 2023;**

**(2) PROPOSED ADOPTION OF THE ELEVENTH AMENDED AND
RESTATE MEMORANDUM AND ARTICLES OF ASSOCIATION; AND**

**(3) USE OF EXISTING SHARES ONLY UNDER THE POST-IPO RSU
SCHEME**

**(1) ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31,
2023**

The Board is pleased to announce the audited consolidated results of Group for the year ended December 31, 2023, together with the comparative figures for the year ended December 31, 2022. The Group's audited consolidated financial statements have been reviewed by the Audit Committee and the Auditor.

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

FINANCIAL HIGHLIGHTS

	For the year ended December 31,		
	2023	2022	Year-on-year
	<i>RMB'000</i>	<i>RMB'000</i>	change
			%
Revenue	967,260	1,386,591	(30.2)
– Non-COVID-19-related testing ⁽¹⁾	967,260	849,966	13.8
– COVID-19-related testing	–	536,625	–
Gross profit	451,129	603,055	(25.2)
Gross margin (%)	46.6%	43.5%	3.1 percentage points
Net Income	36,447	77,484	(53.0)
Net Margin (%)	3.8%	5.6%	(1.8) percentage points

Note:

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

Revenue

Our total revenue decreased by 30.2% from RMB1,386.6 million for the year ended December 31, 2022 to RMB967.3 million. During the Reporting Period, despite the increased volatility at the industry macro level and there was no COVID-19 related testing revenue from the Group, our revenue from non-COVID-19 related testing increased by 13.8% year-on-year, which was primarily attributable to (i) the gradual recovery of the specialty esoteric testing business centered on hematology; (ii) the steady growth of the esoteric testing in new specialties such as ophthalmology; and (iii) the significant growth in the scientific research services and CRO business.

Gross profit and gross profit margin

For the year ended December 31, 2023, we recorded a consolidated gross profit of RMB451.1 million, representing a year on-year decrease of 25.2%, with a consolidated gross profit margin of 46.6%, representing an increase of 3.1 percentage points year-on-year. The above changes in our gross profit and gross profit margin compared with the corresponding period were primarily because (i) during the Reporting Period, the Group's revenue and gross profit decreased due to no revenue from COVID-19 related testing; and (ii) the revenue from non-COVID-19 related testing increased significantly, and the Group's gross profit margin improved under the influence of the higher gross profit margin level of the specialty esoteric testing such as hematology, neurology, etc.

Net income and net margin

During the Reporting Period, we recorded a net income of RMB364.5 million, representing a year-on-year decrease of 53.0%, with a net margin of 3.8%, representing a decrease of 1.8 percentage points year-on-year. The decrease was primarily because (i) during the Reporting Period, the Group's revenue and net income decreased due to no revenue from COVID-19 related testing; (ii) the fixed assets investments and daily operation costs increased due to that the Group established new specialty companies and scientific research services platforms to improve the testing capacity and expand the scope of services; and (iii) the investment during the same period increased due to that the Company increased investment in research and development and recruited international business talents.

BUSINESS REVIEW AND OUTLOOK

Specialty Esoteric Testing Business

In 2023, we accelerated the development of specialty esoteric testing business in ophthalmology, cardiovascular and rheumatology on the basis of furthering our traditional strengths in hematology and neurology. During the Reporting Period, while industry policies tightened and competition became more keen due to macro impact, we continued to maintain the lead in terms of products and technology firmly based on the development of our core research and development capabilities, while increasing our efforts to further expand market channels and strengthening in-depth cooperation with hospitals, pharmaceutical companies, so as to achieve growth in business scale.

Esoteric Testing Reagents

Our esoteric testing reagent business grew steadily in 2023. In terms of products, 22 new Conformance Europeenne (“CE”) certified products were added, and the newly launched Next Generation Sequencing (“NGS”) kit for Human Leukocyte Antigen (“HLA”) category filled the gap in the industry, with over 150 types of reagents in total. In terms of markets, our products won the bids of a number of large-scale Class IIIA hospitals in China, and witnessed significant growth in NGS and other capture products. In 2023, in order to make up for the shortfall in production capacity, we completed the validation of the 2000 square meters Good Manufacturing Practice (“GMP”) plant, which met the registration requirements of the National Medical Products Administration for Class III medical devices. Looking forward to 2024, we will further strengthen our product capabilities and actively promote the admission for esoteric testing reagent products.

Immune Repertoire

During the Reporting Period, our core product, LymScan, was adopted in 24 provinces, with the annual revenue growth of 140% year-on-year. Fantekang, a product for immune reconstitution and monitoring, and KB-SEQ, a product for health monitoring, are also on the eve of commercialization. In 2023, we formed substantial research collaborations with a number of leading institutions in China to further explore the clinical mechanism exploration and translational application of immune repertoire in the fields of hematology, solid tumors and autoimmunity. Looking forward to 2024, with the commercialization and promotion of new products, we expect the immune repertoire business will maintain high growth.

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

During the Reporting Period, we had 14 new service contracts, involving cell therapy, gene editing, lymphoma and other therapeutic areas, with the value of new contracts amounting to approximately RMB14 million, the value of existing contract amounting to over RMB40 million. We formally introduced PacBio third-generation sequencing technology, striving to develop LDT testing projects that are superior to NGS technology in the fields of hematology, neurology, genetic diseases and rare diseases and empower the cohort study and single cell study for the patients. Leveraging the top three saturation of instrument operation and good sequencing quality in the industry, we become the first batch of companies being accredited by the official service provider PacBio Revio in Asia Pacific area. Looking forward to 2024, we will strive to further integrate our advantageous resources and expand the scientific research services and market size CRO business, in order to achieve rapid growth.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry and Policy

During the Reporting Period, due to the fluctuations in the macro economy in China, hospital customers and industry players were affected to varying degrees. As a leader in China's esoteric testing industry, we are still full of confidence in the development of the industry. The status quo of the industry with large market space, low penetration rate and high technical requirements has not changed. Fluctuations in the macro environment will intensify the liquidation of companies in the industry. Those with diversified esoteric testing products and established esoteric testing channels will excel, and strategic merger(s) and acquisition(s) (“**M&A**”) opportunities will emerge.

Business Strategy

We responded to industry fluctuations with proactive business strategies. (i) based on the demand, we improved the efficiency of research and development, built multi-specialty product series, and maintained the advantages in “high, sophisticated, cutting-edge, and new” projects; (ii) we improved the channel construction, paid attention to the in-depth cooperation with the leading hospitals in different specialties, actively participated in the construction of precision centers, regional centers and healthcare consortiums; (iii) we comprehensively expanded the international market, and took the opportunity of bringing esoteric testing service and esoteric testing reagents overseas; (iv) We promoted the rapid growth of emerging businesses such as immune repertoire, esoteric testing reagents, CROs and scientific research services; and (v) we grasped the opportunities of industrial mergers and acquisitions and integration.

Research and Development (“**R&D**”)

Research and development is the core competitiveness of Kindstar. During the Reporting Period, we developed 186 new R&D testing projects, including 75 projects related to molecular biology testing technology, 32 projects related to flow cytometry testing technology, 42 projects related to cytogenetics testing technology, 19 projects related to pathology testing technology, and 18 projects related to clinical testing. In 2023, we paid more attention to collaborative research and development across technology platforms, such as fluorescenceactivated cell sorter (“**FACS**”) combined with Fluorescence In Situ Hybridization (“**FISH**”) testing. Our new product MicroLym-ALL genetic mutation test was widely recognized in clinical practice, benefitting patients in diagnosis, treatment, prognosis, and medication. The establishment and validation of the AL Panel for full-spectrum flow immunophenotyping screening of acute leukemia was approved by the European Society for Clinical Cell Analysis (ESCCA) and the International Clinical Cytometry Society (ICCS).

New Specialties

During the Reporting Period, the revenues from esoteric testing in three new specialties of cardiovascular diseases, ophthalmology and rheumatology, reached RMB10 million.

In terms of cardiovascular diseases, the Company established a strategic partnership with Shimadzu of Japan. With the completion of the construction of multiple technology platforms such as liquid chromatography tandem mass spectrometry, inductively coupled plasma mass spectrometry, and time-of-flight mass spectrometry, we were able to provide over 200 genetic tests for hypertension, bleeding and thrombotic disorders, dyslipidemia, coronary heart disease, myocarditis and heart failure, pharmacogenetics and hereditary diseases, and covering nearly 1,000 customers.

In terms of ophthalmology, our 4 autoimmune retinopathy antibody items became the first ophthalmic immune antibody testing in China. The Company had 95 new Class IIIA hospital customers, completing the coverage of capital-level cities and their neighboring cities in 12 provinces nationwide.

In terms of rheumatology, we focused on creating myositis antibody and antiphospholipid antibody products, with more than 130 testing items available, and 250 new hospital customers for testing. We made significant breakthroughs in some of the leading hospitals, and are gradually promoting our products to more hospitals.

External Investment and M&A

During the Reporting Period, there was a significant increase of M&A and external investment opportunities in the Independent Clinical Laboratory (“ICL”) field due to the fluctuations in the capital market and macro environment. The Company actively sought opportunities for external M&A and investment from its own operation. We will focus on the team, technology, market and scale of the target companies, and prioritize those with core competitiveness in the specialty esoteric testing business.

Financial review

The table below sets forth our consolidated statements of profit or loss for the periods indicated, together with the change (expressed in percentages) from the year ended December 31, 2022 to the corresponding period of 2023:

	For the year ended December 31,		
	2023	2022	Year-on-
	<i>RMB'000</i>	<i>RMB'000</i>	year change
			%
REVENUE	967,260	1,386,591	(30.2)
Cost of sales	(516,131)	(783,536)	(34.1)
Gross profit	451,129	603,055	(25.2)
Other income and gains	138,094	68,870	100.5
Selling and marketing expenses	(307,781)	(360,562)	(14.6)
Administrative expenses	(105,626)	(80,406)	31.4
Research and development costs	(105,337)	(101,226)	4.1
Other expenses	(19,123)	(43,898)	(56.4)
Listing expenses	–	–	
Finance costs	(8,034)	(2,517)	219.2
PROFIT/(LOSS) BEFORE TAX	43,322	83,316	(48.0)
Income tax expense	(6,875)	(5,832)	17.9
PROFIT/(LOSS) FOR THE YEAR	36,447	77,484	(53.0)
Attributable to:			
Owners of the parent	41,286	75,457	(45.3)
Non-controlling interests	(4,839)	2,027	(338.7)

Revenue

We organize our businesses into ten segments, including hematology testing, neurology testing, maternity-related testing, genetic disease and rare disease testing, infectious disease testing, oncology testing, COVID-19-related testing, routine testing, CRO and scientific research services and others.

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

	For the year ended December 31,				Year-on-year change %
	2023		2022		
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>	
Hematology testing	590,308	61.0%	525,800	38.0	12.3
Neurology testing	96,603	10.0%	95,350	6.9	1.3
Maternity-related testing	55,418	5.8%	49,961	3.6	10.9
Genetic disease and rare disease testing	46,715	4.8%	42,778	3.1	9.2
Infectious disease testing	49,001	5.1%	47,693	3.4	2.7
Oncology testing	32,064	3.3%	17,872	1.3	79.4
COVID-19-related testing	–	–	536,625	38.7	–
Routine testing	57,473	5.9%	57,439	4.1	0.1
Scientific research services and CRO	26,393	2.7%	7,937	0.6	232.5
Others	13,285	1.4%	5,136	0.3	158.7
Total	967,260	100.0	1,386,591	100.0	(30.2)

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

	For the year ended December 31,			
	2023		2022	
	Average Price <i>in (RMB)</i>	Testing Volume <i>(in thousands)</i>	Average Price <i>in (RMB)</i>	Testing Volume <i>(in thousands)</i>
Hematology testing	690	850	684	768
Neurology testing	1,314	73	1,261	76
Maternity-related testing	121	456	111	449
Genetic disease and rare disease testing	239	194	231	184
Infectious disease testing	227	214	225	211
Oncology testing	1,395	23	1,102	16
Routine testing	78	735	75	760
Total	379	2,545	307	2,464
COVID-19-related testing ⁽¹⁾			3.62	148,394

During the Reporting Period, we did not have revenue generated from COVID-19-related testing, and other specialty testing businesses all achieved positive growth. Excluding the COVID-19-related testing, the average price of tests of the Company during the Reporting Period was RMB379.0, representing a year-on-year increase of 23.5%, and the testing volume amounted to 2.5 million, representing a year-on-year increase of 3.3%.

Hematology testing

Our revenue from hematology testing services for the year ended December 31, 2023 amounted to RMB590.3 million, representing a year-on-year increase of 12.3%. During the Reporting Period, the R&D of new items, such as B cell subset monitoring item and quantitative monitoring item for 48 rare fusion genes was completed to accept the testing. We had 88 new hospital customers for the year. 9 precise platforms were jointly established.

Neurology testing

Our revenue from neurology testing services for the year ended December 31, 2023 amounted to RMB96.6 million, representing a year-on-year increase of 1.3%. During the Reporting Period, we offered testing items on various platforms of immunity, infection, heredity, etc. and additional genetic testing for comprehensive medication against neuropsychiatric disorders, such as anti-depression, anti-anxiety. We additionally collaborated with 29 hospitals, jointly founded Guangzhou Nanyi Kangsheng Biotechnology Co., Ltd. (廣州南醫康聖生物技術有限公司) with Southern Medical University, and joined Neuroimmune Disorder Association of Sichuan Province (四川省神經免疫疾病聯盟).

Maternity-related testing

Our revenue from maternity-related testing services for the year ended December 31, 2023 amounted to RMB55.4 million, representing a year-on-year increase of 10.9%. During the Reporting Period, we strengthened the technology platform of mass spectrometry and molecular testing. The application of Whole Exome Sequencing (“WES”) testing for amniotic fluid samples of fetus based on the second generation Novaseq 6000 sequencing platform was widely concerned in the industry.

Genetic disease and rare disease testing

Our revenue from genetic disease and rare disease testing services for the year ended December 31, 2023 amounted to RMB46.7 million, representing a year-on-year increase of 9.2%. During the Reporting Period, we increasingly valued differentiated products and services. The upgraded whole exon genetic testing item achieved short testing time, higher detection rate and accuracy.

Infectious disease testing

Our revenue from infectious disease testing services for the year ended December 31, 2023 amounted to RMB49.0 million, representing a year-on-year increase of 2.7%. During the Reporting Period, the pathogen related testing increased significantly in number as compared to the same period. We newly offered the nanopore sequencing item is widely concerned. The number of partnering hospitals increased to more than 1,400, representing a year-on-year increase of 16% during the Reporting Period.

Oncology testing

Our revenue from oncology testing services for the year ended December 31, 2023 amounted to RMB32.1 million, representing a year-on-year increase of 79.4%. During the Reporting Period, we improved Minimal Residual Disease (“MRD”) monitoring solutions for solid tumor, offered various testing items for rare tumors, such as soft tissue sarcoma and neuroblastoma, and collaborated with more than 20 new hospitals.

CRO and scientific research testing service

Our CRO and scientific research testing service generated a revenue of RMB26.4 million for the year ended December 31, 2023. During the Reporting Period, the Company gave full play to the advantages in the hematology field to actively promote the collaboration with Novartis and HEC Pharm, etc. We provided customized research services by introducing tri-generation sequencing technology, PacBio, which enables us to become the first batch enterprises that obtained the certification of PacBio Revio official service provider in Asia Pacific.

Cost of Sales

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

	For the year ended 31 December				Year-on-year change %
	2023		2022		
	RMB'000	%	RMB'000	%	
Staff costs	147,585	28.6	134,335	17.1	9.9
Outsourcing costs	90,583	17.6	333,538	42.6	(72.8)
Raw material	173,200	33.6	210,673	26.9	(17.8)
Others	104,763	20.2	104,990	13.4	(0.2)
Total	516,131	100.0	783,536	100.0	(34.1)

Our cost of sales decreased by 34.1% from RMB783.5 million for the year ended December 31, 2022 to RMB516.1 million, which was due to a significant drop in outsourced costs and raw materials costs resulting from the decline in the COVID-19 related testing operations.

Gross Profit, Gross Profit Margin and Segment Results

For the year ended December 31, 2023, we recorded a consolidated gross profit of RMB451.1 million, representing a year-on-year decrease of 25.2%, with a consolidated gross profit margin of 46.6% representing a year-on-year increase of 3.1 percentage points. The above changes in our gross profit and gross profit margin compared with the corresponding period were primarily due to: (i) a decrease in income and gross profit of the Group without COVID-19 related testing income during the Reporting Period; and (ii) a significant increase in non-COVID-19-related testing income and its proportion, and an increase in gross profit margin of the Group resulting from the high gross profit margin level of specialty testing such as hematology and neurology.

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

	For the year ended December 31,				Year-on-year change %
	2023		2022		
	Segment result <i>RMB'000</i>	% of segment revenue	Segment result <i>RMB'000</i>	% of segment revenue	
Hematology testing	107,761	18.3	157,282	29.9	(31.5)
Neurology testing	16,972	17.6	17,064	17.9	(0.5)
Maternity-related testing	1,303	2.4	3,106	6.2	(58.0)
Genetic disease and rare disease testing	4,664	10.0	6,229	14.6	(25.1)
Infectious disease testing	5,484	11.2	9,720	20.4	(43.6)
Oncology testing	6,053	18.9	1,406	7.9	330.5
COVID-19-related testing	–	–	44,767	8.3	(100.0)
Routine testing	592	1.0	2,644	4.6	(77.6)
Scientific research services and CRO	3,031	11.5	937	11.8	223.5
Others	(2,512)	(18.9)	(662)	(12.9)	279.5
Total	143,348	14.8	242,493	17.5	(40.9)

During the Reporting Period, the Company's overall operating result was RMB143.3 million, representing a decrease of 40.9% as compared with RMB242.5 million for the corresponding period in 2022, which was primarily due to (i) a significant drop in segment result of COVID-19-related testing; and (ii) a new enrollment of partial employees and an increase in investment of partial equipment, and the overall scale effect of the Company required to be further improved during the Reporting Period.

Other Income and Gains

Our other income and gains increased by 100.4% from RMB68.9 million for the year ended December 31, 2022 to RMB138.1 million, which was primarily affected by interest income, the government grants and fair value fluctuations related to fund equity.

Selling and Marketing Expenses

Our selling and marketing expenses decreased by 14.6% from RMB360.6 million for the year ended December 31, 2022 to RMB307.8 million, which was primarily due to a decrease in COVID-19-related marketing expenses and the gradual optimization of sale and marketing teams.

Administrative Expenses

Our administrative expenses increased by 31.4% from RMB80.4 million for the year ended December 31, 2022 to RMB105.6 million, which was primarily due to an increase in administrative and management costs as a result of business expansion.

Research and Development Costs

Our research and development costs increased by 4.1% from RMB101.2 million for the year ended December 31, 2022 to RMB105.3 million. The increase in the research and development costs was primarily because we maintained reasonable R&D investment. During the Reporting Period, we had 168 new R&D testing projects.

Other Expenses

For the year ended December 31, 2023, our other expenses were RMB19.1 million, representing a decrease of 56.4% as compared to RMB43.9 million for the corresponding period in 2022. Other expenses mainly refer to the provision for impairment loss on assets.

Finance Costs

Our finance costs increased by 219% from RMB2.5 million for the year ended December 31, 2022 to RMB8.0 million. The increase in finance costs was due to the reasonable financial planning by the Company and increased bank borrowings.

Income Tax Expense

Our income tax expense increased from RMB5.8 million for the year ended December 31, 2022 to RMB6.9 million for the corresponding period in 2023.

Profit for the Year

The Company's profit for the year decreased by 53.0% from RMB77.5 million for the year ended December 31, 2022 to RMB36.4 million.

Liquidity and Capital Resources

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

For the year ended December 31, 2023, we funded our working capital and other capital expenditure requirements through a combination of income generated from operations, investments received and the proceeds from the Global Offering. The following table sets forth a summary of our cash flows for the periods indicated.

	For the year ended December 31,	
	2023	2022
	RMB'000	RMB'000
Net cash flows (used in)/from operating activities	(14,780)	21,407
Net cash flows from/(used in) investing activities	854,922	(1,345,153)
Net cash flows (used in)/from financing activities	(82,827)	97,644
Net increase/(decrease) in cash and cash equivalents	757,315	(1,226,102)
Cash and cash equivalents at the beginning of the year	680,359	1,796,700
Effect of foreign exchange rate changes, net	35,125	109,761
Cash and cash equivalents at the end of the year	1,472,799	680,359

Cash and cash equivalents

For the year ended December 31, 2023, our net cash used in operating activities was RMB14.8 million.

For the year ended December 31, 2023, our net cash generated from investing activities was RMB854.9 million, mainly for the purchase of time deposits.

For the year ended December 31, 2023, our net cash flows used in financing activities was RMB82.8 million, primarily attributable to bank loan financing, Share repurchases and RSU purchases.

As a result of the foregoing, our cash and cash equivalents were primarily held in Renminbi and United States dollars, which increased by 116.5% from RMB680.4 million as of December 31, 2022 to RMB1,472.8 million as of December 31, 2023.

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

Indebtedness

For the year ended December 31, 2023, as we had utilized a credit limit of RMB233.4 million for bank financing, our unutilized banking facilities were RMB296.6 million as at December 31, 2023.

Gearing ratio

The Group monitored capital on the basis of the gearing ratio. That ratio is calculated by dividing the total borrowings as shown in the consolidated balance sheet by the share capital and reserves attributable to the equity holder of the Company. As of December 31, 2023, the total borrowings are RMB152.9 million, total share capital and reserves attributable to the equity holder of the Company is RMB2,872.0 million, the gearing ratio is 5.3%.

Capital Expenditures

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

	For the year ended	
	December 31,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Purchases of property, plant and equipment	168,758	119,666
Purchases of other intangible assets	6,112	4,643
Total	<u>174,870</u>	<u>124,309</u>

Contingent Liabilities

As of December 31, 2023, we did not have any material contingent liabilities.

Significant Investments and Future Plans for Material Investments or Capital Assets

As of December 31, 2023, we did not hold any significant investment. In addition, save for the expansion plans as disclosed in the sections headed “Business” and “Future Plans and Use of Proceeds” in the Prospectus, we have no future plans for material investments or capital assets.

Material Acquisitions and Disposals

On June 18, 2023, Wuhan Kangsheng Venture Capital Management Co., Ltd. (武漢康聖創業投資管理有限公司) (“**Kindstar Venture Capital**”), a non-wholly owned PRC Consolidated Entity, and Tianjin Haichuang Archipelago Investment Management Co., Ltd. (天津海創群島投資管理有限公司) (each as a general partner), and Kindstar Global (Wuhan) Investment Management Co., Ltd. (康聖環球(武漢)投資管理有限公司) (“**Kindstar Wuhan Investment**”), a PRC Consolidated Entity, and Tianjin Haitai Haihe Biomedical Industry Fund Partnership (Limited Partnership) (天津海泰海河生物醫藥產業基金合夥企業(有限合夥)) (each as a limited partner) entered into a partnership agreement for the formation of a partnership (the “**Partnership I**”). The total capital contribution by all partners of the Partnership I shall be RMB200,000,000, of which RMB120,000,000 shall be contributed by Kindstar Venture Capital and Kindstar Wuhan Investment in aggregate. For details, please refer to the announcement of the Company dated June 18, 2023.

On August 22, 2023, Kindstar Global (Shanghai) Technology, Inc (康聖環球(上海)醫學科技有限公司) (the “**Purchaser**”), a PRC Consolidated Entity, and Hunan Yandi Biotech Limited (湖南炎帝生物工程股份有限公司) (the “**Vendor**”) entered into a housing sales and purchase agreement (the “**Sales and Purchase Agreement**”), pursuant to which the Purchaser has agreed to purchase, and the Vendor has agreed to sell, Block 4 and block 5, Caohejing Kangqiao Business Park, 2555 Xiupu Road, Zhangjiang Hi-Tech Park, Pudong New Area, Shanghai, PRC at a total consideration of RMB162,734,824 in accordance with the terms and conditions of the Sales and Purchase Agreement. For details, please refer to the announcement of the Company dated August 22, 2023.

On November 12, 2023, Kindstar Wuhan Investment, a PRC Consolidated Entity, Wuhan Industrial Development Fund Co., Ltd. (武漢產業發展基金有限公司) and Wuhan Optics Valley Innovation Investment Fund Co., Ltd (武漢光谷創新投資基金有限公司) (each as a limited partner) and Wuhan Booth Investment Information Co., Ltd. (武漢布斯投資資訊有限公司) (as the general partner) entered into a partnership agreement for the formation of a partnership (the “**Partnership II**”). The total capital contribution by all partners of the Partnership II shall be RMB300,000,000, of which RMB177,000,000 shall be contributed by Kindstar Wuhan Investment. For details, please refer to the announcement of the Company dated November 12, 2023.

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

Charges on Group Assets

As of December 31, 2023, we did not have any charged assets.

Employees

As of December 31, 2023, we had 3,125 employees in total and most of them were located in Hubei and Sichuan Provinces, Beijing and Shanghai. We conduct new staff training regularly to guide new employees and help them adapt to the new working environment. In addition, we provide online and in-person formal and comprehensive company-level and department-level training to our employees on a quarterly basis in addition to on-the-job training. We also encourage our employees to attend external seminars and workshops to enrich their technical knowledge and develop competencies and skills, and provide training and development programs to our employees and external training sessions from time to time to improve their technical skills and ensure their awareness and compliance with our various policies and procedures.

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

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

Significant Events After the Reporting Period

There are no significant events subsequent to December 31, 2023 and up to the date of this announcement which could have a material impact on our operating and financial performance.

Use of Proceeds from the Global Offering

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

Intended use of proceeds	Percentage of intended use of proceeds (%)	Intended use of proceeds from the Global Offering (In HKD millions)	Actual Amount		Unutilized net proceeds as of December 31, 2023 (In HKD millions)	Timeframe for utilisation of the unused balance
			Unutilized net proceeds as of December 31, 2022 (In HKD millions)	of use for the year ended December 31, 2023 (In HKD millions)		
Sales and marketing of our existing esoteric testing service lines to cover more hospitals, especially Class III hospitals						
Sales, marketing and expansion of hematology testing business	15	308.0	224.2	107.6	200.4	By June 30, 2025
Sales, marketing and expansion of genetic diseases and rare diseases and maternity-related testing business	10	205.4	167.4	42.7	162.7	By June 30, 2025
Sales, marketing and expansion of oncology, infectious disease and neurology testing businesses	10	205.4	147.7	68.3	137.1	By June 30, 2025
Research and development of our existing esoteric testing service lines						
Research and development of hematology testing	6.7	136.9	60.0	103.9	33.0	By June 30, 2025
Research and development of genetic diseases and rare diseases and maternity-related testing	6.7	136.9	129.3	118.9	18.0	By June 30, 2025
Research and development of neurology, infectious disease, oncology and routine testing	6.7	136.9	124.5	16.2	120.7	By June 30, 2025
Development and commercialization of new lines of esoteric testing services	15	308.0	278.7	70.6	237.4	By June 30, 2025

Intended use of proceeds	Percentage of intended use of proceeds (%)	Intended use of proceeds from the Global Offering (In HKD millions)	Unutilized net proceeds as of December 31, 2022 (In HKD millions)	Actual Amount	Unutilized net proceeds as of December 31, 2023 (In HKD millions)	Timeframe for utilisation of the unused balance
				of use for the year ended December 31, 2023 (In HKD millions)		
Expansion across the industry value chain by acquiring attractive technology or testing-related companies that are complementary and synergistic to our existing businesses	5	102.7	76.0	26.7	76.0	By June 30, 2025
Increasing our testing capacity	10	205.4	111.8	171.6	33.8	By June 30, 2025
Overseas expansion into markets outside of China	5	102.7	102.7	–	102.7	By June 30, 2025
Working capital and other general corporate purposes	10	205.4	161.3	62.7	142.7	–
Total	100.0	2,053.6	1,583.4	789.2	1,264.5	

Note:

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

We currently have no intention to change the use of the unutilized net proceeds and have been actively monitoring the market environment for appropriate timing to implement our plans. It is currently expected that the unutilized net proceeds will be fully utilized by June 30, 2025, subject to changes in market conditions and policies and the timing when appropriate opportunities arise in the industry. To the extent that the net proceeds from the Global Offering are not immediately applied for the above purposes and to the extent permitted by the relevant law and regulations, we intend to deposit the net proceeds only into short-term deposits with licensed financial institutions in Hong Kong or the PRC. We will make an appropriate announcement if there is any change to the above proposed use of proceeds or if any amount of the proceeds will be used for general corporate purpose.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	<i>Notes</i>	2023 RMB'000	2022 <i>RMB'000</i>
REVENUE	4	967,260	1,386,591
Cost of sales		<u>(516,131)</u>	<u>(783,536)</u>
Gross profit		<u>451,129</u>	<u>603,055</u>
Other income and gains		138,094	68,870
Selling and marketing expenses		(307,781)	(360,562)
Administrative expenses		(105,626)	(80,406)
Research and development costs		(105,337)	(101,226)
Other expenses		(19,123)	(43,898)
Finance costs		<u>(8,034)</u>	<u>(2,517)</u>
PROFIT BEFORE TAX	5	<u>43,322</u>	<u>83,316</u>
Income tax expense	6	<u>(6,875)</u>	<u>(5,832)</u>
PROFIT FOR THE YEAR		<u>36,447</u>	<u>77,484</u>
Attributable to:			
Owners of the parent	8	41,286	75,457
Non-controlling interests		<u>(4,839)</u>	<u>2,027</u>
		<u>36,447</u>	<u>77,484</u>
OTHER COMPREHENSIVE INCOME			
Exchange differences on translation of the financial statements of the Company		<u>32,198</u>	<u>108,147</u>
Other comprehensive expense for the year, net of tax		<u>32,198</u>	<u>108,147</u>
Total comprehensive income for the year, net of tax		<u>68,645</u>	<u>185,631</u>

	<i>Notes</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Attributable to:			
Owners of the parent		73,484	183,604
Non-controlling interests		(4,839)	2,027
		<u>68,645</u>	<u>185,631</u>

**EARNINGS PER SHARE ATTRIBUTABLE
TO ORDINARY EQUITY HOLDERS
OF THE PARENT**

Basic (RMB)			
For profit for the year	<i>8</i>	<u>4.31cents</u>	<u>9.49cents</u>
Diluted (RMB)			
For profit for the year	<i>8</i>	<u>4.25cents</u>	<u>9.22cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	437,033	378,718
Prepayment for purchase of property, plant and equipment		85,485	32,803
Right-of-use assets		41,269	20,598
Prepayments, deposits and other receivables	12	5,194	954
Other intangible assets		31,335	32,741
Time deposits	13	10,000	225,000
Investments in associates		5,950	6,520
Deferred tax assets		54,385	52,007
Goodwill		9,497	10,439
Financial assets at FVTPL	10	280,482	216,764
Total non-current assets		960,630	976,544
CURRENT ASSETS			
Inventories		48,701	58,685
Trade and bills receivables	11	566,561	633,853
Prepayments, deposits and other receivables	12	44,832	48,134
Amounts due from related parties		13,480	1,143
Financial assets at FVTPL	10	–	49,197
Time deposits (more than 3 months)	13	552,450	1,271,836
Pledged deposits		9,756	5,593
Cash and cash equivalents		1,472,799	680,359
Total current assets		2,708,579	2,748,800
CURRENT LIABILITIES			
Trade and bills payables	14	221,740	299,513
Other payables and accruals	15	313,685	320,355
Contract liabilities	16	11,924	11,793
Interest-bearing bank borrowings	17	152,900	180,000
Profit tax payable		1,322	1,579
Amounts due to related parties		23,374	25,546
Lease liabilities		12,132	10,998
Deferred tax liabilities		5,772	5,350
Contingent Consideration		922	6,419

	<i>Notes</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Total current liabilities		<u>743,771</u>	<u>861,553</u>
NET CURRENT ASSETS		<u>1,964,808</u>	<u>1,887,247</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,925,438</u>	<u>2,863,791</u>
NON-CURRENT LIABILITIES			
Deferred income		1,201	1,199
Lease liabilities		<u>29,256</u>	<u>8,863</u>
Total non-current liabilities		<u>30,457</u>	<u>10,062</u>
Net assets		<u>2,894,981</u>	<u>2,853,729</u>
EQUITY IN EQUITY			
Equity attributable to owners of the parent			
Share capital	<i>18</i>	1,543	1,556
Treasury shares	<i>18</i>	59	43
Reserves	<i>20</i>	<u>2,870,390</u>	<u>2,824,919</u>
		2,871,992	2,826,518
Non-controlling interests		<u>22,989</u>	<u>27,211</u>
Total equity		<u>2,894,981</u>	<u>2,853,729</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

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

The Company is an investment holding company. During the reporting periods, the major subsidiaries of the Company were principally engaged in the provision of clinical testing services in the People’s Republic of China (the “PRC”).

Information about subsidiaries

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

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

Name	Notes	Date and place of incorporation/registration and place of operations	Issued ordinary share/registered capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
成都聖元醫學檢驗實驗室有限公司 Chengdu Shengyuan Medical Laboratory Co., Ltd.* ("Chengdu Shengyuan")		PRC/Chinese Mainland 16-Oct-2018	RMB5,000,000	–	65%	Clinical Testing Service
康聖環球(武漢)醫學特檢技術有限公司 Kindstar Global (Wuhan) Medical Esoteric Technology Co., Ltd. ("Kindstar Global Wuhan")		PRC/Chinese Mainland 05-Sep-2017	RMB10,100,000	–	100%	Investment holding
天津康聖達醫學檢驗實驗室有限公司 Tianjin Kindstar Medical Laboratory Co., Ltd.* ("Tianjin Kindstar")		PRC/Chinese Mainland 27-Oct-2017	RMB5,000,000	–	90%	Clinical Testing Service
上海希諾醫學檢驗實驗室有限公司 Shanghai Xinuo Medical Laboratory Co., Ltd. ("Shanghai Xinuo")		PRC/Chinese Mainland 15-Oct-2019	RMB5,000,000	–	80%	Clinical Testing Service
康聖環球醫學科技(武漢)有限公司 Kindstar Global Medical Technology (Wuhan) Co., Ltd. ("Kindstar Wuhan WFOE")		PRC/Chinese Mainland 11-Sep-2020	RMB800,000,000	–	100%	Investment holding
武漢康聖真源醫學檢驗所有限公司 Wuhan Kindstar Zhenyuan Medical Laboratory Co., Ltd. ("Kindstar Zhenyuan")	(b)	PRC/Chinese Mainland 3-Feb-2021	RMB10,000,000	–	70%	Clinical Testing Service
康聖環球(武漢)投資管理有限公司 Kindstar (Wuhan) Investment Management Co., Ltd. ("Kindstar Investment")	(c)	PRC/Chinese Mainland 8-Sep-2021	RMB30,000,000	–	100%	Investment holding
武漢康聖貝泰生物科技有限公司 Wuhan Kindstar Biotechnology Co., Ltd. ("Kindstar Biotech")	(d)	PRC/Chinese Mainland 14-Sep-2021	RMB10,000,000	–	70%	Clinical Testing Service
武漢易檢雲信息技術有限公司 Wuhan Yijianyun Information Technology Co., Ltd. ("Wuhan Yijianyun")	(e)	PRC/Chinese Mainland 8-Oct-2021	RMB5,000,000	–	90%	E-commerce Service
成都溫江康聖友醫互聯網醫院有限公司 Chengdu Wenjiang Kangshengyou Medical Internet Hospital Co., Ltd. ("Wenjiang Kangshengyou")	(f)	PRC/Chinese Mainland 22-Oct-2021	RMB50,000,000	–	100%	Clinical Testing Service
上海信諾佰世醫學檢驗有限公司 Shanghai SinoPath Medical Laboratory Co., Ltd. ("SinoPath")	(g)	PRC/Chinese Mainland 1-Dec-2021	RMB33,000,000	–	80%	Clinical Testing Service
武漢海希生物科技有限公司 Wuhan Haixi Biological Technology Co., Ltd. ("Haixi Biological Technology")	(h)	PRC/Chinese Mainland 21-Jan-2022	RMB1,000,000	–	51.1%	Product development and technical services
武漢海希生命科技有限公司 Wuhan Haixi Life Science Technology Co., Ltd ("Wuhan Haixi")	(h)	PRC/Chinese Mainland 21-Jan-2022	RMB1,000,000	–	51.1%	Reagent development and sales

Name	Notes	Date and place of incorporation/registration and place of operations	Issued ordinary share/registered capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
武漢鴻蒙賽爾生物科技有限公司 Wuhan HumanCell Biotechnology Co., Ltd (“HumanCell”)	(i)	PRC/Chinese Mainland 6-Apr-2022	RMB10,000,000	–	100%	Car-t Treatment
武漢康聖金岸醫學檢驗有限公司 Wuhan Kindstar Kindan Medical Laboratory Co., Ltd. (“Kindstar Jinan”)	(j)	PRC/Chinese Mainland 6-Jun-2022	RMB500,000	–	100%	Clinical Testing Service
武漢康聖啟源醫學檢驗實驗室有限公司 Wuhan Kindstar Qiyuan Medical Laboratory Co., Ltd. (“Wuhan Qiyuan”)	(k)	PRC/Chinese Mainland 28- Jun-2022	RMB10,000,000	–	100%	Clinical Testing Service
武漢康聖澤源醫學檢驗實驗室有限公司 Wuhan Kindstar Zeyuan Medical Laboratory Co., Ltd. (“Wuhan Zeyuan”)	(k)	PRC/Chinese Mainland 16-Aug-2022	RMB500,000	–	100%	Clinical Testing Service
武漢康聖青合醫學檢驗有限公司 Wuhan Kindstar Qinghe Medical Laboratory Co., Ltd. (“Wuhan Qinghe”)	(j)	PRC/Chinese Mainland 19-Aug-2022	RMB500,000	–	100%	Clinical Testing Service
武漢希諾醫學檢驗實驗室有限公司 Wuhan Xinuo Medical Laboratory Co., Ltd. (“Wuhan Xinuo”)	(l)	PRC/Chinese Mainland 7-Sep-2022	RMB5,000,000	–	100%	Clinical Testing Service
康聖環球(長沙)醫學科技有限公司 Kindstar Global (Changsha) Medical Technology Co., Ltd. (“Kindstar Changsha”)	(m)	PRC/Chinese Mainland 12-Dec-2022	RMB30,000,000	–	100%	Clinical Testing Service
康聖序源生物科技(武漢)有限公司 Kindstar Sequenon Biotechnology (Wuhan) Co., Ltd. (“Kindstar Sequenon”)	(n)	PRC/Chinese Mainland 4-Jan-2023	RMB30,000,000	–	80%	Clinical Testing Service
武漢希諾醫學生物科技有限公司 Wuhan Cino Medical Biotechnology Co., Ltd (“Wuhan Cino”)	(o)	PRC/Chinese Mainland 17-Mar-2023	RMB5,000,000	–	81%	Clinical Testing Service
廣州南醫康聖生物技術有限公司 Guangzhou SouthMed Kindstar Biotechnology Co., Ltd. (“Guangzhou SouthMed”)	(p)	PRC/Chinese Mainland 24-Mar-2023	RMB30,000,000	–	52%	Clinical Testing Service
武漢康聖創業投資管理有限公司 Wuhan Kindstar Venture Capital Management Co., Ltd. (“Kindstar Venture Capital”)	(q)	PRC/Chinese Mainland 17-May-2023	RMB10,000,000	–	80.5%	Investment holding
湖南康聖達醫學檢驗實驗室有限公司 Hunan Kindstar Medical Laboratory Co., Ltd. (“Hunan Kindstar”)	(r)	PRC/Chinese Mainland 22-May-2023	RMB5,000,000	–	51%	Clinical Testing Service
康聖環球(上海)醫學科技有限公司 Kindstar Global (Shanghai) Medical Technology Co., Ltd. (“Kindstar Shanghai”)	(s)	PRC/Chinese Mainland 11-Jul-2023	RMB50,000,000	–	100%	Clinical Testing Service

* The English names of these subsidiaries registered in the PRC represent the best efforts made by management of the Company to translate their Chinese names as these subsidiaries do not have official English names.

Notes:

- (a) During the year ended 31 December 2021, the Group acquired the 43% interest from the non-controlling interest shareholders of Xinjiang Kindstar, totally with 100% interest.
- (b) On 3 February 2021, Kindstar Zhenyuan was established under the laws of the PRC with a registered capital of RMB10 million.
- (c) On 8 September 2021, Kindstar Investment was established under the laws of the PRC with a registered capital of RMB30 million.
- (d) On 14 September 2021, Kindstar Biotech was established under the laws of the PRC with a registered capital of RMB10 million.
- (e) On 8 October 2021, the Group acquired the 65% interest from the non-controlling interest shareholders of Wuhan Yijianyun, totally with 90% interest.
- (f) On 22 October 2021, Wenjiang Kangshenyong was established under the laws of the PRC with a registered capital of RMB50 million.
- (g) On 1 December 2021, the Group acquired the 100% interest from the non-controlling interest shareholders of Sinopath.
- (h) On 21 January 2022, the Group acquired Wuhan Haixi and Haixi Biological Technology.
- (i) On 6 April 2022, HumanCel was established under the laws of the PRC with a registered capital of RMB10 million.
- (j) On 6 June 2022 and 19 August 2022, Kindstar Jinan and Wuhan Qinghe was established under the laws of the PRC with a registered capital of RMB0.5 million respectively.
- (k) On 28 June 2022 and 16 August 2022, Wuhan Qiyuan and Wuhan Zeyuan was established under the laws of the PRC with a registered capital of RMB10 million and RMB0.5 million respectively.
- (l) On 7 September 2022, Wuhan Xinuo was established under the laws of the PRC with a registered capital of RMB5 million.
- (m) On 12 December 2022, Kindstar Changsha was established under the laws of the PRC with a registered capital of RMB30 million.
- (n) On 4 January 2023, Kindstar Sequenon was established under the laws of the PRC with a registered capital of RMB30 million.
- (o) On 17 March 2023, Wuhan Cino was established under the laws of the PRC with a registered capital of RMB5 million.
- (p) On 24 March 2023, Guangzhou SouthMed was established under the laws of the PRC with a registered capital of RMB30 million.

- (q) On 17 May 2023, the Group acquired Kindstar Venture Capital.
- (r) On 22 May 2023, Hunan Kindstar was established under the laws of the PRC with a registered capital of RMB5 million.
- (s) On 11 July 2023, Kindstar Shanghai was established under the laws of the PRC with a registered capital of RMB50 million.

2.1 BASIS OF PREPARATION

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

Basis of consolidation

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

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

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

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

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

IFRS 17	<i>Insurance Contracts</i>
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates</i>
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to IAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

The new or amended IFRSs that are effective from 1 January 2023 did not have any significant impact on the Group's accounting policies. The nature and the impact of the new and revised IFRSs that are applicable to the Group are described below:

- (a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 Making Materiality Judgements provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.
- (b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

- (c) Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments did not have any material impact on the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualified for offsetting under IAS 12.
- (d) Amendments to IAS 12 International Tax Reform – Pillar Two Model Rules introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities’ exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has not yet applied the temporary exception during the current year because the entities comprising the Group are operating in jurisdictions in which the Pillar Two tax law has not yet been enacted or substantively enacted. The Group will disclose known or reasonably estimable information related to its exposure to Pillar Two income taxes in the consolidated financial statements by the time when the Pillar Two tax law has been enacted or substantively enacted and will disclose separately the current tax expense or income related to Pillar Two income taxes when it is in effect.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs

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

Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i> ¹
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current (the “2020 Amendments”)</i> ^{1,4}
Amendments to IAS 1	<i>Non-current Liabilities with Covenants (the “2022 Amendments”)</i> ¹
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i> ¹
Amendments to IAS 21	<i>Lack of Exchangeability</i> ²

¹ Effective for annual periods beginning on or after 1 January 2024.

² Effective for annual periods beginning on or after 1 January 2025.

³ No mandatory effective date yet determined but available for adoption

⁴ As a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 Presentation of Financial Statements -Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause was revised to align the corresponding wording with no change in conclusion

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

3. OPERATING SEGMENT INFORMATION

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

- (a) Hematology testing segment includes testing services related to blood diseases.
- (b) Genetic diseases and rare diseases segment includes testing services from the rare disease.
- (c) Infectious diseases segment includes testing services from the infection department.
- (d) Oncology segment includes testing related to oncology diseases.
- (e) Neurology segment includes testing services related to neurological diseases undertaken by the Group.
- (f) Maternity-related diseases segment includes testing services related to maternity.
- (g) COVID-19 related testing segment includes testing services related to COVID-19.
- (h) Routine testing segment conducts routine tests for the doctors' daily diagnoses.
- (i) CROs and R&D project segment includes research and develop services.
- (j) The "others" segment provides Testing services for R&D projects and others and miscellaneous service.

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

For the year ended 31 December 2023

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

For the year ended 31 December 2022

Segments	Hematology Testing		Genetic diseases and rare diseases		Infectious diseases		Oncology		Neurology		Maternity-related diseases		COVID-19 related testing		Routine testing		CRO and R&D projects		Others		Total	
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
Segment revenue																						
Sales to external customers	525,800	42,778	47,693	17,872	95,350	49,961	536,625	57,439	7,937	5,136	1,386,551											
Segment results	157,282	6,229	9,720	1,406	17,064	3,106	44,767	2,644	937	(662)	242,493											
Reconciliation:																						
Other income and gains																						68,870
Administrative expenses																						(80,406)
Research and development costs																						(101,226)
Other expenses																						(43,898)
Finance costs																						(2,517)
Group's profit before tax																						83,316

Geographical information

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

Information about major customers

No information about major customers is presented as there was no single customer from which over 10% or more of the Group's revenue was derived during the reporting periods.

4. REVENUE

An analysis of revenue is as follows:

Revenue from contracts with customers

(i) Disaggregated revenue information

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Types of services		
Clinical testing service – at a point in time	940,867	1,376,651
Testing services for R&D projects and others – over time	<u>26,393</u>	<u>9,940</u>
Total revenue from contracts with customers	<u><u>967,260</u></u>	<u><u>1,386,591</u></u>

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Revenue recognised that was included in the contract liabilities balance at the beginning of year:		
Clinical Testing Service	5,520	755
Testing services for R&D projects and others	<u>1,109</u>	<u>950</u>
	<u><u>6,629</u></u>	<u><u>1,705</u></u>

(ii) Performance obligations

Clinical Testing Service

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

Testing services for R&D projects and others

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

5. PROFIT BEFORE TAX

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

	<i>Notes</i>	2023 RMB'000	2022 <i>RMB'000</i>
Cost of services provided		516,131	783,536
Depreciation of property, plant and equipment	9	48,691	46,660
Depreciation of right-of-use assets		20,669	13,235
Amortisation of other intangible assets		5,665	4,993
Research and development costs		105,337	101,226
Auditor's remuneration		4,056	3,350
Salaries and other benefits		315,004	313,323
Less: Amount capitalised		—	—
		315,004	313,323
Pension scheme contributions, social welfare and other welfare		44,952	38,717
Less: Amount capitalised		—	—
		44,952	38,717
Lease payments not included in the measurement of lease liabilities		2,190	9,153
Bank interest (income)/losses		(80,122)	50,328
Finance costs		8,034	2,517
Foreign exchange losses/(gains), net		1,587	(3,354)
Interest income from wealth management assets		2,712	977
Share of losses/(profits) of associates		570	(2,445)
Fair value changes on financial assets at FVTPL		16,962	(8,175)
Gain on acquisition of a subsidiary		—	1,626
Fair value gains on contingent consideration		5,140	3,965
Losses on disposal of items of property, plant and equipment and other intangible assets		221	271
Impairment losses on financial assets under ECL model		1,238	25,656
Write-down of inventories to net realisable value		1,081	4,228
Impairment of property, plant and equipment and other intangible assets		—	13,314
Impairment of goodwill		942	—

6. INCOME TAX

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

Cayman Islands

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

Singapore

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

Hong Kong

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

Mainland China

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the “CIT Law”), the subsidiaries which operate in Mainland China are subject to CIT at a rate of 25% on the taxable income except those which are subject to tax concession as set out below:

		2023	2022
Entity			
Wuhan Kindstar	1	15%	15%
Beijing Hightrust	2	15%	15%
Shanghai SimpleGene	3	15%	15%
Xinjiang Kindstar	4	15%	15%
Wenjiang Kangshenyou	4,5	15%	15%
Chengdu Shengyuan	4	15%	15%
Huaxi Kindstar	4	15%	15%
SinoPath	6	15%	15%

- (1). In 2016, Wuhan Kindstar was accredited as a “High and New Technology Enterprise” (“HNTE”) for a period of three years from 2016 to November 2018. Wuhan Kindstar subsequently renewed its HNTE qualification in 2019, and is entitled to a preferential CIT rate of 15% from 2019 to 2022 and from 2022 to 2025 respectively. This qualification is subject to review by the relevant tax authority in the PRC for every three years.
- (2). In 2014, Beijing Hightrust was accredited as a HNTE for a period of three years from 2014 to 2016. Beijing Hightrust subsequently renewed its HNTE qualification in 2017 and 2020, and was entitled to a preferential CIT rate of 15% from 2017 to 2019, 2020 to 2022 and 2023 to 2026 respectively. This qualification is subject to review by the relevant tax authority in the PRC for every three years.
- (3). Shanghai SimpleGene was accredited as a HNTE in 2019 and therefore Shanghai SimpleGene was entitled to a preferential CIT rate of 15% from Year 2019 to 2021 and 2022 to 2024. This qualification is subject to review by the relevant tax authority in the PRC for every three years.
- (4). Under the policies for the Grand Western Development Program, the Group’s subsidiaries incorporated in Western China (Xinjiang Kindstar, Huaxi Kindstar, Wenjiang Kangshenyou and Chengdu Shengyuan) were subject to corporate tax at 15% in the year 2022. The rate applied to companies located in Western China which engaged in the encouraged industries listed in the Grand Western Development Program. This policies shall be effective during 2019 to 2031.
- (5). Wenjiang Kangshenyou is qualified as small-scaled minimal profit enterprises. Pursuant to Caishui [2019] circular No.13, the first RMB1,000,000 of assessable profits of these subsidiaries may be calculated as 25% and be taxed at the preferential CIT rate of 20%. The assessable profits between RMB1,000,000 and RMB3,000,000 may be calculated as 50% and be taxed at the preferential CIT rate of 20%. The policy shall be effective during 2019 to 2031.
- (6). SinoPath was accredited as a HNTE in 2022 and therefore SinoPath was entitled to a preferential CIT rate of 15% from Year 2022 to 2024. This qualification is subject to review by the relevant tax authority in the PRC for every three years.

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Current income tax	5,162	6,497
Under provision in prior years	3,670	(1,482)
Deferred income tax	(1,957)	817
	<hr/>	<hr/>
Total tax charge for the year	6,875	5,832
	<hr/> <hr/>	<hr/> <hr/>

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Loss before tax	43,322	83,316
	<hr/>	<hr/>
Tax at the statutory tax rate (25%)	10,830	20,829
Lower tax rates for specific provinces or enacted by local authority	(16,026)	(1,807)
Adjustments in respect of current tax of previous periods	3,669	(1,287)
Income not subject to tax	(668)	(114)
Expenses not deductible for tax	9,127	4,835
Tax losses not recognised	20,820	–
Additional deductible allowance for qualified research and development costs	(20,877)	(16,624)
	<hr/>	<hr/>
Tax charge at the Group's effective rate	6,875	5,832
	<hr/> <hr/>	<hr/> <hr/>

The Group has accumulated tax losses of RMB28,115,000 arising in Mainland China as at 31 December 2023 (2022: RMB77,611,000) that will expire in one to ten years for offsetting against future taxable profits of the subsidiaries in which the losses arose. Deferred tax assets in respect of RMB12,084,000 accumulated tax losses (2022: Nil) of certain subsidiaries have not been recognised as these subsidiaries are not considered probable that taxable profits will be available against which the accumulated tax losses can be utilised as at 31 December 2023.

7. DIVIDENDS

Final Dividend of HK\$0.0284 per share was proposed by the Board for the year ended 31 December 2023. The proposed final dividend is subject to the approval of the Company shareholders at the forthcoming annual general meeting.

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

The calculation of the basic earning per share amount is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 957,994,542 (2022: 795,375,405) in issue during the year.

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

The calculation of basic loss per share is based on:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
<u>Profit/(loss)</u>		
Profit/(loss) attributable to ordinary equity holders of the parent (RMB'000)	41,286	75,457
<u>Ordinary shares</u>		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	957,994,542	795,375,405
<u>Effect of dilutive potential ordinary shares:</u>		
Share options	<u>12,761,543</u>	<u>22,587,843</u>
Weighted average number of ordinary shares for the purpose of calculating diluted earnings/(loss) per share	<u>970,756,085</u>	<u>817,963,248</u>
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT		
– Basic (RMB)	4.31cent	9.49cent
– Dilute	<u>4.25cent</u>	<u>9.22cent</u>

9. PROPERTY, PLANT AND EQUIPMENT

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

	Buildings RMB '000	Laboratory equipment RMB '000	Transportation equipment RMB '000	Other equipment RMB '000	Leasehold improvements RMB '000	Construction in progress RMB '000	Total RMB '000
At 1 January 2022							
Cost	219,996	212,922	5,738	32,676	93,901	4,824	570,057
Accumulated depreciation	(827)	(142,673)	(3,724)	(18,497)	(49,434)	—	(215,155)
Net carrying amount	<u>219,169</u>	<u>70,249</u>	<u>2,014</u>	<u>14,179</u>	<u>44,467</u>	<u>4,824</u>	<u>354,902</u>
At 1 January 2022, net of accumulated depreciation	219,169	70,249	2,014	14,179	44,467	4,824	354,902
Additions	12,158	54,191	1,259	5,344	15,828	5,164	93,944
Transfer	—	—	—	—	4,531	(4,531)	—
Disposals	—	(9,784)	(22)	(310)	—	(361)	(10,477)
Impairment	—	(13,314)	—	—	—	—	(13,314)
Acquisition of a subsidiary	—	39	—	24	260	—	323
Depreciation provided during the year	(5,104)	(24,466)	(622)	(5,050)	(11,418)	—	(46,660)
At 31 December 2022, net of accumulated depreciation	<u>226,223</u>	<u>76,915</u>	<u>2,629</u>	<u>14,187</u>	<u>53,668</u>	<u>5,096</u>	<u>378,718</u>
At 31 December 2022:							
Cost	232,154	254,046	6,551	36,585	114,655	5,096	649,087
Accumulated depreciation	(5,931)	(177,131)	(3,922)	(22,398)	(60,987)	—	(270,369)
Net carrying amount	<u>226,223</u>	<u>76,915</u>	<u>2,629</u>	<u>14,187</u>	<u>53,668</u>	<u>5,096</u>	<u>378,718</u>

10. FINANCIAL ASSETS AT FVTPL

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Current portion		
Wealth management products**	—	49,197
Financial assets at FVTPL-current	—	49,197
Investment in unlisted funds – non current *	280,482	216,764
Financial assets at FVTPL in total	280,482	216,764

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

** During the reporting periods, the Group used surplus capital of onshore subsidiaries to purchase structured deposits and money market funds mainly from domestic commercial banks which preserved capital and liquidity. The expected rates of return ranged from 3.35% to 3.5% per annum.

All wealth management products have been redeemed, resulting RMB2,712,000 gains during the period 2023 (2022: loss RMB174,000). The returns on all of these financial products are not guaranteed. Those wealth management products are accounted as for financial assets at fair value through profit or loss.

The fair values are based on cash flow discounted using the expected return based on management judgment and the fair value of structured deposits is level 2 of the fair value hierarchy and money market funds is level 3 of the fair value hierarchy.

11. TRADE AND BILLS RECEIVABLES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Trade receivables	627,476	696,118
Bills receivable	354	1,125
	627,830	697,243
Allowance for expected credit losses	(61,269)	(63,390)
	566,561	633,853

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

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Within 1 year	210,202	495,247
1 year to 2 years	278,199	74,241
2 years to 3 years	31,306	38,931
3 years to 4 years	24,826	20,688
4 years to 5 years	17,590	4,379
Over 5 years	4,438	367
	566,561	633,853

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
At beginning of year	63,390	37,734
Impairment losses, net	1,238	25,656
Amount written off as uncollectible	(3,359)	–
At end of year	61,269	63,390

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customers with similar loss patterns such as ageing, historical denial and past collection experience. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. In addition, trade receivables with significant outstanding and credit-impaired balances are assessed for ECL individually.

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

2023

	Amount <i>RMB'000</i>	Expected loss rate %	Impairment <i>RMB'000</i>
Individually assessed:	36,476	45.62	16,641
Measured by provision matrix:			
Within 1 year	213,558	1.74	3,711
1 year to 2 years	284,467	3.73	10,615
2 years to 3 years	32,416	19.44	6,301
3 years to 4 years	30,442	30.43	9,265
4 years to 5 years	19,306	38.43	7,420
Over 5 years	10,811	67.67	7,316
	<u>627,476</u>		<u>61,269</u>

2022

	Amount <i>RMB'000</i>	Expected loss rate %	Impairment <i>RMB'000</i>
Individually assessed:	37,206	50.06	18,626
Measured by provision matrix:			
Within 1 year	501,504	2.27	11,388
1 year to 2 years	76,705	9.45	7,249
2 years to 3 years	44,678	20.65	9,216
3 years to 4 years	22,809	33.08	7,545
4 years to 5 years	7,658	53.50	4,097
Over 5 years	5,558	94.80	5,269
	<u>696,118</u>		<u>63,390</u>

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Deposits and other receivables (current)	33,082	31,448
Prepayments (current)	8,422	11,052
Value-added tax recoverable		
– current	1,457	3,753
– non-current*	5,194	954
Prepaid expenses (current)	1,871	1,881
	<u>50,026</u>	<u>49,088</u>
Analysed into:		
Analysed into:		
Current portion	44,832	48,134
Non-current portion	5,194	954
	<u>50,026</u>	<u>49,088</u>

The balances are not secured by collateral.

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

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

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

13. TIME DEPOSITS

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Time deposits – current (more than 3 months)	552,450	1,271,836
Time deposits – non-current (more than 1 year)	10,000	225,000
	562,450	1,496,836

Non-current time deposits represent deposits over one year. As at 31 December 2023, RMB10,000,000 of non-current time deposit carried fixed interest rate of 3.38% per annum with maturity of July 2025.

Current time deposits represent deposits over 3 months but less than one year. As at 31 December 2023, RMB552,450,000 of non-current time deposits carried fixed interest rates ranging from 2.00% to 5.43% per annum.

14. TRADE AND BILLS PAYABLES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Bills payable	13,150	12,937
Trade payables	208,590	286,576
	221,740	299,513

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Within 1 year	163,476	272,782
1 year to 2 years	52,277	16,440
Over 2 years	5,987	10,291
	221,740	299,513

The trade payables are non-interest-bearing and are normally settled on terms of 90 days.

15. OTHER PAYABLES AND ACCRUALS

	31 December 2023 RMB'000	31 December 2022 RMB'000
Other payables*	36,573	44,482
Accruals	136,056	147,851
Payroll payable	141,056	128,022
	<u>313,685</u>	<u>320,355</u>

* Other payables are unsecured, non-interest-bearing and repayable on demand. The fair values of other payables at the end of each of the reporting periods approximated to their corresponding carrying amounts.

16. CONTRACT LIABILITIES

The Group recognised the following revenue-related contract liabilities:

	31 December 2023 RMB'000	31 December 2022 RMB'000
Testing services for R&D projects and others	7,970	4,909
Clinical Testing Service	3,954	6,884
	<u>11,924</u>	<u>11,793</u>

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

17. INTEREST-BEARING BANK BORROWINGS

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

Analysed into:

	2023 RMB'000	2022 RMB'000
Bank borrowings repayable:		
Within one year	<u>152,900</u>	<u>180,000</u>

In November 2023, Wuhan Kindstar, a subsidiary of the Company, entered into a one-year secured loan agreement of RMB142,900,000 with China Merchants Bank. In December 2023, Kindstar Zhenyuan, another subsidiary of the company, entered into a one-year secured loan agreement of RMB10,000,000 with China Merchants Bank.

18. SHARE CAPITAL

Issued and fully paid

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Issued and fully paid: 954,305,104 (2022: 961,501,284) ordinary shares	1,543	1,556

Share Capital

	Number of shares in issue	Share capital <i>(RMB'000)</i>
At 1 January 2022	901,610,620	1,466
Shares issued upon exercise of share options	99,997,664	159
Share repurchased (<i>Note i & Note ii</i>)	(40,107,000)	(69)
At 31 December 2022	961,501,284	1,556
Shares issued upon exercise of share options	9,777,820	17
Share repurchased (<i>Note i & Note ii</i>)	(16,974,000)	(30)
At 31 December 2023	954,305,104	1,543

Treasury Shares

	Number of shares in issue	Share capital (RMB '000)
At 1 January 2022	580,500	1
Share cancelled (<i>Note i</i>)	(580,500)	(1)
Share repurchased (<i>Note i</i>)	407,000	1
Share repurchased for RSU (<i>Note ii</i>)	24,726,000	42
	<hr/>	<hr/>
At 31 December 2022	<u>25,133,000</u>	<u>43</u>
Share cancelled (<i>Note i</i>)	(407,000)	(1)
Share repurchased (<i>Note i</i>)	397,000	5
Share repurchased for RSU (<i>Note ii</i>)	6,880,000	12
	<hr/>	<hr/>
At 31 December 2023	<u>32,003,000</u>	<u>59</u>

Notes:

- i. Pursuant to the board resolution passed on 5 November 2021, the Company announced to exercise its powers under the repurchase mandate to repurchase shares of the Company. A total of 16,974,000 shares were repurchased by the Company at a total consideration of HK\$30,469,000 (equivalent to approximately RMB28,010,000) during the year ended 31 December 2023 (2022: A total of 40,107,000 shares were repurchased at a total consideration of HK\$87,298,000 (equivalent to approximately RMB77,046,000)), among which 9,697,000 (2022: 15,381,000) shares had been cancelled and the remaining 397,000 shares not been cancelled as at 31 December 2023 (2022: the remaining 407,000 shares not been cancelled as at 31 December 2022).
- ii. Pursuant to the board resolution passed on 22 June 2021, the Company may acquire shares through on market transactions at the prevailing market price and transfer to a RSU trustee, a special purpose vehicle established to hold the acquired shares under the post-IPO RSU scheme. The aggregate number of shares underlying all grants made pursuant to the post-IPO RSU scheme shall not exceed 8% of the issued share capital of the Company as of the date of approval of the post-IPO RSU scheme, being 54,337,129 shares of the Company.

A total of 6,880,000 shares had been repurchased by the Company at a total consideration of HK\$12,728,893 (equivalent to approximately RMB11,473,000) during the year ended 31 December 2023 (2022: a total of 24,726,000 shares repurchased at a total consideration of HK\$52,436,835 (equivalent to approximately RMB45,776,000)).

19. STOCK INCENTIVE PLANS

Pre-IPO stock incentive plans

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

Details of Pre-IPO Scheme granted are as follows:

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

Notes:

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

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

The following share options were outstanding during the reporting periods:

	31 December 2023		31 December 2022	
	Weighted average exercise price US\$ per share	Number of options 000	Weighted average exercise price US\$ per share	Number of options 000
At the beginning of year	4.32 cent	14,987,592	5.95 cent	114,985,256
Exercised during the year	4.85 cent	9,777,820	4.77 cent	99,997,664
At the end of year	3.33 cent	5,209,772	4.32 cent	14,987,592
Exercisable at the end of the year	–	5,209,772	–	14,987,592

The weighted average share price at the date of exercise for share options exercised during the year was HK\$1.93 per share (2022: HK\$5.06 per share options were exercised).

Shares issued upon exercise of share options

9,777,820 shares were issued upon exercise of share options with the weighted average exercise price in US\$4.85 cent in 2023 (99,997,664 shares were issued with the weighted average exercise price in US\$4.77 cent 2022).

Post-IPO stock incentive plans

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

20. RESERVES

Group

(i) Capital reserve

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

(ii) Other capital reserve

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

(iii) Share-based payment reserve

The share-based payment reserve of the Group represents the fair value of equity-settled share-based payments granted in 2013, 2015 and 2016. 9,777,820 share options were exercised in 2023.

(iv) Exchange fluctuation reserve

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

ANNUAL GENERAL MEETING

The AGM will be held on Wednesday, June 5, 2024. A notice convening the AGM will be published and dispatched to the Shareholders in the manner required by the Listing Rules in due course.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK\$28,000,000 in total for the year ended December 31, 2023, i.e., HK\$0.0284 per Share (For the year ended December 31, 2022: nil), which was calculated based on the total number of the existing issued Shares of the Company of 987,122,696 Shares as at the date of this announcement, subject to adjustment (if any) based on the total number of issued shares as at the Record Date (as defined below). The proposed final dividend will be payable to the Shareholders on or before Friday, September 27, 2024, whose names appear on the register of members of the Company on Friday, June 14, 2024 (the “**Record Date**”). The recommendation of payment of the final dividend is subject to the Shareholders’ approval at the forthcoming AGM of the Company.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining the Shareholders’ eligibility to attend and vote at the AGM, the register of members of the Company will be closed from Friday, May 31, 2024 to Wednesday, June 5, 2024, both dates inclusive, during which period no transfer of share will be registered. In order to be eligible as Shareholders to attend and vote at the AGM, unregistered holders of Shares shall ensure that all transfer of shares documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, May 30, 2024.

For the purpose of ascertaining the Shareholders’ entitlement to the proposed final dividend for the year ended December 31, 2023 (subject to the approval by Shareholders at the AGM), the register of members of the Company will be closed from Wednesday, June 12, 2024 to Friday, June 14, 2024, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the entitlement to the proposed final dividend, all transfers of shares documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Tuesday, June 11, 2024.

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

For the year ended December 31, 2023, the Company repurchased a total of 10,094,000 Shares (the “**Shares Repurchased**”) on the Stock Exchange at an aggregate consideration (including transaction cost) of approximately HK\$17.9 million. 9,697,000 shares repurchased (together with 407,000 shares purchased but not cancelled in 2022) subsequently cancelled and the remaining 397,000 of the Shares Repurchased have not yet been cancelled. The repurchase was effected because the Board considered that a share repurchase in the then conditions demonstrates the Company's confidence in its own business outlook and prospects and would, in the long term, benefit the Company and create value to the Shareholders.

Particulars of the Shares Repurchased in 2023 are as follows:

Month of repurchase	No. of Shares repurchased	Highest price paid per Share (HK\$)	Lowest price paid per Share (HK\$)	Aggregate consideration (HK\$'000)
January	895,000	2.82	2.31	2,328
March	324,000	2.02	1.87	637
April	1,420,000	2.09	1.73	2,704
May	1,057,500	1.85	1.59	1,845
June	1,817,500	1.86	1.48	2,963
July	266,000	1.86	1.72	481
August	398,000	1.6	1.45	609
September	1,447,000	1.76	1.51	2,366
October	612,000	1.69	1.46	971
November	884,500	1.72	1.5	1,412
December	972,500	1.73	1.45	1,571
Total	10,094,000	2.82	1.45	17,889

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (whether on the Stock Exchange or otherwise) for the year ended December 31, 2023.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

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

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

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

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

AUDIT COMMITTEE AND REVIEW OF FINANCIAL INFORMATION

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

The Audit Committee has reviewed the Group’s consolidated financial statements for the year ended December 31, 2023. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company with senior management members and the Auditor, and discussed matters with respect to internal controls with senior management members. Based on this review and discussions with the management and Ernst & Young, the Audit Committee was satisfied that the Group’s consolidated financial statements were prepared in accordance with applicable accounting standards and fairly present the Group’s financial position and results for the year ended December 31, 2023.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.kindstar.com.cn). The annual report of the Company for the year ended December 31, 2023 containing all the information required by the Listing Rules will be dispatched to the Shareholders and made available on the same websites in due course.

(2) **PROPOSED ADOPTION OF THE ELEVENTH AMENDED AND RESTATED MEMORANDUM AND ARTICLES OF ASSOCIATION**

The Board hereby announces that, as at the date of this announcement, it has passed the resolution proposing to make certain amendments (the “**Proposed Amendments**”) to the existing Tenth Amended and Restated Memorandum and Articles of Association (the “**Existing Memorandum and Articles of Association**”) in order to, among other things, (i) update the Existing Memorandum and Articles of Association to comply with the latest regulatory requirements relating to Expansion of Paperless Listing Regime and Mandatory Electronic Dissemination of Corporate Communications by Listed Issuers, which was effective from December 31, 2023; and (ii) incorporate certain housekeeping changes. The Board also proposed the adoption of the Eleventh Amended and Restated Memorandum and Articles of Association to replace and exclude the Existing Memorandum and Articles of Association.

The Proposed Amendments are subject to the approval of the Shareholders by way of special resolution at the forthcoming AGM. The Eleventh Amended and Restated Memorandum and Articles of Association shall become effective upon the approval by the Shareholders at the AGM.

A circular containing, among other things, details of the Proposed Amendments together with a notice convening the AGM will be dispatched to the Shareholders in due course.

(3) **USE OF EXISTING SHARES ONLY UNDER THE POST-IPO RSU SCHEME**

References are made to the post-IPO restricted share unit scheme of the Company approved and adopted by the Board on June 22, 2021 (the “**Post-IPO RSU Scheme**”), the prospectus of the Company date June 29, 2021, and the announcements of the Company dated March 25, 2022, March 31, 2022, June 6, 2022, July 4, 2022 and October 3, 2022 in relation to the intended share purchase pursuant to the Post-IPO RSU Scheme.

Pursuant to the rules of the Post-IPO RSU Scheme, for the purposes of satisfying the grant of an award thereunder, the Company shall (i) issue and allot Shares to the trustee appointed by the Company (the “**Trustee**”) to administer the Post-IPO RSU Scheme and/or (ii) transfer to the Trustee the necessary funds and instruct the Trustee to acquire Shares through on-market transactions at the prevailing market price.

The Board hereby confirms that the Company will only instruct the Trustee to acquire Shares through on-market transactions at the prevailing market price to satisfy the grant of an award (i.e. the Company will not issue and allot Shares to the Trustee for the aforesaid purpose) under the Post-IPO RSU Scheme hereinafter. As at the date of this announcement, no restricted share unit had been granted or agreed to be granted under the Post-IPO RSU Scheme.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held on Wednesday, June 5, 2024
“Audit Committee”	the audit committee of the Board
“Auditor”	Ernst & Young, Certified Public Accountants, the auditor of the Company
“Board”	the board of Directors of the Company
“China” or “PRC”	the People’s Republic of China and, except where the context requires and only for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan. “Chinese” shall be construed accordingly
“Company” or “Kindstar”	Kindstar Globalgene Technology, Inc., (康聖環球基因技術有限公司) an exempted company with limited liability incorporated under the laws of the Cayman Islands, the shares of which are listed on the main board of the Stock Exchange (stock code: 9960)
“Director(s)”	the director(s) of the Company
“Global Offering”	the global offering of the Shares in connection with the listing of the Shares on the Main Board of the Stock Exchange on July 16, 2021
“Group”	the Company and its subsidiaries (including the PRC Consolidated Entities)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC Consolidated Entity(ies)”	entity(ies) whose financial results have been consolidated and accounted for as subsidiaries of the Company by virtue of variable interest entity structure
“Reporting Period”	the year ended December 31, 2023
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) in the share capital of the Company with a par value of US\$0.00025 each

“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Hong Kong, March 27, 2024

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