

## 巨子生物控股有限公司

GIANT BIOGENE HOLDING CO., LTD

(An exempted company incorporated in the Cayman Islands with limited liability) (於開曼群島註冊成立的獲豁免有限公司)

Stock Code 股份代號: 2367



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### **CORPORATE INFORMATION**

As of the Latest Practicable Date

### **DIRECTORS**

### **Executive Directors**

Mr. Yan Jianya (嚴建亞)

(Chairman and chief executive officer)

Ms. Ye Juan (葉娟)

Ms. Fang Juan (方娟)

Ms. Zhang Huijuan (張慧娟)

Ms. Yan Yubo (嚴鈺博)

### Independent Non-executive Directors

Mr. Huang Jin (黃進)

Mr. Shan Wenhua (單文華)

Ms. Wong Sze Wing (黃斯穎)

### **AUDIT COMMITTEE**

Ms. Wong Sze Wing (黃斯穎) (Chairperson)

Mr. Huang Jin (黃進)

Mr. Shan Wenhua (單文華)

### **REMUNERATION COMMITTEE**

Mr. Shan Wenhua (單文華) (Chairman)

Mr. Yan Jianya (嚴建亞)

Ms. Wong Sze Wing (黃斯穎)

### **NOMINATION COMMITTEE**

Mr. Yan Jianya (嚴建亞) (Chairman)

Mr. Huang Jin (黃進)

Mr. Shan Wenhua (單文華)

### **CORPORATE GOVERNANCE COMMITTEE**

Mr. Yan Jianya (嚴建亞) (Chairman)

Ms. Fang Juan (方娟)

Mr. Shan Wenhua (單文華)

### **JOINT COMPANY SECRETARIES**

Ms. Yan Yubo (嚴鈺博)

Ms. Yuen Wing Yan, Winnie (袁頴欣) (FCG HKFCG (PE))

#### **AUTHORIZED REPRESENTATIVES**

Mr. Yan Jianya (嚴建亞)

Ms. Yuen Wing Yan, Winnie (袁頴欣)

### REPORTING ACCOUNTANT AND INDEPENDENT AUDITOR

### **Ernst & Young**

Certified Public Accountant

Registered Public Interest Entity Auditor

27/F, One Taikoo Place

979 King's Road

Quarry Bay, Hong Kong

### **COMPANY'S LEGAL ADVISORS**

As to Hong Kong laws:

#### **Clifford Chance**

27/F, Jardine House

One Connaught Place

Central

Hong Kong

As to Cayman Islands laws:

### Maples and Calder (Hong Kong) LLP

26th Floor, Central Plaza

18 Harbour Road

Wanchai

Hong Kong

### **COMPANY'S WEBSITE**

www.xajuzi.com

### STOCK CODE

2367



Corporate information
 As of the Latest Practicable Date

### HONG KONG SHARE REGISTRAR

### **Tricor Investor Services Limited**

17/F, Far East Finance Centre 16 Harcourt Road Hong Kong

### CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

### **Maples Fund Services (Cayman) Limited**

PO Box 1093, Boundary Hall Cricket Square Grand Cayman KY1-1102 Cayman Islands

### **PRINCIPAL BANKERS**

### China Merchants Bank Co., Ltd. (Xi'an High-tech Sub-Branch)

No. 1 Zhangbayilu High-tech Development Zone Yanta District, Xi'an Shaanxi Province, PRC

### Shanghai Pudong Development Bank Co., Ltd. (Xi'an Branch)

No. 6 Jinye Road High-tech Development Zone Yanta District, Xi'an Shaanxi Province, PRC

### Chang'an Bank Co., Ltd. (Xi'an High-tech Sub-Branch)

Room A101 Entrepreneurship Development Garden No. 69 Jinye Road High-tech Development Zone, Xi'an Shaanxi Province, PRC

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN CHINA

No. 1855, Shanglin Yuan 7th Road Chang'an District, Xi'an Shaanxi Province, PRC

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1922, 19/F, Lee Garden One 33 Hysan Avenue Causeway Bay, Hong Kong

### **REGISTERED OFFICE**

PO Box 309, Ugland House Grand Cayman KY1-1104 Cayman Islands



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### FINANCIAL HIGHLIGHTS

	Year ended 31 December					
	2024 RMB million	2023 RMB million	Changes			
Revenue	5,538.8	3,524.1	57.2%			
Gross profit	4,546.9	2,947.1	54.3%			
Profit before tax	2,457.8	1,745.1	40.8%			
Net profit	2,061.7	1,448.2	42.4%			
Earnings attributable to the owners of parent company	2,062.3	1,451.8	42.1%			
Adjusted net profit for the year (non-IFRS measure)	2,151.5	1,468.7	46.5%			
Basic earnings per Share (RMB yuan)	2.10	1.49	40.9%			
Diluted earnings per Share (RMB yuan)	2.06	1.48	39.2%			

The Board proposed to distribute final dividends of RMB0.6021 per ordinary share and proposed to distribute special dividends of RMB0.5921 per ordinary share.

### **5-YEAR FINANCIAL SUMMARY**

### **RESULTS**

	Year ended 31 December					
	2024	2023	2022	2021	2020	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Revenue	5,538,812	3,524,143	2,364,445	1,552,486	1,190,479	
Gross profit	4,546,915	2,947,137	1,995,240	1,354,337	1,007,069	
Profit before tax	2,457,754	1,745,089	1,177,749	972,917	973,242	
Profit for the year	2,061,727	1,448,202	1,001,586	828,132	826,485	
Profit for the year attributable to owners of the parent	2,062,347	1,451,753	1,002,025	828,132	826,450	
Profit for the year attributable to non-controlling interests	(620)	(3,551)	(439)	-	35	

### **ASSETS AND LIABILITIES**

		As at 31 December					
	2024	2023	2022	2021	2020		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
Total assets	8,037,958	4,973,078	3,138,225	7,878,208	2,651,108		
Total liabilities	918,136	602,028	301,192	6,861,397	2,193,105		
Total equity	7,119,822	4,371,050	2,837,033	1,016,811	458,003		
Non-current assets	1,636,001	837,999	600,490	436,886	367,010		
Current assets	6,401,957	4,135,079	2,537,735	7,441,322	2,284,098		
Current liabilities	835,995	530,612	280,905	6,843,042	2,173,890		
Net current assets	5,565,962	3,604,467	2,256,830	598,280	110,208		
Non-current liabilities	82,141	71,416	20,287	18,355	19,215		
Total equity	7,119,822	4,371,050	2,837,033	1,016,811	458,003		

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### **CHAIRMAN'S STATEMENT**

### Dear Shareholders,

Every towering structure begins with a solid foundation. Over the past year, the Company has progressed step by step, scaling new heights despite intense market competition. Along this journey, we deeply appreciate your steadfast support and trust.

In 2024, we advanced together, making significant strides in innovation, brand development, channel strategy, and sales performance, strengthening our position as an industry leader in multiple facets.

Powering sustainable growth through innovation. In 2024, we deepened our commitment to R&D, increasing investment by 42% year-on-year. We spearheaded the development of two group standards and filed and granted 74 patents, including breakthroughs in Type XVII and Type IV collagen technologies, along with three PCT international patent grants. Our bone repair material received class III medical device certification, while the injectable recombinant collagen dermal filler was prioritized under the National Key R&D Program. By pioneering novel technologies, we unlocked new applications in scalp therapeutics, burn wound recovery, and osseous regeneration, establishing a robust platform for the Company's expansion across life sciences.

Building enduring brand equity. We developed a synergistic brand portfolio strategy, launching breakout innovation products such as Comfy Focus Series and Collgene Revitalizing Essence Series that resonate with consumers through our deep understanding of market dynamics. Strategic brand partnerships and campus campaigns strengthened customer connections, elevating brand equity and loyalty. Our participation in over 100 academic forums bridged cutting-edge research with clinical practice. With a portfolio of over 140 SKUs, we continue to infuse vitality into the Company's growth.

Expanding our market reach through China's smart manufacturing. With an extensive commercial network, our products are now available in approximately 1,700 public hospitals, approximately 3,000 private hospitals and clinics, over 130,000 pharmacies, and about 6,000 cosmetics chains and supermarkets nationwide. We've also expanded our retail footprint through branded experience stores across multiple cities, with Comfy successfully entering premium channels including Mannings Hong Kong and cdf Sanya International Duty Free Shopping Complex. In 2024, the Company's direct sales surged over 70% year-on-year, emerging as the Company's key growth engine, while distribution channels delivered consistent growth, solidifying our presence across both healthcare institutions and consumer markets.

Rewarding Shareholders with substantial dividends. The Company generated total revenue of RMB5.539 billion, representing a 57.2% year-on-year increase, maintaining its position in the industry's top tier. Our adjusted net profit reached RMB2.152 billion, up 46.5% year-on-year, demonstrating sustained profitability excellence. The Comfy brand delivered over RMB4.5 billion in revenue, representing a 62.9% year-on-year increase, while Collgene achieved more than RMB0.8 billion, representing a 36.3% year-on-year increase, with this powerful dual-brand combination establishing a solid foundation for long-term growth. To reward our valued Shareholders, the Board has proposed a combined final and special dividend distribution exceeding RMB1.2 billion, enabling all Shareholders to share in our developmental achievements.

Moving forward, the Company will substantially increase R&D investment to strengthen capabilities in developing and manufacturing bioactive ingredients including recombinant collagen and rare ginsenosides; strategically expand in medical aesthetics by advancing class III medical device development and clinical registration; significantly enhance market penetration and promotion of flagship brands while introducing more innovative, competitive products to satisfy diverse consumer demands; and actively expand globally to bring Giant Biogene's products to international markets, promoting beauty and wellness worldwide.

Great journeys begin with the right path. We extend our deepest gratitude for your continued support and look forward to building an enduring enterprise together while jointly exploring new frontiers of growth.

Giant Biogene Holding Co., Ltd Yan Jianya Chairman of the Board

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### MANAGEMENT DISCUSSION AND ANALYSIS

#### **BUSINESS REVIEW**

The year 2024 has been another tumultuous year with numerous challenges, marked by a complex and everchanging external environment. As the Company has expanded and reached a broader stage, each step forward has required greater effort, yet our vision remains steadfastly focused on the future. During the Reporting Period, we adhered to our long-term strategic goals, guided by our corporate culture and supported by organizational strength, achieving progress and even breakthroughs across all aspects of our business. This has earned us recognition from consumers and contributed to the highquality development of the industry. In March 2025, we were once again recognized by Euromonitor International, the world's leading market research organization, as the "Global Leader in Recombinant Collagen", further solidifying our leading position in both technological and industrial dimensions.

During the Reporting Period, our sales revenue reached RMB5,538.8 million, representing a year-on-year increase of 57.2%; our adjusted profit amounted to RMB2,151.5 million, representing a year-on-year increase of 46.5%.

### Scientific Research as the Foundation: Continuous Investment in Basic, Applied, and Industrialization Research of Various Proprietary Ingredients

The Company has established science and technology as the cornerstone of its development, consistently increasing its investment in research and development to build a comprehensive technological moat. During the Reporting Period, the Company's research and development expenditure reached RMB106.5 million, representing a year-on-year increase of 42.1%, with research and development expenditure accounting for 1.9% of revenue. As of the end of the Reporting Period, the Company had 188 ongoing research projects. As of the end of the Reporting Period, the Company has been granted and applied for 167 patents, including 74 new patents granted or applied during the Reporting Period.

We have continued to strengthen basic and applied research in the field of recombinant collagen to consolidate our leading position in the industry. During the Reporting Period, the project titled "Yeast-Made Low Immunoregeneration Recombinant Collagen and its Application", which was jointly completed by Northwest University (西北大學) and Xi'an Giant Biogene Technology Co., Ltd. (西安巨子生物基因技術股份有限 公司), and others, was certified by experts organized by the China Petroleum and Chemical Industry Federation as reaching the international leading standards as a whole. During the Reporting Period, our exclusive patents, including Recombinant Human Type XVII Collagen, Its Preparation Method, and Applications (Chinese Patent: ZL 202410154497.6) and Recombinant Human Type IV Collagen (Chinese Patent: ZL 202410545206.6), were granted, highlighting our comprehensive and in-depth research layout in the field of recombinant collagen. In terms of industrialization, we achieved a technological breakthrough by innovating the efficient expression of recombinant human collagen with high-temperature stable triple-helical structure in CHO cells. We have also been the first in the industry to use two-photon microscopy imaging technology to effectively demonstrate the transdermal absorption of recombinant collagen. Moving forward, we aim to continue driving the potential of recombinant collagen, a Chinese-origin ingredient, in the biomedical field through higher-level, deeper, and broader technological exploration.

At the same time, we have placed significant emphasis on and actively invested in the research and development of the Company's another proprietary active ingredient, rare ginsenosides. During the Reporting Period, we led the official release of two group standards: "Raw Materials for Cosmetics – Ginsenosides" (《化妝品用原料人參皂苷》) and "Fermented Ginseng Powder" (《發酵人參粉》). As the first group standard for ginsenoside raw materials in China's cosmetics industry and the first group standard in the field of fermented ginseng powder, these achievements have filled gaps in related fields and laid a solid foundation for the long-term healthy development of ginsenoside ingredients.

During the Reporting Period, we successfully advanced the research, development, and clinical application of class III medical devices. We obtained the class III medical device registration certificate for bone repair materials, and our injectable recombinant collagen filler product was granted priority approval. Moving forward, we will continue to build on our technological foundation, address significant societal needs, and strive relentlessly to achieve further breakthroughs.

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Management discussion and analysis

### Building Products with Sincerity: Focusing on User Needs, Enhancing Product Lines, and Expanding Market Opportunities

We adhere to a long-term approach, meticulously understanding the genuine needs of diverse consumer groups in various scenarios. Through in-depth exploration of technological research and development, we carefully select proprietary ingredients and formulation systems, rigorously refining product prototypes to high standards, and ultimately delivering sincere and high-quality products to consumers. This approach enables us to stand out in a crowded market, earning both selection and trust from consumers. During the Reporting Period, our traditional flagship products maintained their consistent strong performance, validating the value of our product development philosophy; at the same time, our expanded new series and products have increasingly diversified, connecting with more consumer groups, opening up broader market opportunities, and further enriching and extending our brand essence. As of the end of the Reporting Period, we have over 140 product SKUs in aggregate.

Under the positioning of "Skin problems, find Comfy (皮膚有問題·就找可復美)", the Comfy brand continues to strengthen its development strategy of "synergy of medical device and cosmetics (械妝協同)", further enhancing its product series matrix. As of the end of the Reporting Period, Comfy has established a product portfolio comprising one major medical device series and four functional skincare series, dedicated to providing professional and effective solutions for various scenarios and skin concerns. During the Reporting Period, the Comfy brand achieved revenue of RMB4,540 million, representing a year-on-year increase of 62.9%.

Within the medical device series, Comfy Recombinant Collagen Dressing continued to demonstrate outstanding performance in both sales and reputation. During the Reporting Period, it once again ranked TOP 1 in Tmall's Wound Dressing Category, TOP 1 in Tmall's Medical Dressing Hot List, and TOP 1 in JD.com's Medical Beauty Care Category in the 618 shopping festival ("618 Shopping Festival") and the Singles Day shopping festival ("Singles Day Shopping Festival") in 2024. Additionally, we launched several new products in various formats, such as Comfy Medical Recombinant Collagen Liquid Dressing and Comfy Medical Skin Liquid Dressing, catering to consumer needs across different scenarios. These products, with their exceptional quality and reliable safety, have further strengthened Comfy's trusted brand image.

In the collagen repair series, the star product, Comfy Human-like Recombinant Collagen Restoration Single-use Essence (可復美Human-like重組膠原蛋白肌禦修護次拋精 華, "Comfy Collagen Stick (可復美膠原棒)"), has achieved remarkable success since its launch three years ago. With its robust product efficacy, strict price control, continuous consumer and scenario operations, and effective marketing campaigns, Comfy Collagen Stick has garnered strong reputation among consumers, healthy user acquisition, and repeat purchases, leading to steady sales growth. The product has gradually become a leading player in China's skincare essence category. During the 2024 Singles Day Shopping Festival, the Comfy Collagen Stick retained its top positions as TOP 1 in the Facial Essence Category (面部精 華類目TOP1), TOP 1 in the Liquid Essence Category (液態 精華類目TOP1), and TOP 1 in Repair Essence Category (修 復精華類目TOP1) on Tmall, as well as TOP 1 in the Liquid Essence Category on Douyin (抖音液態精華類目TOP1), following its success in the 2024 618 Shopping Festival. Looking ahead, we will continue to achieve efficient and precise consumer expansion through refined operations, maintain a healthy pricing system, and consistently deliver safe and high-quality beauty experiences to more consumers. Furthermore, within the collagen repair series, we have expanded our product lineup to include Comfy Collagen Emulsion, Comfy Collagen Toner, and Comfy Collagen Freeze-Dried Mask, providing trustworthy skincare options for individuals with fragile skin barriers, seasonal sensitivity, and issues like redness, itchiness, and dryness.

### Management discussion and analysis

During the Reporting Period, we launched the new Comfy Focus Series, targeting individuals with sub-healthy skin conditions such as dullness, lack of radiance, and acute sagging. In April 2024, the Comfy Luminous and Repair Essence Cream (可復美光奕律時修護精華霜) (the "Comfy Focus Cream (可復美焦點面霜)") was introduced to the market. By leveraging insights into specific scenarios and consumer needs, the product established a differentiated efficacy positioning. It incorporates the 3R light-emulsion time repair system (3R光奕律時修護體系) to deliver reliable product performance, achieved efficient consumer reach and acquisition through precise marketing strategies, and expanded its appeal to a broader audience with general interests through positive reputation. During the 2024 Singles Day Shopping Festival, the Comfy Focus Cream ranked TOP 2 in Repair Cream Hot List in Domestic Products on Tmall and TOP 1 in Douvin's Branded Collagen Cream Praise List, securing a notable position in the highly competitive cream market as a new product. During the Reporting Period, we also introduced other products, including the Comfy Focus Essence (焦點精華), Focus Toner (焦點水), Focus Lotion (焦點乳), and Focus Cream Mask (焦點塗抹面膜), covering essential steps in the skincare routine. Presented as a series to consumers, these products cater to a wider range of needs for repairing sub-healthy skin conditions.

During the Reporting Period, we expanded the Comfy Regular Series (可復美秩序系列), which features rare ginsenosides as a key ingredient. We successively launched products such as the Comfy Regular Pimple Stick (可復美秩序點痘棒) and the Comfy Regular Cleansing Gel (可復美秩序潔顏蜜). These products, combined with the existing products, form a complete solution, scientifically addressing oily, acne-prone, and sensitive skin conditions and reconstructing the skin's balance. We also optimized and supplemented the products of the Comfy Hydration Series (可復美噸噸系列). Based on the basic needs of moisturizing and hydrating, we provided consumers with reassuring choices. Through these series, the Comfy brand, relying on different specially developed raw materials and technologies, will reach consumers of a broader age range, with various needs and diverse skin types, enrich the brand equity, and unlock greater growth potential.

The Collgene brand has continued to strengthen its positioning in the anti-aging segment with recombinant collagen. During the Reporting Period, the brand launched the new Revitalizing Series (蘊活系列), launching several products such as the Collgene Revitalizing Essence Eye Cream (可麗金膠捲眼霜), Revitalizing Essence Cream (膠 捲面霜), Revitalizing Essence Eye Mask (膠捲眼膜), and Revitalizing Eye Serum (膠捲眼精華), addressing zoned and multi-step anti-aging needs for the face. Through refined operations, during the 2024 Singles Day Shopping Festival, the Collgene Revitalizing Essence Cream (可麗金膠捲面霜) ranked TOP 2 on Anti-Wrinkle Facial Cream Hot Sales List in Domestic Products Category on Tmall (天猫抗皺面霜熱 銷榜國貨TOP2), TOP 2 on Douyin's Essence Facial Cream Top Seller List (抖音塗抹面霜爆款榜TOP2), and TOP 1 on Douyin's Nourishing Facial Cream Hot Sales List (抖音滋 養面霜爆款榜TOP1). Meanwhile, the Collgene Revitalizing Essence Eye Cream (可麗金膠捲眼霜) secured the TOP 2 on Essence Eye Cream Hot Sales List in Domestic Products Category on Douyin (抖音精華眼霜超值爆款榜國貨TOP2). During the Reporting Period, Collgene brand achieved revenue of RMB840 million, representing a year-on-year increase of 36.3%.

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Management discussion and analysis

# Enhancing Promotional Reach, Emphasizing Scientific Communication, and Building a Professional and Scientific Image for the Corporate and Brands

We continue to strengthen the corporate brand of Giant Biogene, highlighting its academic leadership in the field of recombinant collagen and reinforcing its intellectual presence in the industry to drive deeper technological applications. During the Reporting Period, in the field of dermatology, we participated in several prestigious conferences, including the 19th Medical Aesthetics Academic Conference of the Chinese Medical Association (中華醫學會第十九次醫學美容學術大會), The 29th Annual Meeting of Chinese Society of Dermatology (CSD2024) (CSD2024中華醫學會第二十九次皮膚性病學術年會), the 19th Annual Meeting of China Dermatologist Association & National Congress of Cosmetic Dermatology (2024CDA) (第十九屆中國醫師協會皮膚科醫師年會暨全國美容皮膚 科學大會(2024CDA)), and Annual Meeting of Chinese Burn Association 2024 (CBA2024) (中華醫學會燒傷外科學分會 2024年學術年會(CBA2024)). Additionally, we successfully hosted "Recombinant Collagen" seminars in Anhui, Shandong, Jiangsu, and other regions. In the industrial sector, we and our brands participated in key events such as the 23rd Shanghai International Plastic Surgery Conference & 13th Shanghai Aesthetic Medicine Forum (第 二十三屆上海國際整形美容外科會議暨第十三屆上海整形 美容論壇), 2024 The 5th Academic Exchange Conference Of Plastic Surgery Ceremony (2024第五屆整形大典學 術交流大會), the 17th and 18th Mevos Congress, the AMWC China 2024 Aesthetic & Anti-Aging Medicine World Congress, The 7th International Medicine of Anti-aging and Aesthetics Congress (IMAAC ZIYALAN) (第七屆紫亞蘭國際 抗衰老醫美大會), the Fourth China International Consumer Products Expo (第四屆中國國際消費品博覽會), the 2024 CPEO Health Industry Ecosystem Conference (2024西普 會健康產業生態大會), and the 2024 China Pharmacy All-Ecosystem Partnership Conference (Wanmeng Conference) (2024中國藥店全生態夥伴大會(萬艋會)). Furthermore, we organized the Recombinant Collagen Empirical Scientific Research Report Conference (重組膠原蛋白實證科學研究 報告會), highlighting empirical results such as transdermal absorption and collagen promotion, accelerating the integration of scientific research and practical applications.

We place significant emphasis on the long-term value of our brand. With a vision of making society a better place in mind, we infuse our brand with warmth and a sense of responsibility. During the Reporting Period, Comfy officially announced Ye Shiwen (葉詩文) as the brand ambassador for its essence products. Together, they witnessed the release of the "Giant Biogene 315 Transparency Commitment (巨子315透明承諾)" and entered campuses to share the life experience of "Passion can Overcome All Difficulties (熱愛可抵萬難)" with students. Comfy launched the first phase of its "Campaign for Recycling Empty Bottles (空瓶回收計劃)", demonstrating a long-term perspective through the recycling of empty bottles and practicing the concept of ecological environmental protection. Comfy also organized the second and third College Students' Skin Care Festival (大學生護膚節) activities, reaching out to the younger generation, conveying the concept of scientific skin care, and supporting youthful dreams.

We continuously emphasize and invest in spreading the concept of scientific skin care to the public, contributing to the high-quality development of both our brand and the industry. During the Reporting Period, in August, Comfy initiated the science popularization activity of the "Healthy Skin Protection Month (健康皮膚守護月)" on Chinese Doctors' Day, paying tribute to the spirit of Chinese doctors and spreading the concepts of health and scientific skin care; in November, Comfy released the initiative film "The Answers of the Skin" (《皮膚的答案》), specially inviting authoritative experts and popular science influencers to interpret skin problems from a scientific perspective.

We operate within specific scenarios, and by leveraging scenario-based exposure that aligns with user needs and brand characteristics, we strengthen our bond with consumers. During the Reporting Period, Comfy launched festive gift products such as the New Year's Lucky Stick (新年幸運棒) and the Limited Edition of Lucky Stick of Love (幸運棒愛的限定版), which are in line with the festivals and enhance consumer interaction. The Comfy Collagen Stick (可復美膠原棒) collaborated with SUPERMONKEY to launch joint courses, and the Comfy Focus Face Cream (可復美焦點面霜) joined hands with Swisse to launch a limited co-branded gift box, jointly creating a life experience that combines beauty and health.

### Differentiated and Refined Omni-Channel Operations to Reach and Serve Diverse Consumer Groups, Driving Efficient and Sustainable Growth

We continue to adopt an online + offline, professional + mass-market approach to implement a comprehensive omni-channel strategy. This involves expanding the number and depth of channels covered by our products, while leveraging differentiated operational strategies to precisely reach and serve diverse consumer segments.

In offline scenarios, we have further deepened our presence in medical channels and expanded coverage in pharmacy networks, leveraging a richer product portfolio and higher-quality services to establish a professional image for our brands and solidify the strong reputation of the Group and its brands. Simultaneously, we have opened more stores in CS/KA chains, department stores, and other retail formats to capture consumer demand across different scenarios, enhance convenience, and increase brand exposure. As of the end of the Reporting Period, our products have entered approximately 1,700 public hospitals, approximately 3,000 private hospitals and clinics, approximately 650 chain pharmacy brands, and approximately 6,000 CS/KA stores. During the Reporting Period, Comfy opened its first flagship store in China at MixC Shopping Mall in Chongqing, and its brand experience store was launched at the CDF Sanya International Duty Free Shopping Complex. Additionally, Comfy became the first domestic beauty brand to enter Hong Kong's Mannings, demonstrating its commitment to providing an enhanced offline experience for consumers. As of the end of the Reporting Period, Comfy has established approximately 18 stores in shopping centers of key cities such as Xi'an, Chongqing, Chengdu, and Sanya, covering various store formats including flagship stores and standard stores, continuously refining its offline scenario operations.

We have also leveraged online e-commerce and social platforms such as Tmall, Douyin, JD.com, Xiaohongshu, and Kuaishou for sales and promotional activities. During the Reporting Period, amid increasingly fierce competition for online traffic, more professional and rational consumer behavior, and unpredictable external environmental changes, we returned to our core values and understanding of the business. By deeply understanding our target audience and exploring newer, faster, more precise marketing strategies, we maintained agility and conviction, tailored differentiated product and operational strategies to platform characteristics, and executed them resolutely while making swift adjustments as needed. This approach drove healthy growth across all online channels. On Tmall, we delved deeper into the platform's marketing resources, focusing on new and best-selling products. Through continuous promotional campaigns and daily sales activities, we achieved highquality new customer acquisition, conversion, and repeat purchases, further accumulating a larger consumer base on this high-value platform. On Douyin, we maintained controlled pricing while effectively communicating our brand story, product value, technological strengths, and scenario-based experiences, consistently creating viral hits. On the self-broadcasting front, we established a matrix of brand livestreaming accounts, leveraging emerging trends and differentiated product assortments to precisely optimize and enhance the efficiency of the entire consumer journey from awareness to conversion. On the influencer broadcasting front, we continued to expanded our influencer matrix, fully capturing growth opportunities in decentralized e-commerce. On JD.com, we focused on serving high-quality consumer groups, leveraging the platform's brand perception, supply chain, and membership operation advantages. By extending our product strengths in the health category to the beauty category, we achieved rapid sales growth. Additionally, we deepened our collaboration with Xiaohongshu, continuously refining our understanding of users and their needs through genuine and thoughtful engagement. This enabled us to achieve human-centric marketing and high-quality consumer education, laying a solid foundation for commercialization. During the Reporting Period, we achieved rapid growth across major e-commerce platforms. The GMV growth rates for Comfy and Collgene across all online channels exceeded 60% and 100%, respectively, during the 2024 618 Shopping Festival, and 80% and 150%, respectively, during the 2024 Singles Day Shopping Festival. These results reflected consumers' strong affinity for our brands and the operational effectiveness of our e-commerce team.

During the Reporting Period, our direct sales channels and distribution channels generated revenue of RMB4,134.2 million and RMB1,404.6 million, accounting for 74.6% and 25.4% of the total, respectively. Revenue contribution from direct sales increased by 5.9 percentage points year on year.

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Management discussion and analysis

### Ensuring Stable Production Supply and Quality Control to Build Consumer Trust

We place great emphasis on the stable operation of our production system. As the Company's product categories continue to expand and the number of SKUs grows significantly, we are dedicated to ensuring stable product supply throughout the year, particularly during major shopping festivals, to meet the rapidly increasing demand from consumers. During the Reporting Period, the Company added two recombinant collagen production lines, three cosmetic production lines and three medical device production lines, while continuing to advance the construction of new medical device factory and health product factory.

We attach great importance to product quality. By maintaining high-standard quality control, we can continuously win the favor of consumers. During the Reporting Period, the Company was honored with titles such as "National Demonstration Enterprise for Product and Service Quality and Integrity (全國產品和服務質量誠 信示範企業)", "National Leading Brand in the Recombinant Collagen Industry in Terms of Quality (全國重組膠原蛋白 行業質量領先品牌)", "Product Guaranteed by Quality and Reputation for National Consumers (全國消費者質量信譽 保障產品)", and received the "Nomination Award of the Tenth Shaanxi Quality Award (第十屆陝西質量獎提名獎)", and the "Shaanxi Provincial Single Champion Enterprise in the Manufacturing Industry (陝西省製造業單項冠軍企業)". These honors demonstrate the strong capabilities of our brand and products.

### Actively Fulfilling Social Responsibility

We prioritise participation in social welfare and charitable activities. During the Reporting Period, in collaboration with the Shaanxi Charity Organization, we launched the donation campaign, including "Protecting Educators: Warm Spring Loving Campaign on International Women's Day (守 護教育工作者,三八節暖春愛心行動)" and the "Igniting the Flame of Love, Guarding the Light of Teachers (點燃愛 心之火,守護師者之光)" for Teachers' Day. Additionally, together with the Shaanxi Provincial Committee of the Communist Youth League (共青團陝西省委), the Shaanxi Provincial Youth Federation (陝西省青年聯合會), and the Shaanxi Youth Development Foundation (陝西省青少年發 展基金會), we organized the public welfare event named as "Salute to Shaanxi's Aid Volunteers in Tibet on the Roof of the World (致敬世界屋脊上的陝西援藏人)". In total, we donated loving products with an accumulated value of over RMB14 million worth of loving products.

We are committed to promoting the standardized development of the industry and contributing to a better society. During the Reporting Period, on Consumer Rights Day, we released the "Giant Biogene 315 Transparency Commitment (巨子315透明承諾)", aiming to drive the industry toward a stable and sustainable future. On the Skincare Day on 25 May (525護膚日), we once again participated in nationwide expert science popularization activities, public welfare medical consultations and other activities, supporting public skin health initiatives. On the World Earth Day, Comfy launched the first phase of its "Campaign for Recycling Empty Bottles (空瓶回收計劃)", recycling a total of more than 20,000 single-use vials and over 2,000 empty bottles, cumulatively reducing carbon emissions by more than 370,000 grams.

### **BUSINESS OUTLOOK**

Looking ahead to 2025, we will continue to focus on the key directions of "building brands, expanding channels, and strengthening regulatory approvals (樹品牌、拓渠 道、強報批)", advancing various initiatives to enhance the Company's overall capabilities. We will increase research and development investment, accumulate technological reserves, and diligently pursue clinical application and approval processes for class III medical devices. We will refine and introduce more high-quality products and series, identifying and meeting more niche demands to enrich the portfolios of our brands. We will intensify marketing and promotional efforts for our core brands to achieve broader market penetration, while nurturing and incubating new brands to lay the foundation and build reserves for the next stage of growth in our skincare business. Additionally, we will gradually initiate preparations for the commercialization of class III medical devices, focusing on market education and training to empower the Group's second growth curve. Though the road ahead may be long, we are confident that China's beauty and health industry holds immense potential, and the future remains promising.

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Management discussion and analysis

### **OPERATING RESULTS**

#### Revenue

For the year ended 31 December 2024, our total revenue was RMB5,538.8 million, representing an increase of 57.2% from total revenue of RMB3,524.1 million for the year ended 31 December 2023. Such increase was primarily due to our continuous expansion of product categories, deepening our presence in both online and offline channels, consolidating the growth of star products, and successfully launching new products while enhancing marketing efforts during the Reporting Period. These initiatives further elevated the influence of our products and brand, driving a rapid increase in sales revenue.

### (i) Revenue by Product Category

We sell products under multiple product categories in the beauty and health sectors in China, namely (i) professional skin treatment products, and (ii) functional foods and others. The following table sets forth the breakdown of our revenue by product category (medical dressings classified as medical devices) for the years indicated:

	For the year ended 31 December				
	2024	<b>2024</b> 2023			
	Amount	%	Amount	%	
	(RMB in	millions othe	er than percentages	5)	
Professional skin treatment products					
- functional skincare products	4,302.3	77.7	2,647.3	75.1	
- medical dressings	1,218.1	22.0	860.8	24.4	
Functional foods and others	18.4	0.3	16.0	0.5	
Total	5,538.8	100.0	3,524.1	100.0	

Our overall growth in revenue was primarily driven by the growth of sales of professional skin treatment products, among which, the revenue from functional skincare products demonstrated a faster growth due to our continued efforts to strengthen marketing activities in our omni-channel sales, as well as the steady growth of our star product, the Collagen Stick (膠原棒), and the successful launch of new products such as Comfy Focus Cream (可復美焦點面霜) and Collgene Revitalizing Essence Cream (可麗金膠捲面霜), etc.; the growth in medical dressings was mainly due to the successful introduction of various new dressings across all channels.

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#### (ii) Revenue by Sales Channel

During the Reporting Period, our sales channels included direct sales and distribution. Direct sales channels comprised (i) direct-to-customer (DTC) stores on e-commerce and social media platforms, such as Tmall and Douyin; (ii) self-operated stores on e-commerce platforms, such as JD.com's self-operated stores, Vipshop's self-operated stores, etc.; and (iii) hospitals, clinics, pharmacy chains, cosmetic store chains, brand flagship stores and supermarket chains. Distribution channels included selling and distributing our products to individual consumers, hospitals, clinics, pharmacy chains, cosmetic store chains, and supermarket chains through distributors. The following table sets forth the breakdown of our revenue by sales channel in absolute amounts and as a percentage of our total revenue for the years indicated:

	For the	For the year ended 31 December					
	2024	<b>2024</b> 2023					
	Amount	%	Amount	%			
	(RMB in r	millions othe	r than percentage:	S)			
Direct sales							
- Online direct sales through our DTC stores	3,587.2	64.8	2,154.5	61.2			
– Online direct sales to e-commerce platforms	377.1	6.8	177.5	5.0			
– Offline direct sales	169.9	3.0	88.5	2.5			
Subtotal	4,134.2	74.6	2,420.5	68.7			
Sales to distributors	1,404.6	<b>1,404.6 25.4</b> 1,103.6					
Total	5,538.8	100.0	3,524.1	100.0			

### Direct sales

### Online direct sales through our DTC stores

During the Reporting Period, revenue from online direct sales through our DTC stores amounted to RMB3,587.2 million, representing an increase of 66.5% as compared to 2023 and accounting for 64.8% of total revenue in 2024. Such increase was due to (1) our continuous strengthening of online multi-platform layout and refined operation, which achieved a fast revenue growth on e-commerce platforms such as Tmall and Douyin; (2) driven by efficient and precise consumer expansion and scenario-based operations, our star product in the essence category, Comfy Collagen Stick (可復美膠原棒), achieved steady growth. Additionally, the successful launch of new cream products, such as Comfy Focus Cream (可復美焦點面霜) and Collgene Revitalizing Essence Cream (可麗金膠捲面霜), contributed to incremental revenue; and (3) enhanced brand recognition and affection by brand marketing and promotion to drive the growth of sales and revenue.

#### Online direct sales to e-commerce platforms

During the Reporting Period, revenue from online direct sales to e-commerce platforms amounted to RMB377.1 million, representing an increase of 112.5% compared to 2023 and accounting for 6.8% of total revenue in 2024. Such increase was due to our continued optimization of platform marketing strategies and product mix. For example, while consolidating the advantages in the health product category through JD's self-operated channels, we also expanded the operation in the beauty product category, which drove the growth of sales volume and revenue.

### Offline direct sales

During the Reporting Period, revenue from offline direct sales amounted to RMB169.9 million, representing an increase of 92.0% as compared to 2023 and accounting for 3.0% of total revenue in 2024. Such increase was attributable to the fact that, on the one hand, we continued to open offline Comfy flagship stores, standard stores and experience stores in Xi'an, Chengdu, Chongqing, Sanya and other cities, which increased the number of points of contact for sales, and thus further enhanced our revenue. On the other hand, we continued to increase the number of stores and product coverage of our offline direct sales customers, such as pharmacy chains and cosmetic store chains, and strengthened our store marketing activities and staff training, which drove the growth of revenue from this channel.

#### Sales to distributors

During the Reporting Period, revenue from sales to distributors amounted to RMB1,404.6 million, representing an increase of 27.3% as compared to 2023, showing a stable year-on-year increase, and accounting for 25.4% of total revenue in 2024. Such increase was driven by our continued efforts to advance the coverage on the pharmacy chains, public hospitals, private hospitals and clinics, and cosmetic store chains, as well as the product coverage and distribution revenues.

### (iii) Revenue by Brand

During the Reporting Period, we generated revenue primarily from the sales of products under Comfy and Collgene. The following table sets forth a breakdown of our revenue by brand for the years indicated:

	For th	For the year ended 31 December					
	2024	<b>2024</b> 2023					
	Amount	%	Amount	%			
	(RMB in r	millions othe	er than percentages)				
Professional skin treatment products							
- Comfy	4,541.8	82.0	2,788.3	79.1			
– Collgene	840.5	15.2	616.6	17.5			
- Other brands	138.1	2.5	103.2	2.9			
Functional foods and others	18.4	0.3	16.0	0.5			
Total	5,538.8	<b>5,538.8 100.0</b> 3,524.1					

### Professional skin treatment products

### Comfy

During the Reporting Period, the sales revenue from Comfy amounted to RMB4,541.8 million, representing an increase of 62.9% as compared to 2023 and accounting for 82.0% of our total revenue in 2024. Such increase was due to (1) our continued expansion of online and offline sales channels and optimization of marketing strategies, which further enhanced our brand influence; (2) the continued growth in revenue from star products such as Comfy Collagen Stick (可復美膠原棒); and (3) the continued expansion of products in the category of creams and other products, such as the launch of the new product, Comfy Focus Cream (可復美焦點面霜), contributing to the incremental revenue.



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Management discussion and analysis

### Collgene

During the Reporting Period, the sales revenue from Collgene amounted to RMB840.5 million, representing an increase of 36.3% as compared to 2023 and accounting for 15.2% of total revenue in 2024. Such increase was attributable to (1) our continued expansion of online channels to further enhance brand awareness; and (2) the continued upgrading and iterative launch of new products, such as Collgene Revitalizing Essence Cream (可麗金膠捲面霜) and Collgene Revitalizing Essence Eye Cream (可麗金膠捲眼霜), which contributed to incremental revenue.

#### Other Brands

During the Reporting Period, the sales revenue from other brands amounted to RMB138.1 million, representing an increase of 33.8% as compared to 2023 and accounting for 2.5% of total revenue in 2024. Such increase was due to the further expansion of Ke Yu (可預) dressings in chain pharmacies.

### Functional foods and others

During the Reporting Period, the sales revenue from functional foods and others amounted to RMB18.4 million, representing an increase of 15.0% as compared to 2023 and accounting for 0.3% of total revenue in 2024.

### Cost of sales

For the year ended 31 December 2024, cost of sales was RMB991.9 million, representing an increase of 71.9% from RMB577.0 million for the year ended 31 December 2023. Such increase was mainly attributable to the increase in product sales volume, which resulted in (1) the increase in material costs from RMB431.0 million in 2023 to RMB702.0 million in 2024; (2) the corresponding increase in logistics expenses; and (3) the purchase of new equipment and the increase in the number of frontline staff for the purpose of expanding the scale of regeneration, which directly led to the increase in manufacturing expenses and labor costs.

### Gross profit and gross profit margin

For the year ended 31 December 2024, gross profit amounted to RMB4,546.9 million, representing an increase of 54.3% from RMB2,947.1 million for the year ended 31 December 2023, mainly due to the increase in sales revenue.

Gross profit margin decreased from 83.6% for the year ended 31 December 2023 to 82.1% for the year ended 31 December 2024, mainly due to the increased cost of sales and expansion of product categories.

### Selling and distribution expenses

For the year ended 31 December 2024, selling and distribution expenses amounted to RMB2,008.2 million, representing an increase of 72.5% from RMB1,164.5 million for the year ended 31 December 2023. Such increase was mainly due to the corresponding investments in online marketing, as our online direct sales channels experienced rapid growth, enabling us to better support business expansion and enhance brand influence.

### Research and development costs

For the year ended 31 December 2024, research and development costs amounted to RMB106.5 million, representing an increase of 42.1% from RMB75.0 million for the year ended 31 December 2023, and accounting for 1.9% and 2.1% of our revenue in 2024 and 2023, respectively. Such increase was primarily due to the rise in share award expenses for our research and development personnel and continued investment in the research and development of pipeline products and fundamental research.

#### Other income

For the year ended 31 December 2024, other income amounted to RMB138.7 million, representing an increase of 34.8% from RMB103.0 million for the year ended 31 December 2023. Such increase was mainly attributable to the increase in interest income.

#### Other gains, net

For the year ended 31 December 2024, other net gains amounted to RMB43.8 million, while other net gains for the year ended 31 December 2023 amounted to RMB30.9 million. Such gain was mainly attributable to fair value gains on financial assets at FVTPL.



#### Administrative expenses

For the year ended 31 December 2024, administrative expenses amounted to RMB150.5 million, representing an increase of 55.7% from RMB96.7 million for the year ended 31 December 2023, which was mainly attributable to the increase in employee compensation expenses due to increase in the number of management personnel and the increase in the share award expense for our management personnel.

#### Income tax expense

For the year ended 31 December 2024, income tax expense amounted to RMB396.0 million, representing an increase of 33.4% from RMB296.9 million for the year ended 31 December 2023, mainly due to the increase in our taxable revenue.

#### Profit for the year

As a result of the foregoing, for the year ended 31 December 2024, profit for the year amounted to RMB2,061.7 million, representing an increase of 42.4% from RMB1,448.2 million for the year ended 31 December 2023

### Basic and diluted earnings per share

For the year ended 31 December 2024, the basic earnings per share amounted to RMB2.10, representing an increase of 40.9% from RMB1.49 for the year ended 31 December 2023. For the year ended 31 December 2024, diluted earnings per share amounted to RMB2.06, representing an increase of 39.2% from RMB1.48 for the year ended 31 December 2023. The increase in basic and diluted earnings per share was mainly due to the increase in profit for the year.

#### Gearing ratio

Gearing ratio represents the percentage of interestbearing borrowings to total equity. As of 31 December 2024, we did not have any outstanding bank loans or other borrowings. As a result, gearing ratio was not applicable as of 31 December 2024.

### INTEREST EXPENSE OF BANK AND OTHER BORROWINGS

As of 31 December 2024, the Group had no bank and other borrowings, and incurred no related interest expenses.

### TREASURY POLICY

If the Company determines that its cash requirements exceed the amount of cash and cash equivalents it has on hand by then, it may seek to issue equity or debt securities or obtain credit facilities.

#### **PLEDGE OF ASSETS**

As of 31 December 2024, the Group did not pledge any assets.

### MATERIAL INVESTMENTS, MATERIAL ACQUISITION AND DISPOSAL

For the year ended 31 December 2024, the Group had no material investments with a value of 5% or more of the Group's total assets as of 31 December 2024 (including any investment in an investee company with a value of 5% or more of the Group's total assets as of 31 December 2024), nor had any material acquisitions or disposals of subsidiaries, associates and joint ventures. For the purpose of cash management, we subscribed for wealth management products. During the Reporting Period, there were no situations of subscribing for such wealth management products with a single financial institution that required disclosure in accordance with Chapter 14, Chapter 14A or paragraph 32(4) of Appendix D2 of the Listing Rules.

### FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group had no specific plan for material investments and purchase of capital assets as of 31 December 2024.

### LIQUIDITY AND CAPITAL RESOURCES

As of 31 December 2024, our liquidity amounted to RMB4,030.2 million, which consisted of cash and cash equivalents, representing an increase of 61.0% from RMB2,504.0 million for the year ended 31 December 2023.

### **CONTINGENT LIABILITIES**

As of 31 December 2024, the Group had no any material contingent liabilities.

### CAPITAL COMMITMENTS AND CAPITAL EXPENDITURES

As of 31 December 2024, our capital commitments mainly consisted of plant, machinery and buildings amounting to RMB132.8 million in total. The Company recorded capital expenditures of RMB251.2 million for the year ended 31 December 2024, which were primarily used for construction of new plants and purchase of production line equipment.



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### **DIRECTORS' REPORT**

The Board hereby presents the audited financial statements of the Group for the year ended 31 December 2024.

### **MAJOR BUSINESS**

We are a leader in bioactive ingredient-based professional skin treatment product industry in China. We design, develop and manufacture professional skin treatment products with recombinant collagen as the key bioactive ingredient. We also develop and manufacture rare ginsenosides technology-based functional foods. We utilize proprietary synthetic biology technology to develop and manufacture multiple types of recombinant collagen and rare ginsenosides in-house.

### BUSINESS REVIEW AND ANALYSIS OF KEY FINANCIAL INDICATORS

Please refer to the "Management Discussion and Analysis" section in this annual report, which forms part of this Directors' Report.

### ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS OF THE COMPANY

We are of the view that establishing and implementing sound ESG principles and practices increase the investment value of our Company and provide a long-term return to our stakeholders. Our Board has the overall responsibility for ensuring an effective risk management and internal control mechanism and for reviewing its effectiveness to safeguard our assets and our Shareholders' interests. Upon the Listing, an enterprise risk assessment is conducted at least once each year to cover the current and potential risks in our business, including but not limited to the risks arising from ESG and climate-related matters. Our Board will continuously assess or engage qualified Independent Third Parties to evaluate the risks and review our existing strategy, metrics and targets as well as internal control measures, and implement necessary improvement measures to manage and mitigate such risks.

In order to effectively conduct ESG work, the Board of the Company established the Corporate Governance Committee which is responsible for reporting to the Board on ESG-related matters on a regular basis. We also set up ESG work targets, covering ESG performance indicators such as three wastes emissions, greenhouse gas emissions, energy use, quality and safety, etc. The Board of the Company regularly reviews the progress of achieving ESG targets and considers it as part of the key performance indicators and gives relevant action suggestions in respect of the indicators that require improvement.

For details of the Company's environmental protection, social responsibility and care for employees, please refer to the 2024 Environmental, Social and Governance Report separately published by the Company.

### COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

To the best knowledge of the Board and the management, during the Reporting Period, the Group had complied with, in all material respects, the relevant laws and regulations that have a significant impact on the business and operations of the Group. For the year ended 31 December 2024, there was no material breach or non-compliance of applicable laws and regulations by the Group.

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### Directors' report

### **MAJOR RISKS AND UNCERTAINTIES**

### Risks Relating to Our Business and Industry

We operate in an industry that is subject to rapid and unpredictable changes in consumer demand and trends. The success of our business depends significantly on the continued demand for our products, which in turn depends on the level of acceptance and satisfaction from mass consumers and medical institutions for our products (such as products based on recombinant collagen and ginsenosides) within China's beauty and health product market. The industry of and market for such products have been developing rapidly in recent years. However, the prospects of the industry and the market depend on many factors that are beyond our control. Our success is also dependent on our ability to identify and respond to such shifting consumer demand and trends, develop new and appealing products on a timely basis, and achieve acceptance of such new products by our customers. A number of factors could affect the market acceptance of our products, including but not limited to the following:

- Our ability to address the evolving needs and preferences of our customers and consumers, part of which could in turn be impacted by the changes in Chinese regulatory environment;
- The progress of our R&D efforts, as well as the time our products commence commercialization relative to competing products;
- The safety and efficacy of our products and product candidates, including but not limited to the prevalence and severity of adverse reactions, if any;
- Pricing and cost effectiveness of our products relative to competing products;
- Public perception, perceived advantages and brand recognition of our products over competing products;
- Effectiveness of our sales and marketing efforts and distribution network, as well as the general applicability of our products relative to competing products.

In addition, we operate in an industry that is highly regulated and evolving in China. Changes in such regulations may affect the approval and commercialization of our product candidates or cause us to be subject to new or more stringent policies.

### **Financial Risks**

### Foreign Currency Risk

The Group has transactional currency exposures. Such exposures arise from currencies other than the units' functional currencies. As the Board considered foreign currency exposure to be insignificant to the Group, it did not adopt financial instruments such as forward exchange rate contract to hedge the risks.

#### Credit Risk

Receivable balances are monitored on an on-going basis, and the Group's exposure to bad debts risk is not significant. As of the end of the Reporting Period, the Group was subject to concentrations of credit risk at a certain level, as our cash and cash equivalents were deposited in a few financial institutions. As of the end of the Reporting Period, the cash and cash equivalents were deposited in high quality financial institutions without significant credit risk. There are no significant concentrations of credit risk within the Group in respect of trade and other receivables.

### Liquidity Risk

In the management of the liquidity risk, our Group monitors and maintains a level of cash and cash equivalents which are deemed adequate by the management of the Group to finance our operations and mitigate the effects of fluctuations in cash flows.

### TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to Shareholders as a result of their holding of securities of the Company.

### SHARE CAPITAL

See note 26 to the financial statements for details of the changes in the Company's total share capital for the year ended 31 December 2024.



#### RESERVES AVAILABLE FOR DISTRIBUTION

As of the end of the Reporting Period, the Company's retained profit available for distribution to our Shareholders amounted to RMB4,057 million.

### PROPERTY, PLANT AND EQUIPMENT

The property, plant and equipment movements of the Group during the Reporting Period are set out in note 13 to the financial statements.

As at the end of the Reporting Period, save as disclosed above, the Group had no other investment properties or properties held for development and/or sale with percentage ratios (as defined in Rule 14.07 of the Hong Kong Listing Rules) exceeding 5%.

### **MAJOR CUSTOMERS AND SUPPLIERS**

For the year ended 31 December 2024, the total sales to the Company's top five customers accounted for less than 30%.

For the year ended 31 December 2024, the total purchases from the Company's top five suppliers accounted for less than 30%.

For the year ended 31 December 2024, to the best of the knowledge of the Directors, none of the Directors, their associates or Shareholders of the Company (whom to the knowledge of the Directors own more than 5% of the Company's share capital) had an interest in any of the Group's top five customers or top five suppliers during the year.

### PRINCIPAL RELATIONSHIP WITH STAKEHOLDERS

The Group understands the importance of maintaining good relationships with its stakeholders (including Shareholders, employees, suppliers, customers and other business partners), which is the key to the Group's success. The Group will continue to ensure effective communications and maintain sound relationships with its respective stakeholders. For the Company's principal relationships with its key stakeholders, please refer to the 2024 Environmental, Social and Governance Report separately published by the Company.

### CONNECTED TRANSACTION

Details of the related party transactions for the year ended 31 December 2024 are set out in note 31 to the financial statements. None of these related party transactions constitutes a "connected transaction" or a "continuing connected transaction" which requires to be disclosed in this annual report under Chapter 14A of the Listing Rules. The Directors confirm that the Company has complied with the disclosure requirements of Chapter 14A of the Listing Rules during the Reporting Period.

During the Reporting Period, the Group had no connected transactions or continuing connected transactions that are disclosable under the Listing Rules. No contract of significance or contract of significance for the provision of services has been entered into between the Company or any of its subsidiaries and the Controlling Shareholders or any of its subsidiaries during the Reporting Period.

### **PRE-EMPTIVE RIGHT**

There is no provision for pre-emptive rights under the Articles of Association or the Companies Law of the Cayman Islands which would oblige the Company to offer new Shares on a pro rata basis to existing Shareholders.

### PROCEEDS FROM THE GLOBAL OFFERING

On 4 November 2022, the Company was listed on the Main Board of the Hong Kong Stock Exchange. The number of Shares under Global Offering was 22,608,800 Shares, comprising the offer of 2,261,200 Shares under Hong Kong Public Offering and the offer of 20,347,600 Shares under International Offering at a par value of U\$\$0.0001 each. Based on the final Offer Price of HK\$24.30 per Offer Share, the net proceeds received by the Company from the Global Offering, after deduction of underwriting fees and commissions and the estimated expenses payable by the Company in connection with the Global Offering, amounting to approximately HK\$573.7 million (including the net proceeds from the full exercise of the Overallotment Option), will be used in accordance with the use of proceeds as disclosed in the Prospectus as following:

 approximately 11% of the net proceeds will be used for the investment in R&D to enlarge our R&D team through recruitment, expand our R&D facilities and conduct testing and validation studies;

- approximately 28% of the net proceeds will be used for the expansion of manufacturing capacity with respect to our product portfolios and bioactive ingredients;
- approximately 46% of the net proceeds will be used to enhance our omni-channel sales and distribution network, and implement our science – and knowledge-driven marketing initiatives to enhance our brand recognition;
- approximately 5% of the net proceeds will be used for the enhancement of our operation and information systems; and
- approximately 10% of the net proceeds will be used for working capital and general corporate uses.

During the Reporting Period and up to the Latest Practicable Date, there is no change to the intended use of the net proceeds disclosed above.

As of 31 December 2024, the use of net proceeds by the Group is set out below:

Purpose	% of use of proceeds raised	Net proceeds (HK\$ million)	Unutilized amount as at 1 January 2024 (HK\$ million)	Utilized amount in 2024 (HK\$ million)	Accumulated amount utilized as at 31 December 2024 (HK\$ million)	Unutilized amount as at 31 December 2024 (HK\$ million)	Expected timetable of utilization of remaining net proceeds in full
Investment in research and development to enlarge our research and development team through recruitment, expand our research and development facilities and conduct testing and validation studies	11%	63.1	19.6	19.6	63.1	-	/
Expansion of manufacturing capacity with respect to our product portfolios and bioactive ingredients	28%	160.6	39.7	39.7	160.6	-	/
Enhancement of our omni-channel sales and distribution network, and implementation of our science- and knowledge-driven marketing activities to enhance our brand recognition	46%	263.9	68.2	68.2	263.9	-	/
Enhancement of our operation and information systems	5%	28.7	23.2	9.7	15.2	13.5	31 December 2027
Working capital and general corporate uses	10%	57.4	22.6	22.6	57.4	-	/
Total	100%	573.7	173.4	159.8	560.2	13.5	

# PROCEEDS FROM THE PLACING OF EXISTING SHARES AND TOP-UP SUBSCRIPTION OF NEW SHARES UNDER THE GENERAL MANDATE

On 16 May 2024 (after trading hours), the Company, Juzi Holding Co., Ltd (the "Top-up Vendor") and Goldman Sachs (Asia) L.L.C. (the "Placing Agent") entered into a placing and subscription agreement (the "Placing and Subscription Agreement"), pursuant to which (i) the Top-up Vendor has agreed to sell, and the Placing Agent has agreed, as the Top-up Vendor's agent, on a best effort basis, to procure the placees, who will be professional, institutional, corporate or other investors, and who and whose ultimate beneficial owners shall be the Independent Third Parties, to purchase 33,220,000 shares held by the Top-up Vendor at a price of HK\$49.40 per share (the "Vendor Placing"), and (ii) the Top-up Vendor has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue, such number of new shares equal to the shares actually placed under the Vendor Placing at a price equal to the placing price (the "Subscription"). On 21 May 2024 and 24 May 2024, the Vendor Placing and the Subscription were completed respectively. For details, please refer to the announcements of the Company dated 17 May 2024 and 24 May 2024, respectively.

On 16 May 2024 (i.e., the date of the placement and subscription agreement), the closing price of the Company's shares quoted on the Stock Exchange was HK\$52.95 per share. The net subscription price for the placed shares (after deduction of commissions and estimated expenses) was approximately HK\$48.97 per subscribed share. In view of the Company's intention to further invest in its core business and the layout of its ecosystem, the Directors are of the opinion that additional

cash resources will be required for this purpose. Taking into account the recent market conditions, the market price of the shares and the above factors (including but not limited to expanding the shareholder base), the Directors therefore believe that, in order to replenish the Company's cash resources for the above-mentioned proposed purposes, the placement and subscription are appropriate and are important for promoting the long-term success of the Group.

The net proceeds received by the Company from the Subscription are approximately HK\$1,627 million (after deducting the commissions and estimated expenses), of which, (i) approximately 90%, or HK\$1,464.3 million, will be used for development of core business and the layout of ecosystem, including but not limited to brand promotion, marketing and research and development investment; and (ii) approximately 10%, or HK\$162.7 million, will be used for replenishment of liquidity and general corporate purposes.

During the Reporting Period and up to the Latest Practicable Date, there is no change to the intended use of the net proceeds from the Vendor Placing and the Subscription disclosed above, and the Company plans to gradually utilize the net proceeds in accordance with such intended use within the next three years based on its actual business situations. Such expected timetable is based on the Company's best estimation of market conditions and business operation in the future, and is subject to change depending on the development of current and future market conditions as well as actual business needs.

As of 31 December 2024, the use of net proceeds from the Subscription by the Group is set out below:

Purpose	% of use of proceeds raised	Net proceeds (HK\$ million)	Utilized amount in 2024 (HK\$ million)	Unutilized amount as at 31 December 2024 (HK\$ million)
Development of core business and the layout of ecosystem, including but not limited to brand promotion, marketing and research and development investment	90%	1,464.3	312.4	1,151.9
Replenishment of liquidity and general corporate purposes	10%	162.7	18.5	144.2
Total	100%	1,627	330.9	1,296.1

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

During the Reporting Period, neither the Company nor its subsidiaries has purchased, sold or redeemed any of its securities listed on the Stock Exchange (including sale of treasury shares).

### **DEBENTURES ISSUED**

During the Reporting Period and up to the Latest Practicable Date, the Group did not issue any debentures.

#### **CHARITABLE AND OTHER DONATIONS**

During the Reporting Period, the Group made charitable and other donations with a total value of approximately RMB14.6 million.

### **DIRECTORS**

During the Reporting Period and up to the Latest Practicable Date, the Directors were as follows:

### **Executive Directors**

Mr. Yan Jianya (嚴建亞)

(Chairman and chief executive officer)

Ms. Ye Juan (葉娟)

Ms. Fang Juan (方娟)

Ms. Zhang Huijuan (張慧娟)

Ms. Yan Yubo (嚴鈺博)

### **Independent Non-executive Directors**

Mr. Huang Jin (黃進)

Mr. Shan Wenhua (單文華)

Ms. Wong Sze Wing (黃斯穎)

### INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors the annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all the independent non-executive Directors are independent individuals in accordance with the guidelines set out in the Listing Rules.

### SERVICE CONTRACTS OF DIRECTORS

During the Reporting Period, none of the Directors had entered into any service contract with the Company or its subsidiaries which cannot be terminated within one year without compensation (other than statutory compensation).

## DIRECTORS' INTERESTS IN MATERIAL TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

During the Reporting Period, none of the Directors or their connected entities had a material interest, either directly or indirectly, in any transaction, arrangement or contract entered into by the Company or its subsidiaries which was significant to the Company.

### PERMITTED INDEMNITY

Subject to the relevant regulations, each Director shall be indemnified by the Company against all costs, charges, expenses, losses and liabilities which he/she may sustain or incur in or about the execution of his/her office or which may attach thereto. The Company has purchased insurance against the liabilities and costs associated with proceedings which may be against the Directors.

### DIRECTORS' RIGHTS TO SUBSCRIBE FOR SHARES OR DEBENTURES

Save for the Employee Incentive Plans disclosed in this annual report, during the Reporting Period, neither the Company nor its subsidiaries has entered into any arrangements which enable the Directors to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any other legal entities.

### **EQUITY-LINKED AGREEMENTS**

Save for the Employee Incentive Plans disclosed in this annual report, no equity-linked agreement was entered into by the Company or existed during the Reporting Period.

### DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Reporting Period, none of the Directors had engaged in or had any interest in any business which, directly or indirectly, competes or is likely to compete with the businesses of the Group and would require disclosure pursuant to the Hong Kong Listing Rules.

### ADMINISTRATION AND MANAGEMENT CONTRACTS

During the Reporting Period, the Company had not entered into any administration and management contracts with respect to the entire or principal business of the Company.

### **CORPORATE GOVERNANCE**

A report on the principal corporate governance practices adopted by the Company is set out in the "Corporate Governance Report" chapter in this annual report.

### CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

The Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

### **AUDITORS**

At the annual general meeting held on 13 June 2024, Ernst & Young was re-appointed as the auditor. There has been no change in the Company's auditors in the last three years. The financial statements of the Company for the year ended 31 December 2024, prepared in accordance with IFRS Accounting Standards, have been audited by Ernst & Young.

Ernst & Young will retire at the forthcoming annual general meeting of the Company for the year 2024. The Company will propose a resolution at its annual general meeting for the year 2024 to re-appoint Ernst & Young as its auditor, with a term commencing on the date of the conclusion of the annual general meeting for the year 2024 to the date of the conclusion of the annual general meeting for the year 2025 of the Company.

### **RESULTS AND DIVIDENDS**

The audited consolidated results of the Company for the year ended 31 December 2024 are set out in the consolidated statement of comprehensive income.

The Board has resolved to recommend the distribution of final dividends of RMB0.6021 per ordinary share and special dividends of RMB0.5921 per ordinary share for the year ended 31 December 2024, subject to approval by the Shareholders at the annual general meeting. The date for distribution of dividends is expected to be on or around 29 August 2025. The Group is not aware of any arrangement under which any Shareholder has waived or agreed to waive any dividends.

The forthcoming annual general meeting is scheduled to be held on 13 June 2025. To determine the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from 10 June 2025 to 13 June 2025, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the annual general meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on 9 June 2025. The proposed final dividends and special dividends are subject to the approval of the Shareholders at the forthcoming annual general meeting. The record date for entitlement to the proposed final dividends and special dividends is 24 June 2025. For determining the entitlement to the proposed final dividends and special dividends is 24 June 2025. For determining the entitlement to the proposed final dividends and special dividends of the Company will be closed from 19 June 2025 to 24 June 2025, both days inclusive, during which period no transfer of Shares of the Company will be registered. In order to qualify for the proposed final dividends and special dividends, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on 18 June 2025.

During the Reporting Period, there was no arrangement under which a Shareholder has waived or agreed to waive any dividends.

### **EMPLOYEES, TRAINING AND REMUNERATION POLICIES**

As of 31 December 2024, the Group had 1,758 full-time employees, the majority of whom are based in Shaanxi Province, China. The following table sets forth the number of employees of the Group categorized by function as of 31 December 2024:

Function	Number of Employees	% of Total
Manufacturing	650	37.0
Research and development	186	10.6
Sales and marketing	567	32.2
General and administration	355	20.2
Total	1,758	100.0

Our success depends on our ability to attract, retain and motivate qualified personnel. We recruit employees through channels such as campus recruitment and experienced personnel hiring to seek talents with educational backgrounds in relevant subjects or work experiences in relevant industries for our research and development, sales, management, operation and other teams. We evaluate each candidate based on his/her educational background, expertise, necessary skills, interview performance, relevant experience, and professional ethics. As part of our human resources strategy, we offer employees competitive salaries, performance-based cash bonuses and other incentives. We have adopted a comprehensive training protocol, pursuant to which we provide pre-employment training to our new employees and internal transfer employees, and continuing technical training to our employees on a regular basis. We also provide necessary training to employees who are responsible for quality control to ensure that they are competent for their work.

## INTERESTS AND/OR SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

So far as is known to the Directors or chief executives of the Company, as of 31 December 2024, the interests or short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which are required to be (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO); or (b) recorded in a register required to be kept by the Company pursuant to section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code are set out below.

Name of Director or chief executive	Nature of interest	Number of Shares interested <sup>(1)</sup>	Approximate percentage of shareholding in the Company as of 31 December 2024 <sup>(2)</sup>
Mr. Yan Jianya ("Mr. Yan")	Interest of spouse; beneficiary of a trust <sup>(3)(4)</sup>	589,350,972	57.32%
Ms. Ye Juan <sup>(5)</sup>	Beneficiary of a trust	1,049,800	0.10%
Ms. Fang Juan <sup>(6)</sup>	Beneficiary of a trust	1,157,601	0.11%
Ms. Zhang Huijuan <sup>(7)</sup>	Beneficiary of a trust	1,240,000	0.12%

#### Notes:

- (1) All interests stated are long positions.
- (2) The calculation is based on the total number of 1,028,220,000 Shares in issue as at 31 December 2024.
- (3) Mr. Yan is the spouse of Dr. Fan Daidi ("Dr. Fan"). As such, he is deemed to be interested in the 582,004,935 Shares held by Dr. Fan in the Company.
- (4) As at 31 December 2024, under the RSU Scheme adopted by the Company on 8 December 2021, Mr. Yan, the executive Director, is entitled to RSUs equivalent to 7,346,037 Shares (subject to vesting conditions), which are held under a trust pursuant to the RSU Scheme.
- (5) As at 31 December 2024, under the RSU Scheme adopted by the Company on 8 December 2021, Ms. Ye Juan, the executive Director, is entitled to RSUs equivalent to 449,800 Shares (subject to vesting conditions), which are held under a trust pursuant to the RSU Scheme. On 28 December 2023, Ms. Ye Juan was granted 600,000 options pursuant to the share option scheme adopted by the Company on 17 August 2023.
- (6) As at 31 December 2024, under the RSU Scheme adopted by the Company on 8 December 2021, Ms. Fang Juan, the executive Director, is entitled to RSUs equivalent to 557,601 Shares (subject to vesting conditions), which are held under a trust pursuant to the RSU Scheme. On 28 December 2023, Ms. Fang Juan was granted 600,000 options pursuant to the share option scheme adopted by the Company on 17 August 2023.
- (7) As at 31 December 2024, under the RSU Scheme adopted by the Company on 8 December 2021, Ms. Zhang Huijuan, the executive Director, is entitled to RSUs equivalent to 640,000 Shares (subject to vesting conditions), which are held under a trust pursuant to the RSU Scheme. On 28 December 2023, Ms. Zhang Huijuan was granted 600,000 options pursuant to the share option scheme adopted by the Company on 17 August 2023.

Approximate percentage of

### INTERESTS AND/OR SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as is known to the Directors or chief executive of the Company, as of 31 December 2024, the following persons (other than Directors or chief executive of the Company) had the following interests and/or short positions in the Shares or underlying Shares of our Company as recorded in the register required to be kept under section 336 of the SFO:

Name of Shareholder	Capacity and nature of interest	Number of Shares <sup>(1)</sup>	the Company as of 31 December 2024 <sup>(2)</sup>
Dr. Fan	Interest in controlled corporation(3)	581,104,935	56.52%
	Interest in controlled corporation <sup>(4)</sup>	900,000	0.09%
	Interest of spouse(5)	7,346,037	0.71%
Juzi Holding <sup>(3)</sup>	Beneficial owner	581,104,935	56.52%
Refulgence Holding <sup>(3)</sup>	Interest in controlled corporation	581,104,935	56.52%
Trident Trust Company (B.V.I.) Limited(3)	Trustee	581,104,935	56.52%

#### Notes:

- (1) All interests stated are long positions.
- (2) The calculation is based on the total number of 1,028,220,000 Shares in issue as at 31 December 2024.
- (3) Juzi Holding is wholly owned by Refulgence Holding, the holding vehicle for the benefit of the FY Family Trust with Dr. Fan as the settlor and beneficiary. Refulgence Holding is legally owned by Trident Trust Company (B.V.I.) Limited as trustee for the benefit of the FY Family Trust. As such, each of Dr. Fan, Refulgence Holding and Trident Trust Company (B.V.I.) Limited is deemed to be interested in the 581,104,935 Shares held by Juzi Holding in the Company.
- (4) Healing Holding is wholly owned by Dr. Fan. As such, Dr. Fan is deemed to be interested in the 900,000 Shares held by Healing Holding in the Company.
- (5) As at 31 December 2024, under the RSU Scheme adopted by the Company on 8 December 2021, Mr. Yan, the executive Director, is entitled to RSUs equivalent to 7,346,037 Shares (subject to vesting conditions), which are held under a trust pursuant to the RSU Scheme. Dr. Fan. is the spouse of Mr. Yan. As such, she is deemed to be interested in the 7,346,037 Shares.

Except as disclosed above, the Directors or chief executive of the Company are not aware of any other person who had any interests and/or short positions in the Shares or underlying shares of our Company as at 31 December 2024 which would fall to be disclosed to us pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of the share capital carrying rights to vote in all circumstances at general meetings of our Company.

### **EMPLOYEE INCENTIVE PLANS**

### **RSU Scheme**

The following is a summary of the principal terms of the RSU Scheme adopted by us on 8 December 2021. No further RSUs will be granted under the RSU Scheme after the Listing.

**Purposes.** The purposes of the RSU Scheme are to (i) improve the employee incentive and remuneration mechanism of our Group and align the interests of our Shareholders and employees to promote the Group's development in the long run; and (ii) attract and retain our senior management team and core talents, motivate their initiatives and creativity so as to enhance the operation efficiency and management performance of the Group.

**RSU Scheme Limit.** The maximum number of Shares underlying all RSUs to be granted under the RSU Scheme in aggregate shall not exceed 19,000,000 Shares, representing approximately 1.83% of the total issued share capital of the Company (excluding treasury shares) as of the Latest Practicable Date. All the RSUs with a total of 19,000,000 underlying Shares had been granted prior to the Listing, and no further RSUs will be granted under the RSU Scheme after the Listing. There is no maximum entitlement for each participant under the RSU Scheme as the RSU Scheme was adopted before the adoption date of the current effective Chapter 17 of the Listing Rules.

**Term of the RSU Scheme.** Subject to any early termination upon occurrence of any termination events, the RSU Scheme shall be valid and effective for a period of 10 years, commencing on the date of adoption of the RSU Scheme by the Board. The remaining life of the RSU Scheme is 7 years.

**Grant Price.** The grant prices of RSUs granted to each participant of the RSU Scheme are RMB4.74 per share (granted on 8 December 2021) and RMB20 per share (granted on 26 September 2022), respectively. The grant price is determined by multiplying the latest round of financing price by a certain discount, and in principle, it shall not be lower than the audited net carrying amount of asset per share and the par value per share. The Grantee shall pay the grant price within the period stated in the Grant Notice.

Participants. Participants of the RSU Scheme (the "RSU Participant(s)") include (i) the Directors, members of senior and middle level management team, core talents of the Group and any other persons as the Board may deem necessary to incentivize; and (ii) any professional consultant to the Group as recognized by the Board and other person who, in the opinion of the Board, has contributed or will contribute to the Group.

**Vesting of RSUs.** The RSUs granted to each RSU Participant are expected to be vested in five equal installments, with 20% of the total number of Shares granted to such RSU Participant being vested after each of the twelve months starting from the date of grant, subject to any adjustment by the Board taking into consideration, among others, the business performance of the Company and results of the annual performance review of such RSU Participant.

Prior to the vesting date, the Board will review whether the vesting conditions are satisfied. If the vesting conditions are satisfied, the Board will serve a vesting notice to such RSU Participant. If such RSU Participant fails to satisfy the vesting conditions, the Board will decide whether to delay the vesting of the relevant RSUs or declare the relevant RSUs to be lapsed.

### Directors' report

Details of the RSUs granted to Directors, connected persons of our Company and the five highest paid employees of the Group are set out as below:

RSU Participants	Relationship with the Company	Date of grant	Number of underlying Shares granted	Shares that are not vested and subject to the unlocking conditions as of 1 January 2024	Granted during the Reporting Period	Vested during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Shares that are not vested and subject to the unlocking conditions as of 31 December 2024
Mr. Yan	Chairman of the Board, executive Director and chief executive officer	2021/12/8	5,107,833	3,064,700	-	2,043,131	-	-	1,021,569.0
		2022/9/26	5,351,669	4,281,337	-	1,070,334	-	-	3,211,003.0
Ms. Ye Juan	Executive Director and senior vice president	2021/12/8	475,000	285,000	-	190,000	-	-	95,000.0
		2022/9/26	206,000	164,800	-	41,200	-	-	123,600.0
Ms. Fang Juan	Executive Director and senior vice president	2021/12/8	633,333	380,000	-	253,331	-	-	126,669.0
		2022/9/26	222,000	177,601	-	44,401	-	-	133,200.0
Ms. Yan Yajuan	Senior vice president, an associate of Mr. Yan	2021/12/8	522,500	313,500	-	209,000	-	-	104,500.0
		2022/9/26	215,000	172,000	-	43,000	-	-	129,000.0
Ms. Zhang Huijuan	Executive Director and Chief financial officer	2022/9/26	800,000	640,000	-	160,000	-	-	480,000.0
Sub-total			13,533,335	9,478,938	-	4,054,397	-	-	5,424,541.0
Employees other than in Directors, connect- persons or the five highest paid employees of the Group		2021/12/8	2,615,665	1,569,399	-	935,968	-	-	633,431.0
•		2022/9/26	2,851,000	2,313,264	-	518,064	-	-	1,795,200.0
Total			19,000,000	13,361,601	-	5,508,429	-	-	7,853,172.0

As of 31 December 2024, a total of 10,459,502 underlying Shares, representing 1.01% of the total number of issued Shares of the Company (excluding treasury shares) as of the Latest Practicable Date, were granted to Mr. Yan, the Chairman, executive Director and chief executive officer of the Company under the RSU Scheme; in which, a total of 3,113,465 underlying Shares have been vested during the Reporting Period. Save as disclosed above, as of 31 December 2024, there were no RSU Participants to whom the number of underlying Shares granted or to be granted exceeded 1% of the total number of issued Shares.

During the Reporting Period, a total of 5,508,429 underlying Shares have been vested, among which, (i) a total of 3,631,430 vested underlying Shares, and the weighted average closing price per underlying Share immediately before the date on which the RSUs were vested was HK\$51.3 per Share. The grant price of these underlying Shares was RMB4.74; and (ii) a total of 1,876,999 vested underlying Shares, and the weighted average closing price per underlying Share immediately before the date on which the RSUs were vested was HK\$39.95 per Share. The grant price of these underlying Shares was RMB20.

### 2023 Share Option Scheme and 2023 Share Award Scheme

The following summarizes the principal terms of the 2023 Share Option Scheme and 2023 Share Award Scheme (collectively, "2023 Schemes") adopted by us on 17 August 2023. Terms used herein shall have the same meaning as those defined in the circular of the Company dated 31 July 2023.

**Purposes.** The purposes of the 2023 Schemes are to provide an opportunity for the Participants to have a personal stake in the Company, to recognize, motivate and provide incentives to the Participants, to attract and retain the best available personnel, to provide additional incentives to the Participants, to promote the success of the business of the Group, and for such other purposes as the Board may approve from time to time.

Participant(s). Including: (i) Employee Participant(s): director (excluding the independent non-executive directors) or employee (whether full time or part time) of any member of the Group (including any person who is granted Option(s) or Awarded Share(s) as an inducement to enter into employment contract with any member of the Group); (ii) Related Entity Participant(s): director, supervisor or employee of the following: a "holding company" of the Company (as defined in the SFO); a "subsidiary" of a holding company of the Company (as defined in the SFO) other than the Group; or an "associate" of the Company (as defined in the Listing Rules); and (iii) Service Provider Participant(s): persons (including entities) providing services to the Group on a continuing basis in its ordinary and usual course of business which are in the interests of the long term growth of the Group as determined by the Board (or CEO, a committee or any other authorized agent(s) as deemed appropriate at the sole discretion of the Board) pursuant to criteria in the 2023 Schemes.

Scheme Limit and Service Provider Sublimit. The maximum number of Shares issuable pursuant to the 2023 Schemes in aggregate will be 99,500,000 Shares, being 9.61% of the total number of Shares in issue (excluding treasury shares) as at the Latest Practicable Date. The maximum number of Shares issuable to Service Provider Participants pursuant to the 2023 Schemes in aggregate will be 19,900,000 Shares, being 1.92% of the total number of Shares in issue (excluding treasury shares) as at the Latest Practicable Date.

Maximum Entitlement for Each Participant. Where any grant of Options or Awarded Shares to a Participant would result in the total number of Shares issued and to be issued in respect of all Options and awards granted (excluding any Options and awards lapsed in accordance with the terms of the 2023 Schemes or any other schemes of the Company) under the 2023 Schemes in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the total number of Shares in issue, such grant must be separately approved by the Shareholders in general meeting with such Participant and his/her close associates (or associates if the Participant is a connected person) abstaining from voting.

**Vesting Period.** The minimum vesting period for an Option or an Awarded Share, in general, is 12 months before the Option or the Awarded Share can be exercised. A shorter vesting period may be granted to a Participant at the discretion of the Board (or the CEO, a committee or any other authorized agent(s) as deemed appropriate at the sole discretion of the Board if such grants are:

### Directors' report

- grants of "make-whole" Options or Awarded Shares to new joiners to replace the share awards they forfeited when leaving the previous employer;
- (b) grants to a Participant whose employment is terminated due to death or disability or occurrence of any out-of-control event, which includes scenarios as illustrated in the terms of 2023 Schemes and would serve as compassionate arrangements for relevant Participants in line with market practice;
- (c) grants that are made in batches during a year for administrative and compliance reasons, which include Option(s) or Awarded Share(s) that should have been granted earlier if not for such administrative or compliance reasons but had to wait for subsequent batch. In such case, the vesting period may be shorter to reflect the time from which Option(s) or Awarded Share(s) would have been granted;
- (d) grants with a mixed or accelerated vesting schedule such as where Option(s) or Awarded Share(s) may vest evenly over a period of 12 months under, including but not limited to, the circumstances set out in the terms of 2023 Schemes, which gives the Company more flexibility in providing incentives to the Participants and is in line with market practice; or
- (e) grants with performance-based vesting conditions in lieu of time-based vesting criteria, in which the Company expects the Participants to achieve their performance targets as soon as possible by offering immediate vesting upon fulfilment of the performance targets, and the Participants could be incentivized to the largest extent.

**Option exercise period.** Option exercise period shall be a period to be determined and notified by the CEO or any other authorized agent(s) as deemed appropriate at the sole discretion of the Board in its absolute discretion to each Grantee as being the period during which an Option may be exercised, and in any event, such period shall expire at the close of business on the business day immediately preceding the tenth anniversary of the date of the grant of the Options.

**Option Exercise Price.** No amount shall be payable for the application or acceptance of any Option. The Option Exercise Price shall be a price to be solely determined by the Board (or CEO, a committee or any other authorized agent(s) as deemed appropriate at the sole discretion of the Board) in its absolute discretion and notified to a Participant, but in any case the Option Exercise Price shall be at least the highest of:

- the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Share Option Offer Date;
- (b) a price being the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the Share Option Offer Date; and
- (c) the par value per Share on the date of grant, provided that in the event of fractional prices, the Exercise Price per Share shall be rounded upwards to the nearest whole cent.

Awarded Share Purchase Price. The purchase price (if any) in respect of any particular Award shall be such price as the Board (or CEO, a committee or any other authorized agent(s) as deemed appropriate at the sole discretion of the Board) may in its absolute discretion determine at the time of grant of the relevant Award (and shall be stated in the Grant Notice) and taking into consideration of the factors such as prevailing closing price of the Shares, the purpose of the 2023 Share Award Scheme, the performance of the relevant Participant(s) and his/ her potential and expected contribution to the growth and development of the Company. For avoidance of doubt, the Awards under the 2023 Share Award Scheme could be exercised at nil consideration or at certain price. If there is purchase price for the Awarded Shares, the Grantee shall pay the price within the period stated in the Grant Notice.

**Remaining Lives of Schemes.** The 2023 Schemes shall be valid and effective for a period of 10 years commencing on the Adoption Date. The remaining lives of the 2023 Schemes are 9 years as of the Latest Practicable Date.

The Company granted an aggregate of 20,000,000 Options (the "Option(s)") to 128 eligible Participants (the "Grantees") on 28 December 2023 to subscribe for ordinary shares of US\$0.00001 each in share capital of the Company. As of the Latest Practicable Date, no share award has been granted under the 2023 Share Award Scheme.

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Details of Options granted to Directors and senior management of the Company and associates of Directors are set out as below:

Grantees	Relationship with the Company	Date of grant	Number of Options granted	Outstanding as of 1 January 2024	Granted during the Reporting Period	Vested during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as of 31 December 2024
Ms. Fang Juan	Executive Director and senior vice president	2023/12/28	600,000	600,000	-	240,000	-	-	-	600,000
Ms. Ye Juan	Executive Director and senior vice president	2023/12/28	600,000	600,000	-	240,000	-	-	-	600,000
Ms. Zhang Huijuan	Executive Director and chief financial officer	2023/12/28	600,000	600,000	-	240,000	-	-	-	600,000
Ms. Yan Yajuan	Senior vice president and associate of Mr. Yan	2023/12/28	600,000	600,000	-	240,000	-	-	-	600,000
Other employees	-	2023/12/28	17,600,000	17,600,000	-	6,724,000	-	-	127,000	17,473,000
Total	-	-	20,000,000	20,000,000	-	7,684,000	-	-	127,000	19,873,000

For the aggregate of 20,000,000 Options granted on 28 December 2023, (1) the vesting period is: 40% of the Options granted shall be vested after one year from the date of grant; 30% of the Options granted shall be vested after two years from the date of grant; and the remaining 30% of the Options granted shall be vested after three years from the date of grant; (2) the exercise period will be subject to the respective letters of grant to the Grantees (and their respective vesting periods as stipulated thereunder), provided that under any circumstance such period shall not exceed 10 years from the date of grant and the Options shall lapse upon the expiry of such period; (3) no purchase price is payable by the Grantees on acceptance of the Options; (4) Exercise Price of Options granted is HK\$35.05 per Share, and the closing price of the Shares of the Company on the date immediately preceding the grant of Options (being 27 December 2023) is HK\$33.7 per Share; (5) each Grantee shall fulfill his/her respective appraisal targets during the vesting period, including (i) annual results and performance of the Group; (ii) the key performance indicators of respective department and/or business unit that the Grantee belongs to; and (iii) his/her individual position, annual appraisal result and other factors relevant to such Grantee; and (6) the fair value of relevant Options on the date of grant was HK\$6.25 per Share, HK\$125 million in total.

As at the beginning of the Reporting Period, the number of Shares available for future grant under the Scheme Mandate Limit of the 2023 Share Option Scheme and the 2023 Share Award Scheme is 79,500,000, and the number of Shares available for future grant under the Service Provider Sublimit of the 2023 Share Option Scheme and the 2023 Share Award Scheme is 19,900,000. As at the end of the Reporting Period, the number of Shares available for future grant under the Scheme Mandate Limit of the 2023 Share Option Scheme and the 2023 Share Award Scheme is 79,627,000 Note, and the number of Shares available for future grant under the Service Provider Sublimit of the 2023 Share Option Scheme and the 2023 Share Award Scheme is 19,900,000. During the Reporting Period, the number of Shares (being 19,873,000) that may be issued in respect of Options and awards granted under all the share schemes of the Company divided by the weighted average number of Shares in issue for the Reporting Period of 1,015,059,071 is around 1.96%.

Save as disclosed above, as at the Latest Practicable Date, none of the Grantees is (i) a Director, chief executive or substantial Shareholder of the Company, or an associate (as defined under the Listing Rules) of any of them; (ii) a Participant with Options granted and to be granted exceeding the individual limit of 1% of the Shares in issue under Rule 17.03D of the Listing Rules within the 12-month period up to and including the date of grant; or (iii) a Related Entity Participant or Service Provider with Options granted and to be granted in any 12-month period exceeding 0.1% of the Shares in issue.

<sup>\*</sup>Note: During the Reporting Period, 127,000 Shares lapsed as the vesting conditions under the Share Option Scheme were not met. These Shares can be re-granted in accordance with the terms of the scheme.



Directors' report

### **MATERIAL LITIGATIONS**

The Company was not involved in any material litigation or arbitration during the Reporting Period.

### SUBSEQUENT EVENTS AFTER THE PERIOD

On 16 April 2025 (after trading hours), the Company, Juzi Holding Co., Ltd (the "Top-up Vendor"), Goldman Sachs (Asia) L.L.C., China International Capital Corporation Hong Kong Securities Limited and The Hongkong and Shanghai Banking Corporation Limited (the "Joint Bookrunners") entered into the Placing and Subscription Agreement, pursuant to which (i) the Top-up Vendor has agreed to sell, and the Joint Bookrunners have severally agreed, as the Top-up Vendor's agent, to, on a best efforts basis, procure the Placees, who will be professional, institutional, corporate or other investors, and who and whose ultimate beneficial owners shall be the Independent Third Parties, to purchase 35,000,000 Shares held by the Top-up Vendor at a price of HK\$66.65 per Share (the "Vendor Placing"), and (ii) the Top-up Vendor has conditionally agreed to subscribe, and the Company has conditionally agreed to issue such number of new Shares equal to the Shares actually placed under the Vendor Placing at a price equal to the Placing Price (the "Subscription"). For details, please refer to the Company's announcement dated 17 April 2025. As of the Latest Practicable Date, the Vendor Placing and the Subscription have not been completed.

Save as disclosed above, no other material events that have a significant impact on the performance and value of the Group have occurred after the Reporting Period and as of the Latest Practicable Date.

#### **AUDIT COMMITTEE**

The Company's Audit Committee is comprised of Ms. Wong Sze Wing (chairperson), Mr. Huang Jin and Mr. Shan Wenhua, all of whom are independent non-executive Directors. The Company's Audit Committee has reviewed the annual results of the Group for the year ended 31 December 2024.

### PUBLICATION OF THE ANNUAL REPORT

The Company's annual report has been published on the website of the Stock Exchange www.hkexnews.hk and the website of the Company www.xajuzi.com.

### SUFFICIENT PUBLIC FLOAT

According to the information publicly available to the Company and to the best knowledge of the Directors of the Company, the Company has maintained the sufficient public float required by the Listing Rules during the Reporting Period and as of the Latest Practicable Date.

#### **APPRECIATION**

The Company would like to express its sincere gratitude to all employees for their outstanding contributions to the development of the Group. The Board would like to express its profound appreciation to the management for their dedication and diligence, which are the key to the Company's continuous success in the future. In addition, the Company would like to express its genuine gratitude to our Shareholders, customers and business partners for their continuous support. The Company will remain committed to sustainable businesses, so as to create more value for Shareholders.

By order of the Board

Giant Biogene Holding Co., Ltd

YAN Jianya

Chairman of the Board

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### **DIRECTORS AND SENIOR MANAGEMENT**

### **BIOGRAPHICAL DETAILS OF DIRECTORS**

Mr. Yan Jianya, aged 58, was appointed as a Director of the Company on 30 November 2021 and is currently an executive Director, the chairman of the Board, the chief executive officer, chairman of both the Nomination Committee and the Corporate Governance Committee and a member of the Remuneration Committee of the Company. Mr. Yan founded our Group in May 2000. He is a director and general manager of certain operating subsidiaries of our Group, including Xi'an Giant Biogene and Shaanxi Giant Biotechnology. In 2002, Mr. Yan founded Xi'an Weili Communication Co., Ltd. (西安威力通信有 限責任公司) (the predecessor of Xi'an Triangle Defense Incorporated Company (西安三角防務股份有限公司) (a company listed on the ChiNext Market of Shenzhen Stock Exchange, stock code: 300775) ("Triangle Defense")) and has been serving as the chairman of the board of Triangle Defense since September 2015. He served as a director of Xi'an Libang Clinical Nutrition Corporation., Ltd. (西安力邦 臨床營養股份有限公司) (a company listed on the National Equities Exchange and Quotations, stock code: 835791) from August 2019 to March 2020. Mr. Yan obtained a bachelor's degree in chemical engineering from Northwest University (西北大學) in the PRC in July 1988. Mr. Yan is (i) the father of Ms. Yan Yubo, the executive Director and joint company secretary and board secretary and the chief product officer of the Company, (ii) the spouse of Dr. Fan Daidi, the controlling Shareholder and the chief scientific officer of the Company, and (iii) the brother of Ms. Yan Yajuan, the senior vice president of the Company.

Ms. Ye Juan, aged 54, was appointed as a Director of the Company on 30 November 2021 and is currently an executive Director and a senior vice president of our Company. Ms. Ye has around 22 years of experience in the biotechnology and technical engineering industries. Prior to joining our Group, Ms. Ye worked in the risk management department in China Construction Bank Corporation (a company listed on the Shanghai Stock Exchange (stock code: 601939) and the Hong Kong Stock Exchange (stock code: 939)) from July 1993 to May 2003. She then served as a deputy general manager and subsequently a board secretary in Xi'an Starwave (USA) Communication Equipment Co., Ltd. (西安達威(美國)通信設備有限公 司) from July 2003 to February 2010. She then served as a board secretary in Well Logging Energy Technology Xi'an Co., Ltd. (西安威爾羅根能源科技有限公司) from April 2010 to December 2015. She joined our Group in April 2016 as a deputy general manager of Xi'an Giant Biogene and has served as its director since May 2020. Ms. Ye obtained a bachelor's degree in law from Northwestern Polytechnical University (西北工業大學) in the PRC in July 2002.

Ms. Fang Juan, aged 52, was appointed as a Director of the Company on 30 November 2021 and is currently an executive Director and a senior vice president and a member of the Corporate Governance Committee of the Company. Ms. Fang has over 22 years of experience in the biotechnology industry. She joined our Group in December 2000 as a manager of Xi'an Giant Biogene and has served as its deputy general manager and director since December 2003 and May 2020, respectively. Ms. Fang obtained a college degree in international enterprise management from Shaanxi College of Finance and Economics (陝西財經學院) (currently known as School of Economics and Finance of Xi'an Jiaotong University (西安交通大學經濟與金融學院)) in July 1995.

Giant Biogene Holding Co., Ltd

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Directors and senior management

Ms. Zhang Huijuan, aged 38, is currently the chief financial officer of the Company and appointed as executive Director on 3 October 2023. Ms. Zhang has approximately 16 years of experience in accounting and financial management. Prior to joining the Group, she was a senior auditor in Tianjin Branch of Deloitte Touche Tohmatsu Certified Public Accountants LLP (德 勤華永會計師事務所(特殊普通合夥)) from July 2008 to December 2010. She then joined Xi'an Branch of PricewaterhouseCoopers Zhong Tian LLP (普華永道中 天會計師事務所(特殊普通合夥)) as an audit manager from January 2011 to September 2018. She served as the director of financial department at Easy Click Worldwide Network Technology Co., Ltd. (易點天下網絡科技股份有限 公司) from April 2019 to January 2022. Ms. Zhang obtained the certificate of certified public accountant from the PRC Ministry of Finance in December 2017, the certificate of certified internal auditor from the Institute of Internal Auditors in March 2015, and the certificate of intermediate accountant from the PRC Ministry of Human Resources and Social Security and the PRC Ministry of Finance in October 2013. Ms. Zhang obtained a bachelor's degree in Japanese (international business) from Tianjin Foreign Studies University (天津外國語大學) in July 2008.

Ms. Yan Yubo, aged 29, is currently a joint company secretary and the Board secretary of the Company and appointed as executive Director and the chief product officer on 3 October 2023. Ms. Yan joined Xi'an Giant Biogene Technology Co., Ltd. in October 2018 as the board secretary and has been responsible for the affairs related to the Group's financing, investor relationship management and corporate governance since then. Ms. Yan obtained the certificate of Financial Risk Manager (FRM) from the Global Association of Risk Professionals in March 2021, the securities qualification certificate from the Securities Association of China in April 2021, the certificate of board secretary from Shanghai Stock Exchange in September 2020, the certificate of board secretary from Shenzhen Stock Exchange in July 2020, and the qualification certificate of fund practitioner from the Asset Management Association of China in November 2019. Ms. Yan obtained a bachelor's degree from the University of Toronto in Canada in June 2017, double majoring in financial economics and statistics. Ms. Yan obtained a master's degree in applied economics from the University of California, Los Angeles in the United States in June 2018. Ms. Yan is (i) the daughter of Mr. Yan Jianya, the chairman of the Board, executive Director and chief executive officer, and Dr. Fan Daidi, the controlling Shareholder and the chief scientific officer of the Company; and (ii) a niece of Ms. Yan Yajuan, a senior vice president of the Company.

Mr. Huang Jin, aged 66, has been an independent nonexecutive Director of the Company since 6 October 2022. Mr. Huang is currently a member of the Audit Committee and Nomination Committee of the Company respectively. Mr. Huang has around 42 years of experience in the field of law. He has held various positions in Wuhan University (武 漢大學) from December 1984 to February 2009, including teaching assistant, lecturer, associate professor, professor, and vice principal. He then was appointed as a professor and the principal of China University of Political Science and Law (中國政法大學) from February 2009 to April 2019. He has been the president of the China Society of Private International Law (中國國際私法學會) since 2003. He has been a senior professor of humanities and social sciences in Wuhan University since July 2024. He is currently a professor of the Academy for the Rule of Law (China University of Political Science and Law) (中國政法大學 全面依法治國研究院). He has served as an independent director of Beijing Baimtec Material Co., Ltd. (北京航空 材料研究院股份有限公司) since December 2021 and an independent director of CINDA Securities Co., Ltd. (信達 證券股份有限公司) since June 2023. Mr. Huang obtained a bachelor's degree in law from Hubei College of Finance and Economics (湖北財經學院) (currently known as the Zhongnan University of Economics and Law (中南財經政法 大學)) in the PRC in January 1982. He obtained a master's degree in December 1984 and a doctoral degree in June 1988, both in international law, from Wuhan University in the PRC.

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Mr. Shan Wenhua, aged 54, has been an independent non-executive Director of the Company since 6 October 2022. Mr. Shan is currently the chairman of the Remuneration Committee of the Company and a member of each of the Audit Committee, the Nomination Committee and the Corporate Governance Committee of the Company. Mr. Shan has extensive experience in the field of law. He was a lecturer and a vice researcher at the School of Law at Xiamen University (廈門大學) from 1996 to 1998. He was a visiting researcher at the Lauterpacht Centre for International Law at the University of Cambridge from 1998 to 1999. He then held various positions including lecturer, senior lecturer, reader, and professor in the Law School of Oxford Brookes University from 2002 to 2013. He was a visiting researcher at the National University of Singapore from 2004 to 2005. From 2005 to 2007, he served as the dean of the School of Humanities and Social Science at Xi'an Jiaotong University (西安交通大學), during which he was appointed as The Distinguished Professor for the Soar Scholar Talent Program (騰飛學者特聘教授). He assisted Xi'an Jiaotong University to found its School of Law in 2008 and was appointed as its first dean. He served as a Senior Fellow at the Lauterpacht Centre for International Law at the University of Cambridge from 2013 to 2020, and the assistant to the principal of Xi'an Jiaotong University from 2016 to 2018. He concurrently served as the dean of the School of International Education at Xi'an Jiaotong University from 2016 to 2021. Mr. Shan obtained the PRC lawyer certificate from the PRC Ministry of Justice in 1994. He was selected as a Special Government Allowance Expert by the PRC State Council in 2009 and as a Changjiang Scholar Chair Professor by the PRC Ministry of Education in 2008. Mr. Shan obtained the Qian Duansheng Award for Legal Research in 2014 from the Fund of Qian Duansheng Award for Legal Research, the First Pioneer Award for Innovative Talents in Chinese Think Tanks from the Chinese Academy of Social Sciences and the Chinese Academy of Social Sciences Evaluation Studies in 2018, and the Springer-Nature Award for New Developments in China from Springer-Nature in 2019. He was awarded with the First Prize for Outstanding Achievements in Philosophy and Social Sciences of Shaanxi Province by the Shaanxi Provincial People's Government in 2019 and the First-class prize of Excellent Achievements in Scientific Research (Humanities and Social Sciences) of Higher Education Institutions by the PRC Ministry of Education in 2020. Mr. Shan obtained a bachelor's degree in law in July 1991 from the Sun Yet-Sen University in the PRC, a master's degree in corporate management from Jinan University (暨南大學) in the PRC in June 1994, a doctoral degree in international

economic law from Xiamen University in July 1996, and a doctoral degree in international law from the University of Cambridge in the United Kingdom in May 2004.

Ms. Wong Sze Wing, aged 46, has been an independent non-executive Director of the Company since 6 October 2022. Ms. Wong is currently the chairman of the Audit Committee and a member of the Remuneration Committee of the Company. Ms. Wong has over 22 years of experience in accounting and management. She served as a manager at PricewaterhouseCoopers from September 2001 to October 2006. She then successively served as the chief financial officer of Orange Sky Entertainment Group (International) Holding Company Limited (橙天娛 樂集團(國際)控股有限公司) from August 2007 to July 2008. She served as the joint company secretary of Yingde Gases Group Company Limited (盈德氣體集團有限公司) from February 2009 to March 2017 and has served as its chief financial officer since July 2010. She has been an independent non-executive director of Orange Sky Golden Harvest Entertainment (Holdings) Limited (a company listed on the Hong Kong Stock Exchange, stock code: 1132) since April 2010, an independent non-executive director of Rici Healthcare Holdings Limited (a company listed on the Hong Kong Stock Exchange, stock code: 1526) since June 2016, an independent non-executive director of Wangsu Science & Technology Co., Ltd., a company listed on the Shenzhen Stock Exchange (stock code: 300017), from March 2017 to June 2023, an independent non-executive director of REPT BATTERO Energy Co., Ltd. (a company listed on the Hong Kong Stock Exchange, stock code: 0666) since November 2022, and an independent non-executive director of Ganfeng Lithium Group Co., Ltd. (a company listed in Hong Kong Stock Exchange (stock code: 1772) and Shenzhen Stock Exchange (stock code: 002460)) from July 2018 to August 2024. She also served as an independent director of Zhejiang Dahua Technology Co., Ltd. (浙江大 華技術股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 002236) from April 2017 to August 2020 and an independent non-executive director of Xinjiang La Chapelle Fashion Co., Ltd. (a company listed on the Hong Kong Stock Exchange, stock code: 06116) from January 2021 to June 2021. Ms. Wong obtained a bachelor's degree in business administration from the University of Hong Kong (香港大學) in Hong Kong in November 2001. She also obtained an EMBA from the China Europe International Business School (中歐國際工商學院) in the PRC in July 2012. Ms. Wong became a chartered member and then a fellow of the Hong Kong Institute of Certified Public Accountants in February 2004 and July 2016, respectively.



Giant Biogene Holding Co., Ltd

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Directors and senior management

# BIOGRAPHICAL DETAILS OF SENIOR MANAGEMENT

For the biographies of Mr. Yan Jianya, Ms. Ye Juan, Ms. Fang Juan, Ms. Zhang Huijuan and Ms. Yan Yubo, please refer to the "Biographical Details of Directors" section above.

Mr. Duan Zhiguang, aged 44, is a senior vice president of our Company. Mr. Duan has around 18 years of experience in the development of biomedical materials and related medical devices, biomanufacturing research of highly active natural products and the development of related products. He has been the director of R&D at Shaanxi Giant Biotechnology (陝西巨子生物技術) since February 2012 and has taken charge of the development of recombinant collagen, rare ginsenosides and other highly active natural products, medical device products, functional foods and anti-tumor drugs. Before joining our Group, Mr. Duan was a lecturer of Northwest University from July 2012 to June 2018 and has been an associate professor of Northwest University since July 2018. He was appointed as a doctoral supervisor in January 2025. He has been serving as a member of the Third Council of Xi'an Chemical and Pharmaceutical Association since 2019, and he has served as a member and deputy secretarygeneral of the special committee on daily chemicals of the Chemical Industry and Engineering Society of China since July 2024. Mr. Duan was awarded with the First Prize of Shaanxi Provincial Technical Invention and the First Prize of Science and Technology Award of Shaanxi Province by the People's Government of Shaanxi Province, respectively in December 2021 and in February 2018. He was awarded with the First Prize of Science and Technology Award of Shaanxi Higher Education Institution by the Department of Education of Shaanxi Province in April 2017, the First Prize of China Petroleum and Chemical Industry Federation Science and Technology Award by the China Petroleum and Chemical Industry Federation in November 2016, and the First Prize of Technology Invention Award of the China Petroleum and Chemical Industry Federation conferred by the China Petroleum and Chemical Industry Federation in 2024. Mr. Duan obtained a bachelor's degree in biotechnology from Henan Agricultural University (河 南農業大學) in the PRC in July 2005, a master's degree in microbiology from Northwest University in the PRC in June 2008, and a doctoral degree in biochemical engineering from Northwest University in the PRC in June 2012.

Ms. Yan Yajuan, aged 56, is a senior vice president of our Company. Ms. Yan has over 31 years of experience in the biotechnology and technical engineering industries. Prior to joining our Group, Ms. Yan worked as a technician in Wugong Chemical Plant (武功化工廠) from July 1990 to July 1994, and subsequently as a workshop manager in Xianyang Great Wall Group Corporation (咸陽市長城集團總公司) from March 1994 to July 2002. Ms. Yan has been serving as the production technology director and deputy general manager of Xi'an Giant Biogene since March 2002, and its director since December 2020. Ms. Yan obtained a diploma in inorganic chemical engineering from the Northwest University in the PRC in December 1990.

# DISCLOSURE OF CHANGES IN INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT UNDER RULE 13.51B(1) OF THE LISTING RULES

As of the Latest Practicable Date, save as disclosed above, there is no change in the information of Directors and senior management required to be disclosed pursuant to the Rule 13.51B(1) of the Listing Rules.

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# CORPORATE GOVERNANCE REPORT

#### CORPORATE GOVERNANCE PRACTICE

The Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of its Shareholders. The principles of the Company's corporate governance are to promote effective internal controls and to enhance the transparency and accountability of the Board to all Shareholders. The Directors are aware of the importance of incorporating elements of good corporate governance into the Group's management structure and internal control procedures to achieve effective accountability.

The Company has adopted the Corporate Governance Code contained in Appendix C1 to the Listing Rules as its own code of corporate governance. The Company has complied with all applicable code provisions set out in the Corporate Governance Code during the Reporting Period, save for the deviations from code provision C.2.1, as further explained in the section on "Chairman and Chief Executive Officer" below.

The Board will continue to enhance its corporate governance practices appropriate to the conduct and development of its business and to review such practices from time to time to ensure that they comply with statutory and professional standards and are in line with latest development.

#### **CORPORATE CULTURE**

The Company is committed to cultivating its corporate culture on the basis of "correct direction, unity and perseverance, front line experience, active collaboration, efficient execution and the power of role models". Such corporate culture is based on the mission of "biotechnology to empower beauty and health" and the value of "the relentless pursuit of innovative technologies and product R&D for natural beauty and health", enabling the employees in all levels across the Group to achieve development by acting lawfully, ethically and responsibly, and fully unleash their potential, which allows the Company to deliver sustainable long-term results and operate in a way that benefits society and environment.

Our Company's mission and values serve as guidance for the conduct and behavior of employees, ensuring that they are integrated into its business practices, workplace policies and routines as well as stakeholder relationships. The management is responsible for setting the tone and establishing the corporate culture for the Company, defining the mission, values, and strategic direction of the Group, which are reviewed by the Board. Considering that corporate culture is reflected on various occasions, such as labor participation, employee retention and training, legal and regulatory compliance, employee safety, welfare and support, the Group's culture, mission, values and strategy are aligned.

Corporate governance report

#### **BOARD OF DIRECTORS**

#### Composition of the Board

As of the Latest Practicable Date, the members of the Board are set out below:

#### **Executive Directors**

Mr. Yan Jianya (chairman of the Board and chief executive officer)

Ms. Ye Juan Ms. Fang Juan Ms. Zhang Huijuan Ms. Yan Yubo

#### Independent Non-executive Directors

Mr. Huang Jin Mr. Shan Wenhua Ms. Wong Sze Wing

An updated list of Directors and information on their roles and functions is available on the websites of the Company and the Hong Kong Stock Exchange. Biographical details of the Directors are set out in the chapter headed "Directors and Senior Management".

Save as disclosed in the chapter headed "Directors and Senior Management", to the best knowledge of the Company, there are no relationships (including financial, business, family or other material/relevant relationships) between the Directors and senior management.

### **Independent Non-executive Directors**

During the Reporting Period, the Board has complied with the requirements of Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules in relation to the appointment of at least three independent non-executive Directors (representing at least one-third of the Board), with at least one of whom possessing appropriate professional qualifications, or accounting or related financial management expertise.

The Board has received an annual written confirmation from each of the independent non-executive Directors in respect of his/her independence pursuant to Rule 3.13 of the Listing Rules and the Company is of the view that all of them are independent.

#### The Board and Our Management

The Board is responsible for, and has the general authority of, the management and operation of the Company. It is in charge of all major decisions of the Company, including the approval and monitoring of all major policies and overall strategies of the Group, internal control and risk management systems, notifiable and connected transactions, nomination of Directors and joint company secretaries and other significant financial and operational matters. The senior management as delegated by the Board, is responsible for the day-to-day management of the business of the Company.

#### Chairman and Chief Executive Officer

According to code provision C.2.1 under the Corporate Governance Code, the roles of chairman of the Board and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman of the Board and chief executive officer should be clearly established and set out in writing. The roles of chairman of the Board and the chief executive officer are currently performed by Mr. Yan Jianya as the two functions have not been separated by the Company. In view of Mr. Yan Jianya's substantial contribution to the Group since its establishment and his extensive experience, the Company considers that having Mr. Yan Jianya acting as both the chairman of the Board and chief executive officer will provide strong and consistent leadership to the Group and facilitate the efficient execution of the business strategies of the Company. The Company considers it appropriate and beneficial to its business development and prospects that Mr. Yan Jianya continues to act as both the chairman of the Board and chief executive officer, and therefore it is currently not proposed to separate the functions of chairman of the Board and chief executive officer.

# Board Meetings/General Meetings and Attendance of Directors

The Company adopts the practice of holding Board meetings regularly, at least four times a year and at approximately quarterly intervals. Notices of not less than 14 days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for regular Board meetings.

For other Board meetings and Board committee meetings, reasonable notice is generally given. The agenda and accompanying board papers are despatched to the Directors or Board committee members at least three days before the date of such meeting to ensure that they have sufficient time to review the papers and are adequately prepared for the meeting. If Directors or Board committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to inform the chairman of their views prior to the meeting.

The matters considered and decisions reached by the Board and Board committees during the meetings are recorded in sufficient details in the minutes of the meetings. Details of such minutes include, but are not limited to, any concerns raised by the Directors. Draft minutes of each Board meeting and Board committee meeting should be sent to the relevant Directors for their comments within a reasonable time after the meeting is held. All minutes shall be maintained by the joint company secretaries and are available for inspection by the Directors and Board committee members.

Corporate governance report

The Company held four Board meetings, three Audit Committee meetings, one Nomination Committee meeting, one Remuneration Committee meeting and one Corporate Governance Committee meeting during the Reporting Period. The Company held 1 general meeting during the Reporting Period. The attendance of each Director at the above meetings is shown below:

	Attendance/Number of Meetings								
Name of Directors	Board	Audit Committee	Nomination Committee	Remuneration Committee	Corporate Governance Committee	General Meeting			
Mr. Yan Jianya	4/4	_	1/1	1/1	1/1	1/1			
Ms. Ye Juan	4/4	-	_	_	_	1/1			
Ms. Fang Juan	4/4	_	_	_	1/1	1/1			
Ms. Zhang Huijuan	4/4	_	_	_	_	1/1			
Ms. Yan Yubo	4/4	_	_	_	_	1/1			
Mr. Huang Jin	4/4	3/3	1/1	_	_	1/1			
Mr. Shan Wenhua	4/4	3/3	1/1	1/1	1/1	1/1			
Ms. Wong Sze Wing	4/4	3/3	_	1/1	_	1/1			

In addition to the above meetings, during the Reporting Period, Mr. Yan Jianya, the chairman of the Board, held one meeting with the independent non-executive Directors without the presence of the other Directors.

### Directors' Service Agreement

Each of the executive Directors of the Company has entered into a service contract with the Company for an initial term of three years commencing from 30 November 2021 (for Mr. Yan Jianya, Ms. Ye Juan and Ms. Fang Juan) and 3 October 2023 (for Ms. Zhang Huijuan and Ms. Yan Yubo) or until the third annual general meeting of the Company from the Listing Date, whichever is earlier, subject always to re-election in accordance with the Articles of Association. Each of the independent non-executive Directors has entered into a letter of appointment with the Company for an initial term of three years commencing from 6 October 2022 or until the third annual general meeting of the Company from the Listing Date, whichever is earlier, subject always to re-election in accordance with the Articles of Association.

During the Reporting Period, none of the Directors had entered into any service contract with the Company or its subsidiaries which is not determinable within one year without the payment of compensation (other than statutory compensation).

## Appointment and Re-election of Directors

Pursuant to Article 26.3 of the Articles of Association, the Directors may appoint any person to be a Director, either to fill a vacancy or as an additional Director provided that the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with the Articles of Association as the maximum number of Directors. Any Director appointed in this way shall hold office only until the first annual general meeting of the Company after such Director's appointment and shall then be eligible for re-election at that meeting.

Pursuant to Article 26.4 of the Articles of Association, at every annual general meeting of the Company one-third of the Directors for the time being (or, if their number is not three or multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years.

Mr. Huang Jin, Mr. Shan Wenhua and Ms. Wong Sze Wing will retire by rotation at the annual general meeting in accordance with the Articles of Association and, being eligible, offer themselves for re-election. Details of the re-election are set out in the circular regarding general meeting to be published by the Company in due course.

### Training and Professional Development

In accordance with code provision C.1.4 of the Corporate Governance Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills, in order to ensure that their contribution to the Board remains informed and relevant.

To assist Directors in developing and updating their knowledge and skills, internally-facilitated Board briefings will be arranged and, where appropriate, written materials on relevant topics will be made available to Directors. All Directors are encouraged to attend relevant training courses at the Company's expense.

During the Reporting Period, the Company also arranged for its Hong Kong listing legal advisers to conduct training for all Directors, including independent non-executive Directors. The training sessions covered a wide range of relevant topics, including Directors' duties and responsibilities, corporate governance and the requirements of the Listing Rules.

Notes:

Directors are required to provide the Company with details of the training they have received during each financial year in order to maintain appropriate training records. The training received by the Directors during the Reporting Period is as follows:

Name of Directors	Continuing Professional Development Training Categories
Mr. Yan Jianya	A & B
Ms. Ye Juan	A & B
Ms. Fang Juan	A & B
Ms. Zhang Huijuan	A & B
Ms. Yan Yubo	A & B
Mr. Huang Jin	A & B
Mr. Shan Wenhua	A & B
Ms. Wong Sze Wing	A & B

A: Attend seminars, conferences, forums and/or training courses arranged by the Company or external organizations.

B: Read carefully materials provided by the Company or external parties, such as those relating to the Company's business updates, Directors' duties and responsibilities, corporate governance and regulatory updates and other applicable regulatory requirements.

# Mechanism for Directors to Obtain Independent Views and Opinions

At Board meetings, the Directors are free to express their views and important decisions are subject to detailed discussion before they are made. If the Directors consider it necessary to seek advice from an independent professional institution, they may engage an independent professional institution in accordance with the procedures and at the expense of the Company. If a Director has an interest in a matter proposed by the Board, the relevant Director must withdraw from the discussion of the relevant proposal and abstain from voting, and the Director will not be counted in the quorum for voting on the resolution. In addition, the independent non-executive Directors should also express an objective and impartial independent opinion on matters discussed by the Company. The independent non-executive Directors of the Company do not hold any position in the Company other than that of a Director, do not have any relationship with the Company and the Company's substantial Shareholders that might influence their independent and objective judgements, and do not have any business or financial interests in the Company or the Company's subsidiaries. During the Reporting Period, the participation of independent nonexecutive Directors therefore effectively ensures that there is a strong and sufficient element of independence on the Board. The Board will review the implementation and effectiveness of the above mechanism annually.

#### **Board Committees**

The Company has established four Board committees in accordance with the relevant laws and regulations and the corporate governance practice under the Listing Rules, including the Audit Committee, the Nomination Committee, the Remuneration Committee and the Corporate Governance Committee.

#### **Audit Committee**

The Company has established the Audit Committee in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code. During the Reporting Period, the Audit Committee comprises Ms. Wong Sze Wing, Mr. Huang Jin and Mr. Shan Wenhua, each of whom is an independent non-executive Director of the Company. Ms. Wong Sze Wing, being the chairperson of the Audit Committee, has appropriate accounting and related financial management expertise as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The Audit Committee is responsible for reviewing and monitoring the financial reporting, risk management and internal control systems of the Company, and assist the Board to fulfill its responsibility over the audit. The principal terms of reference of the Audit Committee include (but not limited to):

- to be responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;
- (b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards; and to discuss with the external auditor the nature and scope of the audit and reporting obligations before the audit commences;
- (c) to monitor the integrity of the Company's financial statements and annual report and accounts, half year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgements contained in them;

## Corporate governance report

- (d) to review the Company's financial controls, and to review the Company's risk management and internal control systems;
- (e) to discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems;
- (f) to review the Company's internal audit function to ensure co-ordination between the internal and external auditors; and to ensure that the internal audit function is adequately resourced and has appropriate standing within the issuer; and to review and monitor its effectiveness.

The Audit Committee is also responsible for performing the Company's corporate governance functions, including (but not limited to):

- (a) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- (b) to review and monitor the training and continuous professional development of Directors and senior management of the Company;
- (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees of the Company and Directors; and
- (e) to review the Company's compliance with the code and disclosure in the Corporate Governance Report of the Company.

During the Reporting Period, the Audit Committee held three meetings to review the audited consolidated financial statements, results announcement and annual report draft of the Group for the year ended 31 December 2023; the consolidated financial statements, results announcement and interim report for the six months ended 30 June 2024; to review and discuss key internal audit matters, financial reporting system, and risk management and internal control systems; to review and discuss the effectiveness of internal audit function; to discuss the re-appointment of the external auditor and made recommendations to the Board.

#### Directors' Responsibility for the Financial Statements

The Directors acknowledge their responsibility for preparing financial statements which should give a true and fair view of the state of affairs of the Company and of the results and cash flows for the relevant Reporting Period.

In preparing the financial statements, the Board has adopted IFRS Accounting Standards and appropriate accounting policies and applied them consistently, made judgements and estimates that are prudent, fair and reasonable, and prepared the financial statements on a going concern basis. The Board is responsible for ensuring that the Company maintains proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. Accordingly, the Board has continued to adopt the going concern basis in preparing the financial statements.

The auditor is responsible for auditing and reporting its opinion on the financial statements of the Company. The independent auditor's report for the Reporting Period is set out in the chapter headed "Independent Auditor's Report" of this annual report.

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#### Auditor's Remuneration

The Company appointed Ernst & Young, Certified Public Accountants and Registered Public Interest Entity Auditor, as the auditor for the year ended 31 December 2024. A statement by Ernst & Young about their reporting responsibilities for the financial statements is included in the Independent Auditor's Report on pages 57 to 61.

Audit fees of the Group for the year ended 31 December 2024 payable to the external auditor were approximately RMB2.3 million.

Details of the fees paid or payable to the Company's auditor, in respect of the audit and non-audit services for the year ended 31 December 2024 are set out in the table below:

#### Services rendered for the Company

RMB'000

Audit service
Non-audit service

2,300

#### **Nomination Committee**

The Company has established the Nomination Committee in compliance with Rule 3.27A of the Listing Rules and the Corporate Governance Code. During the Reporting Period, the Nomination Committee comprises Mr. Yan Jianya, Mr. Huang Jin and Mr. Shan Wenhua. Mr. Yan Jianya currently serves as the chairman of the Nomination Committee.

The terms of reference of the Nomination Committee include (but not limited to):

- (a) to review the structure, size and composition (including the skills, knowledge, experience and diversity of perspectives) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- (b) to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of, individuals nominated for directorships;
- to assess the independence of independent nonexecutive Directors;

- (d) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors (in particular the chairman or chairlady and the chief executive); and
- (e) to review the Board Diversity Policy and any measurable objectives for implementing such Board Diversity Policy as may be adopted by the Board from time to time and to review the progress on achieving the objectives; and to make disclosures of its progress on its review results in the annual report of the Company annually.

During the Reporting Period, the Nomination Committee held one meeting to assess the independence of the independent non-executive Directors, review the effectiveness of the Board Diversity Policy and make recommendations to the Board for re-election of Directors at the annual general meeting. Giant Biogene Holding Co., Ltd

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#### Board Diversity Policy

The Company has adopted a Board Diversity Policy which sets out the approach to achieve and maintain diversity in the Board. Pursuant to the Board Diversity Policy, selection of Board candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, industry experience, technical capabilities, professional qualifications and skills, knowledge, length of service and other related factors. The Company has also considered its own business model and special needs. The ultimate selection of Director candidates is based on merits of the candidates and contribution that the candidates will bring to the Board.

The Board has a balanced mix of experience and skills, including but not limited to overall business management, research and development, and finance and accounting. As of the Latest Practicable Date, the Board has three male and five female Directors, achieving gender diversity on the Board. The Board will maintain the number of female Directors if suitable candidates are available in the future to ensure that gender diversity on the Board continues to be met in the coming years. The Board considers that the current composition of the Board is consistent with the Board Diversity Policy based on the principle of meritocracy, and the Board Diversity Policy of the Company ensures that the Board will have the potential candidates for succession to extend the existing gender diversity of the Board.

The Nomination Committee of the Company is responsible for the implementation of the Board Diversity Policy. During the Reporting Period, the Nomination Committee of the Company reviewed the Board Diversity Policy from time to time to ensure its continued effectiveness.

The Company is committed to promoting gender diversity, not only within the Board but also among its workforce. As of the end of the Reporting Period, the gender ratio of the Company's employees (including senior management) is as follows:

 Male
 41%

 Female
 59%

 Total
 100%

Based on the above, the composition of the Company's employees has met and is expected to maintain a reasonable level of gender diversity.

#### Nomination Procedure

If a Shareholder wishes to propose a person other than a Director of the Company for election as a Director, the Shareholder must deposit a written notice (the "Notice") to the principal office and principal place of business in Hong Kong, Room 1922, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong, for the attention of the joint company secretaries of the Company. The Notice must state clearly the name, the contact information of the Shareholder and his/her/their shareholding, the full name of the person proposed for election as a Director, including the person's biographical details as required by Rule 13.51(2) of the Listing Rules, and be signed by the Shareholder concerned (not by the person to be proposed). The Notice must also be accompanied by a letter of consent (the "Letter of Consent") signed by the person proposed to be elected on his/her willingness to be elected as a Director.

The period for lodgement of the Notice and the Letter of Consent will commence from the day after the dispatch of the notice by the Company of the general meeting appointed for election of Directors and end no later than seven days prior to the date of such general meetings and the minimum length of the period during which the Notice to the Company may be given will be at least seven days.

The Notice will be verified by the joint company secretaries with the Company's branch share registrar and upon their confirmation that the request is proper and in order, the joint company secretaries will ask the Nomination Committee and the Board of the Company to consider to include the particulars of such proposed person for election as a Director in its announcement or supplementary circular and to include the resolution in the agenda for the general meeting proposing such person to be elected as a Director.

#### **Remuneration Committee**

The Company has established the Remuneration Committee in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code. During the Reporting Period, the Remuneration Committee comprises Mr. Shan Wenhua, Mr. Yan Jianya and Ms. Wong Sze Wing. Mr. Shan Wenhua currently serves as the chairman of the Remuneration Committee.



The principal terms of reference of the Remuneration Committee include (but are not limited to):

- (a) to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (b) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- (c) to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management. This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- (d) to make recommendations to the Board on the remuneration of non-executive Directors;
- to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
- (f) to review and approve the compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- (g) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
- (h) to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration; and
- (i) to review and/or approve the matters relevant to the share scheme under Chapter 17 of the Listing Rules.

During the Reporting Period, the Remuneration Committee held one meeting to recommendations to the Board on the remuneration packages of individual executive Directors and senior management, review the remuneration of non-executive Directors and remuneration policies and structures of all Directors and senior management, assess performance of executive Directors and approve the terms of executive Directors' service contracts, and review and/ or approve matters relating to share schemes and the options or awards granted under Chapter 17 of the Listing Rules.

#### Remuneration Policy

The Company offers the executive Directors and senior management, as its employees, with remuneration in the form of salaries, allowances, benefits in kind, performance related bonuses, equity-settled share award, pensions, and other social insurance benefits, which is determined based on the factors such as market conditions, the Company's performance and their performance assessment results by the Board. Non-executive Directors and independent non-executive Directors also receive compensation according to their duties with reference to prevailing market terms (including serving as member or chairperson of the Board committees).

The Company recruits new employees through campus recruitment and experienced personnel hiring to seek talents with education background in relevant subjects or work experiences in relevant industries for its R&D, sales, management and operation team. The Company evaluates each candidate based on his/her educational background, professional knowledge, necessary skills, interview performance, relevant experience, and professional ethics. As part of its human resources strategy, the Company offers employees competitive salaries, performance-based cash bonuses and other incentives. The Company has adopted a comprehensive training protocol, pursuant to which the Company provides pre-employment training to its new employees and internal transfer employees, and continuing technical training to its employees on a regular basis. The Company also provides necessary training to employees who are responsible for quality controls to ensure that they are competent for their work.

As required under PRC regulations, the Company participates in various employee social security plans that are organized by applicable local municipal and provincial governments, including housing, pension, medical, work-related injury, maternity, and unemployment benefit plans. During the Reporting Period, no forfeited contributions had been used by the Group to reduce the existing level of contributions.



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In accordance with code provision E.1.5 of the Corporate Governance Code, the annual remuneration (including share-based compensation) payable to members of senior management (including senior management who are also executive Directors) by band for the Reporting Period is as follows:

Annual Remuneration	Number of Individuals
Nil to RMB1,500,000	2
RMB1,500,001 to RMB2,000,000	_
Above RMB2,000,001	5

Further details of Directors' remuneration during the Reporting Period are set out in note 8 to the consolidated financial statements of this annual report. The Company confirmed that none of the Directors had waived or agreed to waive any emoluments during the Reporting Period and that no emoluments were paid by the Group to any Director or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

#### Corporate Governance Committee

The Company has established the Corporate Governance Committee with written terms of reference. During the Reporting Period, the Corporate Governance Committee comprises Mr. Yan Jianya, Ms. Fang Juan and Mr. Shan Wenhua. Mr. Yan Jianya currently serves as the chairman of the Corporate Governance Committee.

The terms of reference of the Corporate Governance Committee are as follows:

- (a) to develop and review the Company's policies and practices on corporate governance and Environmental, Social and Governance (ESG) and make recommendations to the Board;
- (b) to review and monitor the training and continuous professional development of Directors and senior management;
- (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual (if any) that are applicable to the Directors and employees of the Group (excluding, for this purpose, any special purpose bankruptcy remote entity);
- (e) to review the Company's compliance with the Corporate Governance Code and the ESG Reporting Guide in accordance with the Listing Rules and disclosures in the Corporate Governance Report and the ESG Report in accordance with the Listing Rules;

- f) to review and monitor whether the Company is operated and managed for the interests of all Shareholders;
- (g) to discuss and respond to the impacts of the Company's operations on the economy, environment, society and various stakeholders, especially the major ESG issues which are most concerned by the management of the Company and various stakeholders; and
- (h) to review and inspect the ESG-related risks and opportunities which have a potential material impact on the Company, and report to the Board and make recommendations on annual ESG strategic objectives.

During the Reporting Period, the Corporate Governance Committee held one meeting to review the Company's corporate governance and draft of the ESG Report.

# RISK MANAGEMENT AND INTERNAL CONTROL

#### Risk Management

The Board is responsible for the risk management and internal control systems and has a duty to review the effectiveness of these systems. These systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and provide only reasonable but not absolute assurance against material misstatement or loss. The Board has overall responsibility for assessing and determining the nature and extent of the risks it is willing to assume in achieving the Company's strategic objectives and in establishing and maintaining an appropriate and effective system of risk management and internal control. The Audit Committee is responsible for assisting the Board, guiding the management and overseeing the design, implementation and control of the risk management and internal control systems. The Company has established an internal audit function to provide internal control over certain significant areas of the

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## Corporate governance report

The Company is exposed to various risks during its operation. Key operational risks faced by the Company include, among others, changes in the regulatory environment in China, the ability to offer quality products, safe production, and competition from other market players. In addition, the Company faces numerous market risks, such as interest rate, credit and liquidity risks that arise in the normal course of the business.

In order to address these risks, the Company has established, and currently maintains, risk management and internal control systems consisting of policies and procedures that the Company considers appropriate for its business operations. There is a division of labor and co-ordination between the Board, the Audit Committee, the management and various functional departments of the Company. The Company is dedicated to continually improving these systems.

From an operational standpoint, the Company continually identifies and evaluates risks relating to its operations, such as the risk to its plants, general operational layout, transportation, buildings, production technology, logistics, main equipment, operating environment, quality management, safety management, and all personnel who enter its plants, and formulates its risk control measures accordingly. The Company also have various methods to identify its major potential hazards, including, but not limited to, events that may occur during the course of its daily activities, such as potential hazardous events during normal business operations, production and service activities; unforeseeable accidents, such as power outages, water outages, shutdowns and maintenance; activities relating to personnel entering the workplace; and infrastructures at the workplace, such as buildings, production equipment, raw materials and other leased infrastructures.

The Company's analysis methods include work safety analysis, field experience analysis, a safety checklist and exposure likelihood and consequences analysis. The Company's personnel are responsible for identifying as many actual and potential risk factors as possible through on-site observation and collected data, including, but not limited to, unsafe behaviors, unsafe state of the object, management defects and the impacts from the environment.

The Company's administrative department is responsible for evaluating the risks to determine the severity and likelihood, and preparing the lists of major risk factors, which is reviewed by the technology department and approved by the representatives of managers. The Company conducts the identification and evaluation of risk factors and reviews the effectiveness of identification, risk evaluation and control measures once a year to improve the relevant risk management system. The Company's departments also consider whether to establish occupational health and safety goals and include such indicators into the KPIs for the Company's management from time to time depending on the situation, such as the need to implement or replace certain major risks.

The Company generally updates the risk evaluation and corresponding control measures according to the development of production, operations and management. The Company timely updates those measures in terms of changes such as occupational health and safety policy, laws, regulations, standards and related requirements, requirements for internal audit, external audit, and management review, and raw and auxiliary materials.

The Company is exposed to a variety of financial risks, including foreign exchange risk, credit risk and liquidity risk. The Group's principal financial instruments comprise cash and cash equivalents and financial assets at fair value through profit or less. The major risks arising from the Group's financial instruments are credit risk, foreign currency risk and liquidity risk. The Directors reviewed and agreed policies for managing each of these risks and for summary of such risks, please refer to the section headed "Directors' Report – Financial Risks".

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#### **Internal Control**

The Company has designated responsible personnel in the Group to monitor the ongoing compliance by the Company with the relevant PRC laws and regulations that govern its business operations and oversee the implementation of any necessary measures. In addition, the Company plans to provide its Directors, senior management and relevant employees with continuous training programs and/or updates regarding the relevant PRC laws and regulations on a regular basis with a view to proactively identify any concerns and issues relating to any potential non-compliance. The Company offers on-board training to its new employees and continuing training to its existing employees to enhance their knowledge and awareness of the relevant policies and regulations. The Company also generally discusses with external advisory firm and legal counsel on a monthly basis in relation to (i) the latest regulatory requirements in China, (ii) any ad hoc queries from the Company, and (iii) review of advertising content before publication. For instance, the Company received training on the "Analysis of the New Regulations on the Treasury Share Mechanism and the Consultation Document of the Corporate Governance Code" in July 2024.

#### Anti-Corruption and Bribery

The Company has adopted a set of internal rules and policies governing the conduct of its employees. The Company has placed anti-bribery and anti-corruption clauses in its employees' handbooks to ensure that its employees comply with its internal rules and policies as well as the applicable laws and regulations. In particular, the clauses stipulate that the employees of the Company are prohibited from offering any bribery in the form of cash or other interests to medical professionals in exchange for their recommendations, purchase or prescription of the products of the Company. The Company also includes anti-bribery and anti-corruption clauses in its business contracts, confidential and non-competition agreements with its Directors and senior management, key technology personnel, and other key personnel. Furthermore, the Company includes anti-bribery requirements in its sales management policies, which explicitly prohibit the sales personnel of the Company from offering or accepting bribery (including any form of kickbacks and rebates that may constitute bribery) to or from any customers, and prohibit the distributors of the Company from offering bribery to medical institutions, doctors and their other customers.

#### False Advertising and Efficacy-related Misrepresentations

The Company has also adopted measures to mitigate the risks relating to false advertising and efficacy-related misrepresentations. The Company has established an internal system relating to the compliance of its advertising activities. Before the publication of the advertising and marketing content of the Company, such content must be reviewed by the dedicated officers of the marketing and legal functions of the Company, so as to ensure that such content (in particular, any efficacy-related information) is true, accurate and in compliance with applicable laws and regulations. Certain product descriptions on efficacy are independently verified by external third-party testing service providers as required by the applicable regulations, so as to prevent any product misrepresentation including any potential efficacy claims. In addition, the branding director and legal director of the Company regularly monitor and from time to time spot-check the marketing and advertising activities of the Company every week in order to prevent false advertising. Once a non-compliance issue is identified, the relevant advertising and marketing content would be removed from the relevant channels.

Moreover, in light of the extensive marketing activities of the Company, the Company consults with external advisory firm and legal counsel, from time to time, to evaluate appropriateness of advertising content, promulgated or proposed regulations, and general regulatory development updates. Such topics include the Guiding Opinion on the Strengthening Supervision and Administration of Classification of Production and Operation of Medical Devices (《關於加強醫療器械生產經營分級監管工作的指 導意見》) issued by the Department of Comprehensive Affairs of the NMPA, the Administrative Provisions on Internet Pop-up Window Information Push Services (《互 聯網彈窗信息推送服務管理規定》) jointly issued by the Cyberspace Administration of China and two other PRC regulatory authorities, and the Guiding Principles for Technical Guidance on Freckle-removing and Whitening Special Cosmetics (Draft for Comments) (《祛斑美白類特 殊化妝品技術指導原則(徵求意見稿)》) issued by relevant authorities. The Company regularly organizes online and offline trainings for its employees on relevant PRC laws regarding advertising, e-commerce, and unfair competition.

#### Ongoing Review

The Company has established the Audit Committee to review and monitor the financial reporting process and internal control system, and the Corporate Governance Committee to ensure the adequacy and effectiveness of the regulatory compliance process and internal control system. Both the Audit Committee and the Corporate Governance Committee report the results of their audits to the Board, and confirm the effectiveness of risk management and internal control process to the Board.

The Board conducted a review of the Company's risk management and internal controls during the Reporting Period on an annual basis, which covered all significant aspects of controls, including financial, operational and compliance controls. The Board concluded that the Company's risk management and internal control systems were effective and adequate during the Reporting Period.

### SECURITIES DEALING AND HANDLING OF INSIDER INFORMATION

The Board 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 code of conduct regarding dealings by Directors in the securities of the Company. Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the provisions of the Model Code during the Reporting Period.

The Company has also established and implemented policies and procedures for the disclosure of information, including but not limited to the disclosure of inside information, including monitoring potential inside information, ensuring that relevant facts and circumstances that are material to the Company's share price are promptly identified and assessed, and bringing such matters to the attention of the Board as necessary to determine whether a disclosure is required. Directors, senior management and relevant employees who are in possession of inside information or potential inside information are required to take reasonable steps to preserve confidentiality and ensure that its recipients are aware of their obligations to maintain confidentiality.

#### Joint Company Secretaries

The joint company secretaries are responsible for advising the Board on corporate governance matters to ensure a good information exchange among members of the Board and the compliance with the Board's policies and procedures and applicable laws, rules and regulations. During the Reporting Period and as of the Latest Practicable Date, the joint company secretaries of the Company were Ms. Yan Yubo and Ms. Yuen Wing Yan, Winnie. Ms. Yuen Wing Yan, Winnie is a Director of Corporate Services of Tricor Services Limited and a Fellow of both The Hong Kong Chartered Governance Institute (HKCGI) and The Chartered Governance Institute in the United Kingdom. Ms. Yan Yubo is the principal contact person of the Company and will communicate with Ms. Yuen Wing Yan, Winnie on corporate governance and secretarial and administrative matters of the Company.

For the biographical details of Ms. Yan Yubo, please refer to the "Directors and Senior Management - Biographical Details of Directors" section of this annual report. The biographical details of Ms. Yuen Wing Yan, Winnie are set out below:

Ms. Yuen Wing Yan, Winnie was appointed as the joint company secretary of the Company on 28 August 2023. Ms. Yuen is a Director of Corporate Services of Tricor Services Limited, and has over 25 years of experience in the corporate secretarial field. She has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Ms. Yuen is currently acting as the company secretary or joint company secretary of a few listed companies on the Stock Exchange. Ms. Yuen is a Chartered Secretary, a Chartered Governance Professional and a Fellow of both HKCGI and The Chartered Governance Institute in the United Kingdom. She is a holder of the Practitioner's Endorsement from HKCGI.

During the Reporting Period, each of the joint company secretaries attended a total of not less than 15 hours of training courses on the Listing Rules, corporate governance, information disclosure, investor relations and the functions and duties of a company secretary of a Hong Kong listed issuer as required under Rule 3.29 of the Listing Rules.

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#### **RELATIONSHIP WITH SHAREHOLDERS**

#### Communication with Shareholders

The Board believes that effective communication with Shareholders is essential to enhance investor relations and investors' understanding of the Group's business performance and strategy. The Group also recognizes the importance of transparency and timely disclosure of its corporate information to enable the Shareholders and investors to make the best investment decisions.

The Company communicates with its Shareholders and the investment community primarily through the Company's financial reports (including interim and annual reports), annual general meetings and other general meetings that may be convened, as well as by making available all the disclosures submitted to the Hong Kong Stock Exchange and its corporate communications and other corporate publications on the Company's website.

#### General Meetings

The general meetings of the Company serve as opportunities for the Directors and senior management to communicate with the Shareholders. Shareholders are encouraged to attend or, if unable to attend, to appoint a proxy to attend and vote on their behalf at meetings. Notice in writing is given by the Company to the Shareholders at least 21 clear days prior to the annual general meeting and at least 14 clear days prior to any extraordinary general meetings.

Board members, in particular the chairmen of Board committees or their delegates, appropriate management executives and external auditors will attend annual general meetings to answer questions from the Shareholders.

The proceedings of the Company's general meetings are regularly monitored and reviewed. Changes will be made, if necessary, to ensure that the needs of Shareholders are best served.

#### Corporate Communications

Corporate communications are made available to Shareholders in plain languages and in both English and Chinese versions to facilitate their understanding about the content of the communications. Shareholders have the right to choose the language (either English or Chinese) or means of receipt (in hard copy or through electronic means) of the corporate communications. Shareholders are encouraged to provide their email addresses to the Company in particular to facilitate timely and effective communication.

#### Company's Website

The Company maintains a website at www.xajuzi.com, as a platform for communication with the Shareholders and investors. The information on the website of the Company is updated on a regular basis. Information published on the website of the Stock Exchange by the Company is also posted on the website of the Company for corporate communications immediately thereafter, including financial statements, results announcements, circulars and notices of general meetings and related explanatory documents, etc.

#### Shareholders' Enquiries

Shareholders and investors may send written enquiries or requests to the Company, for the attention of the Board. The contact details are as follows:

Address: No. 1855, Shanglin Yuan 7th Road,

Chang'an District, Xi'an, Shaanxi Province, PRC

Email: ir@xajuzi.com

Shareholders may raise questions about their shareholdings with the Company's Hong Kong Share Registrar, Tricor Investor Services Limited. The Company ensures that the Hong Kong Share Registrar maintains upto-date information relating to the Shares at all times in order to respond effectively to the Shareholders' enquiries.

#### Policies Relating to Shareholders

#### Shareholders' Communication Policy

The Company has established a Shareholders' Communication Policy which aims to ensure that Shareholders and the investment community at large are provided with ready, equal and timely access to balanced and understandable information about the Company, in order to enable the Shareholders to exercise their rights in an informed manner, and to enhance communication among the Shareholders, the investment community and the Company.

The Board regularly reviews the Shareholders' Communication Policy to ensure its effectiveness, in particular in relation to the requirements of Part II of the Corporate Governance Code in Appendix C1 to the Listing Rules. The Board committee has reviewed the implementation and effectiveness of the Shareholders' Communication Policy during its meetings and is of the view that the Shareholders' Communication Policy has been effectively implemented and that the dissemination of information to the Shareholders are effective.

#### Dividend Policy

In accordance with code provision F.1.1 of the Corporate Governance Code, the Company has adopted a policy in respect of the declaration, payment or distribution of the net profit of the Company as dividends to the Shareholders ("Dividend Policy").

The Company is a holding company incorporated under the laws of the Cayman Islands. As a result, the payment and amount of any future dividend will depend on the availability of dividends received from the subsidiaries of the Company. PRC laws require that dividends be paid only out of the net profit calculated according to the PRC accounting principles, which differ in many aspects from generally accepted accounting principles in other jurisdictions, including IFRS. PRC laws also require foreign invested enterprises to set aside part of their net profit as statutory reserves, which are not available for distribution as cash dividends. Distributions from the subsidiaries of the Company may also be restricted if they incur debt or losses or in accordance with any restrictive covenants in bank credit facilities or other agreements that the Company or its subsidiaries may enter into in the future.

#### Shareholders' Rights

To safeguard the interests and rights of the Shareholders, separate resolutions are proposed at general meetings on each major issue, including the election of individual Directors, for consideration and voting by the Shareholders. All resolutions proposed at the general meetings will be voted on by poll in accordance with the Listing Rules and the poll results will be announced on the Company's website (www.xajuzi.com) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk) after each general meeting.

According to the Articles of Association, the Directors are entitled to call general meetings, and they shall on a Members' requisition forthwith proceed to convene an extraordinary general meeting of the Company. A Members' requisition is a requisition of one or more Members holding at the date of deposit of the requisition not less than 10% of the voting rights, on a one vote per share basis, of the issued Shares which as at that date carry the right to vote at general meetings of the Company. The Members' requisition must state the objects and the resolutions to be added to the agenda of the meeting and must be signed by the requisitionists and deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office. Shareholders may propose a resolution at the general meeting by sending a written motion notice to the Company's principal office and principal place of business in Hong Kong, at Room 1922, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong, for the attention of the joint company secretaries of the Company. Requisitions may consist of several documents in like form each signed by one or more requisitionists. If there are no Directors as at the date of the deposit of the Members' requisition or if the Directors do not within 21 days from the date of the deposit of the Members' requisition duly proceed to convene a general meeting to be held within a further 21 days, the requisitionists, or any of them representing more than onehalf of the total voting rights of all of the requisitionists, may themselves convene a general meeting, but any meeting so convened shall be held no later than the day which falls three months after the expiration of the said 21day period.



# EFFECTIVE COMMUNICATION WITH INVESTORS

The Group's investor relations efforts were effectively conducted under the leadership and support of the Board and the operational management. During the Reporting Period, the Group has participated in a number of investor/analysts exchange sessions, investment summits and investor events to facilitate communication between the Company and Shareholders and investors. The Company will also continue to maintain effective communication with investors through the roadshows after interim results, annual results, at other appropriate occasions, and via general meetings in the future.

## **CONSTITUTIONAL DOCUMENTS**

As approved by the Shareholders at the annual general meeting on 13 June 2024, the Company has adopted the fourth amended and restated Memorandum and Articles of Association to (i) update and bring the then existing Memorandum and Articles of Association in line with the relevant amendments to the Listing Rules in respect of the electronic dissemination of corporate communications by listed issuers (effective from 31 December 2023); and (ii) make other consequential and housekeeping amendments to better align with the wordings and requirements under the applicable laws of the Cayman Islands and the Listing Rules. For details, please refer to the announcements of the Company dated 25 March 2024 and 13 June 2024, and the circular dated 29 April 2024, respectively.

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# INDEPENDENT AUDITOR'S REPORT



Ernst & Young 27/F, One Taikoo Place 979 King's Road Quarry Bay, Hong Kong 安永會計師事務所 香港鰂魚涌英皇道979號 太古坊一座27樓 Tel 電話: +852 2846 9888 Fax 傳真: +852 2868 4432 ey.com

Independent auditor's report
To the shareholders of Giant Biogene Holding Co., Ltd
(Incorporated in the Cayman Islands with limited liability)

#### **OPINION**

We have audited the consolidated financial statements of Giant Biogene Holding Co., Ltd (the "Company") and its subsidiaries (the "Group") set out on pages 62 to 125, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (the "IASB") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

#### **BASIS FOR OPINION**

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") as issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **KEY AUDIT MATTERS**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



Giant Biogene Holding Co., Ltd

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Independent auditor's report

#### **KEY AUDIT MATTERS** (cont'd)

#### **Key audit matter**

#### How our audit addressed the key audit matter

#### Revenue recognition

- Online sales through the Group's direct-to-customer stores
- Sales to distributors

The Group recognised revenue of RMB5,539 million for the year ended 31 December 2024, mainly including online sales through the Group's direct-to-customers ("DTC") stores and sales to distributors. The revenue is recognised as follows:

- i) Online sales through the Group's DTC stores accounted for approximately 64.8% of the total revenue for the year ended 31 December 2024. We focused on this area due to the risks arising from the large volume of transactions generated from the sale of different products to a significant number of customers online. This area required significant audit attention to test the occurrence of these transactions.
- ii) Sales to distributors accounted for approximately 25.4% of the total revenue for the year ended 31 December 2024. We focused on this area due to the risk of revenue being recognised inappropriately close to the year-end.

The Group's related disclosures are included in note 2.4 *MATERIAL ACCOUNTING POLICIES – Revenue recognition* and note 5 *Revenue and other income recognition*.

Our procedures in relation to the revenue recognition of online sales through the Group's DTC stores included:

- Obtained an understanding of the key controls over the revenue recognition of online sales through the Group's DTC stores and evaluated the design and implementation of these controls;
- With the assistance of our IT specialists, tested the general IT controls and related automated controls of the Group's system; and
- With the assistance of our data analytic specialists, we performed following procedures:
  - Data analytical procedures on orders generated from online sales through the Group's DTC stores, such as concentration analysis of orders made by each account user in terms of amounts and quantities during the year, and
  - Reconciliation between the revenue recorded of online sales through the Group's DTC stores and cash collection.

Our procedures in relation to the Revenue recognition of sales to the distributors included:

- Obtained an understanding of the key controls over the revenue recognition of sales to distributors and evaluated the design and implementation of these controls;
- Obtained and checked major financial terms of sales agreements with major distributors, on a sampling basis;
- Performed background search of additional major distributors during the year, on a sampling basis;



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## KEY AUDIT MATTERS (cont'd)

#### Key audit matter

#### How our audit addressed the key audit matter

#### Revenue recognition

- Online sales through the Group's direct-to-customer stores
- Sales to distributors

- Performed analytical procedures of sales to distributors, such as sales analysis of top 10 distributors and monthly sales trends;
- Selected samples and performed test of details by agreeing to related supporting documents, such as goods delivered notes and invoices;
- Performed cut-off test on sales to distributors; and
- Obtained goods return list subsequent to the yearend to identify any significant sales returns incurred subsequently.

#### OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.



Independent auditor's report

# AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud
  or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient
  and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from
  fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions,
  misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information
  of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial
  statements. We are responsible for the direction, supervision and review of the audit of the audit work performed for
  purpose of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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Independent auditor's report

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL **STATEMENTS** (cont'd)

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Hooi Wan Yee.

**Ernst & Young** 

Certified Public Accountants Hong Kong 26 March 2025

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# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2024

		Year ended 31 D	ecember
	Notes	2024 RMB'000	2023 RMB'000
REVENUE	5	5,538,812	3,524,143
Cost of sales		(991,897)	(577,006)
Gross profit		4,546,915	2,947,137
Selling and distribution expenses		(2,008,239)	(1,164,499)
Administrative expenses		(150,543)	(96,661)
Research and development costs		(106,499)	(74,968)
Other expense		(2,539)	(398)
Other income	5	138,745	102,963
Other gains or losses, net	6	43,846	30,927
Finance cost		(239)	(112)
Provision for impairment losses on financial assets, net		(92)	700
Share of losses of investments accounted for using the		(2.704)	
equity method	7	(3,601)	- 4.745.000
PROFIT BEFORE TAX	7	2,457,754	1,745,089
Income tax expense	10	(396,027)	(296,887)
PROFIT FOR THE YEAR		2,061,727	1,448,202
Attributable to:		0.040.047	4 454 750
Owners of the parent		2,062,347	1,451,753
Non-controlling interests		(620)	(3,551)
		2,061,727	1,448,202
OTHER COMPREHENSIVE INCOME			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		(7,532)	-
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Translation of the Company's functional			
currency to presentation currency		19,301	_
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		11,769	_
TOTAL COMPREHENSIVE INCOME		·	
FOR THE YEAR, NET OF TAX		2,073,496	1,448,202
Attributable to:			
Owners of the parent		2,074,116	1,451,753
Non-controlling interests		(620)	(3,551)
		2,073,496	1,448,202
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY	12		
EQUITY HOLDERS OF THE COMPANY	IΖ		
Basic (RMB yuan)		2.10	1.49

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# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 Dece	ember
		2024	2023
	Notes	RMB'000	RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	1,041,771	663,469
Other intangible assets	14	5,816	7,357
Right-of-use assets	15	51,022	48,155
Prepayments, other receivables and other assets, non-current	18	525,050	117,908
Investments accounted for using the equity method		11,436	_
Deferred tax assets	25	906	1,110
Total non-current assets		1,636,001	837,999
CURRENT ASSETS			
Inventories	16	310,814	200,440
Trade and bills receivables	17	141,282	102,029
Prepayments, other receivables and other assets, current	18	91,014	53,835
Financial assets at fair value through profit or loss ("FVTPL")	19	1,828,640	1,274,776
Cash and cash equivalents	20	4,030,207	2,503,999
Total current assets		6,401,957	4,135,079
CURRENT LIABILITIES			
Trade payables	21	286,708	133,109
Other payables and accruals	22	408,890	241,966
Tax payable		117,018	116,720
Lease liabilities-current	15	4,701	1,563
Deferred income	24	1,561	1,503
Contract liabilities	23	17,117	35,751
Total current liabilities		835,995	530,612
NET CURRENT ASSETS		5,565,962	3,604,467
TOTAL ASSETS LESS CURRENT LIABILITIES		7,201,963	4,442,466

 Consolidated statement of financial position 31 December 2024

			_			
		As at 31 December				
		2024	2023			
	Notes	RMB'000	RMB'000			
NON-CURRENT LIABILITIES						
Lease liabilities-non current	15	2,009	1,166			
Deferred income	24	18,934	19,575			
Deferred tax liabilities	25	61,198	50,675			
Total non-current liabilities		82,141	71,416			
Net assets		7,119,822	4,371,050			
EQUITY	'					
Equity attributable to owners of the parent						
Ordinary share capital	26	65	63			
Treasury shares	26	(1)	(1)			
Reserves	27	7,108,148	4,362,078			
		7,108,212	4,362,140			
Non-controlling interests		11,610	8,910			
Total equity		7,119,822	4,371,050			

Executive Director: Yan Jianya Executive Director: Zhang Huijuan



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# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY Year ended 31 December 2024

			Attributable	to owners of the	parent			Non-	
	Ordinary share capital RMB'000	Treasury shares RMB'000	Share premium* RMB'000	Surplus reserve* RMB'000	Other reserve* RMB'000	Retained profits* RMB'000	Subtotal RMB'000	controlling interests RMB'000	Total equity RMB'000
As at 1 January 2023	63	(1)	1,596,869	88,094	69,720	1,078,727	2,833,472	3,561	2,837,033
Profit and total comprehensive income for the year	-	-	-	-	-	1,451,753	1,451,753	(3,551)	1,448,202
Transfer from retained profits	-	-	-	47,443	-	(47,443)	-	-	-
Transfer of treasury shares to employees under RSU Scheme	-	_	97,821	-	(41,423)	_	56,398	_	56,398
Capital injection by non-controlling interests	-	-	-	-	-	-	-	8,900	8,900
Recognition of equity-settled share-based payments (note 28)	-	-	-	-	20,517	_	20,517	_	20,517
As at 31 December 2023	63	(1)	1,694,690	135,537	48,814	2,483,037	4,362,140	8,910	4,371,050



Consolidated statement of changes in equity Year ended 31 December 2024

			Attributable	to owners of	the parent				
	Ordinary share capital RMB'000	Treasury shares RMB'000	Share premium* RMB'000	Surplus reserve* RMB'000	Other reserve* RMB'000	Retained profits* RMB'000	Subtotal RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
As at 1 January 2024	63	(1)	1,694,690	135,537	48,814	2,483,037	4,362,140	8,910	4,371,050
Profit for the year Other comprehensive income for the period:	-	-	-	-	-	2,062,347	2,062,347	(620)	2,061,727
Exchange differences related to foreign operations	_	_	-	-	(7,532)	_	(7,532)	_	(7,532)
Translation of the Company's functional currency to presentation currency	_	-	-	-	19,301	-	19,301	-	19,301
Total comprehensive income for the year	-	-	-	-	11,769	2,062,347	2,074,116	(620)	2,073,496
Issue of shares (note 26)	2	-	1,498,500	-	-	-	1,498,502	-	1,498,502
Share issue costs	-	-	(12,866)	-	-	-	(12,866)	-	(12,866)
Transfer from retained profits	-	-	-	36,059	-	(36,059)	-	-	-
Capital injection by non-controlling interests	-	-	-	-	-	-	-	4,900	4,900
Transfer of treasury shares to employees under RSU Scheme	_	_	11,808	_	(6,774)	_	5,034	_	5,034
Deemed disposal of a subsidiary	_	_	_	-	_	-	-	(1,580)	(1,580)
Recognition of equity-settled share-based payments (note 28)	_	-	_	_	89,723	-	89,723	_	89,723
Final and special 2023 dividend declared	-	-	(456,020)	-	-	(452,417)	(908,437)	-	(908,437)
As at 31 December 2024	65	(1)	2,736,112	171,596	143,532	4,056,908	7,108,212	11,610	7,119,822

These reserve accounts comprise the consolidated reserves of RMB7,108,148,000 (2023: RMB4,362,078,000) in the consolidated statement of financial position.



# CONSOLIDATED STATEMENT OF CASH FLOWS Year ended 31 December 2024

		Year ended 31 D	ecember
		2024	2023
	Notes	RMB'000	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		2,457,754	1,745,089
Adjustments for:			
Finance costs		239	112
Interest income	5	(111,347)	(47,491)
Provision for/(reversal of) impairment of trade and bills receivables	7	942	(27)
Reversal of impairment of prepayments, other receivables and other assets	7	(849)	(673)
Provision for impairment of inventories	7	3,138	1,221
Fair value gains on financial assets at FVTPL	6	(43,270)	(29,329)
Depreciation of property, plant and equipment	7	42,871	30,572
Amortization of other intangible assets	7	1,555	1,527
Depreciation of right-of-use assets	7	5,060	2,076
Loss on disposal of property, plant and equipment		107	2,876
Gains on deemed disposal of a subsidiary		(667)	_
Foreign exchange losses/(gains), net	6	3,590	(1,091)
Share of losses of investments accounted for using the equity method		3,601	-
Equity-settled share award expenses	7	89,723	20,517
Increase in inventories		(113,512)	(17,766)
Increase in trade and bills receivables		(40,195)	(32,582)
(Increase)/decrease in prepayments and other receivables		(32,593)	34,322
Increase in trade payables		153,599	78,456
Increase in other payables and accruals		25,676	40,685
(Decrease)/increase in deferred income		(583)	1,396
(Decrease)/increase in contract liabilities		(18,634)	23,302
Cash generated from operations		2,426,205	1,853,192
Income tax paid		(385,003)	(205,761)
Net cash flows generated from operating activities		2,041,202	1,647,431



► Consolidated statement of cash flows Year ended 31 December 2024

	Year ended 31 December		
	2024	2023	
	RMB'000	RMB'000	
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of items of property, plant and equipment	(246,767)	(226,300)	
Deemed disposal of a subsidiary, net of cash	(3,687)	33,134	
Purchase of financial assets at FVTPL	(2,438,750)	(1,058,300)	
Proceeds from disposal of financial assets at FVTPL	1,928,155	678,826	
Amounts paid to an associate	(4,000)	-	
Additions to other intangible assets	(14)	(2,133)	
Increase in bank deposits	(440,405)	_	
Interest received	111,347	47,491	
Investments in associates	(12,000)	_	
Net cash flows used in investing activities	(1,106,121)	(527,282)	
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of ordinary shares	1,498,502	_	
Proceeds from exercise of equity-settled share-based payments	5,034	56,398	
Share issue costs	(12,866)	(12,444)	
Capital injection by non-controlling interests	4,900	8,900	
Payment of lease liabilities	(4,185)	(1,046)	
Dividend payment	(908,437)	_	
Net cash flows generated from financing activities	582,948	51,808	
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,518,029	1,171,957	
Effect of foreign exchange rate changes	8,179	1,091	
Cash and cash equivalents at beginning of the year	2,503,999	1,330,951	
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	4,030,207	2,503,999	
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	4,030,207	2,503,999	

# **NOTES TO FINANCIAL STATEMENTS**

Year ended 31 December 2024

#### 1. CORPORATE INFORMATION

Giant Biogene Holding Co., Ltd (the "Company") was incorporated in the Cayman Islands on 28 July 2021 as a limited liability company. The registered office of the Company is located at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 4 November 2022.

The Company is an investment holding company. During the year, the Company's subsidiaries were principally engaged in the research, development, manufacture and sale of bioactive material-based beauty and health products in the People's Republic of China (the "PRC").

## Information about subsidiaries

Particulars of the Company's subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage attribut the Cor	able to	Principal activities
			Direct	Indirect	
Giant Beauty Holding Co., Ltd.	BVI 30 July 2021	USD1	100.00%	-	Investment holding
Hongkong Yaxin Holding Co., Ltd.	Hong Kong 17 August 2021	HKD1	-	100.00%	Investment holding
Giant Biogene Hong Kong Limited	Hong Kong 18 August 2021	HKD1	-	100.00%	Investment holding
Xi'an Giant Biogene Technology Co., Ltd.* ("Xi'an Giant Biogene") (西安巨子生物基因技術股份有限公司)	Xi'an, PRC 8 May 2000	RMB687,521,790	-	100.00%	Research and development, manufacture and sale of functional skincare products
Shaanxi Giant Biotechnology Co., Ltd.* ("Shaanxi Giant Biotechnology") (陝西巨子生物技術有限公司)	Xi'an, PRC 12 March 2009	RMB30,000,000	-	100.00%	Research and development, manufacture and sale of medical products
Hainan Giant Biotechnology Co., Ltd.* ("Hainan Giant Biotechnology") (海南巨子生物科技有限公司)	Wanning, PRC 25 March 2020	RMB10,000,000	-	100.00%	Sale of functional skincare products

 $70 \quad \text{Giant Biogene Holding Co., Ltd}$ 

Notes to Financial Statements Year ended 31 December 2024

## 1. CORPORATE INFORMATION (cont'd)

Information about subsidiaries (cont'd)

Particulars of the Company's principal subsidiaries are as follows: (cont'd)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage attribute the Cor	able to npany	Principal activities
	Xi'an, PRC 11 March 2019	RMB30,000,000	Direct -	100.00%	Sale of medical devices
Xi'an Giant Medicine Co., Ltd.* ("Xi'an Giant Medicine") (西安巨子醫藥有限公司)	Xi'an, PRC 19 May 2021	RMB30,000,000	-	100.00%	Sale of functional skincare products
Xi'an Xingan Biotechnology Co., Ltd.* ("Xi'an Xingan Biotechnology") (西安欣苷生物技術有限公司)	Xi'an, PRC 20 March 2018	RMB15,000,000	-	100.00%	Sale of functional skincare products
Shanghai Lizhi Biotechnology Co., Ltd* ("Shanghai Lizhi") (上海俐志生物科技有限公司)	Shanghai, PRC 8 August 2023	RMB3,000,000		100.00%	Sale of functional skincare products
Julikang Biotechnology Co., Ltd* ("Julikang Biotechnology") (陝西巨麗康生物技術有限公司)	Xi'an, PRC 15 May 2023	RMB100,000,000		98.00%	Research and development of new materials
Xi'an Juheng Network Technology Co., Ltd.* ("Xi'an Juheng") (西安巨衡網路科技有限公司)	Xi'an, PRC 7 February 2023	RMB10,000,000		60.00%	Sale of functional skincare products
Xi'an Juzi Qiyuan Brand Operation Management Co., Ltd* ("Xi'an Juzi Qiyuan") (西安巨子啟原品牌運營管理有限公司)	Xi'an, PRC 12 June 2023	RMB10,000,000		51.00%	Sale of functional skincare products
Anhui Giant Biotechnology Co., Ltd.* ("Anhui Giant Biotechnology") (安徽巨子生物科技有限公司)	Suzhou, PRC 17 May 2024	RMB10,000,000		100.00%	Sale of functional skincare products

#### Note:

The English names of these entities registered in the PRC represent the best efforts made by the management of the Company to directly translate their Chinese names as they did not register any official English names.



Notes to Financial Statements
 Year ended 31 December 2024

#### 2. ACCOUNTING POLICIES

#### 2.1 BASIS OF PRESENTATION

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

#### Basis of consolidation

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

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

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

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

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

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

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

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Notes to Financial Statements
 Year ended 31 December 2024

#### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to IFRS 16 Lease Liability in a Sale and Leaseback

Amendments to IAS 1 Classification of Liabilities as Current or Non-current

(the "2020 Amendments")

Amendments to IAS 1 Non-current Liabilities with Covenants (the "2022 Amendments")

Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements

The nature and the impact of the revised IFRS Accounting Standards are described below:

- (a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

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

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

#### Change of functional currency

In prior years, based on the primary source of income from Mainland China, the board of directors regarded RMB as the functional currency of the Company. From 2024, the Company has had more operating and financing activities denominated in USD. Considering the above reasons, the board of directors has determined to change the functional currency of the Company from RMB to USD from 1 January 2024 accordingly, while the presentation currency of the Company remains unchanged as RMB. The change in functional currency of the Company was applied prospectively from the date of change in accordance with IAS 21 "The Effects of Changes in Foreign Exchange Rates".



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Notes to Financial Statements
Year ended 31 December 2024

#### 2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

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

IFRS 18 Presentation and Disclosure in Financial Statements<sup>3</sup>
IFRS 19 Subsidiaries without Public Accountability: Disclosures<sup>3</sup>

Amendments to IFRS 9 and IFRS 7 Amendments to the Classification and Measurement of Financial

Instruments<sup>2</sup>

Contracts Referencing Nature-dependent Electricity<sup>2</sup>

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or

Joint Venture4

Amendments to IAS 21 Lack of Exchangeability<sup>1</sup>

Annual Improvements to IFRS Accounting Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7<sup>2</sup> Standards – Volume 11

- Effective for annual periods beginning on or after 1 January 2025
- <sup>2</sup> Effective for annual periods beginning on or after 1 January 2026
- Effective for annual/reporting periods beginning on or after 1 January 2027
- No mandatory effective date yet determined but available for adoption

The application of IFRS 18 will have no impact on the consolidated statement of financial position of the Group, but will have impact on the presentation of the consolidated statements of profit or loss and other comprehensive income. Except for IFRS 18, the directors of the Company anticipate that these revised IFRSs are not expected to have a material impact on the Group's financial performance and financial position in the foreseeable future.

# 2.4 MATERIAL ACCOUNTING POLICIES

# Investments accounted for using the equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in consolidated income statements, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates or joint venture are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity. Unrealised gains on transactions between the Group and its associates or joint venture are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

#### Fair value measurement

The Group measures its financial assets at fair value through profit or loss at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.



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Notes to Financial Statements
Year ended 31 December 2024

#### 2.4 MATERIAL ACCOUNTING POLICIES (cont'd)

#### Fair value measurement (cont'd)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

#### Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset. An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortization) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

#### 2.4 MATERIAL ACCOUNTING POLICIES (cont'd)

#### Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person:
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Group are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Group are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

#### Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.



#### 2.4 MATERIAL ACCOUNTING POLICIES (cont'd)

# Property, plant and equipment and depreciation (cont'd)

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Category	Annual rates
Buildings	4.75% to 9.50%
Leasehold improvement	9.50% to 31.67%
Plant and machinery	9.50% to 19.00%
Motor vehicles	19.00%
Furniture, fixtures and equipment	19.00% to 31.67%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at the end reporting period.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

# Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

#### Software

Acquired software is capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over its estimated useful life of 3 to 10 years, based on estimated useful life, considering the technology updates in the market and the development stage of the Group.

#### Patent

Purchased patent is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 20 years, based on the validity term of 20 years.

#### 2.4 MATERIAL ACCOUNTING POLICIES (cont'd)

Intangible assets (other than goodwill) (cont'd)

Research and development costs

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

#### Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### (a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where applicable, the cost of a right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Categories	Estimated useful lives
Leasehold land	50 years
Office premises and self-operated counters	2 to 3 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.



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Notes to Financial Statements
 Year ended 31 December 2024

#### 2.4 MATERIAL ACCOUNTING POLICIES (cont'd)

#### Leases (cont'd)

#### Group as a lessee (cont'd)

#### (b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

# (c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of offices (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets that is considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

#### Investments and other financial assets

#### Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade and bills receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade and bills receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.



#### 2.4 MATERIAL ACCOUNTING POLICIES (cont'd)

# Investments and other financial assets (cont'd)

#### Initial recognition and measurement (cont'd)

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

#### Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category includes equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in profit or loss when the right of payment has been established.

# Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay
  the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and
  either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has
  neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control
  of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.



# 2.4 MATERIAL ACCOUNTING POLICIES (cont'd)

#### Derecognition of financial assets (cont'd)

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

# Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

#### General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

- Stage 1 Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

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Year ended 31 December 2024

#### 2.4 MATERIAL ACCOUNTING POLICIES (cont'd)

#### Impairment of financial assets (cont'd)

#### Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

#### Financial liabilities

# Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables and other payables and accruals.

#### Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade payables and other payables and accruals)

After initial recognition, trade payables and other payables and accruals are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortization process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance costs in profit or loss.

#### Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

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 Year ended 31 December 2024

# 2.4 MATERIAL ACCOUNTING POLICIES (cont'd)

#### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

# Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

#### **Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realizable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

#### Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

#### **Provisions**

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

#### Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.



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Notes to Financial Statements
Year ended 31 December 2024

#### **2.4 MATERIAL ACCOUNTING POLICIES** (cont'd)

#### Income tax (cont'd)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a
  transaction that is not a business combination and, at the time of the transaction, affects neither the accounting
  profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
  and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition
  of an asset or liability in a transaction that is not a business combination and, at the time of the transaction,
  affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and
  deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.



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# **2.4 MATERIAL ACCOUNTING POLICIES** (cont'd)

# **Government grants**

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

# Revenue recognition

#### Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

#### Sale of goods

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on customers' acceptance of the products upon delivery, or upon customers' online confirmation.

# Rights of return

For contracts which provide a customer with a right to return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a refund liability is recognised. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.



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Notes to Financial Statements
Year ended 31 December 2024

#### **2.4 MATERIAL ACCOUNTING POLICIES** (cont'd)

# Revenue recognition (cont'd)

#### Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

#### Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

#### Share-based payments

The Company operates a restricted share unit scheme and a share option scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value of share option is determined using a binomial model, further details are included in note 28 to the consolidated financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.



#### 2.4 MATERIAL ACCOUNTING POLICIES (cont'd)

#### Share-based payments (cont'd)

This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per

# Other employee benefits

#### Social pension plans

The Group has social pension plans for its employees arranged by local government labour and security authorities. The Group makes contributions on a monthly basis to the social pension plans. The contributions are charged to profit or loss as they become payable in accordance with the rules of the social pension plans. Under the plans, the Group has no further obligations beyond the contributions made.

#### Housing fund and other social insurances

The Group has participated in defined social security contribution schemes for its employees pursuant to the relevant laws and regulations of the Mainland China. These include housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes monthly contributions to the housing fund and other social insurances. The contributions are charged to profit or loss on an accrual basis. The Group has no further obligations beyond the contributions made.

#### Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

#### Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in note 11 to the financial statements.

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Year ended 31 December 2024

# **2.4 MATERIAL ACCOUNTING POLICIES** (cont'd)

#### Foreign currencies

The consolidated financial statements are presented in RMB and the Company's functional currency is USD. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.



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Notes to Financial Statements
 Year ended 31 December 2024

#### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

# **Estimation uncertainty**

#### Variable consideration for volume rebates

The Group estimates variable consideration to be included in the transaction price for the sale of products with volume rebates.

The Group's expected volume rebates are analysed on a per customer basis for contracts that are subject to the volume threshold. Determining whether a customer is likely to be entitled to a rebate depends on the customer's historical rebate entitlement and accumulated purchases to date.

The Group updates its assessment of expected volume rebates quarterly and the refund liabilities are adjusted accordingly. Estimates of expected volume rebates are sensitive to changes in circumstances and the Group's past experience regarding rebate entitlements may not be representative of actual rebate entitlements in the future.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

#### Useful lives and residual values of property, plant and equipment

In determining the useful lives and residual values of items of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output of the asset, expected usage of the asset, expected physical wear and tear, the care and maintenance of the asset and the legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way.

#### Provision for expected credit losses of trade and bills receivables

The Group uses a provision matrix to calculate ECLs for trade and bills receivables. The provision rates are based on days past due for the customer.

The provision matrix is initially based on the market historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At the end of the reporting period, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade and bills receivables is disclosed in note 17 to the consolidated financial statements.



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Notes to Financial Statements
Year ended 31 December 2024

#### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (cont'd)

#### Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

#### Fair value measurements of equity settled share-based payments

Estimating the fair value of equity settled share-based payment transactions requires the determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires the determination of the most appropriate inputs to the valuation model including the expected life of the shares or share options, volatility and dividend yield and making assumptions about them.

For the measurement of the fair value of equity settled share-based payment transactions with employees at the grant date, the Group uses a binomial model. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 28 to the consolidated financial statements.

#### 4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into one single business unit that primarily includes the research, development, manufacture and sale of bioactive material-based beauty and health products.

The information reported to the directors of the Company, who are the chief operating decision makers, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the directors review the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

# Geographical information

During the year, all of the Group's revenue was derived from customers located in Mainland China and all of the Group's non-current assets were located in Mainland China, and therefore, no geographical segment information in accordance with IFRS 8 Operation Segments is presented.

# Information about major customers

None of the customers contributed 10.00% or more of the Group's revenue for the years ended 31 December 2024 and 2023.

# 5. REVENUE AND OTHER INCOME

#### Revenue

An analysis of revenue is as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Revenue from contracts with customers	5,538,812	3,524,143

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# 5. REVENUE AND OTHER INCOME (cont'd)

# Revenue from contracts with customers

# (a) Disaggregated revenue information

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Type of goods or services		
Sale of goods	5,538,812	3,524,143
Geographical market		
Mainland China	5,538,812	3,524,143
Timing of revenue recognition		
Goods transferred at a point in time	5,538,812	3,524,143

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

	Year ended :	Year ended 31 December	
	2024 RMB'000	2023 RMB'000	
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:			
Sale of goods	35,751	12,449	

# (b) Performance obligations

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

# Sale of goods

The performance obligation is satisfied upon control of the asset is transferred to the customer, generally on customers' acceptance of the products upon delivery, or upon customers' online confirmation. Payment is generally made before goods delivery, except for certain customers where payment is due within 7 days but not later than the end of the month, or within 7 days to 180 days from goods delivery.

# 5. REVENUE AND OTHER INCOME (cont'd)

# Other income

An analysis of other income is as follows:

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Other income		
Government grants*	26,998	53,864
Interest income	111,347	47,491
Others	400	1,608
Total	138,745	102,963

<sup>\*</sup> The government grants related to income represent (i) subsidies received from local government authorities for encouraging the Group's business development. These grants related to income are mainly recognised in profit or loss upon receipt of these rewards with consideration of no unfulfilled conditions or contingencies relating to these grants; and (ii) subsidies received to compensate for the Group's expenses for research projects. The grants related to income were recognised in profit or loss when the Group has complied with the conditions attached to the grant and the government has acknowledged acceptance.

The government grants related to assets represent subsidies received from local government authorities for the Group's investments in long-term assets in production and research and development bases. The grants related to assets were recognised in profit or loss over the remaining useful lives of relevant assets.

# 6. OTHER GAINS OR LOSSES, NET

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Foreign exchange (losses)/gains, net	(3,590)	1,091
Fair value gains on financial assets at FVTPL	43,270	29,329
Gains on deemed disposal of a subsidiary	667	_
Others	3,499	507
Total other gains or losses, net	43,846	30,927

# 7. PROFIT BEFORE TAX

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

	Year ended 31 December		
		2024	2023
	Notes	RMB'000	RMB'000
Cost of inventories, consumables and customised products		702,041	431,034
Depreciation of property, plant and equipment	13	42,871	30,572
Depreciation of right-of-use assets	15	5,060	2,076
Amortization of intangible assets	14	1,555	1,527
Provision for/(Reversal of) impairment of trade and bills receivables	17	942	(27)
Reversal of impairment of prepayments, other receivables and other assets		(849)	(673)
Government grants	5	(26,998)	(53,864)
Marketing and promotion expenses		1,855,150	1,093,862
Bank interest income	5	(111,347)	(47,491)
Foreign exchange losses/(gains), net		3,590	(1,091)
Provision for impairment of inventories		3,138	1,221
Employee benefit expenses (including directors' and chief executive's remuneration (note 8)):			
- Wages, salaries and allowances		188,706	115,492
Pension scheme contributions, social welfare and other welfare		42,945	26,286
- Equity-settled share award expense (note 28)		89,723	20,280
Other outsourcing labor costs		29,088	12,917
Auditor's remuneration		2,300	2,300

Note: Equity-settled share award expense was included in cost of sales, research and development costs, selling and distribution expenses and administrative expenses in the amounts as follows:

	Year ended 31 D	Year ended 31 December	
	2024 RMB'000	2023 RMB'000	
Administrative expenses	30,188	16,100	
Research and development costs	26,785	2,411	
Selling and distribution expenses	30,555	1,253	
Cost of sales	2,195	753	
Total	89,723	20,517	

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# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2024

# 8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Year ended 31 I	Year ended 31 December	
	2024 RMB'000	2023 RMB'000	
Fees:	401	396	
Other emoluments:			
Salaries, bonuses, allowances and benefits in kind	3,660	2,527	
Pension scheme contributions	378	301	
Equity-settled share award expense	19,077	13,372	
Subtotal	23,115	16,200	
Total	23,516	16,596	

There were no other emoluments payable to the independent non-executive directors during the year (2023: Nil).

# (a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Mr. Huang Jin	109	108
Mr. Shan Wenhua	109	108
Ms. Wong Sze Wing	183	180
Total	401	396

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# 8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (cont'd)

(b) Executive directors, non-executive directors and the chief executive

	Salaries, bonus, allowances and benefits in kind	Pension scheme contributions	Equity-settled share award expense	Total remuneration
Year ended 31 December 202	24			
Executive directors				
Mr. Yan Jianya (a)	698	92	10,224	11,014
Ms. Ye Juan (b)	872	90	3,090	4,052
Ms. Fang Juan	872	90	3,372	4,334
Ms. Zhang Huijuan (c)	872	90	2,391	3,353
Ms. Yan Yubo (d)	346	16	-	362
Total	3,660	378	19,077	23,115
	Salaries,			
	bonus, allowances	Pension	Equity-settled	
	and benefits	scheme	share award	Total
	in kind	contributions	expense	remuneration
Year ended 31 December 202	23			
Executive directors				
Dr. Fan Daidi	-	_	-	_
Mr. Yan Jianya (a)	606	93	11,186	11,885
Ms. Ye Juan (b)	798	84	941	1,823
Ms. Fang Juan	800	84	1,227	2,111
Ms. Zhang Huijuan (c)	188	35	18	241
Ms. Yan Yubo (d)	135	5		140
Subtotal	2,527	301	13,372	16,200
Justolai				
Non-executive directors				
	-	-	-	_

# 8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (cont'd)

#### (b) Executive directors, non-executive directors and the chief executive (cont'd)

- (a) Mr. Yan Jianya is one of the co-founders and joined the Group in May 2000. He was appointed as a director on 30 November 2021 and was re-designated as an executive director on 13 June 2024.
- (b) Ms. Ye Juan was appointed as a director on 30 November 2021 and was re-designated as an executive director of the Company on 13 June 2024.
- (c) Ms. Zhang Huijuan was appointed as an executive director on 3 October 2023 and was re-designated as an executive director of the Company on 13 June 2024. The amounts for the year ended 31 December 2023 represent the remuneration of Ms. Zhang Huijuan in respect of her qualifying services as the chief financial officer and an executive director since 3 October 2023.
- (d) Ms. Yan Yubo was appointed as an executive director and the chief product officer of the Company on 3 October 2023 and was redesignated as an executive director of the Company on 13 June 2024. The amounts for the year ended 31 December 2023 represent the remuneration of Ms. Yan Yubo in respect of her qualifying services as the chief product officer and an executive director since 3 October 2023.
- (e) Mr. Chen Jinhao tendered his resignation as a non-executive director on 3 October 2023.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

In prior years, certain directors were granted share options and shares, in respect of their services to the Group, under the 2023 Share Option Scheme and the RSU Scheme of the Company, further details of which are set out in note 28 to the consolidated financial statements. The fair value of such options and restricted share units, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the consolidated financial statements for the current year is included in the above directors' and chief executive's remuneration disclosures.

#### 9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included four directors (2023: four), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining one (2023: one) highest paid employee who is neither a director nor chief executive of the Company is as follows:

	Year ended 3	Year ended 31 December		
	2024 RMB'000	2023 RMB'000		
Salaries, bonuses, allowances and benefits in kind	791	806		
Pension scheme contributions	30	84		
Equity-settled share award expense	3,176	1,028		
Total	3,997	1,918		

#### 9. FIVE HIGHEST PAID EMPLOYEES (cont'd)

The numbers of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands are as follows:

	Year ended 31 December		
	2024 RMB'000	2023 RMB'000	
HKD2,000,001 to HKD2,500,000	-	1	
HKD4,000,001 to HKD4,500,000	1	_	
Total	1	1	

In prior years, share options and restricted share units were granted to certain non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 28. The fair value of such awarded share options and shares, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amounts included in the consolidated financial statements for the current year is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

#### 10. INCOME TAX

Taxes on profits have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

The Company incorporated in the Cayman Islands are not subject to income or capital gains tax under the law of Cayman Islands. In addition, dividend payments are not subject to withholding tax in the Cayman Islands.

Hong Kong profits tax has been provided at a rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

The provision for corporate income tax in Mainland China is based on the statutory rate of 25% of the assessable profits as determined in accordance with the PRC Corporate Income Tax Law, which was approved and became effective on 1 January 2008.

Certain subsidiaries were entitled to a preferential company income tax rate of 15% during the year based on the revised version of Guidance Catalogue for Adjustment of Industrial Structure (2024 edition) (《產業結構調整指導目錄 (2024年本)》) applicable in 2024 issued by the National Development and Reform Commission which was related to the approval given to selected entities to enjoy the preferential tax rate in the Western Development.

Income tax expense of the Group for the reporting period is analysed as follows:

	Year ended 31 December		
	2024 RMB'000	2023 RMB'000	
Current tax: Charge for the year	385,300	246,535	
Deferred tax (note 25)	10,727	50,352	
Total tax charge for the year	396,027	296,887	

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# 10. INCOME TAX (cont'd)

A reconciliation of the tax expense applicable to profit before tax at the statutory rate to the tax expense at the effective tax rate is as follows:

	Year ended 31 D	ecember
	2024	2023
	RMB'000	RMB'000
Profit before tax	2,457,754	1,745,089
Tax at the applicable tax rate of 25%	614,439	436,272
Effect of preferential tax rates of some subsidiaries	(253,418)	(177,158)
Effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	23,352	44,028
Expenses not deductible for tax	17,246	2,963
Tax losses utilised from previous periods	(169)	(930)
Tax losses not recognised	2,310	954
Additional deductible allowance for research and		
development expenses	(7,733)	(9,242)
Tax charge at the Group's effective rate	396,027	296,887

# 11. DIVIDENDS

On 13 June 2024, the Company's shareholders approved 2023 final dividend of RMB0.44 per ordinary share and special dividend of RMB0.45 per ordinary share, in an aggregate amount of RMB908,437,000. The dividend was paid in 2024.

The proposed final dividend for the year ended 31 December 2024 of RMB0.6021 per ordinary share and proposed special dividend for the year 2024 of RMB0.5921 per ordinary share, equivalent to an aggregate of approximately RMB 1,237,037,000, is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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RSU Scheme

Total

2023 Share Option Scheme

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent for the year ended and the weighted average number of ordinary shares of 981,906,744 (2023: 976,278,058) outstanding during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed vesting of shares under the RSU Scheme and the 2023 Share Option Scheme.

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

	Year ended 31 December		
	2024	2023	
	RMB'000	RMB'000	
Earnings			
Profit attributable to ordinary shares holders of the parent,			
used in the basic earnings per share calculation	2,062,347	1,451,753	
Total	2,062,347	1,451,753	
	Number of s		
	Italiibei oi s	shares	
	2024	<b>chares</b> 2023	
Shares			
Shares Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation			

4,497,646

15,290,483

6,438,857

982,716,915

# 13. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Leasehold improvement RMB'000	Plant and machinery RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2024							
As at 1 January 2024:							
Cost	285,486	9,541	110,255	14,163	7,329	356,249	783,023
Accumulated depreciation	(73,478)	(2,642)	(30,281)	(7,913)	(5,240)	-	(119,554)
Net carrying amount	212,008	6,899	79,974	6,250	2,089	356,249	663,469
As at 1 January 2024, net of accumulated depreciation	212,008	6,899	79,974	6,250	2,089	356,249	663,469
Additions	24,628	7,091	6,551	2,769	638	379,603	421,280
Disposals	-	-	(2)	(77)	(28)	_	(107)
Transfers	269,907	5,062	72,922	79	-	(347,970)	-
Depreciation provided during the year	(20,569)	(5,804)	(12,227)	(3,471)	(800)	_	(42,871)
As at 31 December 2024, net of accumulated depreciation	485,974	13,248	147,218	5,550	1,899	387,882	1,041,771
As at 31 December 2024:			'				
Cost	580,021	21,694	189,726	16,934	7,939	387,882	1,204,196
Accumulated depreciation	(94,047)	(8,446)	(42,508)	(11,384)	(6,040)	-	(162,425)
Net carrying amount	485,974	13,248	147,218	5,550	1,899	387,882	1,041,771

# 13. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Buildings RMB'000	Leasehold improvement RMB'000	Plant and machinery RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2023							
As at 1 January 2023:							
Cost	225,786	5,556	87,337	10,964	6,316	244,444	580,403
Accumulated depreciation	(58,073)	(498)	(21,529)	(4,528)	(4,354)	_	(88,982)
Net carrying amount	167,713	5,058	65,808	6,436	1,962	244,444	491,421
As at 1 January 2023, net of accumulated depreciation	167,713	5,058	65,808	6,436	1,962	244,444	491,421
Additions	-	3,018	265	1,881	822	226,848	232,834
Disposals	-	-	(2,876)	-	-	-	(2,876)
Disposal of a subsidiary	-	-	-	-	-	(27,338)	(27,338)
Transfers	59,700	967	25,529	1,318	191	(87,705)	-
Depreciation provided during the year	(15,405)	(2,144)	(8,752)	(3,385)	(886)	-	(30,572)
As at 31 December 2023, net of accumulated depreciation	212,008	6,899	79,974	6,250	2,089	356,249	663,469
As at 31 December 2023:							
Cost	285,486	9,541	110,255	14,163	7,329	356,249	783,023
Accumulated depreciation	(73,478)	(2,642)	(30,281)	(7,913)	(5,240)	-	(119,554)
Net carrying amount	212,008	6,899	79,974	6,250	2,089	356,249	663,469

# 14. OTHER INTANGIBLE ASSETS

	Software RMB'000	Patent RMB'000	Total RMB'000
31 December 2024			
As at 1 January 2024:			
Cost	4,066	16,000	20,066
Accumulated amortization	(1,402)	(11,307)	(12,709)
Net carrying amount	2,664	4,693	7,357
Cost at 1 January 2024, net of accumulated amortization Additions	2,664 14	4,693 -	7,357 14
Amortization provided during the year	(511)	(1,044)	(1,555)
As at 31 December 2024, net of accumulated amortization	2,167	3,649	5,816
As at 31 December 2024:		<u>'</u>	
Cost	4,080	16,000	20,080
Accumulated amortization	(1,913)	(12,351)	(14,264)
Net carrying amount	2,167	3,649	5,816
31 December 2023			
As at 1 January 2023:			
Cost	1,933	16,000	17,933
Accumulated amortization	(919)	(10,263)	(11,182)
Net carrying amount	1,014	5,737	6,751
Cost at 1 January 2023, net of accumulated amortization	1,014	5,737	6,751
Additions	2,133	_	2,133
Amortization provided during the year	(483)	(1,044)	(1,527)
As at 31 December 2023, net of accumulated amortization	2,664	4,693	7,357
As at 31 December 2023:			
Cost	4,066	16,000	20,066
Accumulated amortization	(1,402)	(11,307)	(12,709)
Net carrying amount	2,664	4,693	7,357



# 15. RIGHT-OF-USE ASSETS

# The Group as a lessee

The Group has lease contracts for land, office premises and self-operated counters used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of office premises and self-operated counters generally have lease terms of 2-3 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

# (a) Right-of-use assets

The carrying amounts of right-of-use assets and the movements during the year are as follows:

	Yea	ar ended 31 Decembe	r
	Leasehold land	Total	
	RMB'000	counters RMB'000	Total RMB'000
As at 1 January 2023	57,635	2,598	60,233
Additions	-	1,076	1,076
Disposal of a subsidiary	(11,078)	_	(11,078)
Depreciation charge	(1,023)	(1,053)	(2,076)
As at 31 December 2023	45,534	2,621	48,155
As at 1 January 2024	45,534	2,621	48,155
Additions	-	7,927	7,927
Depreciation charge	(1,006)	(4,054)	(5,060)
As at 31 December 2024	44,528	6,494	51,022

# (b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	Year ended 3	Year ended 31 December		
	2024 RMB'000	2023 RMB'000		
Carrying amount at 1 January	2,729	2,586		
New leases	7,927	1,076		
Accretion of interest recognised during the year	239	112		
Payments	(4,185)	(1,046)		
Carrying amount at 31 December	6,710	2,729		
Analysed into:				
Current portion	4,701	1,563		
Non-current portion	2,009	1,166		
Total	6,710	2,729		

The maturity analysis of lease liabilities is disclosed in note 34 to the financial statements.



# 15. RIGHT-OF-USE ASSETS (cont'd)

The Group as a lessee (cont'd)

(c) The amounts recognised in profit or loss in relation to leases are follows:

	Year ended 31 December		
	2024 RMB'000	2023 RMB'000	
Depreciation charge of right-of-use assets	5,060	2,076	
Expense relating to short-term leases (included in administrative expenses and selling and distribution expenses)	3,296	347	
Interest on lease liabilities	239	112	
Total amount recognised in profit or loss	8,595	2,535	

<sup>(</sup>d) The total cash outflow for leases is disclosed in note 29(c) to the financial statements.

# **16. INVENTORIES**

	Year ended 3	Year ended 31 December		
	2024 RMB'000	2023 RMB'000		
Raw materials	84,326	49,850		
Work in progress	8,523	_		
Finished goods	217,965	150,590		
Total	310,814	200,440		

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# 17. TRADE AND BILLS RECEIVABLES

	Year ended 31 December		
	2024 RMB'000		
Trade receivables	111,764	81,690	
Bills receivable	31,032	20,911	
Impairment	(1,514)	(572)	
Total	141,282	102,029	

The Group's trading terms with its customers are mainly payment in advance, except for certain customers, where is normally on credit with a period generally from 7 to 180 days. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The Group's bills receivable were commercial acceptance bills aged within three months. Bills receivable is subject to impairment under the general approach and it is considered to be minimal.

An ageing analysis of the trade and bills receivables as at the end of the reporting period, based on the transaction dates and net of loss allowance, is as follows:

	Year ended 31 December		
	2024	2023	
	RMB'000	RMB'000	
Within one year	140,804	101,545	
Over one year and within two years	440	100	
Over two years and within three years	5	129	
Over three years	33	255	
Total	141,282	102,029	

# 17. TRADE AND BILLS RECEIVABLES (cont'd)

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

	Year ended 31 December		
	2024		
	RMB'000	RMB'000	
At beginning of year	572	599	
Impairment losses, net (note 7)	942	(27)	
At end of year	1,514	572	

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on the ageing of receivables of the customer. 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.

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

#### As at 31 December 2024

	Aging				
	Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Trade receivables (RMB'000)	141,390	811	49	546	142,796
Expected credit loss rate Expected credit losses (RMB'000)	0.41% (586)	45.75% (371)	89.80% (44)	93.96% (513)	1.06% (1,514)

As at 31 December 2023

	Aging				
_	Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Trade receivables (RMB'000)	101,913	118	161	409	102,601
Expected credit loss rate	0.36%	15.27%	20.33%	37.66%	0.56%
Expected credit losses (RMB'000)	(367)	(18)	(33)	(154)	(572)



# 18. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	Year ended 31 De	Year ended 31 December		
	2024	2023		
	RMB'000	RMB'000		
Non-current:				
Bank deposits	440,405	_		
Prepayment of property, plant and equipment	84,645	117,908		
Total	525,050	117,908		
Current:				
Prepayments	64,311	29,248		
Deposits and other receivables	19,501	11,030		
Value-added tax recoverable	7,340	14,545		
Impairment allowance	(138)	(988)		
Total	91,014	53,835		

The balances are not secured with collateral.

# 19. FINANCIAL ASSETS AT FVTPL

	Year ended 3	Year ended 31 December	
	2024 RMB'000	2023 RMB'000	
Financial products	1,828,640	1,274,776	

The Group entered contracts in respect of financial products from banks and other financial institutions with a return rate based on actual performance in the regulatory published net value report during the year.

# 20. CASH AND CASH EQUIVALENTS

	Voor anded 24 F	Na a sur ha u	
	Year ended 31 E	December	
	2024	2023	
	RMB'000	RMB'000	
Cash and cash equivalents	4,030,207	2,503,999	
	Year ended 31 December		
	2024	2023	
	RMB'000	RMB'000	
Cash and cash equivalents	4,030,207	2,503,999	
Denominated in			
RMB	2,320,570	1,891,140	
USD	1,709,565	612,858	
HKD	72	1	

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to RMB2,320,570,000 (2023: RMB1,891,140,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods of between one day and twelve months depending on the immediate cash requirements of the Group and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

#### 21. TRADE PAYABLES

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

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Within one year	279,253	126,432
Over one year and within two years	3,300	5,663
Over two years	4,155	1,014
Total	286,708	133,109

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



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# 22. OTHER PAYABLES AND ACCRUALS

	Year ended	Year ended 31 December		
	2024 RMB'000	2023 RMB'000		
Payables for purchase of property, plant and equipment	265,739	124,489		
Deposits and other payables	81,787	76,758		
Payroll payable	51,465	34,016		
Other tax payable	9,899	6,703		
Total	408,890	241,966		

Other payables are non-interest-bearing and repayable on demands.

# 23. CONTRACT LIABILITIES

Details of contract liabilities are as follows:

	Year ended 3	Year ended 31 December		
	2024 RMB'000	2023 RMB'000		
Advances received from customers				
Sales of products				
Current	17,117	35,751		

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#### 24. DEFERRED INCOME

	Year ended 31 December		
	2024 RMB′000		
Government grants:			
Current	1,561	1,503	
Non-current	18,934	19,575	
Total	20,495	21,078	

The Group's deferred income mainly represented government grants related to long-term assets in production and research and development bases. The grants related to assets were recognised in profit or loss over the remaining useful lives of relevant assets upon the compliance of the Group with the conditions attached to the grants and the government acknowledgement of acceptance.

# **25. DEFERRED TAX**

The movements in deferred tax assets and liabilities during the year are as follows:

#### Deferred tax assets

	Assets impairment provision RMB'000	Deferred income RMB'000	Advertisement expenses RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2024	583	3,397	519	436	4,935
Deferred tax credit/(charged) to profit or loss during the year	484	(91)	(202)	1,140	1,331
Gross deferred tax assets at 31 December 2024	1,067	3,306	317	1,576	6,266

# Deferred tax liabilities

	Fair value gains on financial assets RMB'000	Accelerated tax depreciation RMB'000	Right-of-use assets RMB'000	Withholding taxes RMB'000	Total RMB'000
At 1 January 2024	2,306	7,749	417	44,028	54,500
Deferred tax charged/(credit) to					
profit or loss during the year	5,667	5,737	1,113	(459)	12,058
Gross deferred tax liabilities at 31 December 2024	7,973	13,486	1,530	43,569	66,558

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#### 25. DEFERRED TAX (cont'd)

#### Deferred tax assets

	Fair value loss on financial assets RMB'000	Assets impairment provision RMB'000	Deferred income RMB'000	Advertisement expenses RMB'000	Right-of-use assets RMB'000	Total RMB'000
At 1 January 2023	1,875	484	2,948	1,742	-	7,049
Deferred tax credited/(charged) to profit or loss during the year	(1,875)	99	449	(1,223)	436	(2,114)
Gross deferred tax assets at 31 December 2023	_	583	3,397	519	436	4,935

#### Deferred tax liabilities

	Fair value gains on financial assets RMB'000	Accelerated tax depreciation RMB'000	Right-of-use assets RMB'000	Withholding taxes RMB'000	Total RMB'000
At 1 January 2023	10	6,252	-	-	6,262
Deferred tax charged to profit or loss during the year	2,296	1,497	417	44,028	48,238
Gross deferred tax liabilities at 31 December 2023	2,306	7,749	417	44,028	54,500

The Group has tax losses arising in Mainland China of RMB13,640,000 (2023: RMB5,093,000) that will expire in one to five years for offsetting against future taxable profits of the companies in which the losses arose.

Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

The Group is liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008. The applicable rate is 5% for the Group. As at the end of the reporting period, the directors of the Company estimated that part of the retained earnings of the PRC subsidiaries would be retained in Mainland China for use in the future operations and investments. As at 31 December 2024, deferred tax of RMB43,569,000 (2023: RMB44,028,000) has been recognised for withholding taxes that would be payable on unremitted earnings that are subject to withholding taxes of the Group's PRC subsidiaries.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

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# 25. DEFERRED TAX (cont'd)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances for financial reporting purposes:

	Year ended 3	Year ended 31 December		
	2024 RMB'000	2023 RMB'000		
Net deferred tax assets recognised in the consolidated statement of financial position	906	1,110		
Net deferred tax liabilities recognised in the consolidated statement of financial position	(61,198)	(50,675)		
Total	(60,292)	(49,565)		

# 26. SHARE CAPITAL/TREASURY SHARES

Ordinary share capital

	2024 RMB'000	2023 RMB'000
Issued and fully paid 1,028,220,000 (2023: 995,000,000) ordinary shares of USD0.00001	65	63

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

	Number of shares	Nominal value of shares RMB'000
Ordinary shares		
As at 31 December 2023 and 1 January 2024	995,000,000	63
Issue of shares (a)	33,220,000	2
As at 31 December 2024	1,028,220,000	65

<sup>(</sup>a) On 16 May 2024, the Company issued 33,220,000 ordinary shares at a subscription price of HK\$49.40 per share (equivalent to RMB45.11 per share) via private placing to the places according to the terms and conditions set out in the placement and Subscription Agreement dated the same day. The proceeds of HK\$3,000 (equivalent to RMB2,000) representing the par value were credited to the Company's share capital and the remaining proceeds of HK\$1,641,065,000 (equivalent to RMB1,498,500,000, before deducting of share issue costs of RMB12,866,000) were credited to the share premium account. Further details of the share issue are set out in the announcements issued by the Company dated 17 May 2024 and 24 May 2024.

Notes to Financial Statements
 Year ended 31 December 2024

#### 26. SHARE CAPITAL/TREASURY SHARES (cont'd)

## Treasury shares

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

	Number of shares	RMB'000
Treasury shares		
As at 1 January 2023	19,000,000	1
Transfer of treasury shares to employees under RSU Scheme	(5,638,399)	_
As at 31 December 2023 and 1 January 2024	13,361,601	1
Transfer of treasury shares to employees under RSU Scheme	(1,091,266)	-
As at 31 December 2024	12,270,335	1

#### 27. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statements of change in equity on pages 10 to 11 of the financial statements.

#### Share premium

The share premium represents the difference between the par value of the shares issued and the consideration received.

#### Other reserves

Other reserves mainly includes: a) reserve arising from the Group reorganization – deemed distribution; b) reserves related to the redemption of ordinary shares; c) reserves related to the recognition of equity-settled share-based payments and d) reserves related to the exchange fluctuation.

# Surplus reserve

In accordance with the Company Law of the PRC, subsidiaries of the Group which are domestic enterprises are required to allocate 10% of their profit after tax, as determined in accordance with the relevant PRC accounting standards, to their statutory surplus reserve until the reserve reaches 50% of their registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the statutory surplus reserve may be converted to share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

Notes to financial statements
 Year ended 31 December 2024

#### 28. EQUITY SETTLED SHARE-BASED PAYMENTS

#### **RSU Scheme**

Prior to the reorganization, in order to promote the Group's development in the long run and attract and retain senior management team and core talents, Xi'an Giant Biogene, the onshore holding company of the Group adopted an equity incentive plan (the "Original Plan") in December 2020. In December 2020, Xi'an Giant Biogene granted a 0.9802% equity interest under the Original Plan with a 5-year vesting period to Mr. Yan Jianya and 78 selected employees of the Group for a consideration of RMB45,000,000 in total through Giant Investment LP I and Giant Investment LP II (each with a 0.4901% equity interest of a consideration of RMB22,500,000).

In December 2021, following the completion of the reorganization, the board of directors of the Company passed a resolution to replace the Original Plan with a modified equity incentive plan (the "Modified Plan"). Under the Modified Plan, the granted outstanding shares and selected employees remained unchanged. Unless otherwise cancelled or amended, will remain in force for 10 years from that date. The Company granted a total number of 9,423,998 restricted share units (the "RSU Scheme") with an subscription price of RMB4.74 per shares to the participants under the Original Plan. The service condition modified to 5 equal tranches upon every 12 months following the grant date of the Original Plan, in addition, none of the shares shall be vested within six months following the listing date.

The fair value of the Modified Plan was remeasured at the date of modification and the Group recognised the difference of fair values between the Original Plan and the Modified Plan as the corresponding share-based compensation in profit or loss over the modified vesting periods.

In September 2022, the Company granted the remaining 9,645,669 shares under the Modified Plan to participants with an subscription price of RMB20.00 per shares. The granted shares will be vested in 5 equal tranches upon every 12 months following the date of grant, in addition, none of the shares shall be vested within six months following the listing date.

#### 2023 Share Option Scheme

The Company operates a share option scheme (the "2023 Share Option Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's directors, including independent non-executive directors, other employees of the Group. The Scheme became effective on 17 August 2023 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The exercise price of share options is determinable by the directors, but may not be less than the higher of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; and (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer.

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options. The Group accounts for the 2023 Share Option Scheme as an equity-settled plan.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The granted options will vest in 3 tranches with 40% of the options granted vesting one year after the date of grant, 30% of the options granted vesting two years after the date of grant, and the remaining 30% of the options granted vesting three years after the date of grant.



Notes to financial statements
Year ended 31 December 2024

# 28. EQUITY SETTLED SHARE-BASED PAYMENTS (cont'd)

#### 2023 Share Option Scheme (cont'd)

The following share options were outstanding under the 2023 Share Option Scheme during the year:

	20	24	2023	
	Weighted		Weighted	
	average		average	
	exercise price	Number	exercise price	Number
	RMB per share	of options	RMB per share	of options
At 1 January	31.85	20,000,000	_	_
Granted during the year	_	-	31.85	20,000,000
Forfeited during the year	31.85	(1,746,000)	_	_
At 31 December	31.85	18,254,000	31.85	20,000,000

No share options were exercised during the year.

The exercise price and exercise period of the 2023 share option Scheme outstanding as at the end of the reporting period are as follows:

#### 2024

Number of options	Exercise price*	Exercise period
18,254,000	31.85	28-12-2025 to 28-12-2027

#### 2023

Number of options	Exercise price*	Exercise period
20,000,000	31.85	28-12-2025 to 28-12-2027

<sup>\*</sup> The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

At the end of the reporting period, the Company had 18,254,000 share options outstanding under the 2023 Share Option Scheme. The full exercise of the outstanding share options would, under the present capital structure of the Company, result in the issue of 18,254,000 additional ordinary shares of the Company and additional share capital of USD182 (before issue expenses).

At the date of approval of these financial statements, the Company had 18,254,000 share options outstanding under the 2023 Share Option Scheme, which represented approximately 1.95% of the Company's shares in issue as at that date.

Notes to financial statements
Year ended 31 December 2024

#### 28. EQUITY SETTLED SHARE-BASED PAYMENTS (cont'd)

2023 Share Option Scheme (cont'd)

The Group recognised total equity-settled share award expenses of RMB89,723,000 during the year ended 31 December 2024 (2023: RMB20,517,000) in relation to the RSU Scheme and the 2023 Share Option Scheme.

#### 29. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

# (a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB7,927,000 (2023: RMB1,076,000) and RMB7,927,000 (2023: RMB1,076,000), respectively, in respect of lease arrangements for plant and equipment.

#### (b) Changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Lease liabilities RMB'000
As at 1 January 2023	2,586
Changes from financing cash flows	
<ul> <li>Amount paid in relation to lease liabilities</li> </ul>	(1,046)
New leases	1,076
Accretion of interest	112
As at 31 December 2023 and 1 January 2024	2,729
Changes from financing cash flows	
- Amount paid in relation to lease liabilities	(4,185)
New leases	7,927
Accretion of interest	239
As at 31 December 2024	6,710

Notes to financial statements
Year ended 31 December 2024

# 29. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

#### (c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2024 RMB'000	2023 RMB'000
Within operating activities	3,296	347
Within financing activities	4,185	1,046
Total	7,481	1,393

# **30. COMMITMENTS**

The Group had the following capital commitments at the end of the reporting period:

	Year ended 31 December	
	<b>2024</b> 20 <b>RMB'000</b> RMB'0	
Contracted, but not provided for:		
Buildings	45,591	349,281
Plant and machinery	87,251	140,942
	132,842	490,223

# 31. RELATED PARTY TRANSACTIONS

The Group had the following transactions with related parties in the ordinary course of business during the years ended 31 December 2024 and 2023 respectively.

#### (a) Compensation of key management personnel of the Group

	Year ended 3	Year ended 31 December	
	2024 RMB'000	2023 RMB'000	
Salaries, bonuses, allowances and benefits in kind	4,575	3,900	
Pension scheme contributions	408	428	
Equity-settled share award expense	22,371	14,929	
Total	27,354	19,257	

Further details of directors' and the chief executive's remuneration are included in note 8 to the financial statements.

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Year ended 31 December 2024

# 32. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the reporting period are as follows:

As at 31 December 2024

	Financial assets at fair value through profit or loss RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	1,828,640	-	1,828,640
Financial assets included in prepayments, other receivables and other assets	_	19,363	19,363
Financial assets included in prepayments, other receivables and other assets, non-current	_	440,405	440,405
Trade receivables	-	110,390	110,390
Bills receivable	-	30,892	30,892
Cash and cash equivalents	_	4,030,207	4,030,207
Total	1,828,640	4,631,257	6,459,897

	Financial liabilities at amortised cost RMB'000
Trade payables	286,708
Financial liabilities included in other payables and accruals	347,526
Total	634,234

# As at 31 December 2023

	Financial assets at fair value through profit or loss RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	1,274,776	-	1,274,776
Financial assets included in prepayments, other receivables and other assets	-	8,675	8,675
Trade receivables	_	81,193	81,193
Bills receivable	-	20,836	20,836
Cash and cash equivalents	_	2,503,999	2,503,999
Total	1,274,776	2,614,703	3,889,479

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Notes to financial statements
Year ended 31 December 2024

#### 32. FINANCIAL INSTRUMENTS BY CATEGORY (cont'd)

	Financial liabilities at amortised cost RMB'000
Trade payables	133,109
Financial liabilities included in other payables and accruals	201,247
Total	334,356

#### 33. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments are as follows:

	Carrying amounts		Fair values	
	<b>2024</b> 2023 <b>RMB'000</b> RMB'000		2024	2023
			RMB'000	RMB'000
As at 31 December				
Financial assets at fair value through profit or loss	1,828,640	1,274,776	1,828,640	1,274,776

Management has assessed that the fair values of cash and cash equivalents, trade and bills receivables, financial assets included in prepayments, other receivables and other assets, trade payables, financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

Notes to financial statements
Year ended 31 December 2024

#### 33. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (cont'd)

The fair values of the financial assets and liabilities are included at the amount at which the instruments could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

#### Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

#### Assets measured at fair value:

#### As at 31 December 2024

	Fair val	Fair value measurement using		
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Financial assets at fair value through profit or loss:				
Financial products	-	1,828,640	-	1,828,640

#### As at 31 December 2023

	Fair val			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Financial assets at fair value through profit or loss:				
Financial products	_	1,274,776	-	1,274,776

#### Financial instruments in Level 2

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all inputs that are significant to fair value measurement are observable, the instrument is included in Level 2. The fair value of the financial products is estimated by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

Notes to financial statements
Year ended 31 December 2024

#### 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents and financial assets at FVTPL. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as other receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk, foreign currency risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below.

# Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from currencies other than the units' functional currencies.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in USD exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity.

	Increase/ (decrease) in rate of foreign currency %	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity RMB'000
2024			
If RMB weakens against USD	5	18,020	15,313
If RMB strengthens against USD	(5)	(18,020)	(15,313)
2023			
If RMB weakens against USD	5	30,643	30,259
If RMB strengthens against USD	(5)	(30,643)	(30,259)

#### Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, financial assets included in prepayments, other receivables and other assets, trade and bills receivables arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

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Year ended 31 December 2024

#### 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

## Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at the 31 December.

The amounts presented are gross carrying amounts for financial assets.

#### As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables	-	_	-	111,764	111,764
Bills receivable	31,032	-	-	-	31,032
Financial assets included in prepayments, other receivables and other assets	19,501	-	_	_	19,501
Financial assets included in prepayments, other receivables and other assets, non-current	440,405	_	_	_	440,405
Cash and cash equivalents	4,030,207	-	-	-	4,030,207
Total	4,521,145	-	-	111,764	4,632,909

#### As at 31 December 2023

	12-month ECLs		Lifetime ECLs		
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables	_	-	-	81,690	81,690
Bills receivable	20,911	-	_	_	20,911
Financial assets included in prepayments, other receivables and other assets	11,030	-	_	_	11,030
Cash and cash equivalents	2,503,999	-	-	-	2,503,999
Total	2,535,940	_	_	81,690	2,617,630

As at the end of the reporting period, the Group had certain concentrations of credit risk as the Group's cash and cash equivalents were deposited in few financial institutions. As at the end of the reporting period, cash and cash equivalents were deposited in financial institutions of high quality without significant credit risk.

The Group does not hold any collateral or other credit enhancement for the balance of accounts receivable.



Notes to financial statements
Year ended 31 December 2024

# 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

## Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows.

The maturity profile of the Group's financial liabilities and lease liabilities as at the end of each of the reporting period, based on the contractual undiscounted payments, is as follows:

	As	As at 31 December 2024			
	On demand RMB'000	Within 1 year RMB'000	1 to 5 years RMB'000	Total RMB'000	
Trade payables	-	286,708	-	286,708	
Lease liabilities	-	4,871	2,025	6,896	
Financial liabilities included in other payables and accruals	_	347,526	-	347,526	
Total	-	639,105	2,025	641,130	

	As at 31 December 2023			
	On demand RMB'000	Within 1 year RMB'000	1 to 5 years RMB'000	Total RMB'000
Trade payables	_	133,109	_	133,109
Lease liabilities	_	1,654	1,188	2,842
Financial liabilities included in other payables and accruals	-	201,247	_	201,247
Total	_	336,010	1,188	337,198

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Year ended 31 December 2024

#### 34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

## Capital management

The primary objectives of the Group's capital management are to safeguard the Group's abilities to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital as at the end of the reporting periods.

	Year ended :	Year ended 31 December		
	2024 RMB'000	2023 RMB'000		
Total debt	-	_		
Equity attributable to owners of the parent	7,108,212	4,362,140		
Gearing ratio	0%	0%		

#### 35. EVENTS AFTER THE REPORTING PERIOD

On 13 January 2025, the Group entered into a sale and purchase agreement to acquired 60% equity interests in Xi'an Badachu Medical Beauty Co., Ltd, an associate as at 31 December 2024, at a cash consideration of RMB3,442,000.

Notes to financial statements
Year ended 31 December 2024

# 36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	As at 31 Dece	ember
	2024	2023
	RMB'000	RMB'000
NON-CURRENT ASSETS		
Right-of-use assets	106	277
Investments in subsidiaries	1,558,766	1,114,791
Total non-current assets	1,558,872	1,115,068
CURRENT ASSETS		
Trade and bills receivables	1,240	716
Prepayments, other receivables and other assets, current	69	36,418
Cash and cash equivalents	1,348,574	566,260
Total current assets	1,349,883	603,394
CURRENT LIABILITIES		
Trade payables	410	138
Other payables and accruals	280	219
Lease liabilities-current	107	176
Amount due to a subsidiary	44,779	44,779
Total current liabilities	45,576	45,312
NET CURRENT ASSETS	1,304,307	558,082
TOTAL ASSETS LESS CURRENT LIABILITIES	2,863,179	1,673,150
NON-CURRENT LIABILITIES		
Lease liabilities-non current	-	91
Total non-current liabilities	-	91
Net assets	2,863,179	1,673,059
EQUITY		
Ordinary share capital	65	63
Treasury shares	(1)	(1)
Reserves (note)	2,863,115	1,672,997
Total equity	2,863,179	1,673,059

Executive Director: Yan Jianya Executive Director: Zhang Huijuan



Notes to financial statements Year ended 31 December 2024

# 36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (cont'd)

Note:

A summary of the Company's reserve is as follows:

	Share premium RMB'000	Other reserve RMB'000	Accumulated losses RMB'000	Total equity RMB'000
As at 1 January 2023	1,596,869	18,717	(37,076)	1,578,510
Profit and total comprehensive income for the year	=	=	17,572	17,572
Exercise of equity settled share-based payments	97,821	(41,423)	-	56,398
Deemed investment to the subsidiary	-	20,517	_	20,517
As at 31 December 2023	1,694,690	(2,189)	(19,504)	1,672,997

	Share premium RMB'000	Other reserve RMB'000	Accumulated (losses)/Retained profits RMB'000	Total equity RMB'000
As at 31 December 2023 and 1 January 2024	1,694,690	(2,189)	(19,504)	1,672,997
Other comprehensive income for the year:				
Exchange differences	_	19,301	_	19,301
Issue of shares	1,498,500	-	-	1,498,500
Share issue costs	(12,866)	-	-	(12,866)
Profit and total comprehensive income for the year	_	_	498,863	498,863
Exercise of the RSU granted	11,808	(6,774)	_	5,034
Deemed investment to the subsidiary	_	89,723	_	89,723
Final and special 2023 dividend declared	(456,020)	-	(452,417)	(908,437)
As at 31 December 2024	2,736,112	100,061	26,942	2,863,115

# **37. APPROVAL OF THE FINANCIAL STATEMENTS**

The consolidated financial statements were approved and authorised for issue by the board on 26 March 2025.

# **DEFINITIONS**

In this annual report, the capitalized terms shall have the meaning set out below unless the context requires otherwise.

"Articles" or "Articles of Association"

the articles of association of our Company, amended and/or restated from time to

time

"Board" or "Board of Directors"

the board of Directors of our Company

"business day"

a day on which banks in Hong Kong are generally open for normal banking business

to the public and which is not a Saturday, Sunday or public holiday in Hong Kong

"Company" or "our Company" or "the Company"

Giant Biogene Holding Co., Ltd (巨子生物控股有限公司), an exempted company

incorporated in the Cayman Islands with limited liability on 28 July 2021

"Director(s)"

director(s) of our Company

"Global Offering"

the Hong Kong Public Offering and the International Offering described in the

Prospectus

"Group" or "our Group" or

"we" or "us"

our Company and its subsidiaries (or our Company and any one or more of its

subsidiaries, as the context may require)

"HK\$"

Hong Kong dollars, the lawful currency of Hong Kong

"Hong Kong"

the Hong Kong Special Administrative Region of the PRC

"Hong Kong Listing Rules" or

"Listing Rules"

the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong

Limited, as amended from time to time

"Hong Kong Stock Exchange" or

"Stock Exchange"

The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong

Exchanges and Clearing Limited

"IFRS"

International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards Board and

the International Accounting Standards and interpretations issued by the International

Accounting Standards Committee

"Independent Third Party(ies)"	any entity or person who is not a connected person of our Company within the meaning ascribed thereto under the Listing Rules
"Latest Practicable Date"	22 April 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this annual report
"Listing"	listing of the Shares on the Main Board of the Hong Kong Stock Exchange
"Listing Date"	4 November 2022, on which our Shares are listed and from which dealings therein are permitted to take place on the Hong Kong Stock Exchange
"Macau"	the Macau Special Administrative Region of the PRC
"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
"PRC" or "China"	the People's Republic of China. For the purposes of this annual report only and except where the context requires otherwise, excludes Hong Kong, Macau and Taiwan
"Prospectus"	the prospectus of the Company dated 20 October 2022
"province"	a province or, where the context requires, a provincial level autonomous region or municipality, under the direct supervision of the central government of the PRC
"Reporting Period"	the year ended 31 December 2024
"RMB"	Renminbi, the lawful currency of the PRC
"RSU Scheme"	the restricted share unit scheme as approved by the Company on 8 December 2021
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	the ordinary share(s) in the share capital of the Company with a par value of US\$0.00001 each



# Definitions

"US\$"	United States dollars, the lawful currency of the United States
"United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"subsidiary(ies)"	has the meaning ascribed thereto in section 15 of the Companies Ordinance
"Shareholder(s)"	the holder(s) of our Shares