诺辉健康
NEW HORIZON HEALTH

New Horizon Health Limited
諾輝健康

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 6606.HK

2021 INTERIM REPORT

Contents

Definitions

In this report, unless the context otherwise requires, the following terms have the following meanings. These terms and their definitions may not correspond to any industry standard definition, and may not be directly comparable to similarly titled terms adopted by other companies operating in the same industries as the Company.

"Articles of Association" or "Articles"	articles of association of our Company adopted on October 9, 2020 with effect from the Listing Date, as amended from time to time
"Audit Committee"	the audit committee of the Board
"Beijing Nuoan Lab"	Beijing Nuoan Medical Examination Lab Co., Ltd. (北京諾安醫學檢驗實驗室有限公司), a limited liability company established under the laws of the PRC on March 9, 2016
"Beijing Xincheng"	Beijing New Horizon Xincheng Health Technology Co., Ltd (北京諾輝新程健康科技有限公司), a limited liability company established under the laws of the PRC on February 29, 2016
"Board"	the board of directors of our Company
"CEO" or "Chief Executive Officer"	chief executive officer of our Company
"CG Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"CerviClear"	our non-invasive urine-based home-use screening test for cervical cancer
"CerviClear IVD"	CerviClear in vitro diagnostic kit
"Chief Financial Officer"	chief financial officer of our Company
"China" or "PRC"	the People's Republic of China, but for the purpose of this report and for geographical reference only and except where the context requires otherwise, references in this report to "China" and the "PRC" do not apply to Hong Kong, Macau and Taiwan
"ColoClear"	ColoClear, a proprietary non-invasive stool-based FIT-DNA test
"ColoClear IVD"	ColoClear in vitro diagnostic kit, which is our Company's proprietary reagents used in the testing process of ColoClear approved by the NMPA as a Class III medical device and constitutes our Core Product for purposes of this report
"Company" or "Our Company"	New Horizon Health Limited (諾輝健康), an exempted company with limited liability incorporated under the laws of the Cayman Islands on June 7, 2018
"Consolidated Affiliated Entities"	the entities we control through the Contractual Arrangements, namely, Beijing Xincheng and its subsidiaries (each a "**Consolidated Affiliated Entity**")

"Contractual Arrangements"	a series of contractual arrangements entered into by, Hangzhou Nuohui, Beijing Xincheng and the Registered Shareholders
"Core Product"	has the meaning ascribed thereto under Chapter 18A of the Listing Rules
"Director(s)"	the directors of the Company
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., a global market research and consulting company
"Global Offering"	the Hong Kong public offering and the international offering of the Shares
"Group", "our Group", "our", "we" or "us"	the Company, its subsidiaries and consolidated affiliated entities from time to time or, where the context so requires, in respect of the period prior to the Company becoming the holding company of its present subsidiaries and consolidated affiliated entities, such subsidiaries and consolidated affiliated entities as if they were subsidiaries and consolidated affiliated entities of our Company at the relevant time
"Guangzhou Nuohui Lab"	Guangzhou Nuohui Medical Examination Lab Co., Ltd (廣州諾輝醫學檢驗實驗室有限公司), a limited liability company established under the laws of the PRC on May 28, 2019
"Hangzhou Nuohui"	Hangzhou New Horizon Health Technology Co., Ltd (杭州諾輝健康科技有限公司), a limited liability company established under the laws of the PRC on November 19, 2015 and our indirect wholly-owned subsidiary
"Hangzhou Nuokang Lab"	Hangzhou Nuokang Medical Examination Lab Co., Ltd. (杭州諾康醫學檢驗實驗室有限公司), a limited liability company established under the laws of the PRC on June 3, 2016
"IFRS"	International Financial Reporting Standards
"Latest Practicable Date"	August 16, 2021, being the latest practicable date prior to the printing of this report for the purpose of ascertaining certain information contained in this report
"Listing"	the listing of the shares on the Main Board of the Stock Exchange
"Listing Date"	February 18, 2021
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules

Definitions

"NMPA"	the National Medical Products Administration of China (國家藥品監督管理局)
"Nomination Committee"	the nomination committee of the Board
"Pre-IPO Share Incentive Plan" or "Plan"	the pre-IPO share incentive plan effective as of October 10, 2018 and further amended and approved on August 17, 2020
"Prospectus"	the prospectus of the Company dated February 5, 2021
"Pupu Tube"	our proprietary non-invasive stool-based FIT screening product to detect hemoglobin biomarkers associated with colorectal cancer
"Registered Shareholders"	the registered shareholders of Beijing Xincheng, being Mr. Yeqing ZHU and Ms. Lijuan ZHU
"Remuneration Committee"	the remuneration committee of the Board
"Reporting Period"	the six months ended June 30, 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)"	ordinary shares in the share capital of our Company with a nominal value of US$0.00005 each
"Shareholder(s)"	holder(s) of our Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"UU Tube"	our stool-based self-conducted screening product for H. pylori

Glossary of Technical Terms

"cervical cancer"	the development of cancer from the cervix
"colorectal cancer"	the development of cancer from the colon or rectum
"COVID-19"	coronavirus disease 2019, a disease caused by a novel virus designated as severe acute respiratory syndrome coronavirus 2
"CRO"	contract research organization, an entity that provides support to the pharmaceutical, biotechnology, and medical device industries in the form of research services outsourced on a contract basis
"CSO"	contract sales organization, an entity that provides a series of services and solutions related to marketing and sales activities under contracts with pharmaceutical, biotechnology, and medical device companies
"DNA"	deoxyribonucleic acid, a self-replicating material which is present in nearly all living organisms as the main constituent of chromosomes. It is the carrier of genetic information
"FIT"	fecal immunochemical test
"GFA"	gross floor area
"GMP"	good manufacturing practices, the aspect of quality assurance that ensures that medicinal products are consistently produced and controlled to the quality standards appropriate to their intended use and as required by the product specification
"H. pylori"	Helicobacter pylori, a pathogenic bacteria
"IVD"	in vitro diagnostics products, including platforms and assays
"KOLs"	acronym for Key Opinion Leaders; refers to renowned physicians that influence their peers' medical practice
"LDT"	laboratory developed test

Corporate Information

BOARD OF DIRECTORS

Executive Directors
Dr. Yiyou CHEN *(Chairman)*
Mr. Yeqing ZHU *(Chief Executive Officer)*

Non-executive Directors
Mr. Naxin YAO
Ms. Nisa Bernice Wing-Yu LEUNG, *J.P.*
Mr. Quan ZHOU *(retired on June 18, 2021)*
Mr. Siu Wai NG *(retired on June 18, 2021)*

Independent non-executive Directors
Mr. Danke YU
Prof. Hong WU
Dr. Kwok Tung LI, Donald, *S.B.S, J.P*

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC
13/F, T1 Building
400 Jiang'er Road
Binjiang District
Hangzhou
Zhejiang
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG
Level 54, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

REGISTERED OFFICE
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL SHARE REGISTRAR
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE
Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

COMPLIANCE ADVISOR
Somerley Capital Limited
20/F China Building
29 Queen's Road Central
Hong Kong

PRINCIPAL BANKS
China Merchants Bank
Shenzhen Offshore Banking Department
No. 7088 Shennan Road
Futian District
Shenzhen 518040
PRC

Silicon Valley Bank
3003 Tasman Drive
Santa Clara
CA 95054, USA

JOINT COMPANY SECRETARIES
Mr. Yu GAO
Ms. Ching Man YEUNG *(resigned on June 11, 2021)*
Ms. Ming Wai MOK *(appointed on June 11, 2021)*

AUTHORIZED REPRESENTATIVES
Mr. Yeqing ZHU
Ms. Ching Man YEUNG *(resigned on June 11, 2021)*
Ms. Ming Wai MOK *(appointed on June 11, 2021)*

AUDIT COMMITTEE
Mr. Danke YU *(Chairperson)*
Ms. Nisa Bernice Wing-Yu LEUNG, *J.P.*
Dr. Kwok Tung LI, Donald, *S.B.S, J.P*

REMUNERATION COMMITTEE
Prof. Hong WU *(Chairperson)*
Mr. Yeqing ZHU
Mr. Danke YU

NOMINATION COMMITTEE
Dr. Yiyou CHEN *(Chairperson)*
Prof. Hong WU
Mr. Danke YU

STOCK CODE
6606

AUDITOR
Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors
35/F, One Pacific Place
88 Queensway
Hong Kong

COMPANY WEBSITE
ir.newhorizonbio.com

Financial Highlights and Business Highlights

FINANCIAL HIGHLIGHTS

- Revenue was RMB43.9 million for the six months ended June 30, 2021, representing a 317% increase from RMB10.5 million for the same period in 2020.

- Gross profit was RMB24.7 million for the six months ended June 30, 2021, representing an increase of approximately 1,000.2% from RMB2.2 million for the same period in 2020. Gross profit margin was 56.2% for the six months ended June 30, 2021, and expanded by approximately 3,500 bps from 21.3% for the same period in 2020.

- For ColoClear, revenue was RMB14.2 million for the six months ended June 30, 2021, as compared to RMB5.7 million for the same period in 2020, representing an organic growth of 149%. The shipment volume of ColoClear also accelerated in the first half of 2021, which was approximately 121,500 units, representing a 392% increase over the same period in 2020. The revenue and shipment volume growth were primarily driven by increasing receptivity among customers and rising product awareness by physicians since ColoClear was approved by the NMPA in November 2020; such increasing receptivity and rising awareness were partially attributable to the Company's investments in clinical education and sales & marketing capabilities. The gross profit margin of ColoClear was 56.6% for the six months ended June 30, 2021, as compared to 33.9% for the same period in 2020, primarily due to the lower operating cost per unit arisen from operating leverage.

- For Pupu Tube, revenue was RMB29.6 million for the six months ended June 30, 2021, as compared to RMB4.1 million for the same period in 2020, representing an increase of 623.7%, primarily driven by accelerating volume growth combined with higher averaging selling prices across its sales channels. The gross profit margin of Pupu Tube was 59.0% for the six months ended June 30, 2021, as compared to 26.4% for the same period in 2020, attributable to a combination of lower cost per unit and a higher average selling price.

BUSINESS HIGHLIGHTS

In the first half of 2021, our core product, ColoClear, has received notable recognition. Significant advancements have also been made to the commercialization of ColoClear and Pupu Tube:

- ColoClear was included in two medical guidelines for colorectal cancer screening, i.e., China Guideline for the Screening, Early Detection and Early Treatment of Colorectal Cancer (2020, Beijing) (《中國結直腸癌篩查與早診早治指南》(2020，北京)) in January 2021 and Chinese Society of Clinical Oncology (CSCO) Diagnosis and Treatment Guidelines for Colorectal Cancer 2021 (《2021 CSCO結直腸癌診療指南》) in April 2021.

- For commercialization, we entered into a series of strategic partnerships with, including, but not limited to, the following partners in China: AstraZeneca (stock code: AZN.UK) in March 2021, JD Health (stock code: 06618.HK) in April 2021, Ping An Healthcare (stock code: 01833.HK) in July 2021, Picahealth (雲鵲醫) in July 2021 and China Post (中國郵政) in August 2021, respectively, to raise public awareness of colorectal cancer screening and increase penetration of ColoClear and Pupu Tube across clinical, direct-to-consumer, and insurance markets. The Company continued to expand our sales and marketing team, with a total headcount of 270 by June 30, 2021, representing a 137% increase from December 31, 2020.

Management Discussion and Analysis

BUSINESS REVIEW

Overview

Our vision is to prevent and cure cancer by screening and early detection. Our mission is to advance the innovation and accelerate the adoption of cancer screening technologies in China and globally. As of the Latest Practicable Date, ColoClear, our flagship product, is offering the first and only NMPA-approved colorectal cancer screening test addressing an untapped 120 million colorectal cancer high risk population in China.

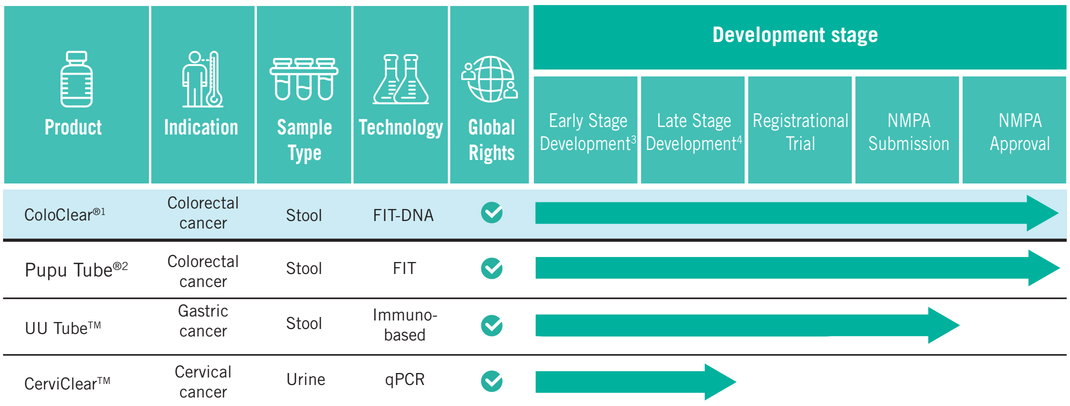
Our Products and Product Pipeline

Founded in November 2015, we are a commercial stage biotech company focused on developing and commercializing innovative cancer screening products to address significant unmet medical needs in the cancer screening in China. We have built an early detection and cancer screening-focused pipeline of four products and product candidates with a strategic emphasis on colorectal cancer screening. We have established an integrated molecular cancer screening platform with comprehensive research and development, clinical development, testing operations and commercialization capabilities.

We are the pioneer in China's colorectal cancer screening market with ColoClear, our proprietary, non-invasive, multi-target, FIT-DNA test, being the first and only molecular cancer screening test in China approved by the NMPA, which targets a 120 million high-risk colorectal cancer population in China.

Our two home-based colorectal cancer screening tests, ColoClear and Pupu Tube, synergistically address target populations with various risk levels. Pupu Tube, our proprietary, non-invasive, stool-based FIT test, is the first and only self-conducted FIT screening product approved by the NMPA in China. We are developing our UU Tube, a stool-based self-conducted screening test for gastric cancer. We completed the registrational trial of UU Tube in November 2020 and submitted a registration application to the NMPA in the same month of 2020. We are also developing our CerviClear, a non-invasive urine-based home-use screening test for cervical cancer. We are in late-stage development prior to initiating the registrational trial for CerviClear.

The following chart summarizes the development status of our products and major product candidates as of the Latest Practicable Date:



1 Prospective registrational trial (n=5,881) achieved colorectal cancer sensitivity of 95.5% and specificity of 87.1%, and advanced adenoma sensitivity of 63.5%; NMPA approval (Class III medical device) obtained in November 2020

2 NMPA approval (Class II medical device) obtained in March 2018 and CE Mark obtained in June 2018

3 Early stage development refers to technical feasibility, product optimization and finalization of product prototype, and pilot production

4 Late stage development refers to efficacy testing and large scale manufacturing and completion of a proof-of-concept clinical study, and is ready for registrational trial

ColoClear

ColoClear is a proprietary non-invasive stool-based FIT-DNA test that utilizes a multi-target approach to detect DNA and hemoglobin biomarkers associated with colorectal cancer and precancerous adenoma. Its non-invasive nature provides convenience to individuals who are unable or unwilling to undergo colonoscopy. It combines gene mutation, gene methylation and hemoglobin results in the laboratory analysis through a proprietary risk assessment algorithm to provide a single positive or negative reportable result. A positive result may indicate the presence of colorectal cancer or advanced adenoma, which should be followed by diagnostic colonoscopy.

ColoClear consists of four integrated components, each designed and approved to work exclusively with the other components: (i) ColoClear IVD (Class III medical device), (ii) our risk assessment algorithm (Class II medical device), (iii) ColoClear sample collection kit (Class I medical device) and (iv) DNA extraction and purification technologies. Only ColoClear sample collection kit is directly used by end-users while the other three components are strictly used in our laboratories as of the Latest Practicable Date. Users collect a stool sample at home using our sample collection kit and then send it to one of our laboratories. In our laboratories, we utilize ColoClear IVD, our Core Product, along with our risk assessment algorithm to analyze the stool sample and determine a test result. ColoClear is the first and only molecular cancer screening test approved by the NMPA, according to Frost & Sullivan. In May 2018, ColoClear IVD was designated as breakthrough approval channel for innovative medical devices by the NMPA. We completed a two-year registrational trial for ColoClear IVD in December 2019 and submitted application for IVD registration as Class III medical device in January 2020, which was approved by the NMPA with issuance of the registration certificate for Class III medical device in November 2020. Our risk assessment algorithm was registered with the NMPA as Class II medical device in November 2020. ColoClear sample collection kit was registered with the NMPA as Class I medical device in December 2016. DNA extraction and purification technologies were registered with the NMPA as Class I medical device in August 2020. All the NMPA certificates have a validity period that lasts for five years, and each component of ColoClear is currently qualified for re-certification upon renewal of the respective certificate. ColoClear was also included in two medical guidelines for colorectal cancer screening, i.e., China Guideline for the Screening, Early Detection and Early Treatment of Colorectal Cancer (2020, Beijing) (《中國結直腸癌篩查與早診早治指南》(2020，北京)) in January 2021 and Chinese Society of Clinical Oncology (CSCO) Diagnosis and Treatment Guidelines for Colorectal Cancer 2021 (《2021 CSCO結直腸癌診療指南》) in April 2021.

Pupu Tube

Pupu Tube is a proprietary non-invasive stool-based FIT colorectal cancer screening product to detect hemoglobin biomarkers associated with colorectal cancer. It is an integrated device for sample collection, dilution, and FIT test by end-users. Based on fecal occult blood testing, Pupu Tube provides a simple and convenient method to detect colorectal cancer at home. According to Frost & Sullivan, Pupu Tube is the first and only self-conducted FIT screening product for colorectal cancer approved by the NMPA. Pupu Tube is designed to target the mass market of 633 million target population in China that generally falls in the age groups for which regular colorectal cancer screening is recommended and to identify the high colorectal cancer risk population that would require further screening with a higher sensitivity, such as ColoClear, or treatment. We obtained the NMPA registration certificate of Class II medical device for Pupu Tube in March 2018 and commercialized Pupu Tube since then. We have also obtained CE Mark for Pupu Tube in June 2018.

UU Tube

UU Tube is our stool-based self-conducted screening product for gastric cancer by detecting H. pylori, the pathogenic bacteria which is the major causative agent for gastric cancer. We completed the registrational trial for UU Tube in November 2020. We submitted the application to the NMPA to register UU Tube as Class III medical device in November 2020.

WE MAY NOT BE ABLE TO ULTIMATELY MARKET UU TUBE SUCCESSFULLY.

CerviClear

CerviClear is our non-invasive urine-based home-use screening test for cervical cancer. We expect to initiate the registrational trial for CerviClear IVD and to submit application for the registration of CerviClear IVD as Class III medical device with the NMPA after the registrational trial is completed. As of the Latest Practicable Date, there was no approved home-use urine-based cervical cancer screening test in China, according to Frost & Sullivan.

WE MAY NOT BE ABLE TO ULTIMATELY MARKET CERVICLEAR SUCCESSFULLY.

Research & Development

We focus on developing innovative technologies to enhance our existing pipeline and to develop new cancer screening tests. We believe that our success has depended and will continue to depend to a large extent on our ability to develop new or improved cancer screening products. Our research and development capabilities are proven by our portfolio of proprietary technologies and patents. We have started research and development for ColoClear test since 2015. With over five years of dedicated research and development efforts, we have built a proprietary and extensive database of Asian-specific colorectal cancer methylation pattern profiles and developed our clinically-validated risk assessment algorithm (Class I medical device) for ColoClear which is the first algorithm-driven cancer screening test approved by the NMPA. Our multi-parameter risk assessment algorithm is the first and only one in China. It is tailored and optimized to work exclusively with our primers, reagents and the overall ColoClear testing process, therefore cannot be replicated by our competitors without conducting a large prospective clinical trial. Due to the fact that our clinically validated risk assessment algorithm, whose parameters are not publicly available and strictly confidential, is developed based on, and works exclusively with ColoClear IVD, any potential competitor who tries to develop its own IVD reagent, or replicate our ColoClear IVD, will not only have to develop its own risk assessment algorithm, but also have to validate such algorithm through a large-scale prospective clinical trial as required by the NMPA. Our proprietary DNA extraction technology (Class I medical device) enables us to purify evaluable DNA from highly-complex stool samples and achieve a success rate of approximately 99.4%, based on our operational data collected between October 2019 and September 2020. Our proprietary DNA sample stabilization technology preserves DNA and hemoglobin under room temperature for up to seven days. As of the Latest Practicable Date, we have built a portfolio of 71 patents and patent applications globally to protect our proprietary technologies and know-how.

We are engaged in ongoing research and development activities to deliver clinically advanced new products, to enhance the effectiveness, ease of use, safety and reliability, and to expand the applications of our products. As of the Latest Practicable Date, we had two major cancer screening product candidates in the late stage of development. We will continue our research and development activities for new products and technological innovations including advancing our in-house multi-omics platform and enhance the development of our platforms of genomics, epigenomics and proteomics and build up the platforms of transcriptomics and metabolomics.

We have a strong in-house research and development team primarily based in Beijing and Hangzhou, China as of the Latest Practicable Date, over 72% of whom possessed a master or doctorate degree. The team is led by our Chief Scientific Officer, Dr. Yiyou CHEN, and our Chief Technology Officer, Dr. Ning LU.

Testing and Manufacturing Capacity

As of the Latest Practicable Date, we have three laboratories located in Beijing, Hangzhou and Guangzhou, China, with a gross floor area of approximately 2,000 sq.m., 3,700 sq.m. and 600 sq.m., respectively. Our Beijing and Hangzhou laboratories have obtained National Center for Clinical Laboratories External Quality Assessment Certificates and PRC Practice Licenses of Medical Institution. All our laboratories have conducted registrations and obtained licenses as applicable, and are authorized to perform PCR amplification for clinical use.

We built the new laboratory in Guangzhou in preparation for the anticipated large market demand of ColoClear tests as we start to commercialize ColoClear IVD after it was approved by the NMPA in November 2020. It helps expand our geographic coverage for sample collection and allows us to deliver test results promptly to regional end-users, further improving user experience. Our testing capacity is enhanced by the fact that our testing laboratories and PCR platforms can be shared between ColoClear and CerviClear for testing services.

Manufacturing Facilities

As of the Latest Practicable Date, our principal manufacturing facility is located at our headquarters with an aggregate GFA of approximately 11,300 sq.m. in Hangzhou, Zhejiang province, China, which was primarily used for the production of our cancer screening products and product candidates, including ColoClear and Pupu Tube. Our manufacturing facilities are equipped with advanced automation which can significantly improve efficiency and reduce manufacturing cost. Our manufacturing facilities are designed to provide synergy between our commercialized products and product candidates in order to achieve economies of scale and operating efficiency. Our production lines for Pupu Tube and UU Tube can be shared.

The production volume for ColoClear and Pupu Tube increased for the six months ended June 30, 2021 due to increasing demands from end users, as compared to the same period in 2020. Utilization rate for ColoClear increased in the six months ended June 30, 2021 as compared to the same period in 2020, primarily due to the growth in online sales and increased demands attributable to normal opening of hospitals and health checkup centers as a result of the COVID-19 control.

Commercialization

We have two self-developed cancer screening tests, Pupu Tube which was approved by the NMPA in March 2018 and received CE Mark in June 2018, and ColoClear, the core component of which, ColoClear IVD, has been approved by the NMPA in November 2020. On March 15, 2021, the Company and AstraZeneca entered into the Co-promotion Agreement, pursuant to which the parties will jointly promote ColoClear in public hospitals, pharmacies and internet hospitals in mainland China. In addition, on March 15, 2021, the Company and AstraZeneca entered into the strategic collaboration memorandum, to launch an in-depth strategic collaboration in the mainland China market. The Company also entered into a series of strategic partnerships with including, but not limited to, the following partners in China: JD Health (stock code: 06618.HK) in April 2021, Ping An Healthcare (stock code: 01833.HK) in July 2021, Picahealth (雲鵲醫) in July 2021 and China Post (中國郵政) in August 2021, respectively, to raise public awareness of colorectal cancer screening and increase penetration for ColoClear and Pupu Tube across clinical, direct-to-consumer, and insurance markets. We have significantly expanded our sales and marketing team, which has reached 270 employees in total by June 2021, compared to 114 by the end of year 2020.

Industry Overview

Colorectal cancer screening tests have huge market potential in China, given China has the highest colorectal cancer incidence in the world and colorectal cancer is one of the most curable and preventable cancers if detected early, which makes colorectal cancer screening tests in high demands. Despite its relatively high mortality rate, colorectal cancer is widely accepted by medical communities as one of the most curable and preventable cancers if detected early. Patients who are diagnosed early in the progression of the disease (i.e., with precancerous lesions or polyps or early-stage cancer) are more likely to have a complete recovery and incur less medical expenses. The colorectal cancer screening market in China is expected to experience accelerated growth mainly due to aging population, development of public awareness of colorectal cancer, increasing government support, prospective socioeconomic advantages and significant technology advancements. ColoClear is currently the only screening test in China with the ability to detect precancerous lesions such as advanced adenoma. As of the Latest Practicable Date, Pupu Tube is the first and only self-conducted FIT screening product approved by the NMPA for colorectal cancer screening in China.

Impact of the COVID-19 Outbreak

An outbreak of a respiratory disease COVID-19 was first reported in December 2019 and continues to expand globally. Significant rises in COVID-19 cases have been reported since then, causing governments around the world to implement unprecedented measures such as city lockdowns, travel restrictions, quarantines and business shutdowns. COVID-19 outbreak disrupted the normal life and daily routine of the global population and in amidst of this global pandemic, cancer screening naturally became less a priority as compared to other more imminent health concerns. The worldwide COVID-19 outbreak had significantly impacted the cancer screening industry due to the restricted access to medical institutions. Health checkup centers are our major sales channels, and therefore, our revenue and profitability, as well as shipment, have been affected by the COVID-19 outbreak in the Reporting Period to a certain extent. Despite the foregoing, our revenue increased. Our revenue was RMB43.9 million for the six months ended June 30, 2021, representing a year-on-year increase of approximately 317% compared to the six months ended June 30, 2020. The increase in revenue was primarily attributable to the pandemic being increasingly under control and the increase in consumer health awareness in the first half of 2021.

The shipment volume of ColoClear accelerated in the first half of 2021, which was approximately 121,500 units, representing a 392% increase over the same period in 2020. The shipment volume growth were primarily driven by increasing receptivity among customers and rising product awareness by physicians since ColoClear approval by the NMPA in November 2020; such increasing receptivity and rising awareness were partially attributable to the Company's investments in clinical education and marketing events, together with the recovery of our business from the COVID-19 outbreak. Shipment volume is generally considered a leading indicator for future ColoClear revenue which would be recognized when we complete the testing service and deliver the test results or when the delivered sample collection kits are expired.

With respect to Pupu Tube, the shipment volume of Pupu Tube in the first half of 2021 was 1,904,900 units, representing a year-on-year increase of 555%. The sales performance of Pupu Tube in the first half of 2021 improved as our business in general has recovered from the COVID-19 outbreak.

At the same time, due to social distancing rules and practices, contactless point-of-care screening methods which allow users to conduct tests without going to the hospitals or clinics are needed and recommended for use. Consumers tend to use contactless point-of-care screening technologies, such as at-home cancer screening tests rather than visiting the hospital. Moreover, due to this worldwide epidemic, medical resources are overwhelmed, with decreased number of doctors and physicians available for cancer screening tests.

Management Discussion and Analysis

FINANCIAL REVIEW

Overview

The following discussion is based on, and should be read in conjunction with, the financial information and the notes included elsewhere in this report.

Revenue

During the Reporting Period, our revenue was mainly generated from (i) ColoClear, and (ii) Pupu Tube. The Group's revenue for the six months ended June 30, 2021 was RMB43.9 million, representing an increase of 317% compared to RMB10.5 million for the six months ended June 30, 2020. The increase was primarily attributable to the significant increase in income from the sales of ColoClear and Pupu Tube.

The following table sets forth a breakdown of our revenue by test for the periods indicated:

	For the six months ended June 30,			
	2021		2020	
	(Unaudited)		(Unaudited)	
	RMB'000	***%***	*RMB'000*	*%*
ColoClear[1]	**14,178**	**32.3**	5,705	54.2
Pupu Tube	**29,569**	**67.3**	4,086	38.8
Others	**184**	**0.4**	735	7.0
Total revenue	**43,931**	**100.0**	10,526	100.0

(1) ColoClear was provided as LDT services prior to November 10, 2020 and has been provided as medical services since the NMPA approval of ColoClear IVD on November 10, 2020.

For ColoClear, revenue was RMB14.2 million for the six months ended June 30, 2021, as compared to RMB5.7 million for the six months ended June 30, 2020, primarily attributable to the increasing awareness by physicians and improved receptivity by customers after the NMPA approval of ColoClear in November 2020, driven by Company's investments in clinical education and marketing events. The shipment volume of ColoClear also increased significantly in the first half of 2021, which was approximately 121,500 units, representing a 392% year-on-year increase over the same period in 2020.

For Pupu Tube, revenue was RMB29.6 million for the six months ended June 30, 2021, as compared to RMB4.1 million for the six months ended June 30, 2020, primarily attributable to the epidemic being increasingly under control and consumer demand increased.

Cost of Sales

The cost of sales primarily consists of staff costs, manufacturing overhead, raw material costs, depreciation and amortization, utility costs, write-down of inventories and others.

The Group's cost of sales for the six months ended June 30, 2021 was RMB19.2 million, representing an increase of 132.3% compared to RMB8.3 million for the six months ended June 30, 2020. The increase was primarily attributable to the corresponding increase in sales and marketing effort in the first half of 2021.

The table below sets forth a breakdown of our cost of sales in absolute amount and as percentage of our total cost of sales for the periods indicated:

	For the six months ended June 30,			
	2021		2020	
	(Unaudited)		(Unaudited)	
	RMB'000	***%***	*RMB'000*	*%*
ColoClear[(1)]	**6,157**	**32.0**	3,770	45.5
Pupu Tube	**12,128**	**63.0**	3,006	36.3
Others	**145**	**0.8**	487	5.9
Write-down of inventories	**812**	**4.2**	1,019	12.3
Total cost of sales	**19,242**	**100.0**	8,282	100.0

(1) ColoClear was provided as LDT services prior to November 10, 2020 and has been provided as medical services since the NMPA approval of ColoClear IVD on November 10, 2020.

Our costs of sales of ColoClear increased from RMB3.8 million for the six months ended June 30, 2020 to RMB6.2 million for the six months ended June 30, 2021, representing a year-over-year increase of 63.3%. Our costs of sales of Pupu Tube increased from RMB3.0 million for the six months ended June 30, 2020 to RMB12.1 million for the six months ended June 30, 2021, representing a year-over-year increase of 303.5%, primarily due to the corresponding increase in sales volume in the first half of 2021. Our other costs primarily include costs of sales of other research service.

Write-down of inventories decreased from RMB1.0 million for the six months ended June 30, 2020 to RMB0.8 million for the six months ended June 30, 2021, representing a year-over-year decrease of 20.3%.

Gross Profit and Gross Profit Margin

Our gross profit represents our revenue less our cost of sales. Our gross profit margin represents our gross profit as a percentage of our revenue.

For the six months ended June 30, 2021, gross profit was RMB24.7 million, representing an increase of approximately 1,000.2% from RMB2.2 million for the same period in 2020. Gross profit margin was 56.2% for the six months ended June 30, 2021, and expanded by approximately 3,500 bps from 21.3% for the same period in 2020. The increase in gross profit was primarily due to the pandemic being increasingly under control and growth in the Company's scale of sales. The increase in gross profit margin was primarily due to cost reduction due to economies of scale.

The table below sets forth a breakdown of our gross profit and gross profit margin by test for the periods indicated:

	For the six months ended June 30,			
	2021 (Unaudited)		2020 (Unaudited)	
	Gross profit *RMB'000*	**Gross profit margin** %	Gross profit *RMB'000*	Gross profit margin %
ColoClear[1]	**8,021**	**56.6**	1,935	33.9
Pupu Tube	**17,441**	**59.0**	1,080	26.4
Others	**39**	**21.2**	248	33.7

(1) ColoClear was provided as LDT services prior to November 10, 2020 and has been provided as medical services since the NMPA approval of ColoClear IVD on November 10, 2020.

For ColoClear, the gross profit margin was 56.6% for the six months ended June 30, 2021, as compared to 33.9% for the same period in 2020, primarily due to the lower operating cost per test thanks to ColoClear's operating leverage.

For Pupu Tube, the gross profit margin was 59.0% for the six months ended June 30, 2021, as compared to 26.4% for the same period in 2020, attributable to a combination of lower cost per unit and a higher average selling price.

Other gains and losses

Our other gains and losses consists of fair value loss of Preferred Shares, net foreign exchange loss or gain and others. The Group's other gains and losses for the six months ended June 30, 2021 was RMB2,760.2 million, representing an increase of 472.4% compared to RMB482.2 million for the six months ended June 30, 2020. The increase was primarily attributable to growth in fair value loss of Preferred Shares, which is non-cash and non-operating loss arising from private financings prior to initial public offering.

Other Income

Our other income consists of government subsidies, bank interest income and others. The Group's other income for the six months ended June 30, 2021 was RMB10.9 million, representing an increase of 102.8% compared to RMB5.4 million for the six months ended June 30, 2020. The increase was primarily attributable to growth in bank interest income.

Selling and Distribution Expenses

Our selling and distribution expenses primarily consist of staff cost, sales promotion expenses, travel expenses and others.

The Group's selling and distribution expenses for the six months ended June 30, 2021 was RMB72.7 million, representing an increase of 247.9% compared to RMB20.9 million for the six months ended June 30, 2020. The increase was primarily due to expansion of the sales and marketing team and increased commercial promotion activities.

Research and Development Expenses

The research and development expenses for our Group primarily consist of staff cost, clinical trial and service expenses, cost of research and development materials and equipment and other expenses.

The Group's research and development expenses for the six months ended June 30, 2021 was RMB21.2 million, representing an increase of 102.8% compared to RMB10.5 million for the six months ended June 30, 2020. The increase was primarily due to expansion of the research and development team and growth in research and development investment.

The table below sets forth a breakdown of our research and development expenses in absolute amount and as percentage of our total research and development expenses for the periods indicated:

	For the six months ended June 30,			
	2021		2020	
	(Unaudited)		(Unaudited)	
	RMB'000	***%***	*RMB'000*	*%*
Research and development expenses				
Staff costs	**8,821**	**41.6**	5,144	49.1
Cost of research and development materials and equipment	**8,748**	**41.2**	4,765	45.5
Clinical trials and service expenses	**1,725**	**8.1**	244	2.3
Others	**1,941**	**9.1**	318	3.1
Total	**21,235**	**100.0**	10,471	100.0

Our staff cost primarily consists of salaries, welfare and pension for our research and development employees. Our costs of research and development materials and equipment consumed represent expenses on the raw materials used for developing our product candidates, and the depreciation of equipment and renovation of our research and development facilities as well as amortization of intangible assets. Our clinical trials and service expenses include expenses incurred for conducting clinical trials, including payment to CROs in relation to our clinical trials. Others mainly comprise travel expenses, testing expenses and other general expenses incurred for the purpose of research and development.

Administrative Expenses

The administrative expenses for our Group primarily consist of staff cost, professional service fees, depreciation and amortisation and others. The Group's administrative expenses for the six months ended June 30, 2021 was RMB45.8 million, representing an increase of 56.2% compared to RMB29.3 million for the six months ended June 30, 2020. The increase was primarily attributable to increase in employee salary.

Impairment Losses on Trade and Other Receivables

The Group's impairment losses on trade and other receivables for the six months ended June 30, 2021 was RMB3.9 million, representing an increase of 140.5% compared to RMB1.6 million for the six months ended June 30, 2020. The increase was primarily attributable to increase in accounts receivable balance.

Other Expenses

The Group's other expenses for the six months ended June 30, 2021 was nil compared to RMB5.0 million for the six months ended June 30, 2020.

Finance Costs

The Group's finance costs for the six months ended June 30, 2021 was RMB4.4 million, representing an increase of 57.8% compared to RMB2.8 million for the six months ended June 30, 2020. The increase was primarily attributable to increase in interest expense on bank borrowings.

Income Tax Expense

The Group's income tax expense for the six months ended June 30, 2021 was nil, compared to the income tax expense of RMB0.2 million for the six months ended June 30, 2020.

Non-IFRS Measures

To supplement our consolidated statements of profit or loss which are presented in accordance with the IFRS, we also use adjusted net loss as non-IFRS measures, which are not required by, or presented in accordance with, IFRS. We believe that the presentation of non-IFRS measures when shown in conjunction with the corresponding IFRS measures provides useful information to investors and management in facilitating a comparison of our operating performance from period to period by eliminating potential impacts of certain non-operational or non-recurring expenses that do not affect our ongoing operating performance, including fair value gain/loss on Preferred Shares, share-based payment expenses and listing expenses. Such non-IFRS measures allow investors to consider metrics used by our management in evaluating our performance. Fair value gain/loss of Preferred Shares represent the changes in fair value of the conversion option associated with the Preferred Shares, which is non-recurring and non-operational in nature. Share-based payment expenses are non-operational expenses arising from granting shares to selected executives, employees and research and development consultants. The amount of relevant expenses may not directly correlate with the underlying performance of our business operations, and is also affected by non-operating performance related factors that are not closely or directly related to our business activities. With respect to share-based payment expenses, determining its fair value involves significant judgment. Historical occurrence of share-based payment expenses is not indicative of any future occurrence. Listing expenses are in relation to the Listing and the Global Offering, which are non-recurring in nature. Therefore, we do not consider fair value gain/loss on Preferred Shares, share-based payment expenses and listing expenses to be indicative of our ongoing core operating performance and exclude them in reviewing our financial results. From time to time in the future, there may be other items that we may exclude in reviewing our financial results. The use of the non-IFRS measures has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for or superior to analysis of, our results of operations or financial condition as reported under IFRS. In addition, the non-IFRS financial measures may be defined differently from similar terms used by other companies and therefore may not be comparable to similar measures presented by other companies.

The following table shows reconciliation of net loss for the period to our adjusted net loss for the period indicated:

	For the six months ended June 30,	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Net loss for the period	**(2,891,805)**	(552,949)
Fair value loss on Preferred Shares	**2,757,028**	484,824
Share-based payment expenses	**15,626**	6,063
Listing expenses	**19,217**	8,137
Adjusted net loss	**(99,934)**	(53,925)

Note: We consider fair value loss on Preferred Shares, share-based payment expenses, and listing expenses as non-operational or non-recurring expenses which do not affect our ongoing operating performance. We believe the net loss as adjusted by eliminating potential impacts of the fair value loss on Preferred Shares, share-based payment expenses, and listing expenses provides useful information to investors in facilitating a comparison of our operating performance from period to period.

Capital Management

The primary goal of the Group's capital management is to maintain the Group's stability and growth while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group reviews and manages its capital structure regularly, and makes timely adjustments to it in light of changes in economic conditions.

The capital structure of the Group consists of net debts, which includes bank borrowings and Preferred Shares, and net of bank balances and cash, and equity attributable to owners of the Company, comprising share capital and reserves. The Group will balance its overall capital structure through the new shares issuance as well as the issuance of new debts and redemption of existing debts.

Liquidity and Financial Resources

The Group's time deposits over three months, pledged bank deposits, as well as cash and cash equivalents as at June 30, 2021 were RMB2,241.9 million, representing an increase of 285.0% compared to RMB582.3 million as at December 31, 2020. The increase was primarily attributable to financing from the Company's listing.

The major sources of the Group's liquidity are equity financing and bank borrowings.

Our secured bank borrowing was guaranteed, repayable at the maturity date on November 1, 2022, and carried a fixed rate interest rate (also being the effective interest rate) of 4.0% per annum. Such bank borrowing was secured by our historical and future trade receivables, and by the pledge of bank deposits, guarantee by offshore company, i.e., offshore guarantee for onshore loan. As of June 30, 2021, we had utilized RMB79.5 million from our banking facilities, and RMB20.5 million remained unutilized under our banking facilities. The utilization of the remaining balance of the secured banking facilities is subject to certain conditions, including time limits and certain financial performance requirements.

Gearing ratio

The gearing ratio (calculated by total liabilities divided by total assets) of the Group as at June 30, 2021 was 7.7%, representing a decrease of 225.5% compared to 233.2% as at December 31, 2020.

Foreign Exchange Exposure

We have transactional currency exposures. Certain of our time deposits, cash and bank balances, amount due from related parties, trade and other receivables, trade and other payables and Preferred Shares are denominated in foreign currency which are exposed to foreign currency risk. We currently do not have a foreign currency hedging policy. However, our management monitors foreign exchange exposure and will consider appropriate hedging measures in the future should the need arise.

Pledge of Shares

The Company does not have any controlling shareholder. As at June 30, 2021, we did not have any pledging of shares by our largest shareholder.

Significant Investments, Material Acquisitions and Disposals

As at June 30, 2021, we did not hold any significant investments. For the Reporting Period, we did not have material acquisitions or disposals of subsidiaries, associates and joint ventures.

Capital Expenditure

For the six months ended June 30, 2021, the Group's total capital expenditure amounted to approximately RMB13.6 million, which was mainly used in purchase of property and equipment.

Charge on Assets

As at June 30, 2021, there was no charge on assets of the Group.

Contingent Liabilities

As at June 30, 2021, we did not have any contingent liabilities.

Employee and Remuneration Policy

As at June 30, 2021, the Group had 557 employees, where their salaries and allowances were determined based on their performance, experience and the then prevailing market rates. We have also invested in continuing education and training programs, including internal and external training, for our management staff and other employees to upgrade their skills and knowledge. We also provide competitive salaries, project and stock incentive plans to our employees especially key employees. For details of the Pre-IPO Share Incentive Plan, please refer to pages 31 to 35 of this report.

During the Reporting Period, the total staff costs (including Director's emoluments) were approximately RMB67.1 million (for the same period in 2020: RMB33.5 million).

Future Plans for Material Investments or Capital Assets

As of June 30, 2021, the Group did not have future plans for material investments or capital assets.

OUTLOOK AND PROSPECTS

We plan to execute the following strategies to achieve our vision and mission.

Further develop the cancer screening market in China

According to the Healthy China 2030, it is expected that the overall 5-year cancer survival rate will be no less than 43.3% and 46.6% by 2022 and 2030, respectively; the early diagnosis rate of key cancer species in high incidence areas will reach 55% and above and will continue to improve; thereby achieving the regular participation of high risk groups of people in cancer prevention physical examinations. In addition, screening and early detection and early treatment guidelines will be established for key cancers that have high incidence rates and relatively more mature screening methods and technical solutions, such as gastric cancer, oesophageal cancer, colorectal cancer, lung cancer, cervical cancer and breast cancer. Given the low penetration rate in China for cancer screening and the PRC's government initiatives to increase cancer early detection rate as mentioned above, we believe it is critical to further promote awareness of cancer screening and increase compliance. We plan to further advance the cancer screening market in China by increasing physician and user awareness and developing other effective cancer screening solutions.

We believe one of the key steps for promoting cancer screening awareness is through hospitals and physicians. We will leverage our strong relationship with KOLs to continue and enhance our efforts in physician education in China. These efforts include sponsoring academic conferences, updating physicians on the latest developments in cancer screening industry, and collaboration with them to increase awareness of cancer screening among mass population. We also plan to directly promote mass market awareness on cancer screening in China through expanded sales of Pupu Tube. Pupu Tube's affordable price and user-friendly features enable colorectal cancer screening among the mass population. We will further promote the awareness of comprehensive colorectal cancer screening products such as ColoClear once the high risk population is identified by Pupu Tube. We will also further our partnership with multiple anti-cancer associations in China, such as the Cancer Foundation of China, to join their anti-cancer campaigns and other charity events to further improve cancer screening awareness.

Increase market penetration of ColoClear and Pupu Tube in China

We plan to further increase the market penetration of ColoClear and Pupu Tube to reinforce our market-leading position in China's colorectal cancer screening market. We will leverage on our multi-pronged commercialization channels to promote ColoClear. We will take advantage of our leading position as the first and only NMPA approved molecular cancer screening test to further promote our brand name and enhance awareness not only among KOLs and physicians but also among end-users to further capture the enormous growth potential in the colorectal cancer screening market in China. We plan to strengthen our collaboration with leading CSOs in China to further promote our products among physicians and hospitals, by leveraging their sales and marketing expertise and their extensive coverage on hospitals.

In addition, for both our ColoClear and Pupu Tube, we plan to advance our academic promotion and engagement with physicians and hospitals to increase sales at our covered hospitals as well as to expand our coverage to cover new physicians and hospitals in China. We also plan to enhance our collaborations with health checkup centers, insurance companies, online healthcare platforms, pharmacies and other authorized agents to market ColoClear and Pupu Tube. To support our marketing efforts, we plan to recruit more talents and expand our commercialization team.

Expand our research and development capabilities and develop our pipeline products

We will prudently make investments in technological innovation to expand our research and development capabilities and such investment is a key to our future success. To support our research and development efforts, we plan to recruit additional experts to strengthen our internal research and development team, and complement our in-house research and development capabilities through collaborations with reputable domestic and international academic and medical institutions.

In addition to colorectal cancer, we plan to develop screening tests for other types of cancers which are curable or preventable at lower treatment costs if detected at early stages. We plan to advance our pipeline products, in particular the late stage candidates UU Tube for gastric cancer screening and CerviClear for cervical cancer screening, to further expand our coverage within the cancer screening market. We submitted registration application for UU Tube to the NMPA in November 2020 and plan to initiate the registrational clinical trial of CerviClear. Leveraging our multi-omics biomarker technology platform and expertise, including our next generation sequencing and proteomics technologies and infrastructure, we will further expand our proprietary data base and enhance our biomarker discovery capability and next generation sequencing platform for our future cancer screening product development.

We will leverage our proprietary technologies and know-how, as well as our collaboration with KOLs, to develop new products with significant unmet medical needs. We believe the continued diversification of our product portfolio will help strengthen our market-leading position and generate significant operational efficiency that will drive our profitability.

Improve profitability and support future growth by enhancing our manufacturing and laboratory testing facilities

We have built manufacturing facilities in Hangzhou with an annual capacity of 4 million Pupu Tube and 500,000 ColoClear. Our manufacturing facilities are GMP certified in China. The facilities have produced all Pupu Tube for its clinical development and commercialization and all ColoClear to support its clinical development. We have completed construction of our laboratory testing facilities in Guangzhou which has been in full operation since the first quarter of 2021, and we now have laboratory testing facilities in Beijing, Hangzhou and Guangzhou with an aggregate capacity of 2,000,000 tests per year. We plan to enhance our manufacturing and laboratory testing facilities by further investment in automation to enhance manufacturing and testing efficiency and improve our profitability. It will also shorten testing turnaround time to improve customer satisfaction for our tests. We also plan to expand our manufacturing and laboratory testing capacity to support our rapid growth.

Selectively pursue geographic expansion, strategic partnerships and acquisition opportunities

We hold global rights of our products and product candidates through patent registration and protection over proprietary technologies. We plan to enter into partnership arrangements to expand our market coverage and maximize the global value of our products.

We also plan to complement our organic growth with prudent investment, acquisition or partnership. Particularly, we plan to opportunistically acquire product candidates which have significant market potential or cutting-edge technologies, complement our existing product portfolio or have synergies with our existing research and development, manufacturing and commercialization infrastructure. We will adopt a market-driven approach in assessing potential acquisition targets. To pursue such opportunities, we will explore suitable investment and partnership arrangements, including establishing strategic alliances, joint ventures and in-licensing relationships. We believe that our extensive industry knowledge and research and development expertise will not only empower us to promptly identify and capture potential targets to enrich our product portfolio, but also make us a more desirable acquiror or partner than our competitors. Furthermore, we believe that our strong business execution capabilities will enable us to integrate the acquired products and/or business or assets seamlessly into our existing platform.

CORPORATE GOVERNANCE PRACTICES

The Board of the Company is committed to achieving good corporate governance standards.

The Board believes that good corporate governance standards are essential in providing a framework for the Company to safeguard the interests of Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company's corporate governance practices are based on the principles as set out in the CG Code.

For the period from the Listing Date to June 30, 2021, the Company has complied with all the code provisions as set out in the CG Code.

The Board will examine and review, from time to time, the Company's corporate governance practices and operations in order to meet the relevant provisions under the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has devised its own code of conduct for the trading of securities by its Directors and members of senior management of the Group (who are likely to possess inside information about the securities of the Company due to their offices or employments in the Company or its subsidiaries) on terms that no less exacting than the required standard set out in the Model Code. Having made specific enquiry by the Company, all Directors and members of senior management of the Group have confirmed that they have complied with the required standard set out in the Model Code during the period from the Listing Date to June 30, 2021. The Company continues and will continue to ensure the compliance with the corresponding provisions set out in the Model Code.

INTERIM DIVIDEND

The consolidated results of the Group for the six months ended June 30, 2021 are set out on page 37 of this interim report.

The Board does not recommend the payment of an interim dividend for the six months ended June 30, 2021.

Other Information

AUDIT COMMITTEE

The Audit Committee consists of two independent non-executive Directors, namely Mr. Danke YU and Dr. Kwok Tung LI, Donald, and one non-executive Director, namely Ms. Nisa Bernice Wing-Yu LEUNG. Mr. Danke YU is the chairperson of the Audit Committee.

The Audit Committee, together with management and external auditor of the Company, have reviewed the unaudited condensed interim results of the Group for the six months ended June 30, 2021.

CHANGES IN DIRECTORS AND SENIOR MANAGEMENT

Change in Directors and Composition of Board Committees

During the Reporting Period, two of our non-executive Directors, namely Mr. Quan ZHOU and Mr. Siu Wai NG, retired on June 18, 2021.

During the Reporting Period, there were no changes to the composition of our Board Committees.

Change in Biographies of Directors

Save as the two non-executive Directors' retirement on June 18, 2021, during the Reporting Period, there were no changes in biographies of the Directors.

Change in Senior Management

During the Reporting Period, there were no changes in Senior Management.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Save for the issuance of 11,489,500 ordinary shares on March 12, 2021 pursuant to the full exercise of the over-allotment option as disclosed in the announcement of the Company dated March 12, 2021, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange during the period from the Listing Date to the date of this report.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The shares of the Company were listed on the Stock Exchange on February 18, 2021 and the over-allotment option was exercised in full on March 12, 2021. The Company's net proceeds were approximately HK$2,190.5 million (after deducting the underwriting commissions and other estimated expenses in connection with the Hong Kong public offering and the international offering of the Shares (the "**Global Offering**") and the exercise of the over-allotment option).

During the period from the Listing Date to June 30, 2021, the Company has not utilized any of the net proceeds raised from the Global Offering. The Company intends to use the net proceeds in the same manner and proportion as set out in the prospectus of the Company dated February 5, 2021:

- 40.0% of the net proceeds from the Global Offering will be used to fund the commercialization and further development of ColoClear as medical services or as a standalone product;

- 5.0% of the net proceeds from the Global Offering will be used to fund the ongoing sales and marketing of Pupu Tube through promoting awareness of colorectal cancer screening and increasing market penetration, and to conduct additional clinical assessment of Pupu Tube in various population;

- 30.0% of the net proceeds from the Global Offering will be used to fund the ongoing and planned research and development to further develop UU Tube, CerviClear and our other early pipeline products;

- 15.0% of the net proceeds from the Global Offering will be used for continued expansion and diversification of our product portfolio through potential acquisition or in-licensing of product candidates in the cancer screening field; and

- 10.0% of the net proceeds from the Global Offering will be used for our working capital and other general corporate purposes.

It is expected that the Company will utilize the net proceeds raised from the Global Offering by each of the manners set out above by end of 2025.

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

As at June 30, 2021, interests and/or short positions of Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which are registered in the register that the Company must keep in accordance with the section 352 of the Securities and Futures Ordinance; or which shall be separately notified to the Company and the Stock Exchange pursuant to the Model Code, are as follows:

Interests of our Directors in the Shares or Underlying Shares of the Company

Long Position in the Shares

Name of Director	Capacity/Nature of Interest	Number of Shares	Approximate Percentage of Shareholding in the Total Shares in Issue of the Company*
Dr. Yiyou CHEN	Beneficial Interest[(1)]	41,525,606	9.67%
	Trustee[(2)]	10,000,000	2.33%
Mr. Yeqing ZHU	Beneficial Interest[(3)]	13,053,070	3.04%
	Settlor and beneficiary of a discretionary trust[(4)]	15,092,940	3.51%
Mr. Naxin YAO	Settlor and beneficiary of a discretionary trust[(5)]	40,603,670	9.46%

Notes:

* The calculation is based on the total number of 429,440,686 Shares issued as at June 30, 2021.

(1) Dr. Yiyou CHEN, one of the executive Directors and chairman of the Board, directly holds 36,004,536 Shares as beneficial owner. He is also entitled to receive up to 5,521,070 Shares pursuant to the options granted to him, subject to the conditions (including vesting conditions) of those options.

(2) Dr. Yiyou CHEN is the trustee of the Yiyou Chen Grantor Retained Annuity Trust, with certain of his family members as beneficiaries. Under the SFO, he is therefore deemed to be interested in the Shares held by the Yiyou Chen Grantor Retained Annuity Trust.

(3) Mr. Yeqing ZHU, the CEO of our Company and one of the executive Directors, is entitled to receive up to 13,053,070 Shares pursuant to options granted to him, subject to the conditions (including vesting conditions) of those options.

(4) NHYJ Holdings Ltd. directly holds 15,092,940 Shares as beneficial owner. NHYJ Holdings Ltd. is held as to 100% by NH Trinity Limited, an entity managed by Trident Trust Company (HK) Limited (the "**Trustee**"), and holds Shares on trust for the benefit of Mr. Yeqing ZHU and certain of his family members. Mr. Yeqing ZHU is able to direct the Trustee as to its exercise of voting rights in NHYJ Holdings Ltd.. Under the SFO, as settlor and beneficiary of such trust, Mr. Yeqing ZHU is deemed to be interested in the Shares held by NHYJ Holdings Ltd..

(5) NHXC Holdings Ltd. directly holds 17,559,052 Shares as beneficial owner, and is held as to 40.29% by MST Development Limited. MST Development Limited itself directly holds 23,044,618 Shares as beneficial owner. MST Development Limited is held as to 100% by Bancasa Holding Limited and ultimately owned by Trident Trust Company (HK) Limited, and holds Shares on trust for the benefit of Mr. Naxin YAO, one of our non-executive Directors, and certain of his family members as beneficiaries. Under the SFO, as settlor and beneficiary of such trust, Mr. Naxin YAO is deemed to be interested in the Shares held through MST Development Limited.

Interests of our Directors in the Shares or Underlying Shares of Associated Corporations

Beijing New Horizon Xincheng Health Technology Co., Ltd.

Long Position in the Shares

Name of Director	Nature of Interest	Amount of Registered Capital Subscribed (RMB) as at June 30, 2021	Approximate Percentage of Shareholding as at June 30, 2021
Mr. Yeqing ZHU	Beneficial Interest	11,880,000	99%

Save as disclosed above, so far as the Directors are aware, as at June 30, 2021, none of our Directors or chief executive has any interest and/or short position in the Shares, underlying Shares and debentures of the Company or our associated corporations (within the meaning of Part XV of the SFO) which will be required to be 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 they were taken or deemed to have taken under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

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

So far as the Directors or chief executive of the Company are aware, as at June 30, 2021, the following persons (other than the Directors and chief executive of the Company) had interests and/or short positions in the Shares or underlying Shares which are required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO, or had interests or short positions in 5% or more of the respective type of Shares which were recorded in the register required to be kept by the Company under section 336 of the SFO:

Long Position in the Shares

Name of Shareholder	Capacity/Nature of Interest	Number of Shares	Approximate Percentage of Shareholding in the Total Shares in Issue of the Company*
Legend Capital Co., Ltd. (君聯資本管理股份有限公司)	Interest in controlled corporation(1)	41,381,746	9.64%
SBCVC Fund V, L.P.	Interest in controlled corporation(2)	22,559,012	5.25%
Qiming Corporate GP V, Ltd.	Interest in controlled corporation(3)	35,891,538	8.36%
VMS Holdings Limited	Interest in controlled corporation(4)	36,269,540	8.45%
Trident Trust Company (HK) Limited	Trustee(5)	78,814,606	18.35%
Ms. Lili CHEN	Interest of spouse(6)	51,525,606	12.00%
Ms. Yang JIAO	Interest of spouse(7)	28,146,010	6.55%

Notes:

* The calculation is based on the total number of 429,440,686 Shares issued as at June 30, 2021.

(1) High Diamond Limited directly holds 24,836,898 Shares and Good Rise Holdings Limited directly holds 16,544,848 Shares.

To the best knowledge of the Company, High Diamond Limited is wholly-owned by LC Healthcare Fund I, L.P., which is controlled by its general partner, LC Healthcare Fund I GP, L.P.. LC Healthcare Fund I GP, L.P. is controlled by its general partner LC Fund GP Limited, which is in turn wholly-owned by Union Season Holdings Limited. Union Season Holdings Limited is wholly-owned by Legend Capital Co., Ltd. (君聯資本管理股份有限公司), which is held as to 80% by Beijing Juncheng Hezhong Investment Management Partnership Enterprises (Limited Partnership) (北京君誠合眾投資管理合夥企業(有限合夥)) and 20% by Legend Holdings Corporation (stock code: 3396). The general partner of Beijing Juncheng Hezhong Investment Management Partnership Enterprises (Limited Partnership) (北京君誠合眾投資管理合夥企業(有限合夥)) is Beijing Junqi Jiarui Business Management Limited (北京君祺嘉睿企業管理有限公司). As such, under the SFO, each of LC Healthcare Fund I, L.P., LC Healthcare Fund I GP, L.P., LC Fund GP Limited, Union Season Holdings Limited, Legend Capital Co., Ltd. (君聯資本管理股份有限公司), Beijing Juncheng Hezhong Investment Management Partnership Enterprises (Limited Partnership) (北京君誠合眾投資管理合夥企業(有限合夥)) and Beijing Junqi Jiarui Business Management Limited (北京君祺嘉睿企業管理有限公司) (through its interest in a controlled corporation or controlled corporations, as the case may be) are deemed to be interested in the 24,836,898 Shares held by High Diamond Limited.

To the best knowledge of the Company, Good Rise Holdings Limited is wholly-owned by Tianjin Junlian Zhihui Business Management Partnership (Limited Partnership) (天津君聯致輝商業管理合夥企業(有限合夥)), which is in turn held as to 99.99% by Beijing Junlian Yikang Equity Investment Partnership (Limited Partnership) (北京君聯益康股權投資合夥企業(有限合夥)). The general partner of Tianjin Junlian Zhihui Business Management Partnership (Limited Partnership) (天津君聯致輝商業管理合夥企業(有限合夥)) and of Beijing Junlian Yikang Equity Investment Partnership (Limited Partnership) (北京君聯益康股權投資合夥企業(有限合夥)) is Lasa Junqi Business Management Limited (拉薩君祺企業管理有限公司), which is wholly-owned by Legend Capital Co., Ltd. (君聯資本管理股份有限公司). As such, under the SFO, each of Tianjin Junlian Zhihui Business Management Partnership (Limited Partnership) (天津君聯致輝商業管理合夥企業(有限合夥)), Beijing Junlian Yikang Equity Investment Partnership (Limited Partnership) (北京君聯益康股權投資合夥企業(有限合夥)), Lasa Junqi Business Management Limited (拉薩君祺企業管理有限公司), Legend Capital Co., Ltd. (君聯資本管理股份有限公司), Beijing Juncheng Hezhong Investment Management Partnership Enterprises (Limited Partnership) (北京君誠合眾投資管理合夥企業(有限合夥)) and Beijing Junqi Jiarui Business Management Limited (北京君祺嘉睿企業管理有限公司) (through its interest in a controlled corporation or controlled corporations, as the case may be) are deemed to be interested in the 16,544,848 Shares held by Good Rise Holdings Limited.

Based on the above, under the SFO, Legend Capital Co., Ltd. (君聯資本管理股份有限公司), Beijing Juncheng Hezhong Investment Management Partnership Enterprises (Limited Partnership) (北京君誠合眾投資管理合夥企業(有限合夥)) and Beijing Junqi Jiarui Business Management Limited (北京君祺嘉睿企業管理有限公司) (through its interest in controlled corporations) are deemed to be interested in the 41,381,746 Shares collectively held by High Diamond Limited and Good Rise Holdings Limited.

(2) SBCVC V PH Company Limited directly holds 22,559,012 Shares. To the best knowledge of the Company, SBCVC V PH Company Limited is a wholly-owned subsidiary of SBCVC Fund V Pte. Ltd, which is in turn a wholly-owned subsidiary of SBCVC Fund V, L.P.. SBCVC Management V, L.P. is the general partner of SBCVC Fund V, L.P., and in turn SBCVC Limited is the general partner of SBCVC Management V, L.P.. SBCVC Limited is held as to 90.1% by Star Pioneer Investment Holdings Limited, which is in turn held as to 100% by Lin Ye Song. As such, under the SFO, each of SBCVC Fund V Pte. Ltd, SBCVC Fund V, L.P., SBCVC Management V, L.P., SBCVC Limited, Star Pioneer Investment Holdings Limited and Lin Ye Song (through its interest in a controlled corporation or controlled corporations, as the case may be) are deemed to be interested in the 22,559,012 Shares held by SBCVC V PH Company Limited.

(3) Qiming Venture Partners V, L.P. directly holds 34,805,418 Shares and Qiming Managing Directors Fund V, L.P. directly holds 1,086,120 Shares. Under the SFO, (i) as the general partner of Qiming Venture Partners V, L.P., Qiming GP V, L.P. (through its interest in a controlled corporation) is deemed to have an interest in the 34,805,418 Shares; and (ii) as the general partner of both Qiming GP V, L.P. and Qiming Managing Directors Fund V, L.P., Qiming Corporate GP V, Ltd. (through its interest in controlled corporations) is deemed to be interested in an aggregate of 35,891,538 Shares held by Qiming Venture Partners V, L.P. and Qiming Managing Directors Fund V, L.P..

(4) Sino Felicity Limited directly holds 36,269,540 Shares. To the best knowledge of the Company, Sino Felicity Limited is a wholly-owned subsidiary of VMS Proprietary Investment Limited, and VMS Proprietary Investment Limited is in turn a wholly-owned subsidiary of VMS Proprietary Investment Group Limited. VMS Proprietary Investment Group Limited is a wholly-owned subsidiary of VMS Holdings Limited, which is held as to 59.8% by Ms. MAK Siu Hang Viola, 32.2% by Master Competent Limited and 8.0% by VMS Management Partners Limited. Master Competent Limited is wholly-owned by Ms. MAK Siu Hang Viola. As such, under the SFO, each of VMS Proprietary Investment Limited, VMS Proprietary Investment Group Limited, VMS Holdings Limited and Ms. MAK Siu Hang Viola (through its interest in a controlled corporation or controlled corporations, as the case may be) are deemed to be interested in the 36,269,540 Shares held by Sino Felicity Limited.

(5) NH Trinity Limited indirectly holds 15,092,940 Shares, through NHYJ Holdings Ltd., on trust for Mr. Yeqing ZHU and certain of his family members as beneficiaries. MST Development Limited directly holds 23,044,618 Shares and a 40.29% interest in NHXC Holdings on trust for Mr. Naxin YAO and certain of his family members as beneficiaries. NHXC Holdings Ltd. directly holds 17,559,052 Shares. NHXT Holdings Ltd. and Ever Thriving Ventures Limited each hold 13,053,070 and 10,064,926 Shares, respectively, underlying awards under the Pre-IPO Share Incentive Plan on trust for the benefit of participants under the Pre-IPO Share Incentive Plan. Each of NH Trinity Limited, MST Development Limited, NHXT Holdings Ltd. and Ever Thriving Ventures Limited are owned and managed by the trustee, Trident Trust Company (HK) Limited. As such, Trident Trust Company (HK) Limited is deemed to be interested in the aggregate of 78,814,606 Shares (as trustee) held through NH Trinity Limited, MST Development Limited NHXT Holdings Ltd. and Ever Thriving Ventures Limited. The exercise of voting rights in the Shares by Trident Trust Company (HK) Limited is nevertheless subject to the directions of (i) Mr. Yeqing ZHU, in relation to the Shares held through NH Trinity Limited, (ii) Mr. Naxin YAO, in relation to the Shares held through MST Development Limited, (iii) Mr. Yeqing ZHU and Dr. Ning LU, in relation to the Shares held through NHXT Holdings Ltd. and (iv) any person appointed by the Board to administrate the Pre-IPO Share Incentive Plan, in relation to the Shares held through Ever Thriving Ventures Limited.

(6) Ms. Lili CHEN is the spouse of Dr. Yiyou CHEN. By virtue of the SFO, Ms. Lili CHEN is deemed to be interested in the Shares held by Dr. Yiyou CHEN.

(7) Ms. Yang JIAO is the spouse of Mr. Yeqing ZHU. By virtue of the SFO, Ms. Yang JIAO is deemed to be interested in the Shares held by Mr. Yeqing ZHU.

Except as disclosed in this section, as far as the Directors are aware, as at June 30, 2021, no person owns interests and/or short positions in the Shares and underlying Shares which shall be disclosed in accordance with Divisions 2 and 3 of Part XV of the SFO, or interests or short positions in 5% or above of relevant class of Shares that the Company must record in the register according to section 336 of the SFO.

PRE-IPO SHARE INCENTIVE PLAN

The Company adopted the Pre-IPO Share Incentive Plan on October 10, 2018, which was further amended and approved on August 17, 2020. The Pre-IPO Share Incentive Plan is not subject to the provisions of Chapter 17 of the Listing Rules as it does not involve the grant of options by the Company to subscribe for new Shares upon the Listing.

The Pre-IPO Share Incentive Plan shall be subject to the administration of the Board or one or more committees appointed by the Board (the "**Administrator**"). Each award granted under the Plan shall be evidenced by an award agreement between the Company and the participant, the form of which shall be approved by the Administrator.

Summary of Terms

The following is a summary of the principal terms of the Pre-IPO Share Incentive Plan:

(a) Purpose

The purpose of the Pre-IPO Share Incentive Plan is to promote the success of the Company and the interests of Shareholders by providing a means through which the Company may grant equity-based incentives to attract, motivate, retain and reward certain officers, employees, directors and other eligible persons.

(b) Scope of Participants

The participants of Pre-IPO Share Incentive Plan are our Directors, senior management and employees of the Company and its subsidiaries.

(c) Duration

Subject to the termination provisions under the Pre-IPO Share Incentive Plan, the Pre-IPO Share Incentive Plan shall be valid and effective for the period of ten years commencing on the adoption date after which period no further options will be granted, but the provisions of the Pre-IPO Share Incentive Plan shall in all other respects remain in full force and effect and the participants may exercise the options in accordance with the terms upon which the options are granted.

(d) Type of Awards

(i) Options and share appreciation rights. Subject to the Pre-IPO Share Incentive Plan, the Administrator shall be entitled to make an offer to any eligible participant to take up options or share appreciation rights in respect of such number of Class A ordinary shares (which have been converted into Shares on a one-to-one basis by way of re-designation and re-classification before Listing) as the Administrator may determine and at the exercise price determined by the Administrator in its sole discretion and disclosed under the award agreement. Any exercisable option or share appreciation right will be deemed to be exercised when (a) the applicable exercise procedures in the related award agreement have been satisfied (or, in the absence of any such procedures in the related award agreement, the Company has received written notice of such exercise from the participant), (b) in the case of an option, the Company has received any required payment made in accordance with the Plan, and (c) the Company has received any written statement required pursuant to the Plan.

(ii) Restricted share units. A restricted share unit may be earned in whole or in part upon the attainment of performance criteria, passage of time or other factors or any combination thereof and may be settled by cash, Shares or other securities and/or past services rendered to the Company or any of its affiliates as established by the Administrator.

(e) Maximum Number of Shares

The maximum number of Shares that may be delivered pursuant to awards granted under the Pre-IPO Share Incentive Plan shall not exceed 31,686,768 Shares in the aggregate, representing approximately 7.38% of the total issued share capital of the Company as at the date of this report.

(f) Payment

The consideration to be paid for the Shares to be issued under the Pre-IPO Share Incentive Plan, including the method of payment, shall be determined by the Administrator subject to the provisions in the Pre-IPO Share Incentive Plan and applicable law. The tax withholding to be paid for the Shares shall be determined according to the provisions in the Pre-IPO Share Incentive Plan and applicable law. No consideration is payable upon the grant of options under the Pre-IPO Share Incentive Plan.

(g) Options, share appreciation rights and restricted share units granted

As at June 30, 2021, options to subscribe for an aggregate of 28,113,326 Shares had been granted to Directors, senior management and employees of the Group, of which (1) options to subscribe for 20,023,720 Shares had been exercised; (2) options to subscribe for 11,750 Shares had terminated following the resignation of certain employees and were capable of being re-allocated to other grantees; and (3) options to subscribe for 8,077,856 Shares were outstanding and held by grantees. As at June 30, 2021, 3,573,442 Shares representing Shares underlying ungranted awards under the Pre-IPO Share Incentive Plan had been allotted and issued to Ever Thriving Ventures Limited to be held on trust for the benefit of eligible participants. Ever Thriving Ventures Limited is owned and managed by Trident Trust Company (HK) Limited (the "**Trustee**"), which has agreed to act as the Trustee to facilitate the administration of the Pre-IPO Share Incentive Plan.

As at June 30, 2021, no share appreciation rights or restricted share units had been granted pursuant to the Pre-IPO Share Incentive Plan.

List of grantees under the Pre-IPO Share Incentive Plan

As at June 30, 2021, share options granted to 196 grantees, including two Directors, two members of the senior management and 192 other employees of our Group (who were granted options to subscribe for 18,574,140 Shares, 4,000,000 Shares and 5,527,436 Shares, respectively), to subscribe for an aggregate of 28,101,576 Shares, of which a portion of the options corresponding to 20,023,720 Shares have been exercised.

Below is a list of Directors and senior management of our Group who are grantees of options under the Pre-IPO Share Incentive Plan, and the number of underlying Shares of their respective options (exercised or outstanding).

Name of Grantee	Position	Exercise Price (US$/Share)	Date of Grant	Vesting Period	Total Number of Shares Underlying the Exercised Options	Total Number of Shares Underlying the Outstanding and Unexercised Options as of June 30, 2021
Dr. Yiyou CHEN	Executive Director and chairman of the Board	0.4221	May 14, 2019	(Note 1)	0	5,521,070
Mr. Yeqing ZHU	CEO and executive Director	0.1657-0.6000	October 10, 2018 – April 24, 2020	(Notes 1,2,3)	13,053,070	0
Dr. Ning LU	Chief Technology Officer	0.1657-0.6000	October 10, 2018 – April 24, 2020	(Note 2)	479,166	1,520,834
Mr. Yu GAO	Chief Financial Officer	0.6000	June 1, 2020	(Notes 4,5)	2,000,000	0

Notes:

(1) The options granted on May 14, 2019 to Dr. Yiyou CHEN and Mr. Yeqing ZHU each shall vest and become exercisable in installments. Upon achievement of the first milestone event, the option shall vest and become exercisable as to 20% of the shares subject to the option. Upon achievement of the second milestone event, namely that the Company has completed a qualified initial public offering before March 31, 2021, the option shall vest and become exercisable as to 20% of the shares subject to the option. The option shall vest and become exercisable as to the remaining 60% of the total number of shares subject to the option (the "**Remaining Option Shares**") in the following manner: the option shall vest and become exercisable as to 25% of the Remaining Option Shares on the first anniversary of the vesting commencement date, and the option shall vest and become exercisable as to the remaining 75% of the Remaining Option Shares in equal monthly installments over the subsequent 36 months thereafter.

(2) The options shall vest and become exercisable as to 25% of the total number of shares subject to the option on the first anniversary of the vesting commencement date, and the option shall vest and become exercisable as to the remaining 75% of the total number of shares subject to the option in equal monthly installments over the subsequent 36 months thereafter.

(3) On August 31, 2020, an aggregate of 13,053,070 share options granted to Mr. Yeqing ZHU were early-exercised and concurrently transferred to the Trustee. As a result, on the same day, an aggregate of 13,053,070 Shares underlying the early-exercised options were issued to NHXT Holdings Ltd., an entity owned and managed by the Trustee, to be held on trust for Mr. Yeqing ZHU and certain of his family members as beneficiaries. As the aggregate of 13,053,070 Shares were acquired prior to the time that they would have become vested in accordance with the vesting schedule set out in the relevant option agreements at the time of grant, pursuant to a share vesting agreement entered into between the Company and Mr. Yeqing ZHU dated August 31, 2020, the Shares held by NHXT Holdings Ltd. are restricted shares and are subject to a right of repurchase by the Company. The restricted shares will vest, and the repurchase right of the Company will lapse, as of the date(s) that the early-exercised options would have otherwise become vested in accordance with the relevant option agreements entered into.

(4) The options granted on June 1, 2020 to Mr. Yu GAO to purchase 1,600,000 shares shall vest and become exercisable as to 400,000 shares on the first anniversary of the vesting commencement date, and shall vest and become exercisable as to the remaining 1,200,000 shares in equal monthly installments over the subsequent 36 months thereafter. The option to purchase 400,000 shares shall vest and become exercisable subject to the achievement of a milestone event as defined in the relevant award agreement.

(5) On August 31, 2020, an aggregate of 6,491,484 share options granted between January 24, 2017 and June 1, 2020 to 13 employees of the Company (the "**Early Exercise Participants**"), including Mr. Yu GAO, were early-exercised and concurrently transferred to the Trustee. As a result, on the same day, an aggregate of 6,491,484 Shares were issued to Ever Thriving Ventures Limited, an entity owned and managed by the Trustee, to be held on trust for the relevant employees as beneficiaries. As the aggregate of 6,491,484 Shares were acquired prior to the time that they would have become vested in accordance with the vesting schedule set out in the relevant option agreements at the time of grant, pursuant to share vesting agreements entered into between the Company and each of the Early Exercise Participants dated August 31, 2020, the Shares held by Ever Thriving Ventures Limited are restricted shares and are subject to a right of repurchase by the Company. The restricted shares will vest, and the repurchase right of the Company will lapse, as of the date(s) that the early-exercised options would have otherwise become vested in accordance with the relevant option agreements entered into.

The following table summarizes the number of underlying Shares of the options (exercised or outstanding, but not including the terminated ones) granted to individuals other than the Directors and senior management of the Group under the Pre-IPO Share Incentive Plan.

Exercise price (US$/Share)	Date of Grant	Vesting Period	Total Number of Shares Underlying the Exercised Options	Total Number of Shares Underlying the Outstanding and Unexercised Options as of June 30, 2021
0.1657	January 24, 2017	(Notes 1, 2, 3)	472,186	0
0.1657	October 10, 2018	(Notes 1, 3)	2,749,298	338,702
0.6000	April 24, 2020	(Notes 1, 3)	1,270,000	309,000
0.6000	June 10, 2020	(Note 1)	0	388,250

Notes:

(1) These options shall vest and become exercisable as to 25% of the total number of shares subject to the option on the first anniversary of the vesting commencement date, and the option shall vest and become exercisable as to the remaining 75% of the total number of shares subject to the option in equal monthly installments over the subsequent 36 months thereafter.

(2) These options were granted to certain employees of Hangzhou Nuohui under the Hangzhou Nuohui share incentive plan on January 24, 2017, and which were replaced and exchanged for options to purchase Shares under the Pre-IPO Share Incentive Plan pursuant to the Company's board resolution dated October 10, 2018. The vesting commencement date for these options is therefore January 24, 2017.

(3) On August 31, 2020, an aggregate of 6,491,484 share options granted between January 24, 2017 and June 1, 2020 to the Early Exercise Participants, including Mr. Yu GAO, were early-exercised and concurrently transferred to the Trustee. As a result, on the same day, an aggregate of 6,491,484 Shares were issued to Ever Thriving Ventures Limited, an entity owned and managed by the Trustee, to be held on trust for the relevant employees as beneficiaries. As the aggregate of 6,491,484 Shares were acquired prior to the time that they would have become vested in accordance with the vesting schedule set out in the relevant option agreements at the time of grant, pursuant to share vesting agreements entered into between the Company and each of the Early Exercise Participants dated August 31, 2020, the Shares held by Ever Thriving Ventures Limited are restricted shares and are subject to a right of repurchase by the Company. The restricted shares will vest, and the repurchase right of the Company will lapse, as of the date(s) that the early-exercised options would have otherwise become vested in accordance with the relevant option agreements entered into.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this interim report, at no time during the Reporting Period was the Company or any of its subsidiaries, a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

Report on Review of Condensed Consolidated Financial Statements

To the Board of Directors of New Horizon Health Limited
(Incorporated in Cayman Islands with limited liability)

INTRODUCTION

We have reviewed these condensed consolidated financial statements of New Horizon Health Limited (the "**Company**") and its subsidiaries and consolidated affiliated entities (collectively referred to as the "**Group**") set out on pages 37 to 64, which comprise the condensed consolidated statement of financial position as of June 30, 2021 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "*Interim Financial Reporting*" ("**IAS 34**") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410 *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity"* ("**ISRE 2410**") issued by the International Auditing and Assurance Standards Board. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that these condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

OTHER MATTER

The comparative condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period ended June 30, 2020 and the relevant explanatory notes included in these condensed consolidated financial statements have not been reviewed in accordance with ISRE 2410.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Six Months Ended June 30, 2021

	Notes	For the six months period ended June 30,	
		2021	2020
		RMB'000	*RMB'000*
		(unaudited)	*(unaudited)*
Revenue	3	**43,931**	10,526
Cost of sales		**(19,242)**	(8,282)
Gross profits		**24,689**	2,244
Other income	4A	**10,903**	5,376
Other gains and losses	5	**(2,760,167)**	(482,172)
Impairment losses on trade and other receivables	18	**(3,862)**	(1,606)
Selling and distribution expenses		**(72,747)**	(20,912)
Research and development expenses		**(21,235)**	(10,471)
Administrative expenses		**(45,771)**	(29,309)
Listing expenses		**(19,217)**	(8,137)
Other expenses	4B	**–**	(4,989)
Finance costs		**(4,398)**	(2,787)
Loss before tax	6	**(2,891,805)**	(552,763)
Income tax expense	7	**–**	(186)
Loss and total comprehensive expenses for the period		**(2,891,805)**	(552,949)
Loss per share	8		
– Basic (RMB)		**(8.58)**	(4.74)
– Diluted (RMB)		**(8.58)**	(4.74)

Condensed Consolidated Statement of Financial Position

At June 30, 2021

	Notes	At June 30, 2021 RMB'000 (unaudited)	At December 31, 2020 RMB'000 (audited)
Non-current assets			
Property and equipment	10	**42,697**	40,061
Intangible assets		**19,018**	20,023
Right-of-use assets	10	**38,941**	30,123
Deposits paid for acquisition of property and equipment		**5,960**	2,567
Pledged bank deposits		**110,000**	–
Other receivables and deposits	11	**5,240**	6,425
Amounts due from related parties	12	**13,299**	19,328
		235,155	118,527
Current assets			
Inventories		**8,771**	6,130
Trade and other receivables	11	**72,374**	56,664
Amounts due from related parties	12	**47,862**	48,705
Contract costs		**7,518**	5,724
Time deposits over three months		**1,263,727**	130,498
Bank balances and cash		**868,208**	451,796
		2,268,460	699,517
Current liabilities			
Trade and other payables	13	**38,137**	48,132
Accrued payroll and welfare expenses		**9,944**	15,785
Contract liabilities		**17,764**	10,872
Refund liabilities		**917**	2,594
Bank borrowings	14	**–**	70,209
Lease liabilities		**11,632**	8,997
		78,394	156,589
Net current assets		**2,190,066**	542,928
Total assets less current liabilities		**2,425,221**	661,455
Non-current liabilities			
Bank borrowings	14	**79,498**	46,025
Other payables	13	**665**	665
Lease liabilities		**33,006**	24,323
Convertible redeemable preferred shares ("**Preferred Shares**")	15	**–**	1,680,356
		113,169	1,751,369
Net assets (liabilities)		**2,312,052**	(1,089,914)

Condensed Consolidated Statement of Financial Position

At June 30, 2021

	Notes	**At June 30, 2021** ***RMB'000*** ***(unaudited)***	At December 31, 2020 *RMB'000* *(audited)*
Capital and reserves			
Share capital	16	**141**	48
Treasury shares		**(1)**	(1)
Share premium		**6,407,531**	118,865
Reserves		**(4,095,619)**	(1,208,826)
Total equity (deficit)		**2,312,052**	(1,089,914)

Condensed Consolidated Statement of Changes in Equity

For the Six Months Ended June 30, 2021

	Attributable to owners of the Company						
	Share capital *RMB'000*	Treasury shares *RMB'000*	Share premium *RMB'000*	Other reserves *RMB'000*	Share-based payments reserve *RMB'000*	Accumulated losses *RMB'000*	Total (deficits) equity *RMB'000*
At January 1, 2020 (audited)	40	–	48,227	(72,297)	12,093	(353,639)	(365,576)
Loss and total comprehensive expenses for the period	–	–	–	–	–	(552,949)	(552,949)
Recognition of equity-settled share-based payments	–	–	–	–	6,063	–	6,063
Vesting of restricted shares	–	–	180	–	(180)	–	–
At June 30, 2020 (unaudited)	40	–	48,407	(72,297)	17,976	(906,588)	(912,462)
At January 1, 2021 (audited)	**48**	**(1)**	**118,865**	**(72,297)**	**5,834**	**(1,142,363)**	**(1,089,914)**
Loss and total comprehensive expenses for the period	**–**	**–**	**–**	**–**	**–**	**(2,891,805)**	**(2,891,805)**
Recognition of equity-settled share-based payments	**–**	**–**	**–**	**–**	**15,626**	**–**	**15,626**
Automatic conversion of Preferred Shares upon the Listing (note 15)	**65**	**–**	**4,437,319**	**–**	**–**	**–**	**4,437,384**
Vesting of restricted shares	**–**	**–**	**10,614**	**–**	**(10,614)**	**–**	**–**
Issue of new shares of the Company (note 16)	**28**	**–**	**1,956,204**	**–**	**–**	**–**	**1,956,232**
Cost of issuing new shares	**–**	**–**	**(115,471)**	**–**	**–**	**–**	**(115,471)**
At June 30, 2021 (unaudited)	**141**	**(1)**	**6,407,531**	**(72,297)**	**10,846**	**(4,034,168)**	**2,312,052**

Condensed Consolidated Statement of Cash Flows

For the Six Months Ended June 30, 2021

	For the six months period ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
NET CASH USED IN OPERATING ACTIVITIES	**(137,377)**	(59,829)
INVESTING ACTIVITIES		
Bank interest received	**9,107**	1,335
Placement of time deposits over three months	**(1,277,396)**	(128,003)
Withdrawal of time deposits over three months	**129,508**	57,174
Placement of pledged bank deposits	**(110,000)**	–
Payments for rental deposits	**(259)**	(30)
Purchase of intangible assets	**(223)**	(2,008)
Purchase of and deposits paid for property and equipment	**(13,387)**	(2,943)
Proceed from disposal of property and equipment	**1**	–
Placement of structured deposits	**–**	(8,000)
Disposal of structured deposits	**–**	8,043
Advances to related parties	**–**	(17,470)
Repayments from related parties	**7,156**	15,995
NET CASH USED IN INVESTING ACTIVITIES	**(1,255,493)**	(75,907)
FINANCING ACTIVITIES		
Proceeds from issue of shares	**1,956,232**	–
Issue cost paid	**(100,113)**	–
Proceeds from capital injection and additional capital injection of Beijing New Horizon Xincheng Health Technology Co., Ltd.	**–**	22,080
Proceeds from issuance of Preferred Shares for the group reorganisation	**–**	14,041
Proceeds from issuance of Series D Preferred Shares	**–**	141,658
Transaction costs directly attributed to the issuance of Preferred Shares paid	**–**	(1,056)
New bank borrowings raised	**–**	15,829
Repayments of bank borrowings	**(36,736)**	(4,265)
Repayments of lease liabilities	**(5,959)**	(3,975)
Interest paid	**(2,936)**	(2,768)
NET CASH FROM FINANCING ACTIVITIES	**1,810,488**	181,544
NET INCREASE IN CASH AND CASH EQUIVALENTS	**417,618**	45,808
Effects of exchange rate changes	**(1,206)**	2,618
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**451,796**	346,434
CASH AND CASH EQUIVALENTS AT END OF PERIOD, REPRESENTING BY BANK BALANCES AND CASH	**868,208**	394,860

Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended June 30, 2021

1. GENERAL INFORMATION AND BASIS OF PREPARATION

1a. General information

New Horizon Health Limited (the "**Company**") is a public limited company incorporated in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") with effect from February 18, 2021 (the "**Listing**"). The respective address of the registered office and the principal place of business of the Company are disclosed in the corporate information section to the interim report.

The Company is an investment holding company. The Company's subsidiaries and consolidated affiliated entities are principally engaged in research and development of screening products for colorectal cancer, cervical cancer and other types of cancer.

These condensed consolidated financial statements are presented in Renminbi ("**RMB**"), which is also the functional currency of the Company.

1b. Basis of preparation

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 ("**IAS 34**") "*Interim Financial Reporting*" issued by the International Accounting Standards Board ("**IASB**") as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES

These condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value at the end of each reporting period.

The accounting policies and methods of computation used in these condensed consolidated financial statements for the six months ended June 30, 2021 are the same as those presented in the Group's annual financial statements for the year ended December 31, 2020.

Application of amendments to International Financial Reporting Standards ("IFRSs")

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the annual period beginning on or after January 1, 2021 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 16	Covid-19-Related Rent Concessions
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2

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

3. REVENUE AND SEGMENT INFORMATION

The Group derives its revenue from the transfer of goods and services in the following major product lines:

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
ColoClear	**14,178**	5,705
Pupu tube	**29,569**	4,086
Others	**184**	735
	43,931	10,526

Entity-wide disclosure

Segment information

For the purpose of resource allocation and assessment of segment performance, the executive directors of the Company, being the chief operating decision maker, focus and review on the overall results and financial position of the Group as a whole which are prepared based on the same accounting policies set out in note 2. Accordingly, the Group has only one single operating segment and no further analysis of the single segment is presented.

Geographical information

Substantially all of the Group's operations and non-current assets are located in the People's Republic of China (the "**PRC**") while all of the Group's revenue from external customers are located in the PRC.

4A. OTHER INCOME

	Six months ended June 30, 2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Bank interest income	**9,107**	1,335
Government subsidies (note)	**1,166**	4,040
Interest income from subscription receivables (note 12)	**630**	–
Others	**–**	1
	10,903	5,376

Note: The amount represents government grants received from various PRC government authorities in connection with the enterprise development support and fiscal subsidies which had no conditions imposed by the respective PRC government authorities.

4B. OTHER EXPENSES

	Six months ended June 30, 2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Transaction costs directly attributable to the issuance of Preferred Shares	**–**	1,056
Written-off of advances and payments to a supplier (note)	**–**	3,928
Others	**–**	5
	–	4,989

Note: In April 2018, the Group entered into a strategic collaboration agreement with a supplier pursuant to which the Group is committed to purchase the diagnostic testing kits of an aggregate amount of RMB80 million with a pre-specified purchase amount on an annual basis from 2019 to 2023 (the "**Strategic Collaboration Agreement**"). During the year ended December 31, 2018 and 2020, the Group paid RMB1 million and RMB4 million, respectively, as advances for the purchase of inventories. In 2019 and 2020, inventories amounting to RMB36,000 and RMB72,000, respectively, were supplied. However, the inventories did not meet with the quality control requirement of the Group, and after negotiation and taking into consideration of the production ability of the supplier, the directors of the Company considered that there is uncertainty that the supplier can refund the remaining advances or supply up to quality products in the foreseeable future. As such, the Group had written-off the amounts paid. In August 2020, the supplier brought a breach of contract claim against Hangzhou New Horizon Health Technology Co., Ltd (杭州諾輝健康科技有限公司) ("**Hangzhou Nuohui**") and alleged that Hangzhou Nuohui did not perform the contractual payment obligations according to the Strategic Collaboration Agreement and sought for the second annual payment of RMB10 million plus any accrued interest from Hangzhou Nuohui. On November 18, 2020, Hangzhou Nuohui and the supplier entered into a settlement agreement that Hangzhou Nuohui agreed to pay a total amount of RMB7.2 million to terminate the Strategic Collaboration Agreement and the litigation was withdrawn. Therefore, the advances and the settlement amount has been recognised as other expenses during the year ended December 31, 2020. During year ended December 31, 2020, the Group paid RMB2.4 million to the supplier and the remaining RMB4.8 million was fully paid on March 25, 2021.

5. OTHER GAINS AND LOSSES

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Net investment gain on structured deposits	**–**	43
Net foreign exchange (loss) gain	**(2,998)**	2,646
Fair value loss of Preferred Shares	**(2,757,028)**	(484,824)
Fair value loss of early exercise promissory notes	**(131)**	–
Net loss on disposal of property and equipment	**(10)**	(37)
	(2,760,167)	(482,172)

6. LOSS BEFORE TAX

Loss before tax has been arrived at after charging:

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Depreciation of property and equipment	**7,347**	6,146
Depreciation of right-of-use assets	**7,272**	6,539
Amortisation of intangible assets	**1,005**	420
	15,624	13,105
Capitalised in inventories	**(6,973)**	(6,267)
	8,651	6,838
Analysed as:		
Charged in administrative expenses	**5,438**	4,978
Charged in selling and distribution expenses	**40**	24
Charged in research and development expenses	**3,173**	1,836
	8,651	6,838
Write-down of inventories	**812**	1,019
Write-down of contract costs on finished goods delivered (included in cost of sales)	**701**	855

7. INCOME TAX EXPENSE

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Withholding tax on interest income related to the inter-company loan paid from PRC entities to foreign company	**–**	186

There are no taxable profits derived from the operating entities of the Group for the six months ended June 30, 2020 and 2021.

8. LOSS PER SHARE

The calculation of basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	Six months ended June 30,	
	2021	2020
	(unaudited)	*(unaudited)*
Loss for the period attributable to the owners of the Company for the purpose of basic and diluted loss per share (RMB'000)	**2,891,805**	552,949
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share ('000)	**337,040**	116,595

The weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share has been determined on the assumption that the share subdivision as disclosed in note 16(iv) had been effected since January 1, 2020. The computation of basic loss per share for both interim periods excluded the unvested share options (note 17a) and unvested restricted shares (note 17b) of the Company.

For the six months ended June 30, 2020 and 2021, the potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive.

9. DIVIDENDS

No dividend was paid, declared or proposed during both interim periods. The directors of the Company have determined that no dividend will be paid in respect of the interim period.

10. PROPERTY AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the current interim period, the Group acquired property and equipment of RMB9,994,000 (2020: RMB5,230,000).

During the current interim period, the Group entered into several new lease agreements with lease terms ranged from 1 to 5 years. The Group is required to make fixed quarterly payments during the contract period. On lease commencement, the Group recognised right-of-use assets of RMB16,090,000 (six months ended June 30, 2020: RMB9,895,000) and lease liabilities of RMB16,090,000 (six months ended June 30, 2020: RMB9,895,000).

11. TRADE AND OTHER RECEIVABLES

	At June 30, 2021 *RMB'000* *(unaudited)*	At December 31, 2020 *RMB'000* *(audited)*
Trade receivables	**56,857**	36,210
Less: Impairment loss allowance	**(5,863)**	(3,791)
	50,994	32,419
Rental deposits (non-current)	**2,942**	2,683
Staff advance	**1,276**	–
Prepaid expenses	**2,278**	3,890
Advances to suppliers	**1,145**	198
Deferred issue costs (note i)	**–**	5,620
Value added tax recoverables	**6,477**	4,762
Loan receivables from employees (note ii)	**2,848**	2,782
Early exercise promissory notes (note iii)	**8,082**	8,119
Others	**3,362**	2,616
	28,410	30,670
Less: Impairment loss allowance	**(1,790)**	–
	26,620	30,670
	77,614	63,089
Analysed as:		
Non-current	**5,240**	6,425
Current	**72,374**	56,664
	77,614	63,089

11. TRADE AND OTHER RECEIVABLES *(Continued)*

Notes:

i. Deferred issue costs represent the qualifying portion of issue costs incurred, which was charged to equity of the Company as share issue costs in respect of the issue of new shares upon the Listing.

ii. The amounts represent loans to certain employees in respect of withholding tax for employees' individual income tax arising from the exercise of their respective share options. These loans are unsecured and carried interest at 4.35% per annum if the loan is repaid within 1 year, 4.75% per annum if the loan is repaid between 1 to 5 years, or 4.90% per annum if the loan is repaid after 5 years. Furthermore, under the mutual agreement between the Group and each individual borrower, the loan can be further extended or repaid any time before the expiry of the loan. Since the employees are able to sell their shares after the Listing, in the opinion of the directors of the Company, the loan receivables are classified as current assets as the employees would repay thereafter.

iii. Details of the early exercise promissory notes are set out in note 17(a). As at June 30, 2021, RMB2,298,000 (December 31, 2020: RMB3,742,000) of the balances are expected to be received after twelve months from the end of the reporting period and classified as non-current assets. These balances are measured by using a discount rate of 4.35% per annum for the balances expected to be repaid within 1 year and 4.75% per annum for the remaining balances. The fair value change after initial recognition for the six months period ended June 30, 2021 amounted to RMB37,000 (for the six months period ended June 30, 2020: nil) was included in other gains and losses.

The Group allows an average credit period of 0 to 90 days to its trade customers. The following is an aged analysis of trade receivables, net of impairment loss allowance, presented based on revenue recognition dates at the end of the reporting period:

	At June 30, 2021 ***RMB'000*** ***(unaudited)***	At December 31, 2020 *RMB'000* *(audited)*
0 – 60 days	**24,919**	20,539
61 – 90 days	**2,585**	2,399
91 – 180 days	**4,309**	4,365
181 – 365 days	**17,059**	1,478
Over 1 year	**2,122**	3,638
	50,994	32,419

12. AMOUNT(S) DUE FROM RELATED PARTIES

Particulars of the amounts due from related parties are disclosed as follows:

	Relationship and details	At June 30, 2021 *RMB'000* *(unaudited)*	At December 31, 2020 *RMB'000* *(audited)*
Mr. Yeqing Zhu ("**Mr. Zhu**")	(note i)		
– subscription receivables for issuance of restricted shares	(note ii)	**12,180**	13,496
– withholding tax	(note iii)	**–**	4,240
– loan receivable	(note iv)	**7,437**	7,263
– early exercise promissory note	(note v)	**28,994**	28,890
Dr. Ning Lu ("**Dr. Lu**")	(note i)		
– subscription receivables for issuance of restricted shares	(note ii)	**5,286**	5,221
– withholding tax	(note iii)	**–**	1,462
Mr. Yu Gao ("**Mr. Gao**")	(note i)		
– loan receivable	(note iv)	**56**	55
– early exercise promissory note	(note v)	**7,208**	7,406
		61,161	68,033
Analysed as:			
Non-current		**13,299**	19,328
Current		**47,862**	48,705
		61,161	68,033

12. AMOUNT(S) DUE FROM RELATED PARTIES *(Continued)*

Notes:

i. Being directors of the Company or key management personnel of the Group.

ii. The balance represents subscription receivables for issuance of restricted shares to Mr. Zhu and Dr. Lu and these amounts are unsecured, carried at interest at 5% per annum in accordance with the promissory notes issued to Mr. Zhu and Dr. Lu and will be due for payment upon transfer of interest in the restricted shares from restricted shares holders to other investors after vesting in accordance with the Share Incentive Plan (as defined in note 17). On July 9, 2020, 918,429 shares (before share subdivision) were transferred from Mr. Zhu to other investors. Amount of RMB1,464,000 subscription receivables related to the transferred portion was settled in January 2021.

   For the remaining balances, in the opinion of the directors of the Company, the terms of the promissory notes are fair and on normal commercial terms and the balances are expected to be repaid in accordance to the terms.

iii. The balance represents the amounts due from Mr. Zhu and Dr. Lu in respect of withholding tax for their individual income tax with vested restricted share. These receivables from Mr. Zhu and Dr. Lu are unsecured, interest-free and repayable on demand. These balances were fully settled in the current interim period.

iv. These amounts represent loans to Mr. Zhu and Mr. Gao in respect of withholding tax for individual income tax arising from the exercise of their respective share options. These amounts are unsecured and carried interest at 4.35% per annum if the loan is repaid within 1 year, 4.75% per annum if the loan is repaid between 1 to 5 years, or 4.90% per annum if the loan is repaid after 5 years. Furthermore, under the mutual agreement between the Group and each of individual borrower, the loan can be further extended or repaid any time before the expiry of the loan. In the opinion of the directors of the Company, these amounts are expected to be settled within one year and as such these loan receivables are classified as current assets. In the opinion of the directors of the Company, the terms of the loans to Mr. Zhu and Mr. Gao are fair and on normal commercial terms.

v. Details of the early exercise promissory notes are set out in note 17(a). As at June 30, 2021, RMB9,276,000 and RMB4,023,000 (December 31, 2020: RMB15,528,000 and RMB3,800,000) due from Mr. Zhu and Mr. Gao, respectively, are expected to be received after twelve months from the end of the reporting period and therefore classified as non-current assets. These balances are measured by using a discount rate of 4.35% per annum for the balances expected to be repaid within 1 year and 4.75% per annum for the remaining balances. The fair value change after initial recognition for the six months period ended June 30, 2021 amounted to RMB94,000 (for the six months period ended June 30, 2020: nil) was included in other gains and losses.

13. TRADE AND OTHER PAYABLES

	At June 30, 2021 *RMB'000* *(unaudited)*	At December 31, 2020 *RMB'000* *(audited)*
Trade payables	**11,893**	8,561
Payables for:		
– research and development fees	**120**	265
– security deposits	**1,934**	2,010
– maintenance fee	**669**	–
– customers deposits	**–**	630
– others	**742**	932
Accruals for:		
– legal and professional fees	**1,970**	1,983
– selling and promotion expenses	**3,030**	2,706
– research and development fees	**236**	314
– travel expenses	**688**	957
– service fees	**1,835**	909
– other expenses (note 4B)	**–**	4,800
– issue costs and fees in relation to the Listing	**12,559**	16,210
Accrued interest expense	**1,243**	968
Retention monies payable to constructors	**1,775**	1,775
Other tax payables	**108**	5,777
	26,909	40,236
	38,802	48,797
Analysed as:		
Non-current	**665**	665
Current	**38,137**	48,132
	38,802	48,797

13. TRADE AND OTHER PAYABLES *(Continued)*

The credit period on purchases of goods/services of the Group is ranging from 0 to 60 days. The following is an aged analysis of trade payables, presented based on the invoice dates, at the end of the reporting period:

	At June 30, 2021 *RMB'000* *(unaudited)*	At December 31, 2020 *RMB'000* *(audited)*
0 – 60 days	**11,857**	7,940
61 – 90 days	**34**	616
Over 90 days	**2**	5
	11,893	8,561

14. BANK BORROWINGS

During the six months ended June 30, 2020, the Group obtained new bank loans amounting to RMB15,829,000 (2021: nil).

On May 20, 2021, the Group entered into a supplementary agreement with a bank to modify the terms and conditions of the Group's existing bank borrowings with the bank. Pursuant to the supplementary agreement, the Group is required to place pledged bank deposits amounting to RMB110,000,000, which carried a fixed interest of 2% per annum, as an additional security to the existing bank borrowings with carrying amount of RMB79,498,000 at the date of modification of the bank borrowings. Furthermore, the interest rate of the bank borrowings is modified from a fixed interest rate of 6.5% per annum to a fixed interest rate of 4% per annum and the repayment term of the principal amount is modified from monthly instalment to full repayment at the maturity date of the bank borrowings on November 1, 2022.

15. PREFERRED SHARE

The Company and Hangzhou Nuohui entered into share purchase agreements with independent investors and issued five series of Preferred Shares. Details of the key terms and fair value movement of Preferred Shares were set out in note 26 to the consolidated financial statements included in the Group's annual report for the year ended December 31, 2020.

Upon the Listing, all Preferred Shares were automatically converted into ordinary shares and the fair value of the Preferred Shares were measured at the IPO issue price of HK$26.66 per share. As a result, all Preferred Shares were reclassified to share capital and share premium of the Company amounting to RMB65,000 and RMB4,437,319,000, respectively.

Changes in fair value of the Preferred Shares were include in "other gains and losses".

16. SHARE CAPITAL

	Number of class A shares (note iii)	Number of class B shares (note iii)	Share capital *US$'000*
Ordinary shares			
Ordinary shares of US$0.0001 each (before share subdivision) and US$0.00005 each (after share subdivision) (note iv)			
Authorised			
At January 1, 2020 (audited)	382,500,979	34,167,268	42
Reclassification and re-designation on issuance of Series D Preferred Shares (note i)	(8,320,160)	–	(1)
At June 30, 2020 (unaudited)	374,180,819	34,167,268	41
At January 1, 2021 (audited)	731,721,320	68,334,536	40
Automatic conversion of Preferred Shares to class A shares of the Company upon the Listing (note 15)	199,944,144	–	10
At June 30, 2021 (unaudited)	**931,665,464**	**68,334,536**	**50**

	Number of class A shares	Number of class B shares	Total Amount *US$'000*	Equivalent amount of ordinary shares *RMB'000*
Issue and fully paid				
At January 1, 2020 (audited) and June 30, 2020 (unaudited)	24,738,672	34,167,268	6	40
At January 1, 2021 (audited)	78,311,566	63,097,476	7	48
Issuance of new shares upon the Listing (note ii)	88,087,500	–	4	28
Automatic conversion of Preferred Shares upon the Listing (note 15)	199,944,144	–	10	65
At June 30, 2021 (unaudited)	**366,343,210**	**63,097,476**	**21**	**141**

16. SHARE CAPITAL *(Continued)*

Notes:

(i) On March 31, 2020, the Company re-designated and reclassified 8,320,160 class A shares in its authorised share capital into Series D Preferred Shares.

(ii) In connection with the Listing, 76,598,000 and 11,489,500 ordinary shares of US$0.00005 par value each were issued at HK$26.66 per share for the Company's global offering and the over-allotment of shares, on February 18, 2021 and March 17, 2021 for gross cash proceeds of HK$2,042,103,000 and HK$306,310,000 (equivalent to RMB1,699,948,000 and RMB256,284,000), respectively.

(iii) Class B ordinary shares are held by the founder parties, i.e. Mr. Zhu and Dr. Yiyou Chen. The holder with each Class A Ordinary Shares shall have one vote for each share held while the holder with each Class B ordinary shares shall have 1.14052169 vote for each share held.

(iv) On October 9, 2020, the Company underwent a share subdivision whereby each issued and unissued share of par value US$0.0001 each in the Company's authorised share capital was subdivided into two shares of US$0.00005 par value each.

17. SHARE-BASED PAYMENT TRANSACTIONS

On January 24, 2017, the board of directors of Hangzhou Nuohui resolved to grant to certain of its employees with options to purchase equity interests in NHXC Holdings Limited ("**NHXC Holdings**"), ("**Hangzhou Nuohui Share Incentive Plan**"). Further on November 7, 2017, the Hangzhou Nuohui Share Incentive Plan was revised and the board of directors of Hangzhou Nuohui resolved to grant 187,236 restricted shares to a director and an employee through NHXC Holdings and Hangzhou New Horizon Zhihui Investment Management Partnership ("**Nuohui Zhihui**"). A portion of the ordinary shares of NHXC Holdings and the entire ordinary shares of Nuohui Zhihui are set up to hold the equity interest on behalf of Hangzhou Nuohui for future issuance of employees shares.

Upon completion of the group reorganisation and on October 10, 2018, the board of directors of the Company approved the Pre-IPO Share Incentive Plan (the "**Plan**"). The purpose of the Plan is to promote the success of the Company and to attract, motivate, retain and reward certain officers, employees, directors and other eligible persons. For shares options, pursuant to a board resolution of the Company on October 10, 2018, the options granted to certain employees of Hangzhou Nuohui under the Hangzhou Nuohui Share Incentive Plan were replaced and exchanged for options to purchase the Company's ordinary shares under the Plan. For restricted shares, upon the group reorganisation, the restricted shares under Hangzhou Nuohui through NHXC Holdings and Nuohui Zhihui were replaced by the restricted shares under the Company through NHXC Holdings and NHYJ Holdings Ltd.. The Hangzhou Nuohui Share Incentive Plan was then terminated. The overall limit on the number of the underlying shares which may be delivered pursuant to all awards granted under the Plan is 15,843,384 shares of the Company.

17. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

(a) Share options

On August 31, 2020, 9,772,277 share options granted to certain participants (the "**Early Exercise Participants**") under the Plan were early-exercised and concurrently transferred to the Trident Trust Company (HK) Limited (the "**Trustee**"). The exercise price of the share options was paid by delivering a promissory note to the Company payable by each of the Early Exercise Participants (the "**Early Exercise Promissory Notes**"). As a result, on the same day, an aggregate of 9,772,277 Class A Ordinary Shares underlying the early-exercised share options were issued to NHXT Holdings Ltd. and Ever Thriving Ventures Limited, both being entities owned by the Trustee, to be held on trust for the benefit of the Early Exercise Participants.

Pursuant to share vesting agreements entered into between the Company and each of the Early Exercise Participants on August 31, 2020, it was agreed that the shares held by NHXT Holdings Ltd. and Ever Thriving Ventures Limited would be subject to the same vesting schedule as that set out in the relevant option agreements at the time of grant. The Early Exercise Promissory Notes are not interest bearing and will mature on the earlier of (i) the severance date of the Early Exercise Participant's employment or consulting relationship with the Group, whereby the note will be due and payable with respect to the exercise price of the restricted shares that have not become vested, and (ii) the date on which the restricted shares are transferred, assigned, encumbered or disposed of, whereby the note will be due and payable with respect to the restricted shares transferred, assigned, encumbered or disposed of. The Early Exercise Participant shall pay the amounts due under the Early Exercise Promissory Note in full to the Company within 90 days after the maturity date.

Further, in the event of termination of the employment or consulting relationship between the Early Exercise Participant and the Group, the Company shall upon the severance date have an irrevocable, exclusive option at any time from such date to (i) in the event of a termination without cause, to repurchase all or any portion of the restricted shares that have not yet vested at a price per restricted share equal to the exercise price (adjusted for any share subdivision, share dividends and the like), or (ii) in the event of a termination with cause, unless otherwise approved by the board, to repurchase all or any portion of the restricted shares, whether such restricted shares have vested or not, at an aggregate repurchase price of US$1.00 per restricted share (the "**Early Exercise Repurchase Option**"). As such, the shares issued upon the early exercise is considered as restricted shares and shall vest in accordance with the original vesting schedules as set out in the relevant option agreements at the time of grant. In the opinion of the directors of the Company, the above said early exercise arrangement did not modify the underlying terms and conditions of the equity instruments granted, and do not expect to have material impact to fair value of the original options.

17. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

(a) Share options *(Continued)*

Set out below are details of the movements of the outstanding options granted under the Hangzhou Nuohui Share Incentive Plan and the Plan during the reporting period:

For the six months ended June 30, 2021

After share subdivision

Option	Name of grantee	Date of grant	Exercise price	Outstanding as at 1.1.2021	Granted during the period	Outstanding as at 30.06.2021
Director						
Option C	Directors	May 14, 2019	US$0.420	**5,521,070**	–	**5,521,070**
Employees						
Option B	Employees	October 10, 2018	US$0.165	**749,536**	–	**749,536**
Option D	Employees	April 24, 2020	US$0.600	**1,289,000**	–	**1,289,000**
Option F	Employees	June 10, 2020	US$0.600	**400,000**	–	**400,000**
				7,959,606	–	**7,959,606**
Exercisable at the end of the period						**3,024,354**
Weighted average exercise price				**US$0.434**		**US$0.434**

17. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

(a) Share options *(Continued)*

For the six months ended June 30, 2020

Before share subdivision

Option	Name of grantee	Date of grant	Exercise price	Outstanding as at 1.1.2020	Granted during the period	Outstanding as at 30.06.2020
Director						
Option B	Director	October 10, 2018	US$0.33	2,500,000	–	2,500,000
Option C	Directors	May 14, 2019	US$0.84	5,521,070	–	5,521,070
Option D	Director	April 24, 2020	US$1.20	–	1,250,000	1,250,000
Employees						
Option A-1	Employees	January 24, 2017	US$0.33	236,093	–	236,093
Option B	Employees	October 10, 2018	US$0.33	1,995,000	–	1,995,000
Option D	Employees	April 24, 2020	US$1.20	–	1,289,500	1,289,500
Option E	Employees	June 1, 2020	US$1.20	–	1,000,000	1,000,000
Option F	Employees	June 10, 2020	US$1.20	–	200,000	200,000
				10,252,163	3,739,500	13,991,663
Exercisable at the end of the period						2,304,901
Weighted average exercise price				US$0.60	US$1.20	US$0.76

The shares issued upon the Early Exercise Participants exercised their share options were converted to restricted shares subject to the original vesting terms and the following table summarised the Group's unvested restricted shares movement after share subdivision:

	Numbers of unvested restricted shares
Unvested as at January 1, 2021	13,791,468
Vested	(4,007,143)
Unvested as at June 30, 2021	**9,784,325**

17. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

(b) Restricted shares

On November 7, 2017, the directors of Hangzhou Nuohui resolved to issue restricted shares that are equivalent to RMB187,236 paid-in capital of Hangzhou Nuohui to a director and an employee for an aggregate subscription price of RMB17,487,000 under the Hangzhou Nuohui Share Incentive Plan (the "**2017 Restricted Shares Plan**").

(i) An employee

The following table summarised the Group's unvested restricted shares movement under the 2017 Restricted Shares Plan:

	Numbers of unvested restricted shares	Weighted average grant date fair value per paid-in capital/share *RMB*
Before share subdivision		
Unvested as at January 1, 2020	721,118	2.12
Vested	(227,721)	2.12
Unvested as at June 30, 2020	493,397	2.12
After share subdivision		
Unvested as at January 1, 2021	**531,350**	**1.06**
Vested	**(455,443)**	**1.06**
Unvested as at June 30, 2021	**75,907**	**1.06**

At the end of each interim period, the Group revises its estimates of the number of options that are expected to vest ultimately. The impact of the revision of the estimates, if any, is recognised in profit or loss with a corresponding adjustment to the share-based payments reserve.

18. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS AND OTHER ITEMS SUBJECT TO EXPECTED CREDIT LOSS ("ECL") MODEL

The following table shows the movement in lifetime ECL that has been recognised for trade and other receivables under simplified approach:

	Lifetime ECL (not credit-impaired) *RMB'000*	Lifetime ECL (credit-impaired) *RMB'000*	Total *RMB'000*
At January 1, 2020 (audited)	1,124	98	1,222
Impairment loss allowance recognised	1,606	–	1,606
Transfer to credit-impaired	(288)	288	–
At June 30, 2020 (unaudited)	2,442	386	2,828
At January 1, 2021 (audited)	**1,448**	**2,343**	**3,791**
Impairment loss allowance recognised	**1,808**	**2,054**	**3,862**
Transfer to credit-impaired	**(201)**	**201**	**–**
At June 30, 2021 (unaudited)	**3,055**	**4,598**	**7,653**

The basis of determining the inputs and assumptions and the estimation techniques used in these condensed consolidated financial statements for the six months ended June 30, 2021 are the same as those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2020.

During the current interim period, the Group provided impairment allowance of RMB4,312,000 (2020: RMB1,781,000).

During the current interim period, the Group reversed the impairment allowance of RMB450,000 (2020: RMB175,000).

19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. The Chief Financial Officer of the Company determines the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The Chief Financial Officer works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The Chief Financial Officer reports any findings to the directors of the Company regularly to explain the cause of fluctuations in the fair value.

The fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are based on quoted prices (unadjusted) in active market for identical assets or liabilities;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(Continued)*

(i) Fair value of the Group's financial asset and financial liability that are measured at fair value on a recurring basis

	Fair value as at		Fair value hierarchy	Valuation technique and key input	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	30/6/2021 ***RMB'000*** ***(unaudited)***	31/12/2020 *RMB'000* *(audited)*				
Preferred Shares	**–**	1,680,356	Level 3	Discounted cash flow method and Black-Scholes Option Pricing Model - the key inputs are time to liquidity, risk-free interest rate, volatility and dividend yield	Time to liquidity June 30, 2021:N/A (December 31, 2020: 3.54 years)	The longer the time to liquidity, the lower the fair value (note i)
Early exercise promissory notes receivables (included in other receivables and amounts due from related parties)	**44,284**	44,415	Level 3	Discounted cash flow – the key inputs are time to repayment and discount rate	Time to repay: Based on the vesting term of the options of each Early Exercise Participants and the lock-up undertakings they entered into	The longer the time to repay, the lower the fair value (note ii)

Notes:

(i) A 0.5 year increase/decrease in the time to liquidity, while all other variables keep constant, would decrease the carrying amount of Preferred Shares as at December 31, 2020 by RMB1,828,000/increase the carrying amount as at December 31, 2020 by RMB1,760,000.

(ii) A 0.5 year increase in time to repay, while all other variables keep constant, would decrease the carrying amount by RMB477,000 of early exercise promissory notes receivables as at June 30, 2021 (December 31, 2020: RMB344,000).

19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(Continued)*

(ii) Reconciliation of Level 3 fair value measurements

The reconciliation of Level 3 measurements of Preferred Shares and early exercise promissory notes receivables are set out as follows:

	Preferred Shares *RMB'000*
At January 1, 2020 (audited)	750,367
Issuance of Series D Preferred Shares	141,658
Changes in fair value	484,824
At June 30, 2020 (unaudited)	1,376,849

	Other receivables *RMB'000*	Amounts due from related parties *RMB'000*	Preferred Shares *RMB'000*
At January 1, 2021 (audited)	**8,119**	**36,296**	**1,680,356**
Fair value loss (included in other gains and losses)	**(37)**	**(94)**	**2,757,028**
Automatic conversion of Preferred Shares upon the Listing	**–**	**–**	**(4,437,384)**
At June 30, 2021 (unaudited)	**8,082**	**36,202**	**–**

(iii) Fair value of financial assets and financial liabilities that are not measured at fair value

The directors of the Company consider that the carrying amount of the Group's financial assets and financial liabilities recorded at amortised cost in these condensed consolidated financial statements approximate to their fair values. Such fair values have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis.

20. CAPITAL COMMITMENT

	At June 30, 2021 *RMB'000* *(unaudited)*	At December 31, 2020 *RMB'000* *(audited)*
Capital expenditure contracted for but not provided in these condensed consolidated financial statements:		
– Property and equipment	**9,157**	4,037
– Intangible assets	**–**	43
	9,157	4,080

21. RELATED PARTY DISCLOSURES

Save for disclosed in elsewhere of these condensed consolidated financial statements, the Group has the following transactions and balances with its related parties in the current interim period.

(a) Related party transactions

	Six months ended June 30,	
	2021 *RMB'000* *(unaudited)*	2020 *RMB'000* *(unaudited)*
Interest income on subscription receivable (note 12)		
– Mr. Zhu	**445**	–
– Dr. Lu	**118**	–
– Mr. Gao	**1**	–
	564	–

(b) Related party balances

Details of the outstanding balances with its related parties are set out in note 12.

21. RELATED PARTY DISCLOSURES *(Continued)*

(c) Compensation of key management personnel

The remuneration of the directors of the Company and other members of key management of the Group during the current interim period were as follows:

The emoluments of these employees are within the following bands:

	Six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Salary and other benefits	**4,118**	3,553
Retirement benefit scheme contribution	**100**	21
Share-based payments	**14,762**	4,914
	18,980	8,488

22. EVENTS AFTER THE END OF THE REPORTING PERIOD

The Group has the following subsequent events subsequent to June 30, 2021:

(a) On July 19, 2021, the Group entered into a convertible loan agreement pursuant to which the Group to subscribe for a convertible loan of an independent third party amounting to Swiss Franc ("**CHF**") 3,000,000 (equivalent to RMB21,121,000). Pursuant to the convertible loan agreement, the convertible loan carries at a fixed coupon rate of 0.5% per annum and shall be convertible into shares of the independent third party at a conversion price of the latest round of financing price per share. If there are no early conversion, the convertible loan will mature on September 30, 2023. The convertible loan will be accounted for as financial assets measured at fair value through profit or loss. On July 27, 2021, the Group paid the full amount of CHF3,000,000 (equivalent to RMB21,213,000).

(b) On August 20, 2021, the Group entered into a limited partnership agreement with an independent third party, being a limited partnership fund (the "**Fund**"), and has subscribed for an aggregate of US$30 million (equivalent to RMB194,952,000) as a limited partner of the Fund. The Fund has a total fund size of US$100 million with a primary focus of investing in the areas of molecular diagnostic technology used for disease screening and early detection in the field of cancer and other major disease categories.

(c) On August 17, 2021, the Group entered into a purchase agreement with an independent third party, a molecular diagnostics company whose common shares are listed in the Frankfurt Stock Exchange focused on blood-based test for colorectal cancer, pursuant to which the Group will acquire certain non-essential blood samples for an aggregate amount of US$6.7 million (equivalent to RMB43,553,000).