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Suzhou Basecare Medical Corporation Limited
蘇州貝康醫療股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2170)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2022

The board of directors (the "**Board**") of Suzhou Basecare Medical Corporation Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (together, the "**Group**") for the year ended December 31, 2022, together with comparative audited figures for the same period of 2021.

In this announcement, "we", "us", and "our" refer to the Company (as defined above) and where the context otherwise requires, the Group (as defined above).

FINANCIAL SUMMARY

	Year ended December 31,	
	2022	2021
	RMB'000	*RMB'000*
Revenue	**140,901**	107,299
Cost of sales	**(81,373)**	(56,152)
Gross profit	**59,528**	51,147
Loss from operations	**(126,118)**	(124,486)
Loss before taxation	**(126,614)**	(125,746)
Loss for the year	**(123,163)**	(144,078)

	As of December 31,	
	2022	2021
	RMB'000	*RMB'000*
Financial Position		
Non-current assets	**252,262**	98,195
Current assets	**1,527,596**	1,702,693
Non-current liabilities	**73,774**	25,517
Current liabilities	**114,552**	60,332
Net assets	**1,591,532**	1,715,039
Total equity attributable to		
Equity shareholders of the Company	**1,592,802**	1,715,466
Non-controlling interests	**(1,270)**	(427)

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

We are an innovative medical device provider for assisted reproduction in China. Our mission is to help more families have healthy babies. Our vision is to become a leading global medical technology company.

Leverage on our core advantages in the PGT field, the Company is gradually transforming to a comprehensive scenario solutions provider in the assisted reproduction industry. In addition to test kits, we have developed various innovative equipment and devices, adhering to the development direction of self-developed and PRC-made substitution. Through our "hardware + software" industry innovation model, we have created multi-scenario solutions including PGT laboratory, andrology laboratory, cryostorage room, embryo laboratory and software laboratory, which in turn facilitate the "localization" layout for other assisted reproduction institutes and laboratories, materialize standardization and automation, as well as intelligent hardware and software upgrades. In particular:

1. PGT Laboratory

As the core technology of third-generation *in vitro* fertilization (IVF), PGT technology requires assisted reproduction institutes to possess higher standard of genetic counselling and molecular genetic testing capabilities. Based on the practical experience and technicians accumulated through the first NMPA-approved PGT kit in the PRC, we provide various solutions such as PGT test kits, high-throughput gene sequencer and laboratory information management system for PGT laboratories, with an aim to assist clinical institutes to satisfy the requirements of the National Clinical Inspection Center regarding localized deployment.

Our self-developed PGT-A kit obtained the first Class III medical device registration certificate — "National Special Approval for Innovative Medical Devices (國家創新醫療器械特別審批)" in February 2020. We have participated in the drafting of the PGT-A kit quality control and technology assessment guide, and establishing the national industry standard of PGT-A kit, filling the clinical gap of third-generation IVF kit in China. In addition, we are currently developing PGT-M and PGT-SR kits, which are key R&D products under the "14th Five-Year national key research and development plan". This materializes the PRC-made products substitution in the assisted reproduction industry. These testing kits are all based on next-generation sequencing (NGS) technologies and form a complete test kit line-up to occupy the PGT field. We have developed our PGT-M kit with better sensitivity and specificity, which detects single-gene defects prior to embryos' implantation, or monogenic, defects in pre-implantation embryos. It eliminates the need for patient-specific pre-exam validation, offering a standardized solution with mass clinical appeal that significantly

shortens results turnaround time thereby reducing testing costs for patients as well. To date our PGT-M kit is the first and only product of its kind that has completed the registration testing in China, and has begun patient enrolment for clinical tests in June 2022. Our self-developed PGT-SR kit is the first technology world-wide that effectively detects chromosome balanced translocations through high-throughput sequencing platform, granted as a national invention proprietary technology (patent number: 202011094180.6). Our PGT-SR kit would become the first standardized commercial product of its kind in China with potential for mass clinical application. Our PGT-SR kit has high market potential, offering one test with broad disease detectability and eliminating the need for patient-specific pre-exam validation, which translates to faster result turnaround time from several months to only two weeks and significantly lower the testing cost. It is expected that the kits will obtain registration in 2024. We expect to obtain NMPA registration approval for PGT-M and CNV kits in 2024, while PGT-SR kits will obtain NMPA registration in 2025, which would further strengthen our dominance in the third-generation IVF genetic test kit market in China, well ahead of our competitors in potential competition.

In terms of equipment, the Company could provide three types of high-throughput gene sequencers with different throughputs, namely DA500, DA8600 (Guo Xie Zhu Zhun 20143221961) and DA5000. Based on the number of cycles and different testing needs, the reproductive centers shall choose the most suitable sequencing platform with the automated workstation BS1000 to create a standardized, automated and intelligent PGT laboratory with advanced testing capabilities for clinical use. Our DA500 genetic sequencing machine is the first integrated fully-automatic high-throughput sequencing system for PGT inspection in the world. It can perform sample processing, high-throughput sequencing and data analysis three-in-one, reducing time needed for manual operation by 95% and inspection site requirement by 60%. The machine completed performance verification in 2021 and is expected to obtain its medical device registration approval in 2024. Our DA5000 high-throughput sequencing machine is an all-round desktop sequencing machine that can be widely adopted in the reproductive and genetic sector, including pre-pregnancy, pre-natal, before embryo implantation, genetic disease screening for new-born and other stages of the reproductive cycle. It is expected to obtain its registration in 2024.

2. Andrology Laboratory

As a crucial part of reproductive science and eugenic testing, the andrology laboratory provides comprehensive information on male fertility assessment and advice on clinical treatment. Sperm quality tests standards, testing methods and quality control standards are key factors to the male fertility assessment. As such, we have been equipped with intelligent semen quality analyzer, sperm function tests, flow test platform and laboratory quality control, in order to provide overall solution including automated test, intelligent analysis, standardized quality control and PRC-made equipment for the andrology laboratory. This would help clinical institutes to provide professional and precise male fertility assessment services.

Our self-developed intelligent semen quality analyzer is based on the World Health Organization 6th edition manual standards and the morphological interpretation standards jointly formulated by 18 clinical units including the Shanghai First Maternity and Infant Hospital. We provide the self-developed and manufactured intelligent semen quality analyzer to andrology laboratory. Our self-developed BKA-210 fully-automatic semen quality analyzer is based on our self-invented and global advanced technology of intelligent semen quality analysis without damaging the quality of the semen. This technology is an innovative zero to one breakthrough in many aspects and fills four technological gaps: 1. sperm morphology test could not be performed with live sperms; 2. sperm morphology test would not damage the quality of the semen; 3. non-intelligent sperm morphology test; and 4. concentration, motility and morphology test could not be carried out at the same time. In the clinical aspect, this would assist the dynamic tracking of live sperms and completes real-time synchronous analysis of sperm morphology, concentration and motility, which not only subverts the morphological detection method of manual microscopy, but also increase the accuracy rate of equipment testing results to 95%. At the same time, analysis results can be promptly obtained, making testing more efficient, convenient and objective. Registration certificate is expected to be obtained in 2023. Hospitals in China grading 2A or above with andrology laboratory will need this core product to carry out semen tests.

We provide comprehensive sperm function test kit and relevant quality control products, covering special tests including semen completeness (DFI) test, reaction ability test, active oxygen test. This offers diversified assessments for clinical semen function tests. Meanwhile, together with our quality control products, accuracy of testing results is further guaranteed, providing a strong basis for clinical diagnosis and treatment judgement. In terms of end users, we focus on developing the first household semen quality analyzer. It is a precise, rapid, convenient and intelligent semen quality monitoring equipment, which could be connected to mobile devices for carrying out semen quality analysis. We expect to introduce this product to healthy users beyond those who require fertility tests. Registration certificate for this product is expected to be obtained in 2024. This product pipeline extends from high-end fertility clinics to local hospitals. It is also a complete andrology core product pipeline which focus on enterprises and end users.

3. Cryostorage System

In the recent years, the number of embryo, egg and sperm cryopreservation increased year by year as the assisted reproductive technology advances and the preservation of our fertility becomes more important. This means that assisted reproductive centers will have to invest substantially in storage resources and such investment will increase year by year. Storage resources include containers, storage space, management and maintenance, etc. For institutes with larger storage space, the heavy workload relating to registration, entry and retrieval as well as management will requires manpower, not to mention human errors such as sample misplacement, mistaken or omission. In order to enhance efficiency of management personnel, eliminate errors and ensure the safety of cryopreservation, we have established, based on the IoT platform, an intelligent cryopreservation scenario solution that covers all aspects from equipment to consumables and system software. Such solution materializes cryopreservation automation and digital information management, it also monitors the storage equipment in a real time manner and could remotely set off the alarm. The solution covers a large variety of samples storage from 4 degree Celsius to -96 degree Celsius and -196 degree Celsius liquid nitrogen.

Our BCT38C smart liquid nitrogen storage dewar (Su Xie Zhu Zhun 20222221946) is the first PRC-made smart liquid nitrogen storage dewar in the world, it materializes real time temperate monitoring, password unlock and log keeping, ensuring the safety of samples in every aspect. It completed the performance verification and registration evaluation in 2021, and obtained Class II medical device registration certificate in 2022, becoming the first liquid nitrogen storage dewar with clinical registration. Our BSG800A automatic cryostorage system is the first domestic automatic cryostorage system with CE certification in the world. Commercial sales of the system began in 2021. We also built the first sample laboratory for automatic biological sample cryostorage system in Chongqing Maternal and Child Health Care Hospital. We developed a vitrified cryovial for use with our cryostorage system. The bottom of each vitrified cryovial has a laser-etched QR code, allowing for accurate positioning of each sample. It is expected to obtain its registration in 2023. Leverage on our advantage of us being the only one owning such highly-automated cryostorage system in the industry, we have successfully developed the automated egg cryostorage system (AOCS). In order to tackle the storage management difficulties faced by all fertility laboratories, we have developed a full-automated and digitalized storage solution, to carry out intelligent upgrade for storage software and hardware.

4. Embryo Laboratory

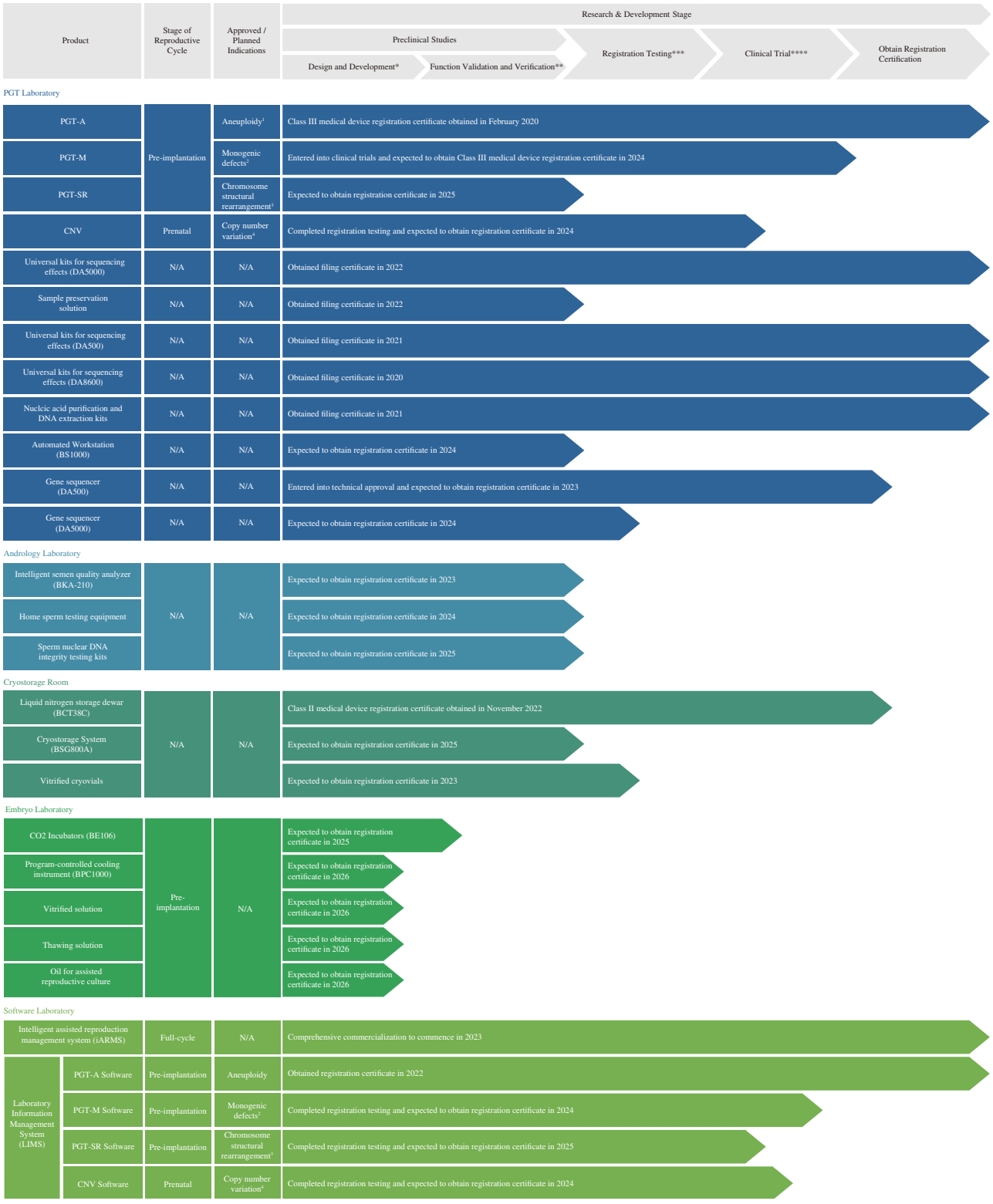
In the backdrop of embryo cultivating products being monopolized by foreign companies, we are actively developing PRC-made embryo cultivating consumables and equipment based on our consolidated R&D capabilities under the comprehensive scenario solutions, to offer PRC-made products that satisfy international standards at a lower price. Our products under development include carbon dioxide incubator, program controlled cooling device, refrigerating/thawing solution, cultivating solution. We offer solution, ancillary equipment and consumables for embryo cultivation and cryopreservation to establish an advanced intelligent embryo laboratory and materialize real time monitoring of embryo cultivation, with an aim to ensure the safety of embryo cultivation. We have developed the BE106 CO2 incubator and the BPC1000 program-controlled cooling instrument in collaboration with Qingdao Haier Biomedical. The former is expected to obtain its registration certificate in 2025 and the latter is expected to obtain its registration certificate in 2026. In addition, we are concurrently developing the vitrified solution, thawing solution and the oil for assisted reproductive culture, which expected to obtain registration certificates in 2026.

5. Software Laboratory

In light of the standardization of assisted reproductive procedures and medical technology enhancement, together with new ancillary equipment, the traditional clinical reproductive medical management system will face issues such as aging of original systematic framework, low level of intelligence and digital capability, and limitation on device and equipment and data interconnection. They may not satisfy the requirements for whole birth cycle health management. Meanwhile, the state's requirement on safety on personal information is constantly elevating as well as the precision of sample audit for the assisted reproductive industry. Under these circumstances, we cooperated with local domestic experts on assisted reproduction to develop the next generation ART smart decision making platform: iARMS (a full reproductive cycle health management platform), which cover reproductive outpatient service, cycle management, sample cryostorage, laboratory monitoring and control, sample verification and other business scenarios. With this platform as the core, we can provide next generation comprehensive assisted reproduction solution (software+service), which will completely address problems such as time-consuming medical recording process, unconnected business information, high communication cost between laboratories, inaccurate statistics and low level of data structure. Through digitalization and smart technology, iARMS strengthens the process and verification of operation and adopt structured information to provide theoretical and digital support for the development of laboratories and disciplines. When paired with smart 5G, block chain and IoT technology that improve medical development and advantageous disciplines, smart business module allows doctors more accurate services for their patients, while at the same time significantly raises satisfaction and improves user experience of our medical services. We are able to achieve high level of connection between all pipeline equipment and systems through our advanced assisted reproductive management system. We are able to boost efficiency of the reproductive center from the clinical perspective and provide the safest experience for patients.

Currently, we cooperate with over 300 assisted reproductive centers in the PRC, including 65 leading assisted reproductive centers, accounting for 73% of the market share among leading customers. We have established 58 local laboratories. Through our "localization" layout among the assisted reproductive institutes, together with the approval and delivery of our self-developing products and pipeline in the next three year, we will be able to satisfy the evolving needs of the assisted reproductive market and customers' needs on various assisted reproductive scenario, better serve the infertile and eugenic public and create additional value for our customers. Looking at the international pioneering medical industry development from a broader perspective, the industry development comprised of accumulated experience from the early development to the robust growth in the latter stage. We consider the continuous R&D innovation concerning clients and customer value created by our rich product pipelines as the greatest highlight of the Company's future growth.

The following diagram sets forth key details of our product portfolio as of the date of this announcement:



* Includes principal raw material selection, manufacturing process validation and reaction system development

** Includes analytical performance evaluations and stability study

*** Refers to tests conducted by NMPA-recognized institutions to evaluate the performance of a medical device candidate. Passing the tests is a prerequisite to commencing the clinical trial

**** Unlike drugs, only one clinical trial is required for a medical device candidate, without phasing

1. For women undergoing IVF treatment who are 35 years old or older, couples who have experienced three or more IVF failures, couples who have experienced three or more spontaneous miscarriages or abnormal pregnancies, couples who have previously given birth to a child with chromosomal abnormalities or couples with chromosomal numerical alternations.

2. For carriers of thalassemia.

3. For carriers of chromosomal reciprocal translocation, Robertsonian translocation or inversion.

4. For patients who have experienced miscarriage.

5. For carriers of over 200 genetic diseases.

Manufacturing

We commenced the construction project of the Company's headquarter in September 2021. The planned gross floor area of the project is 71,850 sq. m., with 21,700 sq. m. for research and development office use and 32,800 sq. m. for production use. The construction covered the research and development and production capacity of the products in the entire industrial chain of assisted reproduction such as testing kits, consumables, instruments and equipment. We aim at building a high-end manufacturing cluster covering the entire industrial chain of assisted reproduction, adhering to the industrial development of independent research and development and domestic substitution, and providing domestic patients with testing kits, consumables, instruments and equipment that fulfil global quality standards and with cheaper price. In 2022, we overcame the impact of the delayed construction period due to the pandemic and the impact of high temperature and extreme weather, successfully completed the construction of the main building structure in October, and expected to complete the interior renovation and production line construction in the middle of 2023, with a view to achieving the improvement in high quality and large-scale delivery.

Before the headquarter of the Company commences operations, we manufacture and assemble all of our in-house developed products in our 1,364 sq. m. manufacturing facility in Suzhou. Our manufacturing facility is designed in compliance with GMP requirements of China with an annual production capacity of 400,000 reactions. We are accredited in accordance with ISO13485:2016 quality standard, an international quality control standard for the medical device industry. We have two ISO Class 7 cleaning rooms that are in compliance with ISO14644-1 cleaning grades standard, an international cleaning grades classification standard. Our production lines are designed to be highly automated.

Commercialization

We currently adopt the sales model of direct sales and distributors' sales. As of December 31, 2022, we have a total of 168 sales personnel and 20 distributors, covering nearly 300 assisted reproductive institutions in aggregate. We have an outstanding marketing team that serves our customers, such as third-generation IVF licensed hospitals, testing institutions, small and medium-sized hospitals, specialized hospitals and regional hospitals that have not yet obtained the third-generation IVF licenses. Our marketing team is also responsible for the promotion of our products to hospitals through academic marketing activities and interactions with KOLs as well as other industry professionals.

With the first NMPA-approved PGT kit in China, we believe that we enjoy first-mover advantages in building and solidifying our sales channels and customer base. The gists of our commercialization strategy include not only continuing to expand our coverage and penetration of hospitals licensed to conduct PGT, but also further immersing in channels to expand to small and medium-sized hospitals, specialized hospitals and regional hospitals that have not yet obtained the third-generation IVF licenses and establish sound relationship with them. We promote our product portfolios under multiple scenarios to these institutions so as to increase our share of wallet, and we provide new products that target other medical specialties, such as neonatal and pediatrics units, in these institutions.

Important Events after the End of the Reporting Period

Proposed A Share Offering

On January 11, 2023, the Board resolved to commence relevant preparatory work in respect of the proposed initial public offering of ordinary shares of the Company to be traded in Renminbi on the Shanghai Stock Exchange STAR Market (the "**Proposed A Share Offering**") in order to optimize the Company's capital structure, enhance self-development capabilities and achieve strategic development goals.

As of the date of this announcement, the Company has not formulated the offering plan or determined the structure of the Proposed A Share Offering, and has not applied to any relevant regulatory authorities in the PRC or anywhere else for approval of the Proposed A Share Offering, and the Proposed A Share Offering will be subject to, among others, the formal approvals of the Board and the Shareholders and the approval of the CSRC and other relevant regulatory authorities. For details of any of the foregoing, please refer to the Company's announcement published on the websites of the Stock Exchange and the Company on January 11, 2023.

Save as disclosed above, there are no important events occurred after the end of Reporting Period and up to the date of this announcement.

FUTURE AND OUTLOOK

To accomplish the Company's vision, we intend to implement the following business strategies:

(i) On the basis of continuing to promote various products in all scenarios to our existing sales channels and customers, we also promote solutions under multiple scenarios of our andrology laboratory, embryo laboratory and software laboratory to small and medium-sized hospitals, specialized hospitals and regional hospitals that have not yet obtained the third-generation IVF licenses, with a view to boosting their enhancement in software and hardware equipment and assisting those institutions to complete the platform construction of their assisted reproductive laboratories;

(ii) We plan to invest in domestic and foreign target companies that are closely related to the multiple scenarios of assisted reproduction sector where we are located, and consider acquiring companies with strong research and development capabilities, more patented products and high-quality production capacity, so as to help us enrich our patented product portfolio and expand our core research and development capabilities and synergy with the existing sales network;

(iii) We will build a high-end manufacturing cluster covering the entire industrial chain of assisted reproduction through the construction of the Company's headquarters. We adhere to the industrialization development of independent research and development and domestic substitution, and provides domestic patients with testing kits, instruments, equipment and consumables that meet global quality standards and are lower in price; and

(iv) We will continue to promote national academic conferences and public welfare projects to further enhance the Company's brand awareness and promote industrial progress.

Cautionary Statement required under Rule 18A.08(3) of the Listing Rules: We cannot guarantee that we will ultimately develop or market our Core Product successfully.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2022

	Note	**2022**	2021
		RMB'000	*RMB'000*
Continuing Operations			
Revenue	*5*	**140,901**	107,299
Cost of sales		**(81,373)**	(56,152)
Gross profit		**59,528**	51,147
Other net income	*6*	**96,686**	22,480
Selling and distribution costs		**(80,099)**	(62,524)
Administrative expenses		**(81,396)**	(52,112)
Research and development expenses		**(119,773)**	(73,711)
Other operating expenses		**(1,064)**	(9,766)
Loss from operations		**(126,118)**	(124,486)
Finance costs	*7(a)*	**(496)**	(1,260)
Loss before taxation	*7*	**(126,614)**	(125,746)
Income tax	*8*	**(6,013)**	(18,332)
Loss for the year from continuing operations		**(132,627)**	(144,078)
Discontinued operations			
Profit for the year from discontinued operations		**9,464**	—
Loss for the year		**(123,163)**	(144,078)
Other comprehensive income		**—**	—
Total comprehensive income for the year		**(123,163)**	(144,078)

	2022 *RMB'000*	2021 *RMB'000*
(Loss)/profit for the year attributable to equity shareholders of the Company:		
— from continuing operations	**(131,784)**	(143,651)
— from discontinued operations	**9,120**	—
Loss for the year attributable to equity shareholders of the Company	**(122,664)**	(143,651)
(Loss)/profit for the year attributable to non-controlling interests:		
— from continuing operations	**(843)**	(427)
— from discontinued operations	**344**	—
Loss for the year attributable to non-controlling interests	**(499)**	(427)
Loss for the year	**(123,163)**	(144,078)
Other comprehensive income		
Total comprehensive income for the year	**(123,163)**	(144,078)

	Note	2022	2021
		RMB'000	*RMB'000*
Total comprehensive income for the year attributable to:			
Equity shareholders of the Company		**(122,664)**	(143,651)
Non-controlling interests		**(499)**	(427)
Total comprehensive income for the year		**(123,163)**	(144,078)
Loss per share	*15*		
Basic and diluted			
— from continuing operations (RMB)		**(0.5)**	(0.5)
— from discontinued operations (RMB)		**—***	—

* *This represents an amount less than RMB0.05.*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2022

	Note	**December 31, 2022** ***RMB'000***	December 31, 2021 *RMB'000*
Non-current assets			
Property, plant and equipment	*9*	**207,113**	41,640
Right-of-use assets		**9,739**	12,563
Intangible assets		**51**	—
Financial assets measured at fair value through profit or loss (FVPL)	*10*	**35,359**	—
Deferred tax assets		**—**	1,515
Other non-current assets		**—**	42,477
		252,262	98,195
Current assets			
Inventories	*11*	**48,124**	33,308
Trade and other receivables	*12*	**145,716**	125,247
Other current assets		**1,610**	5,214
Restricted cash		**—**	15,730
Cash and cash equivalents		**1,332,146**	1,523,194
		1,527,596	1,702,693
Current liabilities			
Trade and other payables	*13*	**106,291**	37,283
Contract liabilities		**1,617**	—
Bank loans		**—**	20,000
Lease liabilities		**2,146**	3,049
Income tax payable		**4,498**	—
		114,552	60,332
Net current assets		**1,413,044**	1,642,361
Total assets less current liabilities		**1,665,306**	1,740,556

	Note	December 31, 2022 RMB'000	December 31, 2021 RMB'000
Non-current liabilities			
Bank loans	*14*	**73,394**	23,645
Lease liabilities		**—**	1,872
Deferred Income		**380**	—
		73,774	25,517
NET ASSETS		**1,591,532**	1,715,039
CAPITAL AND RESERVES			
Share capital		**273,526**	273,526
Reserves		**1,319,276**	1,441,940
Total equity attributable to equity shareholders of the Company		**1,592,802**	1,715,466
Non-controlling interests		**(1,270)**	(427)
TOTAL EQUITY		**1,591,532**	1,715,039

Notes:

1 General Information

Suzhou Basecare Medical Corporation Limited (the "**Company**"), formerly known as Jiangsu Double Helix Biological Technology Co., Ltd., was established in Suzhou, Jiangsu Province, People's Republic of China (the "**PRC**") on December 14, 2010 as a limited liability company. Upon approval by the Company's board meeting held on August 11, 2020, the Company was converted from a limited liability company into a joint stock limited liability company and changed its registered name from Jiangsu Double Helix Biological Technology Co., Ltd. to Suzhou Basecare Medical Corporation Limited.

The Company is an investment holding company. The Company and its subsidiaries (together, the "**Group**") are principally engaged in provision of genetic testing solution for assisted reproduction and sale of genetic testing devices and instruments in the PRC.

The H shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on February 8, 2021.

2 Statement of Compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (IFRSs), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards (IASs) and Interpretations issued by the International Accounting Standards Board ("**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

The IASB has issued certain amendments to IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 4 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

3 Basis of preparation of the financial statements

The consolidated financial statements for the year ended December 31, 2022 comprise the Company and its subsidiaries.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the assets are stated at their fair value.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4 Changes in accounting policies

The IASB has issued the following amendments to IFRSs that are first effective for the current accounting period of the Group:

- Amendments to IAS 16, *Property, plant and equipment: Proceeds before intended use*

- Amendments to IAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts — cost of fulfilling a contract*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

5 Revenue

The Group derives revenue from the sales of testing kits and sales of testing devices and instruments.

(a) Disaggregation of revenue

	2022	2021
	RMB'000	*RMB'000*
Continuing operations		
Revenue from contracts with customers within the scope of IFRS 15		
Sales of testing kits	**97,281**	91,867
Sales of testing devices and instruments	**43,620**	15,432
	140,901	107,299

During the year ended December 31, 2022 and 2021, the Group recognised its revenue from contract with customers at point in time.

(b) Information about major customers

Revenue from major customers contributing over 10% of the Group's revenue are set out as below:

	2022	2021
	RMB'000	*RMB'000*
Continuing operations		
Customer A	**17,938**	15,922
Customer B	**24,101**	14,904
	42,039	30,826

(c) Geographic information

All of the non-current assets of the Group are physically located in the PRC. The geographical location of customers is based on the location at which the customers operate, and the revenue of the Group is all derived from operations in the PRC during the Reporting Period.

(d) Segment reporting

IFRS 8, *Operating Segments*, requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the Group's chief operating decision maker for the purpose of resources allocation and performance assessment. On this basis, the Group has determined that it only has one operating segment which is the provision of genetic testing solutions and sales of genetic testing devices and instruments during the Reporting Period.

6 Other net income

	2022 *RMB'000*	2021 *RMB'000*
Continuing operations		
Government grants	**4,528**	12,148
Interest income from bank deposits	**23,616**	18,203
Net realised and unrealised gains on financial assets measured at FVPL	**3,399**	—
Net foreign exchange gains/(losses)	**62,905**	(10,307)
Others	**2,238**	2,436
	96,686	22,480

7 Loss before taxation

(a) Finance costs

	2022 *RMB'000*	2021 *RMB'000*
Continuing operations		
Interest on bank loans	**2,950**	1,041
Interest on lease liabilities	**159**	237
Total finance costs	**3,109**	1,278
Less: borrowing costs capitalised into properties under construction	**(2,613)**	(18)
	496	1,260

(b) Staff costs

	2022	2021
	RMB'000	*RMB'000*
Continuing operations		
Salaries, wages and other benefits	**105,596**	65,619
Contributions to defined contribution retirement plan	**9,527**	6,357
Equity-settled share-based payment expenses	**—**	7,905
	115,123	79,881

(c) Other items

	2022	2021
	RMB'000	*RMB'000*
Continuing operations		
Depreciation of property, plant and equipment	**4,755**	2,886
Depreciation of right-of-use assets	**3,021**	2,921
Amortisation of intangible assets	**5**	—
Total amortisation and depreciation	**7,781**	5,807
Less: depreciation expense of land use rights capitalised into properties under construction	**(280)**	(221)
Amortisation and depreciation charged directly to profit or loss	**7,501**	5,586
Impairment losses on trade and other receivables	**26,725**	8,885
Auditors' remuneration	**2,575**	1,712
Research and development expenses [(i)]	**119,773**	73,711
Cost of inventories [(ii)]	**77,258**	54,472
Expense relating to short-term leases	**1,449**	1,278
Donations	**1,041**	9,698

(i) During the year ended December 31, 2022, research and development expenses include staff costs and depreciation expenses of RMB45,670,000 (2021: RMB30,867,000), which amounts are also included in the respective total amounts disclosed separately above.

(ii) During the year ended December 31, 2022, cost of inventories includes staff costs and depreciation expenses of RMB6,510,000 (2021: RMB2,880,000), which amounts are also included in the respective total amounts disclosed separately above.

8 Income tax in the consolidated statement of profit or loss and other comprehensive income

	2022	2021
	RMB'000	*RMB'000*
Continuing operations		
Current tax — PRC Tax	**4,498**	—
Deferred tax	**1,515**	18,332
Total	**6,013**	18,332

9 Property, plant and equipment

	Office equipment and furniture *RMB'000*	Motor vehicle *RMB'000*	Medical equipment and instrument *RMB'000*	Construction in progress *RMB'000*	Leasehold improvement *RMB'000*	Total *RMB'000*
Cost:						
At January 1, 2021	1,347	1,091	25,059	2,876	6,981	37,354
Additions	1,254	504	7,954	19,427	—	29,139
Transfers	—	—	—	(2,876)	—	(2,876)
Disposals	(1)	(325)	(59)	—	—	(385)
At December 31, 2021 and January 1, 2022	2,600	1,270	32,954	19,427	6,981	63,232
Additions	2,294	—	21,199	146,950	—	170,443
Transfers	—	—	—	(606)	606	—
Disposals	(212)	—	(275)	—	—	(487)
At December 31, 2022	**4,682**	**1,270**	**53,878**	**165,771**	**7,587**	**233,188**
Accumulated depreciation:						
At January 1, 2021	(796)	(135)	(10,824)	—	(6,981)	(18,736)
Charge for the year	(198)	(211)	(2,477)	—	—	(2,886)
Written back on disposals	1	28	1	—	—	30
At December 31, 2021 and January 1, 2022	(993)	(318)	(13,300)	—	(6,981)	(21,592)
Charge for the year	(649)	(225)	(3,814)	—	(67)	(4,755)
Written back on disposals	158	—	114	—	—	272
At December 31, 2022	**(1,484)**	**(543)**	**(17,000)**	**—**	**(7,048)**	**(26,075)**
Net book value:						
At December 31, 2022	**3,198**	**727**	**36,878**	**165,771**	**539**	**207,113**
At December 31, 2021	1,607	952	19,654	19,427	—	41,640

10 Financial assets measured at FVPL

	2022	2021
	RMB'000	*RMB'000*
Non-current assets		
Unlisted fund investment [(i)]	**2,576**	—
Unlisted equity investment [(ii)]	**17,808**	—
Derivative financial instrument [(ii)]	**14,975**	—
	35,359	—

(i) On August 10, 2022, the Group entered into a subscription agreement with an independent third party pursuant to which the Group agreed to subscribe the limited partnership interest in TruMed Health Innovation Fund LP, a Cayman Islands exempted limited partnership (the "**Fund**") represented by a total commitment of USD1.50 million (equivalent to approximately RMB10,447,000). The Fund principally makes equity and equity-related investments in healthcare industry. As at December 31 2022, the Group has contributed USD350,000 (equivalent to approximately RMB2,425,000) to the fund, representing 1.26% of the total subscription amount of the Fund. The fair value of unlisted fund investment was RMB2,576,000 as at December 31, 2022 with the fair value change being recognised in unrealised gains on financial assets measured at FVPL of RMB151,000.

(ii) As at December 31, 2022, the unlisted equity investment and the derivative financial instrument represent the Group's remaining interests in Zhejiang Cellpro Biotech Corporation Limited ("**Cellpro Biotech**") and a put option granted by Cellpro Biotech's original shareholders, which were recognised as financial assets measured at FVPL.

As at December 31, 2022, the fair value of the unlisted equity investment and the derivative financial instrument were RMB17,808,000 and RMB14,975,000 with the fair value change being recognised in unrealised gains on financial assets measured at FVPL.

11 Inventories

	2022	2021
	RMB'000	*RMB'000*
Raw materials	**12,923**	8,061
Finished goods	**5,218**	6,612
Devices and instruments	**29,341**	18,228
Others	**642**	407
	48,124	33,308

12 Trade and other receivables

	2022	2021
	RMB'000	*RMB'000*
Trade receivables		
Trade receivables from third parties	**100,946**	71,348
Trade receivables from related parties	**62,154**	49,800
Less: losses allowance on trade receivables	**(31,068)**	(9,297)
Trade receivables, net	**132,032**	111,851
Prepayments to suppliers	**8,732**	9,315
Deposits	**1,269**	883
Interest receivables	**3,679**	925
Other receivables	**4**	2,273
Trade and other receivables, net	**145,716**	125,247

Ageing analysis of trade receivables

As of the end of the Reporting Period, the ageing analysis of the Group's trade receivables, based on the invoice date and net of losses allowance, is as follows:

	2022	2021
	RMB'000	*RMB'000*
Within 6 months	**79,775**	65,266
6–12 months	**35,042**	28,072
12–18 months	**13,564**	14,462
18–24 months	**3,651**	4,051
	132,032	111,851

Trade receivables are generally due within 60 to 360 days from the date of billing.

13 Trade and other payables

	2022	2021
	RMB'000	*RMB'000*
Trade payables	**16,038**	10,700
Amount due to related parties	**6,005**	10,695
Payroll payables	**16,223**	12,261
Payables for marketing expenses	**6,476**	596
Interest payables	**102**	47
Payables for purchases of property, plant and equipment	**40,338**	—
Other payables and accruals	**21,109**	2,984
	106,291	37,283

Ageing analysis of trade payables

As of the end of the Reporting Period, the ageing analysis of the Group's trade payables, based on the invoice date, is as follows:

	2022	2021
	RMB'000	*RMB'000*
Within 3 months	**15,654**	8,133
3–6 months	**5**	309
6–9 months	**240**	996
9–12 months	**123**	1,262
Over 1 year	**16**	—
	16,038	10,700

All of the trade and other payables are expected to be settled within one year.

14 Bank loans

	2022	2021
	RMB'000	*RMB'000*
Secured bank loans due over one year [(i)]	**73,394**	23,645
Unsecured bank loans due within one year	**—**	20,000
	73,394	43,645

(i) As at December 31, 2022, the secured bank loans were pledged by the Group's land use right with an interest at 4.15%–4.50% per annum (2021: 4.50%).

15 Loss per share

The calculation of basic loss per share for the year ended December 31, 2022 is based on the loss attributable to equity shareholders of the Company of RMB131,784,000 from continuing operations (2021: RMB143,651,000) and profit attributable to equity shareholders of the Company of RMB9,120,000 from discontinued operations (2021: Nil) and the weighted average of 273,526,000 ordinary shares (2021: 265,322,593) in issue. There were no potential dilutive ordinary shares for the years ended December 31, 2022 and 2021, and therefore dilutive loss per share are the same as the basic loss per share.

16 Dividends

No dividends were paid or declared by the Company or any of its subsidiaries during the Reporting Period (2021: Nil).

FINANCIAL REVIEW

Revenue

During the Reporting Period, we generated revenue from the sales of testing kits and testing instruments and devices.

Our revenue increased by 31.3% from RMB107.3 million for the year ended December 31, 2021 to RMB140.9 million for the year ended December 31, 2022. This increase was primarily driven by (i) the revenue in respect of PGT laboratory increased by 34.6% from RMB65.4 million for the year ended December 31, 2021 to RMB88.0 million for the year ended December 31, 2022, among which the revenue generated from sales of PGT-A kits increased by 11.8% from RMB33.9 million to RMB37.9 million, and the revenue generated from the sales on high-throughput sequencing platform increased by 95.3% from RMB12.9 million to RMB25.2 million; (ii) the revenue in respect of cryogenic laboratory increased by 237.5% from RMB1.6 million to RMB5.4 million, mainly attributable to the increase in revenue generated from our self-developed cryostorage system; and (iii) revenue in respect of andrology laboratory increased from nil for the year ended December 31, 2021 to RMB1.2 million for the year ended December 31, 2022.

Cost of Sales

Our cost of sales consists of (i) material costs, representing purchase costs of the distributed products and raw material cost for our self-developed products; (ii) staff costs; (iii) depreciation expenses, which primarily include depreciation of property, plant and equipment and right-of-use assets; and (iv) others, which primarily include utility fees, logistics expenses and equipment maintenance expenses.

Our cost of sales increased by 44.8% from RMB56.2 million for the year ended December 31, 2021 to RMB81.4 million for the year ended December 31, 2022, which was in line with the growth in revenue.

Gross Profit and Gross Profit Margin

As a result of the aforementioned factors, the gross profit of the Group increased by 16.4% from RMB51.1 million for the year ended December 31, 2021 to RMB59.5 million for the year ended December 31, 2022. The overall gross profit margin of the Group decreased from 47.7% for the year ended December 31, 2021 to 42.2% for the year ended December 31, 2022, primarily due to (i) the slight decline in selling price of our self-developed reagent products caused by the pandemic throughout 2022; and (ii) our self-developed instrument products have achieved high sales, but have not yet been mass-produced on an economic scale, leading to a relatively low gross profit.

Other Net Income

Our other net income increased by 329.8% from RMB22.5 million for the year ended December 31, 2021 to RMB96.7 million for the year ended December 31, 2022, primarily due to (i) we recorded exchange gains of RMB62.9 million for the year ended December 31, 2022, as compared to exchange losses of RMB10.3 million for the year ended December 31, 2021; and (ii) interest income from bank deposits increased by 29.7% from RMB18.2 million for the year ended December 31, 2021 to RMB23.6 million for the year ended December 31, 2022.

Selling and Distribution Costs

Our selling and distribution costs increased by 28.2% from RMB62.5 million for the year ended December 31, 2021 to RMB80.1 million for the year ended December 31, 2022, primarily due to the Company's strategy of recruiting additional staff to our marketing team to better prepare for sales of new products, resulting in an increase in staff costs of selling and distribution team by 76.5% from RMB22.1 million for the year ended December 31, 2021 to RMB39.0 million for the year ended December 31, 2022.

Administrative Expenses

Our administrative expenses increased by 56.2% from RMB52.1 million for the year ended December 31, 2021 to RMB81.4 million for the year ended December 31, 2022, primarily due to (i) the rising risk of credit loss from our customers because of the COVID-19 pandemic, resulting in the increase in provisions for bad debts from RMB8.9 million for the year ended December 31, 2021 to RMB26.7 million for the year ended December 31, 2022 based on overall consideration; and (ii) the fact that staff costs of administration departments increased by 53.6% from RMB17.9 million for the year ended December 31, 2021 to RMB27.5 million for the year ended December 31, 2022.

Research and Development Expenses

The following table sets forth the components of our research and development expenses for the year indicated.

	For the year ended December 31,			
	2022		2021	
	RMB' 000	***Percentages of revenue***	*RMB' 000*	*Percentages of revenue*
Staff costs	**42,780**	**30.4%**	29,199	27.2%
Clinical trial expenses	**49,761**	**35.3%**	25,166	23.4%
Consumables expenses	**22,034**	**15.6%**	15,784	14.7%
Depreciation expenses	**2,890**	**2.1%**	1,668	1.6%
Others	**2,308**	**1.6%**	1,894	1.8%
Total	**119,773**	**85.0%**	73,711	68.7%

Our research and development expenses increased by 62.6% from RMB73.7 million for the year ended December 31, 2021 to RMB119.8 million for the year ended December 31, 2022, primarily due to the progressed product research and development resulting in (i) an increase in research and development staff costs by 46.6% from RMB29.2 million for the year ended December 31, 2021 to RMB42.8 million for the year ended December 31, 2022; and (ii) an increase in clinical trial and consumables expenses by 75.1% from RMB41.0 million for the year ended December 31, 2021 to RMB71.8 million for the year ended December 31, 2022.

Finance Costs

Our financial costs consist of (i) interest on interest-bearing bank loans, and (ii) interest on lease liabilities. We recorded finance costs of RMB1.3 million and RMB0.5 million for the years ended December 31, 2021 and 2022, respectively.

Income Tax

We recorded income tax expenses of RMB18.3 million and RMB6.0 million for the years ended December 31, 2021 and 2022, respectively. The decrease in income tax expenses was primarily due to the movement of deferred tax.

Inventories

Our inventories primarily consist of raw materials, finished goods and devices and instruments. We generally purchase raw materials mainly for our in-house products based on the orders received. We maintain a finished goods inventory for our PGT-A, PGT-M, PGT-SR kits and distributed kits. We also maintain laboratory related testing devices and instruments.

Our inventories increased from RMB33.3 million as of December 31, 2021 to RMB48.1 million as of December 31, 2022, primarily due to the advance in stocking of raw materials and finished goods of instruments based on the expectation of the rising demands.

Trade and Other Receivables

Our trade and other receivables increased from RMB125.2 million as of December 31, 2021 to RMB145.7 million as of December 31, 2022, primarily due to (i) an increase in our revenue from sales; and (ii) our customer's delayed payment affected by the pandemic and economic environment.

Foreign Exchange Risk

Our financial statements are expressed in RMB, but certain of our cash and cash equivalents are denominated in foreign currencies, and are exposed to foreign currency risk. We currently do not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Trade and Other Payables

Our trade payables increased from RMB10.7 million as of December 31, 2021 to RMB16.0 million as of December 31, 2022, primarily due to the Company increased its inventory procurement based on its expectation of a rising demand in sales.

Our other payables increased from RMB26.6 million as of December 31, 2021 to RMB90.3 million as of December 31, 2022, primarily attributable to an increase in payables in relation to the construction of our headquarters building.

Financial Resources, Liquidity and Capital Structure

During the Reporting Period, we primarily funded our working capital requirements from bank loans, equity financing and cash generated from our operations. We monitor our uses of cash and cash flows on a regular basis and strive to maintain an optimum liquidity that can meet our working capital needs.

Our net current assets decreased from RMB1,642.4 million as of December 31, 2021 to RMB1,413.0 million as of December 31, 2022, primarily due to the construction of the headquarters building.

As of December 31, 2022, we did not have any unsecured bank loans. As of the same date, we had secured long-term bank loans of RMB73.4 million with an interest rate of 4.15%–4.50% per annum, which is determined based on LPR (loan prime rate). The secured long-term bank loans were pledged by the Group's land use right. The secured bank loans were denominated in RMB.

During the Reporting Period, we did not have any financial instruments for hedging purposes.

Due to the Global Offering, we have received net proceeds of approximately HK$1,898.7 million (after deduction of underwriting fees, commissions and relevant expenses). The Company intends to apply such net proceeds in accordance with the purposes as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus and further revised and disclosed in the circulars of the Company dated November 16, 2021 and April 7, 2022 under the sections headed "Ordinary Resolution — Proposed Change in Use of Proceeds".

Significant Investments, Material Acquisitions and Disposals

On March 1, 2022, we have fully settled the consideration of RMB85 million for acquisition of 51% of the equity interest in Cellpro Biotech. For further details on the acquisition, please refer to the announcements of the Company dated November 3, 2021 and November 16, 2021.

On July 29, 2022, we entered into the Share Transfer Agreement with the Purchaser whereby the Company as transferor, agreed to sell shares representing our 35% equity interest in Cellpro Biotech, to the Purchaser (the "**Disposal**"). Upon completion of the Disposal in accordance with the Share Transfer Agreement, Cellpro Biotech is held by the Company as to 16%. For further details on the Disposal, please refer to the announcement of the Company dated July 29, 2022.

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

Future Plans for Material Investments or Capital Assets

The Group had no material capital expenditure plan as of the date of this announcement.

Contingent Liabilities

As of December 31, 2022, we did not have any contingent liabilities.

Capital Commitments

Capital commitments outstanding as of December 31, 2021 and December 31, 2022 not provided for in the consolidated financial statements were as follows:

	For the year ended December 31,	
	2022	2021
	RMB'000	*RMB'000*
Authorised and contracted for		
— Property, plants, and equipment	**64,725**	75,546
— Subscription of limited partnership interest in the fund	**8,004**	—
— Equity investment	**—**	42,523
Total	**72,729**	118,069

Charge on Assets

Save for the secured long-term bank loans of RMB73.4 million pledged by the Group's land use right, there was no charge on other assets of the Group as of December 31, 2022.

Gearing Ratio

Gearing ratio is calculated by using interest-bearing borrowings and lease liabilities less cash and cash equivalents, divided by total equity and multiplied by 100%. As of December 31, 2022, the Company was in a net cash position and thus, gearing ratio is not applicable.

Employees and Remuneration

As of December 31, 2022, the Group had 479 employees. The number of employees employed by the Group varies depending on our business requirement. The remuneration package of our employees includes salary, bonus and equity-settled share-based payment, which are generally determined by their qualifications, industry experience, position and performance. The Company makes contributions to social insurance and housing provident funds as required by the PRC laws and regulations.

The total staff cost incurred by the Group for the year ended December 31, 2022 was approximately RMB115.1 million, as compared to approximately RMB79.9 million for the year ended December 31, 2021, primarily attributable to an increase in staff costs for our research and development team and selling and distribution team.

In 2022, the Group did not experience any material labor disputes or strikes that may have a material and adverse effect on our business, financial condition or results of operations, or any difficulty in recruiting employees.

The remuneration of the Directors, Supervisors and senior management is decided by the Board with reference to recommendations by the Remuneration and Appraisal Committee in respect of the overall remuneration policy and structure of the Directors, Supervisors and senior management of the Company (including but not limited to the performance appraisal criteria, procedures and key appraisal system, and major incentive plans, etc.) and based on the major scope, responsibility and importance of the respective positions of the directors, supervisors and senior management and the remuneration of the same position paid by comparable companies.

We recruit our personnel primarily through different methods, such as recruiting websites, recruiters and job fairs. All of our new employees are required to attend orientation and on-job training for certain so that they may better understand our corporate culture, structure and policies, learn relevant laws and regulations, and raise their compliance awareness.

The employees of the Group based in mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries operating in mainland China are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme. No forfeited contributions are available to reduce the contribution payable in the future years.

OTHER INFORMATION

Corporate Governance Practices

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and enhance its corporate value. The Company has adopted the CG Code as its own code of corporate governance since the Listing Date. The Company has complied with all applicable code provisions as set out in the CG Code for the year ended December 31, 2022, except for a deviation from the code provision C.2.1 of the CG Code, the roles of chairman and general manager of the Company are not separate and are both performed by Dr. Liang.

The Board believes that vesting the roles of both chairman of the Board and general manager of the Company in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and the general manager of the Company at a time when it is appropriate by taking into account the circumstances of the Group as a whole.

Use of Proceeds from the Global Offering

The net proceeds received by the Company from its initial Global Offering (including the partial exercise of the over-allotment option) amounted to HK$1,898.7 million (equivalent to RMB1,584.1 million) (after deducting the underwriting commissions and relevant expenses).

The table below sets out the planned applications of the net proceeds:

Use of Proceeds	Planned applications *HK$ in million*	Percentage of total Proceeds	Actual amount of proceeds utilized as of December 31, 2022 *HK$ in million*	Percentage of proceeds from the Global Offering expected to be used in 2023	Expected timeframe for unutilized net proceeds
Core Product — PGT-A kit	**379.7**	**20%**	**156.3**	**3.25%**	**Within the next one to three years**
Ongoing sales and marketing activities of our PGT-A kit and planned commercialization in China, in order to expand our sales channels, continue market coverage expansion, conduct patient education and clinical knowledge of physicians and increase the penetration rate of our PGT-A kit	151.9	8%	123.5	0.25%	
Upgrading our existing manufacturing machinery and equipment, as well as procuring and installing new automated operational equipment and instruments to optimize the production process of PGT-A kits to increase the production efficiency of PGT-A kits, and optimize and upgrade PGT-A kits	227.8	12%	32.8	3.00%	
Clinical trial, registration filing and commercialization of PGT-M kit	**189.9**	**10%**	**46.5**	**2.00%**	**Within the next one to three years**
Clinical trial and registration filing of our PGT-M kit (including the relevant labor and consumables costs)	132.9	7%	28.2	1.00%	
Commercialization, sales and marketing activities of our PGT-M kit	57.0	3%	18.3	1.00%	
Development, clinical trials, registration filings and commercialization of our other products	**569.6**	**30%**	**179.9**	**5.10%**	**Within the next one to three years**
Development, clinical trials, registration filings and commercialization of our other genetic test kit products	227.8	12%	84.3	1.60%	
Research, development, manufacturing and commercialization of our genetic testing devices and instruments	341.8	18%	95.6	3.50%	

Use of Proceeds	Planned applications *HK$ in million*	Percentage of total Proceeds	Actual amount of proceeds utilized as of December 31, 2022 *HK$ in million*	Percentage of proceeds from the Global Offering expected to be used in 2023	Expected timeframe for unutilized net proceeds
Improving our research and development capabilities and enhancing our technologies, including (i) introducing and acquiring new technologies in businesses upstream and downstream of genetic testing, to expand our product portfolio; (ii) recruiting talent in genetic testing, particularly senior R&D personnel with a high level of influence in the industry and with extensive international R&D and product development experience; (iii) funding our collaborations with academic and research institutions on joint research projects	284.8	15%	77.5	2.60%	Within the next one to three years
Constructing and decorating of our R&D center and expanding the manufacturing plant for our test kit products, testing devices and instruments	189.9	10%	38.9	4.84%	Within the next one to three years
Working capital and general corporate purposes	284.8	15%	198.5	3.24%	Within the next one to three years
Total	1,898.7	100%	697.6	21.03%	

The expected timeline for utilizing the net proceeds from the Global Offering is based on the best estimation of future market conditions made by the Company and subject to changes in accordance with our actual business operation. The net proceeds have applied in the manner as set out in the section headed "Future Plans and Use of Proceeds" of the Prospectus dated January 27, 2021 and further revised and disclosed in the circulars of the Company dated November 16, 2021 and April 7, 2022 under the sections headed "Ordinary Resolution — Proposed Change in Use of Proceeds".

Directors' and Supervisors' Securities Transactions

The Company has adopted the Model Code as its own code of conduct regarding Directors' and Supervisors' securities transactions since the Listing Date. Having made specific enquiry of all Directors and Supervisors, each of the Directors and Supervisors has confirmed that he/she has complied with the Model Code during the Reporting Period.

No incident of non-compliance of the Model Code was noted by the Company during the period during the Reporting Period.

Company's Compliance with relevant Laws and Regulations

During the Reporting Period and up to the date of this announcement, the Group had complied with the laws, regulations and regulatory requirements of the places where the Group operates in all material respects, including the requirements under the Companies Ordinance, the Listing Rules, the SFO and the CG Code for, among other things, the disclosure of information and corporate governance. During the Reporting Period and up to the date of this announcement, none of the Group and the Directors, Supervisors and senior management of the Company were subject to any investigation initiated or administrative penalties imposed by the CSRC, banned from entering the market, identified as inappropriate candidates, publicly condemned by stock exchanges, subject to mandatory measures, transferred to judicial organs or held criminally responsible, and none were involved in any other litigation, arbitration or administrative proceedings which would have a material adverse impact on our business, financial condition or results of operations.

Final Dividends

The Board has resolved not to recommend the payment of a final dividend for the year ended December 31, 2022. (2021: nil).

Annual General Meeting (the "AGM")

The AGM of the Company will be held on Thursday, June 8, 2023. The notice of the AGM will be sent to the Shareholders in due course.

Closure of Register of Members of H shares

For the purpose of determining the Shareholders who are entitled to attend and vote at the AGM, the register of members of H shares of the Company will be closed from Monday, June 5, 2023 to Thursday, June 8, 2023 both days inclusive. In order to qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates should be lodged for registration with Company's H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, June 2, 2023.

Purchase, Sale or Redemption of the Listed Securities of the Company

During the Reporting Period, there is no issue of Shares by the Company, and neither the Company nor any of its subsidiaries had purchased, sold or redeemed any other listed securities of the Company.

Scope of Work of the Auditor

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2022 as set out herein have been compared by the Group's auditor, KPMG, Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance, to the amounts set out in the Group's audited consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

Review of Annual Results by Audit Committee

The Audit Committee consists of two independent non-executive Directors and one non-executive Director, namely Mr. CHAU Kwok Keung, Dr. KANG Xixiong and Mr. WANG Weipeng. Mr. CHAU Kwok Keung, being the chairman of the committee, is appropriately qualified as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of the Company and overseeing the audit process.

The Audit Committee has reviewed together with the management the accounting principles and policies adopted by the Company and the annual results for the year ended December 31, 2022.

Publication of Annual Results and Annual Report

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.basecare.cn). The annual report for the year ended December 31, 2022 containing all the information in accordance with the requirements under the Listing Rules will be despatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

APPRECIATION

The Board would like to express its sincere gratitude to the Shareholders, management team, employees, business partners and customers of the Group for their support and contribution to the Group.

By Order of the Board
Suzhou Basecare Medical Corporation Limited
Dr. Liang Bo
Chairman and General Manager

Suzhou, PRC, March 30, 2023

As of the date of this announcement, the Board comprises Dr. LIANG Bo, Mr. KONG Lingyin and Ms. YANG Ying as executive Directors; Mr. XU Wenbo and Mr. WANG Weipeng as non-executive Directors; and Dr. KANG Xixiong, Dr. HUANG Taosheng and Mr. CHAU Kwok Keung as independent non-executive Directors.

"Audit Committee"	the audit committee of the Board
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"CG Code"	the CG Code as set out in Appendix 14 to the Listing Rules
"China" or "the PRC"	the People's Republic of China excluding, for the purpose of this announcement, Hong Kong, Macau Special Administrative Region and Taiwan, China
"Core Product"	has the meaning ascribed to it in Chapter 18A of the Listing Rules; our Core Product refers to our PGT-A kit
"CSRC"	the China Securities Regulatory Commission
"Director(s)"	the director(s) of the Company
"Domestic Shares"	ordinary shares in the share capital of our Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi by domestic investors
"Dr. Liang"	Dr. LIANG Bo (梁波), our founder, executive Director, chairman of the Board, general manager and Controlling Shareholder
"Global Offering"	the offer of H Shares for subscription as described in the Prospectus
"GMP"	Good Manufacturing Practice, guidelines and regulations from time to time issued pursuant to the PRC Drug Administration Law (《中華人民共和國藥品管理法》) as part of quality assurance which aims to minimize the risks of contamination, cross contamination, confusion and errors during the manufacture process of pharmaceutical products and to ensure that pharmaceutical products subject to these guidelines and regulations are consistently produced and controlled in conformity to quality and standards appropriate for their intended use
"H Shares"	overseas listed shares in the share capital of our Company with a nominal value of RMB1.00 each, which are subscribed for and traded in HK dollars

"H Share Registrar"	Computershare Hong Kong Investor Services Limited
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IFRS"	International Financial Reporting Standards
"Independent Third Party(ies)"	an individual or a company which, to the best of our Directors' knowledge, information, and belief, having made all reasonable enquiries, is not a connected person of our Company within the meaning of the Listing Rules
"Listing" or "IPO"	the listing of the H Shares on the Main Board of the Stock Exchange on the Listing Date
"Listing Date"	February 8, 2021, being the date on which the H Shares were listed on the Main Board
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
"Main Board"	the Main Board of the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"NMPA"	the National Medical Products Administration of China (國家藥品監督管理局) or, where the context so requires, its predecessor, the China Food and Drug Administration (國家食品藥品監督管理總局), or CFDA
"Prospectus"	the prospectus issued by the Company dated January 27, 2021
"Renminbi" or "RMB"	Renminbi Yuan, the lawful currency of China
"Reporting Period"	the year ended December 31, 2022
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time

"Shareholder(s)"	holder(s) of the Shares
"Share(s)"	shares in the share capital of our Company, with a nominal value of RMB1.00 each, comprising our Domestic Shares, Unlisted Foreign Shares and H Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supervisor(s)"	the supervisor(s) of the Company
"Unlisted Foreign Shares"	unlisted ordinary Share(s) issued by the Company, with a nominal value of RMB1.00 each, which are subscribed for in a currency other than RMB
"%"	per cent.