Mega Genomics Limited
美因基因有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6667)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

The board (the "**Board**") of directors (the "**Directors**") of Mega Genomics Limited (the "**Company**") is pleased to announce the unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2023 (the "**Reporting Period**").

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

HIGHLIGHTS

Key Financial Data

The table below sets forth our key financial data for the six months ended 30 June 2023, together with the comparative figures for the corresponding period in 2022 and the change (expressed in percentages or percentage points).

	For the six months ended 30 June		
	2023	2022	Year-on-year change
	RMB'000	*RMB'000*	
	(Unaudited)	(Unaudited)	
Revenue	**98,879**	97,617	1.3%
Consumer genetic testing services	**57,011**	45,573	25.1%
Cancer screening services	**41,868**	52,044	(19.6%)
Gross profit	**65,299**	64,416	1.4%
Gross profit margin	**66.0%**	66.0%	0.04 percentage points
Net profit	**35,117**	17,800	97.3%
Net profit margin	**35.5%**	18.2%	17.3 percentage points

* *For identification purpose only*

Key Operating Data

The table below sets forth the number of tests we performed by type of testing services and the average price of the type of testing services for the periods presented.

	For the six months ended 30 June			
	2023		2022	
	Average price *(in RMB)*	**Testing volume** *(in thousands)*	Average price *(in RMB)*	Testing volume *(in thousands)*
Consumer genetic testing services				
General consumer genetic testing services	**60.4**	**943**	59.5	516
COVID-19 testing services	**15.3**	**3**	6.5	2,293
Cancer screening services	**292.8**	**143**	337.9	154
Total	**90.8**	**1,089**	32.9	2,963

BUSINESS REVIEW AND OUTLOOK

Business Review

Overview

As a leading genetic testing platform company in China, we focus on consumer genetic testing and cancer screening services. Since our establishment in 2016 and up to 30 June 2023, we accumulatively performed over 17 million genetic tests, with an average of over 180,000 tests performed per month for the six months ended 30 June 2023.

According to Frost & Sullivan, we are the largest consumer genetic testing platform in China in terms of the cumulative number of tests administered as of 31 December 2021, and we were the largest genetic testing platform for cancer screening in China as measured by the number of tests administered in 2020. Unless the context otherwise requires, capitalized terms used herein shall have the same meanings as those defined in the prospectus dated 10 June 2022 (the "**Prospectus**").

Our Products

Our products are either independently developed by our in-house research and development team or jointly developed via cooperation with our third-party partners.

As of 30 June 2023, we had 97 multi-dimensional commercialized testing solutions for consumer genetic testing and cancer screening that cover a wide range of prices, and 86 of them were comprised of our self-developed services. Our current selective testing services that are more well-received by the market include:

GENERAL testing services

- Brain Health Assessment Package – a service that assesses the risk of developing various related diseases, including Alzheimer's disease.

- Alimentation Capability Assessment Package – a service that assesses the risk of developing hyperhomocysteinemia.

- Parkinson's Disease Risk Assessment – a service that assesses the risk of developing Parkinson's disease.

- Full-scale Cancer Risk Assessment Package – a service that assesses the risk of developing cancer of various types.

- Cardiovascular and Cerebrovascular Disease Risk Assessment Package – a service that assesses the risk of developing seven common cardiovascular and cerebrovascular diseases.

ADVANCED testing services

- Hereditary Breast Cancer/Ovarian Cancer Genetic Testing – a service that assesses the risk of developing breast cancer and ovarian cancer.

- Septin9 Colorectal Cancer Screening Test – a service that provides preliminary assessment of whether a person has potentially developed colorectal cancer.

- RNF180/Septin9 Gastric Cancer Screening Test – a service that provides preliminary assessment of whether a person has potentially developed gastric cancer.

- Telomere Length Genetic Testing – a service that provides preliminary assessment of cell age and aging rate of a person.

EXECUTIVE testing services

- Personal Whole Genome Test Plus – a service that assesses the risk of developing multiple types of diseases and provides interpretation for various individual traits and medication advice for certain common diseases.

- Whole Exome Sequencing Package for Adult – a service that assesses (i) the risk of developing multiple high-risk diseases, hereditary cancers, recessive genetic diseases and types of complex diseases; and (ii) multiple drugs, dietary nutrition items, and exercise and fitness items.

In addition to our existing service portfolio, we have been developing ten in vitro diagnostics ("**IVD**") pipeline products.

Among them, three kits are consumer genetic testing products in our pipeline, including (i) folate metabolic capacity assessment testing kits, which can be used to assess the risk of developing multiple cardiovascular and cerebrovascular diseases; (ii) ApoE gene testing kits, which can be used to assess the risk of developing Alzheimer's disease; and (iii) BRCA1/BRCA2 gene mutation testing kits, which can be used to assess the risk of developing hereditary breast cancer.

The other seven kits are disease screening products in our pipeline, including (i) Alzheimer's disease screening kits; (ii) colorectal cancer screening kits; (iii) gastric cancer screening kits; (iv) lung nodule auxiliary diagnostic kits; (v) cervical cancer screening kits; (vi) fecal occult blood testing kit; and (vii) transferrin testing kits. Our disease screening pipeline covers major diseases with high prevalence that currently lack effective screening methods.

ApoE gene testing kits

Our self-developed ApoE testing kits use extraction-free blood nucleic acid technology and quantitative polymerase chain reaction ("**qPCR**") platform to detect ApoE gene mutations and assess the risk of Alzheimer's disease. We expect this product to generate synergistic effects with our Alzheimer's disease screening products. The ApoE gene testing kits screen ApoE ϵ4 carriers, which is the target population that we recommend for periodic testing for Alzheimer's disease.

Our self-developed extraction-free blood nucleic acid technology can effectively save testing costs (eliminating nucleic acid extraction reagents and equipment) and time costs (eliminating the one-hour nucleic acid extraction process). The product has obtained the registration inspection report in May 2022 and is currently in a multi-center clinical trial of approximately 1,200 cases with three hospitals in different regions of China (Tiantan Hospital, etc.) and is expected to obtain the registration certificate in the first half of 2024.

Folate metabolic capacity assessment testing kits

Our self-developed folate metabolic capacity assessment testing kits use extraction-free blood nucleic acid technology and qPCR platform to detect the MTHFR gene and assess the metabolic capacity of folate in order to guide pregnant women to supplement folate and prevent neonatal defects, including neural tube defects. It can also assess the risk of hyperhomocysteinemia, stroke and other cardiovascular and cerebrovascular diseases.

Our self-developed extraction-free blood nucleic acid technology can effectively save testing costs (eliminating nucleic acid extraction reagents and equipment) and time costs (eliminating the one-hour nucleic acid extraction process). The product has obtained the registration inspection report in May 2022 and is currently in a multi-center clinical trial of approximately 1,200 cases with three hospitals in different regions of China (Zhejiang Provincial People's Hospital, etc.) and is expected to obtain the registration certificate in the first half of 2024.

Alzheimer's disease screening kits

Our Alzheimer's disease screening kits are plasma-based miRNA markers testing. The global genetic testing market does not have any commercialized genetic testing kit registered for screening Alzheimer's disease, according to Frost & Sullivan. We are developing this product in collaboration with Tiantan Hospital and conducting multi-center clinical validation with multiple hospitals in different regions of China. We are using no less than 1,500 samples and machine learning algorithms to determine the suitability of the selected biomarkers.

We expect to develop two types of testing kits using each of multiplex RT-qPCR and NGS technologies. The NGS kits are expected to include dozens to hundreds of biomarkers and provided as Laboratory Developed Tests ("**LDTs**").

The RT-qPCR kits are expected to include two to three biomarkers, and we expect to obtain the registration certificate in 2025.

Colorectal cancer screening kits

Our product candidates for colorectal cancer screening are plasma-based DNA methylation markers testing.

We are developing this product in collaboration with the 7th Medical Center of Chinese PLA General Hospital. As of 30 June 2023, we have preliminarily finished biomarker candidate selection, and we are conducting multi-center clinical validation with three hospitals in different regions of China and using no less than 1,500 samples to determine the suitability of the selected biomarkers. We have tested thousands of samples, and with the biometric analysis and machine learning algorithm, we have screened markers with favorable sensitivity and specificity.

We expect to develop two types of testing kits using each of qPCR and NGS technologies.

The NGS kits are expected to include dozens to hundreds of biomarkers and provided as LDT.

The qPCR kits are expected to include three biomarkers, and we expect to obtain the registration certificate by 2024.

Gastric cancer screening kits

Our product candidates for gastric cancer screening are plasma-based DNA methylation markers testing.

We are developing this product in collaboration with the 7th Medical Center of Chinese PLA General Hospital. As of 30 June 2023, we have preliminarily finished biomarker candidate selection, and we are conducting multi-center clinical validation with three hospitals in different regions of China and using no less than 1,500 samples to determine the suitability of the selected biomarkers. We have tested thousands of samples, and with the biometric analysis and machine learning algorithm, we have screened markers with favorable sensitivity and specificity.

We expect to develop two types of testing kits using each of qPCR and NGS technologies.

The NGS kits are expected to include dozens to hundreds of biomarkers and provided as LDT.

The qPCR kits are expected to include three biomarkers, and we expect to obtain the registration certificate by 2024.

BRCA1/BRCA2 gene mutation testing kits

We have completed the reagent formulation for our self-developed BRCA1/BRCA2 gene mutation testing kits. With the multiplex PCR library preparation sequencing technology, we have achieved a lower cost and initially established a database containing tens of thousands of mutation loci.

Lung nodule (benign or malignant) auxiliary diagnostic kits and cervical cancer screening kits are at the early development stage.

We developed colloidal gold-based fecal occult blood testing kits and transferrin testing kits to detect gastrointestinal bleeding for the auxiliary diagnosis of colorectal and gastric cancers. As of 30 June 2023, the two IVD kits have obtained registration test reports and completed clinical evaluations. Also, they have been accepted for registration and passed the system assessment by the Shanghai Medical Products Administration. We expected to receive product registration certificates in the second half of 2023.

In addition, we have also developed cfDNA extraction and sulfide kits and oral swab samples, which are expected to obtain product filing certificates in the second half of 2023.

Research and Development ("R&D")

Strong research and development capabilities is vital to our business.

Since our founding in 2016, our research and development has been a major force in the expansion of our testing technology platforms and testing services offerings. We use a market-oriented approach to our research and development strategy. Our R&D team contributes to the development of our company's growth strategy by tracking industry developments, market demand and competition, and by identifying services and products with significant market potential for commercialization. In the first half of 2023, our R&D expenses increased by 60% compared with the same period of 2022.

Intellectual property and qualification

As of 30 June 2023, three invention patents and two design patents had been granted to us. In addition, we registered 41 software copyrights and 58 trademarks. We have also been recognised for our innovation, including recognition as a National High-tech Enterprise, Zhongguancun High-tech Enterprise, and Beijing "Specialization, Expertise, Distinction, Innovation" small and mid-size enterprise.

In-house research and development team

We have a strong in-house R&D team, and the team has extensive experience in the genetic testing industry. Approximately 65% of our research and development team members possess a master degree or above in relevant fields from institutions such as the Chinese Academy of Sciences, China Agricultural University and New York University.

Collaboration with third parties

In addition to our in-house R&D team, we also conduct our research and development efforts through collaboration with top physicians and medical experts in China.

Under our collaboration agreements, medical experts work with us during the research and development stage and help with the implementation of clinical trials through recruitment of participating hospitals and trial sample collection. Such collaboration is expected to expedite the process of multi-center clinical trials with large samples and increase the reliability of our products.

Such medical experts would also provide necessary expert opinions during the registration process.

In addition, we expect the authority and reputation of these experts to help with the registration and promotion of our products. We have the technical know-how for the co-developed products and have joint ownership over relevant intellectual property rights.

We are entitled to submit IVD registration applications for these products and we will be the sole registrant of the IVD registration certificates once approved.

We also established R&D collaborations with industry-leading service providers, mainly CROs, at different phases of our IVD product registration to ensure our quality management system, manufacturing and clinical trials of IVD product candidates are in line with the National Medical Products Administration of China's regulatory requirements for product registration. Our collaboration with these companies does not grant them any interest in our intellectual property rights. We do not rely on any particular service provider.

As of 30 June 2023, we have established cooperative relationships with the following companies:

Huaguang Innovation (Beijing) Technology Service Co., Ltd. ("**Huaguang**")

It is a top-level third-party certification company for the medical device quality management system with experience in product certification and quality management system certification.

Through collaboration with Huaguang, we established a quality management system that satisfies IVD registration standards and receives guidance in the product registration process to ensure full compliance with applicable regulations and quality management system assessment.

Guangzhou Osmunda Medical Device Technology, Inc. ("**Osmunda**")

It is the leading CDMO service provider in China with four domestic CDMO bases, and has production lines for active devices, passive devices, and IVD reagents. It also has independent inspection and testing centers, physics laboratories, chemical laboratories, PCR laboratories, microbiological inspection clean areas and preparation rooms. We collaborate with Osmunda for contract-commissioned production that complies with relevant regulations.

Beijing Tigermed-Jyton Medical Tech. Co. Ltd. (泰格捷通(北京)醫藥科技有限公司) ("**Tigermed-Jyton**")

It is a top clinical trial CRO company in China. Our collaboration with Tigermed-Jyton is designed to ensure clinical trial compliance.

Testing Technology Platforms

Our testing technology platforms and technologies include endpoint fluorescent PCR platform, qPCR platform, NGS platform (multiplex PCR library preparation sequencing, whole exome sequencing and whole genome sequencing technologies), whole-genome microarray platform and blood nucleic acid extraction-free technology. We possess the full range of genetic and molecular diagnostics technologies that support our commercialized testing and R&D applications.

Our R&D team has innovated constantly and developed a number of new risk assessment genetic tests covering various specialty areas, including alimentation, brain health, Parkinson's disease, ankylosing spondylitis, comprehensive assessment of immunity, cancer risk assessment, cardiovascular and cerebrovascular diseases, digestive system diseases, telomere and pharmacogenetic testing.

Our research and development efforts focus on the registration of IVD test kits. At present, the following products are under IVD registration filing, including ApoE gene testing kits, folate metabolic capacity assessment testing kits, fecal occult blood testing kits and transferrin testing kits. The following products are under development stage, including Alzheimer's screening kits, colorectal cancer screening kits, gastric cancer screening kits, and BRCA1/BRCA2 gene mutation testing kits. Two other products are at the early development stage, including benign and malignant lung nodule auxiliary diagnosis kits, and cervical cancer screening kits.

Production Capacity

In order to carry out our broad-spectrum testing process and to satisfy our consumers' needs, we have developed an advanced and integrated system of technology platforms, including endpoint fluorescent PCR platform, qPCR platform, NGS platform (multiplex PCR library preparation sequencing and exon/whole genome sequencing technologies) and whole-genome microarray platform. Our tests are conducted in our independent testing laboratory. Our high-throughput testing platform, with an average daily throughput of 50,000 samples, offers the advantages of high throughput and automation, and the ability to deliver multi-scenario genetic testing solutions with cost efficiencies.

Production Facility

We have one laboratory located in Beijing, China, with a gross floor area of approximately 880 sq.m. Our laboratory has obtained External Quality Assessment Certificate for various testing services as well as the PRC Practice License of Medical Institution. Our laboratory has the required registrations and licenses to perform PCR amplification for clinical use and obtained the laboratory accreditation certificate from the China National Accreditation Service for Conformity Assessment in 2022.

Business

During the Reporting Period, the Company achieved operating revenue of RMB98.9 million, a year-on-year increase of 1.3%; and net profit of RMB35.1 million, a year-on-year increase of 97.3%, which was mainly due to the Company's good collection and reversal of provision for trade receivables during the Reporting Period.

As of 30 June 2023, we covered over 1,700 healthcare institutions in more than 340 cities in China, and health checkup centers accounted for approximately 53% of our institutional customers in terms of total number. Our sales and marketing network allows us to deliver genetic testing services to a large portion of the Chinese population. In addition, we cooperate with various e-commerce and online healthcare platforms to expand and enhance our sales and marketing network.

Financial Highlights

	For the six months ended 30 June		
	2023	2022	Year-on-year change
	RMB'000	*RMB'000*	
	(Unaudited)	(Unaudited)	
Revenue	**98,879**	97,617	1.3%
Consumer genetic testing services	**57,011**	45,573	25.1%
Cancer screening services	**41,868**	52,044	(19.6%)
Gross profit	**65,299**	64,416	1.4%
Gross profit margin	**66.0%**	66.0%	0.04 percentage points
Net profit	**35,117**	17,800	97.3%
Net profit margin	**35.5%**	18.2%	17.3 percentage points

Revenue

For the six months ended 30 June 2023, we achieved total revenue of RMB98.9 million, with an increase of RMB1.3 million, or 1.3%, compared to RMB97.6 million for the same period in 2022. The revenue generated from consumer genetic testing services and cancer screening services for the six months ended 30 June 2023 was RMB57.0 million and RMB41.9 million, respectively. The year-on-year increase in revenue from consumer genetic testing services was mainly due to the increase in testing demand for general consumer genetic testing services after the COVID-19 pandemic eased and changes in the product structure of the Company at the same time.

Gross Profit and Gross Profit Margin

For the six months ended 30 June 2023, we recorded a consolidated gross profit of RMB65.3 million, with an increase of 1.4% year-on-year, of which RMB33.3 million and RMB32.0 million of gross profit were attributable to consumer genetic testing services and cancer screening services, respectively. The 41.1% year-on-year increase in gross profit from consumer genetic testing services was driven by the optimization of our product and service portfolio and our ability to effectively control costs.

For the six months ended 30 June 2023, our consolidated gross profit margin was 66.0%. The gross profit margin for our cancer screening services was 76.4% for the six months ended 30 June 2023, with a 2.1 percentage points year-on-year decrease, primarily because we adjusted the price strategy to promote cancer screening services, while costs such as labor and rent were relatively stable. The gross profit margin for consumer genetic testing services increased by 6.6 percentage points on a year-on-year basis, due to an optimized product and service portfolio and our ability to effectively control costs.

Prospects and Outlook

Further exploiting the consumer genetic testing market in China

According to Frost & Sullivan, the penetration of the consumer genetic testing market in China is expected to grow from 0.8% to 11.6% from 2020 to 2030. During this process, more standards regarding consumer genetic testing industry will be established and the prevention and treatment guidelines or expert consensus for common diseases will be formed gradually. We believe it is critical to expedite the establishment of industry standards.

We will strengthen our partnerships with industry leaders to establish industry standards through cooperations with key opinion leaders. This includes organizing academic meetings, collaborating with experts in scientific research, and conducting retrospective data analysis, etc. We will also strengthen our efforts to accelerate the education of medical institutions and increase market penetration more quickly by popularizing industry standards.

Meanwhile, in order to continuously consolidate our leading position in the consumer genetic testing market, we constantly upgrade and launch new products to meet the huge domestic consumer genetic market demand.

Further exploiting the cancer screening test market in China

We plan to further increase the penetration of cancer screening. The current market is basically aware of cancer screening, especially in the field of digestive tract tumors, blood methylation screening for intestinal cancer has gradually and widely reached consumers and has achieved good response. We will further strengthen the automation level of production to reduce the production cost and accelerate the research and development and application of blood methylation products for digestive tract tumors to improve the sensitivity and specificity of screening. This is to make the blood methylation screening for intestinal cancer have better socio-economic value.

We will continue diversifying our cancer screening product lines, and market our screening products of fecal occult blood soon. Lower-cost screening will expand the recipient base and increase awareness of intestinal cancer screening among our customers.

Expanding our research and development strength and enriching our product matrix

We will vigorously expand our research and development strength. In line with our research and development efforts, we plan to recruit more professionals to strengthen our internal research and development team and supplement our internal research and development strength by collaborating with renowned domestic and international academic and medical institutions.

In addition to our product pipeline, we plan to develop a wider range of screening products that are low-cost and suitable for in-home testing. We believe that diversifying our product portfolio will help us strengthen our industry leadership position, significantly enhance operational efficiency and improve profitability. In addition, our fecal occult blood intestinal cancer screening and transferrin screening products will soon be granted with the Registration Certificate for Medical Device and be marketed in the second half of 2023.

Making selective geographic expansion and acquisition opportunities

We plan to build a manufacturing laboratory to enhance geographic coverage, improve reporting cycles and reduce operating costs. We will optimize the production process, adopt a new production system for the new laboratory, and substantially shorten the product reporting time, to further improve customer experience.

We also plan to make prudent investments to complement our internal growth. We plan to acquire product candidates with significant market potential or technological frontiers when appropriate to complement our existing product portfolio and create synergies with our research and development, manufacturing, and channel systems.

The following table sets forth our unaudited condensed consolidated statements of profit or loss for the periods indicated, together with the changes from the six months ended 30 June 2022 to the same period in 2023, presented as a percentage:

	For the six months ended 30 June		
	2023	2022	Year-on-year change
	RMB'000	*RMB'000*	*%*
	(Unaudited)	(Unaudited)	
Revenue	**98,879**	97,617	1.3%
Cost of sales	**(33,580)**	(33,201)	1.1%
Gross profit	**65,299**	64,416	1.4%
Other income and gains	**7,753**	3,820	103.0%
Selling and distribution expenses	**(16,523)**	(15,783)	4.7%
Administrative expenses	**(24,157)**	(14,751)	63.8%
Reversal of impairment losses/ (Impairment losses) on trade receivables, net	**10,411**	(203)	N/A
Other expenses	**(215)**	(1,138)	(81.1%)
Listing expenses	**–**	(15,174)	(100.0%)
Finance costs	**(266)**	(406)	(34.5%)
Profit before tax	**42,302**	20,781	103.6%
Income tax expenses	**(7,185)**	(2,981)	141.0%
Profit for the period	**35,117**	17,800	97.3%

Revenue

We organize our main business into two segments, consumer genetic testing services and cancer screening services.

The table below sets forth our revenue by operating segment for the periods presented (presented in figures and as a percentage of total revenue).

	For the six months ended 30 June			
	2023		2022	
	RMB'000	***%***	*RMB'000*	*%*
	(Unaudited)		(Unaudited)	
Consumer genetic testing services	**57,011**	**57.7%**	45,573	46.7%
Cancer screening services	**41,868**	**42.3%**	52,044	53.3%
Total	**98,879**	**100.0%**	97,617	100.0%

The following table shows the average price and number of tests we performed during the periods indicated, broken down by type of testing services.

	For the six months ended 30 June			
	2023		2022	
	Average price ***RMB***	**Testing volume** ***(in thousand)***	Average price *RMB*	Testing volume *(in thousand)*
Consumer genetic testing services				
General consumer genetic testing services	**60.4**	**943**	59.5	516
COVID-19 testing services	**15.3**	**3**	6.5	2,293
Cancer screening services	**292.8**	**143**	337.9	154
Total	**90.8**	**1,089**	32.9	2,963

- Consumer genetic testing services. For the six months ended 30 June 2023, our revenue from consumer genetic testing services was RMB57.0 million, with an increase of 25.1% year on year. The year-on-year growth in revenue from consumer genetic testing services resulted from optimized product structure of the Company.

- Cancer screening services. For the six months ended 30 June 2023, our revenue from cancer screening services was RMB41.9 million, with a decrease of 19.6% year on year. The decrease in the revenue from cancer screening services was due to the Company's adjusted price strategy to promote cancer screening services.

Cost of Sales

Our cost of sales consists primarily of raw material costs, testing service costs, staff costs, and the cost of printing and delivering test reports. Others consist primarily of rent, clusters, property utilities, etc. The following table sets forth a breakdown of cost of sales by nature for the periods indicated (presented in figures and as a percentage of cost of sales).

	For the six months ended 30 June			
	2023		2022	
	RMB'000	***%***	*RMB'000*	*%*
	(Unaudited)		(Unaudited)	
Raw materials	**17,193**	**51.2%**	17,756	53.5%
Testing services	**4,342**	**12.9%**	3,197	9.6%
Staff costs	**5,748**	**17.1%**	5,742	17.3%
Depreciation and amortization	**3,610**	**10.8%**	2,799	8.4%
Printing and delivery costs	**1,279**	**3.8%**	1,020	3.1%
Others	**1,408**	**4.2%**	2,687	8.1%
Total	**33,580**	**100.0%**	33,201	100.0%

Our cost of sales increased by 1.1% from RMB33.2 million for the six months ended 30 June 2022 to RMB33.6 million for the same period in 2023. The increase was mainly due to an increase in revenue.

Gross Profit and Gross Profit Margin

For the six months ended 30 June 2022 and 2023, our gross profit was RMB64.4 million and RMB65.3 million, respectively, and our gross profit margin remained stable at 66.0%. The following table sets forth a breakdown of gross profit and gross profit margin by operating segment for the periods indicated (presented in figures and as a percentage of total gross profit).

	For the six months ended 30 June			
	2023		2022	
	Segmental gross profit		Segmental gross profit	
	RMB'000	***%***	*RMB'000*	*%*
	(Unaudited)		(Unaudited)	
Consumer genetic testing services	**33,292**	**51.0%**	23,587	36.6%
Cancer screening services	**32,007**	**49.0%**	40,829	63.4%
Total	**65,299**	**100.0%**	64,416	100.0%

	For the six months ended 30 June	
	2023	2022
	Segmental gross magin	Segmental gross margin
Consumer genetic testing services	**58.4%**	51.8%
Cancer screening services	**76.4%**	78.5%
Total	**66.0%**	66.0%

- Our gross profit from consumer genetic testing services increased from RMB23.6 million for the six months ended 30 June 2022 to RMB33.3 million for the same period in 2023, and the gross profit margin increased from 51.8% for the six months ended 30 June 2022 to 58.4% for the same period in 2023. The increase was mainly due to the change in the Company's product structure;

- The gross profit of our cancer screening services decreased from RMB40.8 million for the six months ended 30 June 2022 to RMB32.0 million for the same period in 2023. The decrease was mainly because we adjusted the price strategy to promote cancer screening services, while costs such as labor and rent were relatively stable.

Other Income and Gains

Our other income and gains increased by 103.0% from RMB3.8 million for the six months ended 30 June 2022 to RMB7.8 million for the same period in 2023. The increase was mainly due to the government grants we received and the increase in our wealth management income.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 4.7% from RMB15.8 million for the six months ended 30 June 2022 to RMB16.5 million for the same period in 2023, which was mainly due to some of the restricted share units ("**RSU(s)**") expenses granted by the Company on 29 December 2022 were recognised as selling expenses during the Reporting Period.

Administrative Expenses

Our administrative expenses increased by 63.8% from RMB14.8 million for the six months ended 30 June 2022 to RMB24.2 million for the same period in 2023, mainly due to the increase in the number of R&D personnel and the corresponding increase in R&D inputs depending on our R&D process, and some of the RSU expenses granted by the Company on 29 December 2022 were recognised as administrative expenses during the Reporting Period.

Reversal of Impairment Losses/(Impairment Losses) on Trade Receivables, Net

We had impairment losses on trade receivables of RMB0.2 million for the six months ended 30 June 2022, and reversal of impairment losses on trade receivables of RMB10.4 million for the six months ended 30 June 2023, mainly due to the Company's good collection and reversal of provision for trade receivables during the Reporting Period.

Other Expenses

For the six months ended 30 June 2022 and 2023, our other expenses were RMB1.1 million and RMB0.2 million, respectively. The decrease in other expenses was mainly due to the decrease in equipment leasing business.

Finance Costs

Our finance costs decreased by 34.5% from RMB0.4 million for the six months ended 30 June 2022 to RMB0.3 million for the same period in 2023. The decrease was mainly due to the decrease in lease liabilities that were not fulfilled over time under the new lease standards.

Income Tax Expenses

Our income tax expenses increased by 141.0% from RMB3.0 million for the six months ended 30 June 2022 to RMB7.2 million for the same period in 2023. The increase was mainly due to the increase in profit before tax.

Profit for the Period

Our profit for the period increased from RMB17.8 million for the six months ended 30 June 2022 to RMB35.1 million for the same period in 2023 due to the above reasons.

Cash and Cash Equivalents

For the six months ended 30 June 2023, our net cash generated from operating activities was RMB67.3 million. It was mainly due to the Company's increased efforts to collect accounts receivable, and accounts receivable collection was good.

For the six months ended 30 June 2023, our net cash flow used in investing activities was RMB18.2 million, which was mainly due to the acquisition of fixed assets and intangible assets by the Company.

For the six months ended 30 June 2023, our net cash flow used in finance activities was RMB19.6 million, mainly due to the payment of capital reduction by a subsidiary of the Company.

As a result of the above, our cash and cash equivalents, which were mainly held in RMB and HKD, increased by 7.7% from RMB399.8 million as of 31 December 2022 to RMB430.7 million as of 30 June 2023.

Indebtedness

Lease liabilities

As of 31 December 2022 and 30 June 2023, we had outstanding aggregate unpaid contractual lease payments (present value of lease payments for the remainder of relevant lease terms) of RMB11.0 million and RMB10.6 million respectively in relation to the corresponding current and non-current lease liabilities.

Save as lease liabilities, we did not have any outstanding loan, capital issued or agreed to be issued, debt securities, mortgages, charges, debentures, bank overdrafts, loans, unutilized banking facilities or other similar indebtedness, liabilities under acceptances or acceptance credits, hire purchase commitments or other contingent liabilities as of 30 June 2023.

Directors also confirm that, as of 30 June 2023, there was no material change in the Company's indebtedness since 31 December 2022.

Key Financial Ratios

	For the six months ended 30 June	
	2023	2022
Gross profit margin[(1)]	**66.0%**	66.0%
Net profit margin[(2)]	**35.5%**	18.2%
Current ratio[(3)]	**9.0**	7.4

Notes:

(1) Gross profit margin equals gross profit divided by revenue for the period.

(2) Net profit margin equals net profit divided by revenue for the period.

(3) Current ratio equals current assets divided by current liabilities as of the end of the period.

Capital Expenditures

Our principal capital expenditures related primarily to the purchase of equipment and the establishment of an automatic laboratory. The following table sets forth our capital expenditures for the periods indicated.

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Purchases of property, plant and equipment	**12,674**	821
Purchases of other intangible assets	**70**	137
Total	**12,744**	958

Contingent Liabilities

As of 30 June 2023, we had no material contingent liabilities.

Significant Investments and Future Plans for Material Investments or Capital Assets

As of 30 June 2023, we did not hold any material investment.

In addition, save for the expansion plans as disclosed in the two sections headed "Business" and "Future Plans and Use of Proceeds" in the Prospectus, we have no future plans for material investments or capital assets.

Material Acquisitions and Disposals

For the six months ended 30 June 2023, we did not make any material acquisitions or disposals of subsidiaries, associates and joint ventures.

Pledge of Group Assets

As of 30 June 2023, we did not have any pledged assets.

Interim Dividend

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2023.

Employee

As of 30 June 2023, we had 267 employees, most of whom were based in Beijing. We conduct new staff training regularly to guide new employees and help them adapt to the new working environment. In addition, we provide online and in-person formal and comprehensive company level and department-level training to our employees on a quarterly basis in addition to on-the-job training. Employees are also encouraged to attend external seminars and workshops to enrich their technical knowledge and develop competencies and skills. We also provide training and development programs as well as external training courses to our employees from time to time for the sake of enhancing their technical skills and ensuring that they understand and comply with our policies and procedures.

The compensation of our employees is determined with reference to market conditions and the performance, qualifications and experience of individual employees. We offer competitive compensation packages, including salaries, discretionary bonuses and benefit plans, to retain employees based on the performance of us and individual employees.

The Company adopted a restricted share unit scheme (the "**RSU Scheme**") on 19 November 2021. On 29 December 2022, the Company granted a total of 27,272,000 RSUs to certain eligible participants of the Company under the RSU Scheme, the principal terms and details of which are set out in the section headed "Appendix IV – Statutory and General Information – D. Restricted Share Unit Scheme" of the Prospectus and the announcement of the Company dated 29 December 2022.

Material Events After the Reporting Period

Save as disclosed above, as at the date of this announcement, there were no material events after 30 June 2023 that might have a material impact on our operations and financial results.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	Notes	**2023 (Unaudited) *RMB'000***	2022 (Unaudited) *RMB'000*
REVENUE	*4*	**98,879**	97,617
Cost of sales		**(33,580)**	(33,201)
Gross profit		**65,299**	64,416
Other income and gains	*4*	**7,753**	3,820
Selling and distribution expenses		**(16,523)**	(15,783)
Administrative expenses		**(24,157)**	(14,751)
Reversal of impairment losses/ (Impairment losses) on trade receivables, net		**10,411**	(203)
Other expenses		**(215)**	(1,138)
Listing expenses		**–**	(15,174)
Finance costs		**(266)**	(406)
PROFIT BEFORE TAX	*5*	**42,302**	20,781
Income tax expense	*6*	**(7,185)**	(2,981)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**35,117**	17,800
Attributable to:			
Owners of the parent		**35,117**	17,800
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*8*		
Basic		**RMB0.16**	RMB0.09
Diluted		**RMB0.16**	RMB0.09

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

30 June 2023

	Notes	**30 June 2023 (Unaudited) *RMB'000***	31 December 2022 (Audited) *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**35,954**	36,922
Advance payments for property, plant and equipment		**12,447**	2,876
Right-of-use assets		**10,038**	9,990
Intangible assets		**831**	834
Financial assets at fair value through profit and loss		**30,030**	30,030
Deferred tax assets		**4,071**	5,967
Total non-current assets		**93,371**	86,619
CURRENT ASSETS			
Inventories		**3,247**	3,508
Trade receivables	*9*	**173,887**	184,823
Prepayments, other receivables and other assets		**34,011**	30,918
Cash and cash equivalents		**430,660**	399,831
Total current assets		**641,805**	619,080
CURRENT LIABILITIES			
Trade payables	*10*	**44,145**	34,757
Other payables and accruals		**19,140**	39,286
Lease liabilities		**4,896**	6,480
Tax payable		**2,255**	123
Deferred income		**600**	600
Total current liabilities		**71,036**	81,246
NET CURRENT ASSETS		**570,769**	537,834
TOTAL ASSETS LESS CURRENT LIABILITIES		**664,140**	624,453

	30 June 2023 (Unaudited) *RMB'000*	31 December 2022 (Audited) *RMB'000*
NON-CURRENT LIABILITIES		
Lease liabilities	**5,742**	4,506
Deferred income	**1,650**	1,950
Total non-current liabilities	**7,392**	6,456
Net assets	**656,748**	617,997
EQUITY		
Equity attributable to owners of the parent		
Share capital	**155**	155
Other reserves	**656,593**	617,842
Total equity	**656,748**	617,997

30 June 2023

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2023 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

HKFRS 17	*Insurance Contracts*
Amendments to HKFRS 17	*Insurance Contracts*
Amendments to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information*
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to HKAS 8	*Definition of Accounting Estimates*
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to HKAS 12	*International Tax Reform – Pillar Two Model Rules*

The nature and impact of the new and revised HKFRSs that are applicable to the Group are described below:

(a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

(b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The Group did not apply the initial recognition exception and the amendments do not have any impact on the Group's financial statements.

(d) Amendments to HKAS 12 International Tax Reform – Pillar Two Model Rules introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has assessed impact of the amendments on the financial statements. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on their services and only has one reportable operating segment. Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Revenue from contracts with customers	**98,879**	97,617

Revenue from contracts with customers

(a) Disaggregated revenue information

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Type of goods or services		
Consumer genetic testing services	**57,011**	45,573
Cancer screening testing services	**41,868**	52,044
	98,879	97,617
Timing of revenue recognition		
Goods or service transferred at a point in time	**98,879**	97,617

Geographical markets

All of the Group's revenues were generated from customers located in Mainland China during the Reporting Period.

(b) Performance obligation

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

Genetic testing services

The performance obligation of genetic testing services is satisfied upon delivery of testing reports and payment is generally due within three to six months from the date of billing, except for certain customers, where payment in advance is required. The performance obligation of sale of relevant medical materials is satisfied upon receipt of materials by customers and payment is generally due within three to six months from the date of billing, except for certain customers, where payment in advance is required.

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Other income and gains		
Rental income	**142**	1,274
Bank interest income	**361**	793
Government grants	**3,340**	569
Investment income from financial assets at fair value through profit or loss	**2,506**	896
Foreign exchange differences, net	**1,344**	272
Others	**60**	16
	7,753	3,820

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Cost of services provided	**33,580**	33,201
Depreciation of property, plant and equipment	**4,071**	4,286
Depreciation of right-of-use assets	**3,438**	3,395
Amortisation of intangible assets	**73**	75
Research and development costs	**12,402**	7,742
Listing expenses	**–**	15,174
(Reversal of impairment losses)/impairment losses on trade receivable, net	**(10,411)**	203

6. INCOME TAX EXPENSE

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

Pursuant to the rules and regulations of the Cayman Islands, the Company is not subject to any income tax in this jurisdiction.

The statutory tax rate for the subsidiary in Hong Kong is 16.5%. No Hong Kong profits tax on the subsidiary has been provided as there was no assessable profit arising in Hong Kong during the reporting periods.

The provision for current income tax in Mainland China is based on a statutory tax rate of 25% of the assessable profits of the PRC subsidiaries of the Group as determined in accordance with the PRC Corporate Income Tax Law, except for Mega Genomics (Beijing) Co., Ltd. ("Mega Genomics Beijing"), a subsidiary of the Group. Mega Genomics Beijing is qualified as a High and New Technology Enterprise and was subject to tax at a preferential income tax rate of 15% during the reporting periods.

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

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Current tax	**5,289**	4,001
Deferred tax	**1,896**	(1,020)
Total tax charge for the period	**7,185**	2,981

7. DIVIDENDS

No dividend has been declared and paid by the Company in respect of the Reporting Period (six months ended 30 June 2022: Nil).

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

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 221,052,467 (2022: 200,594,786) in issue during the period. The number of shares for the current period has been arrived at after eliminating the shares held under the restricted share unit scheme.

No adjustment has been made to the basic earnings per share amount presented for the period ended 30 June 2022 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the period.

The calculation of the diluted earnings per share amount presented for the period ended 30 June 2023 is based on the profit for the period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed conversion of all dilutive potential ordinary shares into ordinary shares.

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

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	**35,117**	17,801

	Number of shares For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**221,052,467**	200,594,786
Effect of dilution – weighted average number of ordinary shares:		
Restricted share unit scheme	**1,365,736**	–
	222,418,203	200,594,786

9. TRADE RECEIVABLES

	30 June 2023	31 December 2022
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Trade receivables	**201,935**	223,282
Impairment	**(28,048)**	(38,459)
	173,887	184,823

The Group's trading terms with its customers are mainly on credit. The credit terms granted generally ranged from three to six months, depending on the specific payment terms in each contract. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

Included in the Group's trade receivables were amounts due from related parties of RMB144,666,000 as at 30 June 2023 (2022: RMB162,266,000), which are repayable on credit terms similar to those offered to the customers of the Group.

An ageing analysis of the trade receivables as at the end of the Reporting Period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
	RMB'000	*RMB'000*
Within 3 months	**47,246**	48,703
3 to 6 months	**32,578**	24,383
6 to 12 months	**40,114**	29,273
1 to 2 years	**50,010**	79,608
Over 2 years	**3,939**	2,856
	173,887	184,823

10. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the Reporting Period, based on the transaction date, is as follows:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
	RMB'000	*RMB'000*
Within 3 months	**19,434**	12,592
3 to 6 months	**12,437**	8,406
6 to 12 months	**6,006**	9,847
Over 12 months	**6,268**	3,912
	44,145	34,757

The trade payables are non-interest-bearing and are normally settled within six months.

Included in the Group's trade payables were amounts due to related parties of RMB297,000 as at 30 June 2023 (2022: RMB195,000) with credit terms similar to those offered by the related parties to their customers.

11. RELATED PARTY TRANSACTIONS

Details of the Group's related parties are as follows:

Company	**Relationship with the Company**
Dr. Yu Rong	Shareholder and director
Meinian Onehealth healthcare Holdings Co., Ltd. ("Meinian Onehealth")	Shareholder
Suzhou Ruihua Investment Partnership (LP)	Shareholder

(a) The Group had the following transactions with related parties during the Relevant Periods:

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Services provided to:		
Meinian Onehealth and its subsidiaries	**57,556**	35,269
Companies controlled by Dr. Yu Rong	**4,944**	9,996
	62,500	45,265
Services provided by:		
Meinian Onehealth and its subsidiaries	**1,277**	648
Property management services provided by:		
Companies controlled by Dr. Yu Rong	**873**	865

(b) Outstanding balances with related parties:

	30 June	31 December
	2023	2022
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Trade receivables		
Meinian Onehealth and its subsidiaries	**82,778**	95,395
Companies controlled by Dr. Yu Rong	**61,888**	66,871
	144,666	162,266

	30 June 2023 (Unaudited) *RMB'000*	31 December 2022 (Audited) *RMB'000*
Other receivables		
Companies controlled by Dr. Yu Rong	**5,698**	7,699
Prepayments		
Companies controlled by Dr. Yu Rong	**1,082**	1,056
Trade payable		
Meinian Onehealth and its subsidiaries	**228**	–
Companies controlled by Dr. Yu Rong	**69**	195
	297	195
Contract liabilities		
Meinian Onehealth and its subsidiaries	**2,605**	3,189
Companies controlled by Dr. Yu Rong	**143**	–
	2,748	3,189
Lease liabilities		
Companies controlled by Dr. Yu Rong	**10,639**	10,986
Other payable		
Suzhou Ruihua Investment Partnership (LP)	**–**	15,500

(c) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2023 (Unaudited) *RMB'000*	2022 (Unaudited) *RMB'000*
Salaries, allowances and benefits in kind	**1,248**	1,332
Share-based payment expense	**24**	–
Pension scheme contributions	**412**	429
Total compensation paid to key management personnel	**1,684**	1,761

ADDITIONAL INFORMATION

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

The Company or any of its subsidiaries did not purchase, sell or redeem any of the Company's listed securities during the Reporting Period.

Compliance with the Corporate Governance Code

The Company is committed to maintaining and implementing stringent corporate governance. The principle of the Company's corporate governance is to promote effective internal control measures, uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business, to ensure that its affairs are conducted in accordance with applicable laws and regulations and to enhance the transparency and accountability of the Board to all Shareholders.

The Company has adopted the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as its own code of corporate governance. The Board is of the view that, during the Reporting Period, the Company has complied with the code provisions as set out in the CG Code.

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as the Group's code of conduct regarding the Directors' securities transactions. Having made specific enquiry of all the Directors, all the Directors confirmed that they have strictly complied with the Model Code during the Reporting Period.

Audit Committee and Review of Financial Information

The Board has established the audit committee (the "**Audit Committee**") with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code. As of the date of this announcement, the Audit Committee consists of three members, namely Mr. Jia Qingfeng, Ms. Guo Meiling and Dr. Zhang Ying. Mr. Jia Qingfeng, being the chairman of the Audit Committee, holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary duties of the Audit Committee include, without limitation, assisting the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of the Group and overseeing the audit process.

The Audit Committee has reviewed the Group's unaudited interim financial information for the six months ended 30 June 2023. The Audit Committee has also reviewed the accounting principles adopted by the Group and discussed auditing, internal control, risk management and financial reporting matters.

Publication of Interim Results Announcement and Interim Report

This interim results announcement is published on the website of the Stock Exchange (**www.hkexnews.hk**) and the website of the Company (**www.megagenomics.cn**). The interim report of the Company for the six months ended 30 June 2023 containing all the information required by the Listing Rules will be dispatched to the Shareholders of the Company and made available on the same websites in due course.

By order of the Board
Mega Genomics Limited*
LIN Lin
Executive Director and Chairperson

Hong Kong, 30 August 2023

As of the date of this announcement, Dr. Yu Rong, Ms. Lin Lin, Mr. Huang Yufeng and Ms. Jiang Jing are the Company's executive Directors; Ms. Guo Meiling is the Company's non-executive Director; Dr. Zhang Ying, Mr. Jia Qingfeng and Dr. Xie Dan are the Company's independent non-executive Directors.

* *For identification purpose only*