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, 2023

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, 2023, together with comparative audited figures for the same period of 2022.

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

	For the year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Revenue	**207,976**	140,901
Cost of sales	**(116,625)**	(81,373)
Gross profit	**91,351**	59,528
Loss from operations	**(193,709)**	(126,118)
Loss before taxation	**(196,319)**	(126,614)
Loss for the year	**(193,349)**	(123,163)

	As of December 31,	
	2023	2022
	RMB'000	*RMB'000*
Financial Position		
Non-current assets	**682,921**	252,262
Current assets	**1,215,166**	1,527,596
Non-current liabilities	**304,716**	73,774
Current liabilities	**195,265**	114,552
Net assets	**1,398,106**	1,591,532
Total equity attributable to		
Equity shareholders of the Company	**1,399,176**	1,592,802
Non-controlling interests	**(1,070)**	(1,270)

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

We are an innovative medical device provider for assisted reproduction in the PRC, and we are committed to facilitating medical institutions and patients to use automatic, standard and intelligent assisted reproduction products, and to access to stable and high-quality reproductive technologies. Our products are developed based on continuous innovation and clinical feedback, resulting in industry-leading clinical results and advancing reproduction science together with clinical studies. Our mission is to help more families to have healthy children. Our vision is to become the world's leading medical technology company.

With the aim of developing automatic, standard and intelligent assisted reproduction medical devices, we provide medical institutions with high-quality medical devices that meet clinical requirements, so as to improve both the success rate of assisted reproduction and its work efficiency. As assisted reproductive technology is undergoing rapid development and iteration, we focus on "Live", our core philosophy, to offer users with experience of dynamic, real-time and interactive data in the whole process of assisted reproduction. We view and analyze genetic testing data through "Live Browser" in the genetic laboratory, precisely detect the live sperm quality through "Live Morphology" in the andrology laboratory, achieve real-time assisted reproduction preservation and location tracking through "Live Storage" in the cryopreservation laboratory, observe the growth status of embryos in real time through "Live View" in embryology laboratory, and realise interconnection of data from various laboratories through "Live Intelligence", which creates an intelligent work environment for assisted reproduction centers to enhance its work efficiency, improve the safety of operations and ultimately increase pregnancy success rates.

Upon the Listing, we continued to enrich our product pipeline through independent research and development, as well as mergers and acquisitions. This approach has allowed us to establish a comprehensive range of product structure of reagents, consumables, instruments and equipment to serve the entire spectrum of the assisted reproduction industry, rendering us one of the few players providing full-industry products in the global market. Through our self-built production facilities, we will deliver products that meet global quality standards at a more affordable price, contributing to the field of human reproductive health.

We offer users with one-stop solutions based on our five laboratory scenarios: genetic laboratory ("**Live Browser**"), andrology laboratory ("**Live Morphology**"), embryology laboratory ("**Live View**"), cryopreservation laboratory ("**Live Storage**") and software laboratory ("**Live Intelligence**"). Specifically:

1. Genetic laboratory ("Live Browser")

The genetic laboratory is dedicated to conducting embryonic molecular genetic testing, which is equipped with high-throughput sequencers, automated workstations, PCR analyzers, PGT kits and other equipment and consumables. In the genetic laboratory, experts through Live Browser can view and analyse genetic testing data while dynamically browsing and filtering data to better understand and analyse specific regions or variants in the genome. PGT test can help patients screen chromosomally normal embryos for transfer. According to the data of large-scale clinical trials, PGT-A kits can increase the clinical pregnancy rate to 72% and reduce the miscarriage rate to 6.9%. In addition, PGT-M kits and PGT-SR kits can block the transmission of genetic diseases to the next generation, giving birth to healthy children and safeguarding the quality of the Chinese population. Our localised high-throughput sequencer, DA500, obtained the national Class III medical device registration certificate. In addition, our self-developed PGT-A kit obtained the first Class III medical device registration certificate as one of the medical devices of "National Special Approval for Innovative Medical Devices (國家創新醫療器械特別審批)", which filled the clinical gap of the third generation IVF genetic testing kit in China. We participated in the drafting of the industrial guidelines for the technical evaluation of quality control of PGT-A detection reagents, pioneering the commercialization of third generation IVF products.

2. Andrology laboratory ("Live Morphology")

The andrology laboratory, being an indispensable part of reproduction centre, is mainly for the detection and evaluation of sperms. It evaluates male fertility indicators, including sperm concentration, vitality, morphology, and DNA fragments. According to the Frost & Sullivan report, the sperm count of Chinese men has decreased by 75% over the past 40 years, and the infertility caused by male factors has been close to 40%. In China, the current practice of sperm test is mainly based on Computer Assisted Sperm Analysis (CASA), and sperms are counted through slide plates, which lacks reliability, repeatability and the ability to assess sperm morphology. To address these problems, our newly-developed intelligent sperm analyser has broken through the technical limitations through the innovation of hardware technology such as microfluidics enabled by Live Morphology and microscopic imaging, as well as the artificial intelligence big data model trained on more than 500,000 sperm data, which has realised the accurate detection of live sperm concentration, motility and morphology ("**Live Morphology**") for the first time globally, winning the outstanding award of the Disruptive Technology Innovation Competition (顛覆性技術創新大賽優秀項目) sponsored by the National Health Commission.

3. Embryology laboratory ("Live View")

The embryology laboratory is the most core laboratory for the growth and development of embryos *in vitro*, and is equipped with incubators, culture media, petri dishes and other equipment and consumables. The equipment and environment of the laboratory directly affect the survival rate of embryos. The equipment and consumables in the embryology laboratory require long R&D cycles and have high technical barriers. Our time-lapse incubator has six independent chambers, each equipped with independent heating, humidity supply, air supply devices and high-definition microscope camera system, which allows for stable cultivation and real-time monitoring of embryos without opening the lid and waiting. Users can observe the growth status of each embryo in real time ("**Live View**") to ensure that the embryos achieve the ideal conditions for growth.

4. Cryopreservation laboratory ("Live Storage")

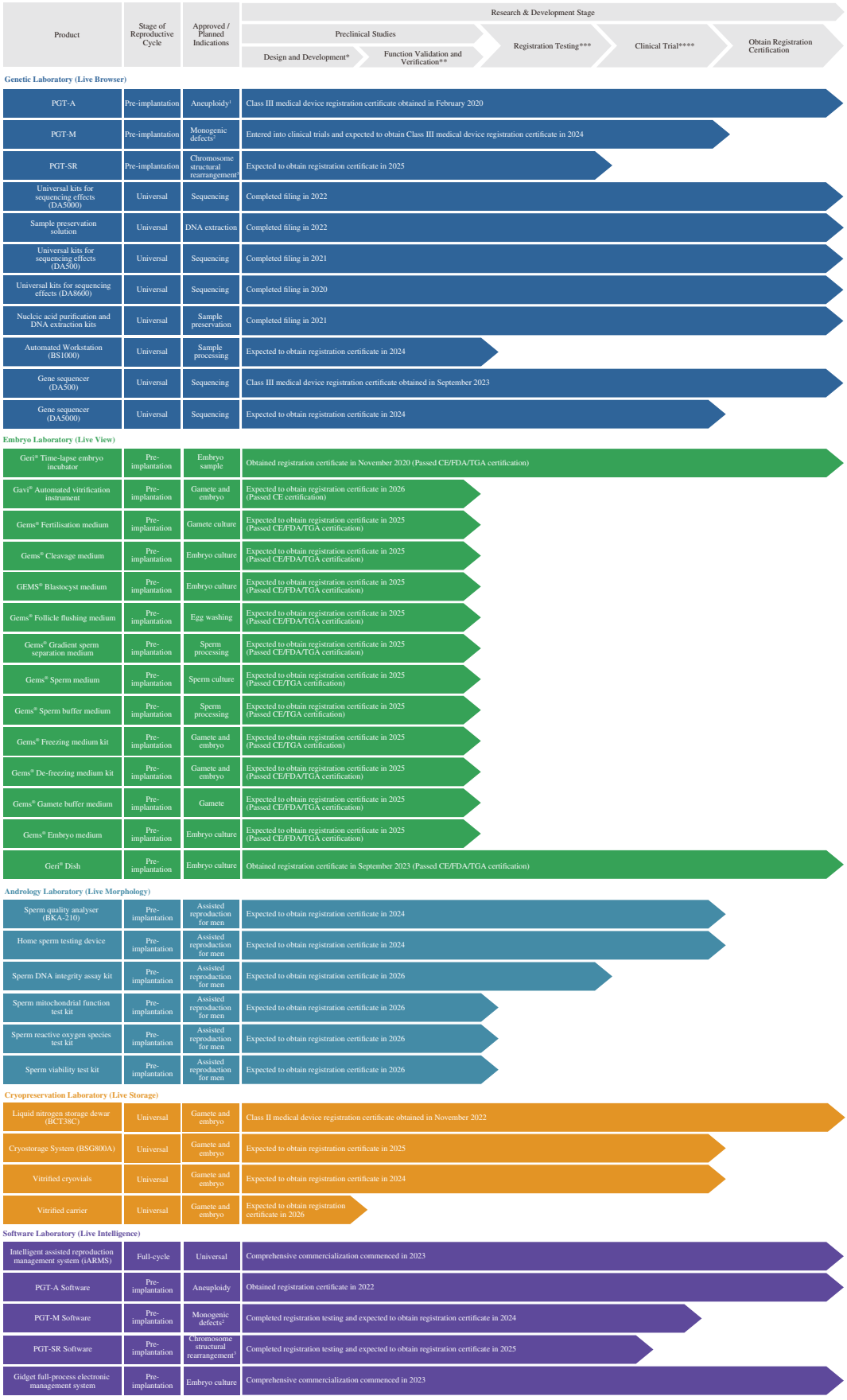
The cryopreservation laboratory is the fertility preservation centre for gametes and embryos, and houses equipment and consumables such as ultra-low temperature storage instruments, liquid nitrogen tanks, transfer tanks, and cryopreservation tubes. According to the Measures for the Administration of Human Assisted Reproduction (《人類輔助生殖管理辦法》), cryopreserved embryos must be stored for at least five years. It is anticipated that there will be ten million new embryos to be cryopreserved in China each year, therefore the demand is extremely high. In current practices, reproduction centres need to select tubes manually, and the voluminous embryo information should be recorded manually. The absence of an information system hampers timely coordination and management, leading to potential mismatches in embryo information and resulting in medical accidents due to misimplantation of test tube babies. With the concept of real-time fertility preservation and location tracking ("**Live Storage**"), we developed the intelligent liquid nitrogen tank, which was the first certified ultra-low temperature storage product in China. We also developed the first automated ultra-low temperature embryo intelligent storage equipment that can store 30,000 to 50,000 gametes. Based on the idea of prompt positioning fertility storage, we layout in the fertility preservation market in China and globally, and provide leading hardware equipment for the fertility preservation industry.

5. Software laboratory ("Live Intelligence")

We build intelligent system for reproduction centres based on the concept of real-time data interconnection in the software laboratory ("**Live Intelligence**"). Our iARMS (Intelligent Assisted Reproduction Management System) provides a new generation of "artificial intelligence + Internet of Things (IoT)" information solutions for the assisted reproduction sector based on the clinical pathway of reproduction, which establishes a multi-dimensional assisted reproduction electronic medical record system that runs through the reproduction cycle and covers patient medical records, medical diagnosis, treatment plans and etc. This system combines the genetic data of our genetic laboratory, the sperm test results of the andrology laboratory, the real-time growth monitoring of embryos in the embryology laboratory, and the sample information of the cryopreservation laboratory to realise the interconnection of data from various laboratories, create intelligent work environment for reproductive centers, improve the work efficiency of reproductive centers, to improve the safety of operations, ultimately improving the success rate of pregnancy. Leveraging the rapid development of artificial intelligence, iARMS integrates reproduction clinical information system with the concept of clinical auxiliary decision-making, thereby speeding up patient registration, examination, diagnosis and treatment, and breaking the isolated data islands in traditional information system. iARMs ensures the modularisation and interconnection of the laboratories, and installs the IoT sample verification system to ensure the information security of each sample. Each module of iARMS is developed independently, allowing for easy upgrade and maintenance. iARMS will significantly improve the operating efficiency and satisfaction of the reproduction centres, serving as the development vision of the reproduction centres for the next two decades.

Currently, our commercialization is in a stable and steady growing stage. The model of independent R&D and mergers and acquisitions has enabled us to accumulate a wide range of customers in China and the global market. With the penetration of our brand and the launches of our new products, we will be able to commercialise various advantageous products through our existing channels and teams, unleash our growth potential in China and the global market, and enable us to rapidly establish a dominant position in market share.

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



Notes:

* 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.

Business review

Products Portfolio and Product Candidates Pipeline

As assisted reproductive technology is undergoing rapid development and iteration, with the aim of creating automatic, standard and intelligent assisted reproduction medical devices, we provide medical institutions with high-quality medical devices that meet clinical requirements, so as to improve both the success rate of assisted reproduction and work efficiency.

- *PGT-A kit*

  Our PGT-A kit is designed to detect aneuploidy, i.e., an abnormal number of chromosomes, in pre-implantation embryos created in the IVF process. Aneuploidy is a chromosomal disorder frequently associated with implantation failure. By identifying and choosing to avoid aneuploid embryos, clinicians can effectively increase chances for a successful pregnancy. Our product is the only NMPA-approved product for aneuploidy in China, with comprehensive chromosome screening (CCS) capabilities, as compared with conventional technologies, which can only screen a portion of chromosomes at a time. We have developed a proprietary strand displacement whole genome amplification (SDWGA) technology to lower amplification bias, a major clinical challenge, enabling our PGT-A kit to demonstrate 100% sensitivity and

specificity in its registration clinical trial. With the help of our PGT-A kit, pregnancy and miscarriage rates from our clinical trial were 72.0% and 6.9%, respectively. By reference, pregnancy and miscarriage rates in IVF without aneuploidy screening were 45.0% and 32.0%, respectively, according to various unrelated studies (Schoolcraft et al. 2010; Wang et al. 2010). Further, due to our technological superiority, our PGT-A kit can generate results within one day, shortening the results turnaround time from the two weeks required by conventional technologies. For the year ended December 31, 2023, we recorded revenue of RMB39.66 million from sales of our PGT-A kits with gross profit margin of 67.7%.

- *PGT-M kit*

  Our PGT-M kit is a key project of the 14th Five-Year Plan for National Key Research and Development Program of China (十四五國家重點研發計劃重點專項), which is designed to detect single-gene, or monogenic, defects in pre-implantation embryos, with the potential to cover common genetic-related disorders, including thalassemia, deafness and hereditary cancers. By identifying and choosing to avoid embryos with certain monogenic defects, clinicians can not only help to reduce chances for the baby to be born with or develop the relevant hereditary diseases, but also effectively stop the traits from being passed down to future generations in the patient family, which can be highly significant and encouraging for the patient. A major challenge in PGT-M is the ability to accurately flag disease-causing genetic mutations with a limited amount of DNA samples. Under conventional methods, pre-exam validation must be conducted to analyze the DNA of parents or other family members in order to select suitable single nucleotide polymorphisms (SNPs), for different genetic disorders, before patient embryos can be tested. The SNPs selected may fail pre-exam validation, requiring re-selection and re-testing that take as long as two to three months and making standardized, mass clinical application difficult. We have developed a PGT-M kit that leverages highly informative SNPs that we have identified through extensive studies and adopts a cutting-edge multiplex PCR sequencing library by capture, or MSLCap, technology that can comprehensively detect the relevant SNPs in one test with improved sensitivity and specificity. Leveraging this technology, our PGT-M kit eliminates the need for patient-specific pre-exam validation, offering a standardized solution with mass clinical appeal that significantly shortens results turnaround time from approximately two months to less than two weeks and reducing testing costs for patients by about 60%. To date, our PGT-M kit is the first and only product of its kind that has completed NMPA registration testing in China. We completed clinical trials in March 2024, and expect to obtain registration approval from the NMPA in 2024.

- *PGT-SR kit*

  Our PGT-SR kit is a key project of the 14th Five-Year Plan for National Key Research and Development Program of China (十四五國家重點研發計劃重點專項), and is designed to detect chromosome structural rearrangements, which are common causes of recurrent miscarriage. By identifying and choosing to avoid embryos with chromosomal structural re-arrangement, clinicians can, similar to the PGT-M scenario, not only help the patient avoid miscarriage and give birth successfully, but also stop this hereditary trait from running in the same family in future generations. However, there have been no effective clinical solutions for testing of this kind due to many kinds of potential structural rearrangements occurring on different chromosomes, which requires clinicians to design non-standardized, bespoke tests, making mass clinical application difficult. Our PGT-SR kit may become the first standardized commercial product of its kind in China with potential for mass clinical application, at affordable prices. Our PGT-SR kit adopts a proprietary ReTSeq technology that utilizes target capture technologies to focus on sequencing key genomic regions and conduct a haplotype linkage analysis to determine the parent-of-origin of a chromosome and detect carriers of chromosomal translocations. Our PGT-SR kit has high mass 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 just two weeks, and significantly lower the testing cost. In February 2021, our self-developed patent relating to the PGT-SR kit, a nucleic acid library preparation method and its application in the analysis of pre-implantation embryonic chromosomal structure abnormalities (一種核酸文庫構建方法及其在植入前胚胎染色體結構異常分析中的應用), was registered with China National Intellectual Property Administration (中國國家知識產權局). We completed the NMPA registration test in April 2023 and are currently undergoing clinical trials, and expect to obtain NMPA approval in 2025.

- *High-throughput gene sequencer (DA500)*

  The DA500 high-throughput sequencer is a domestic-developed compact and versatile desktop platform with single-slide gene sequencing that provides users with flexible and efficient sequencing options. The sequencer uses advanced biochemical and optical systems and supports two different chip specifications. It is capable of generating 10GB to 150GB sequencing data in a single operation. At the same time, it has the advantages of stable high-intensity signal and low sequencing error rate, which can meet the requirements of customers in terms of sequencing throughput and efficiency under various scenarios. Accompanying with our PGT analysis software, DA500 has realised automated data analysis and complete monitoring solution for gene testing. In September 2023, we have obtained the Class III medical device registration certificate granted by the NMPA (Guo Xie Zhu Zhun 20233221281) and realised full commercialization.

- *Automated sample preparation system (BS1000C)*

  The BS1000C high-throughput automated sample preparation system is a high-throughput, feature-rich, and flexible desktop multi-function automated workstation that can automate most of the sample preparation process. This workstation is equipped with a 96-channel pipette, a built-in conventional high-throughput sequencing sample preparation process and a nucleic acid extraction process, as well as a fully automated operation design, so that it can achieve long-term unattended operation. It can also be customized according to customers' requirements, turning out to be an efficient and flexible automated sample preparation system for a wide range of applications.

- *PGT-A, PGT-M and PGT-SR analysis software*

  For the three PGT kits (PGT-A, PGT-M and PGT-SR), we have designed or are designing analysis software associated with sequencers and kits. We have obtained the registration certificate for our PGT-A analysis software from NMPA in 2022, and are expected to obtain the registration certificates for our PGT-M kits and PGT-SR kits from NMPA in 2024 and 2025, respectively. In the field of PGT, we have achieved a closed-loop marketing with kits, high-throughput sequencers and supporting software.

- *Time-lapse incubator (Geri®)*

  The core concept of our Geri® Time-Lapse Incubator is to provide safe and stable culture conditions for embryo culturing. The incubator includes six independent culturing chambers, and every chamber is exclusive for one patient, with independent air supply, humidity supply and heating, which is conducive to stability of embryo growth. Meanwhile, it is the world's first wet type time-lapse incubator, and can offer stable osmotic pressure environment for the development of embryos. Each chamber is equipped with a five-million-pixel high-definition camera component to capture images in 11 focal planes every five minutes, providing more dynamic developmental data for clinical decision-making. Each chamber is also independently equipped with a temperature sensor, a CO_2 sensor and a humidity warning system to monitor inside culturing environment in real time, and can generate real-time warnings for abnormal situations. Accompanying with intelligent analysis software, the incubator can automatically identify abnormal developmental patterns directly related to embryo implantation potential, helping embryologists select embryos with higher developmental potential and improving the utilisation rate of embryos for patients. Geri® Time-Lapse Incubator has obtained the registration certificates issued by NMPA (Guo Xie Zhu Jin 20202180490), CE, FDA and TGA.

- *Culture media (Gems)*

  Gems' full collection of culture media contains key ingredients that support embryo development and maintain stable cultivating environment (especially maintaining stable osmolality and pH value). The collection includes egg retrieval solution specified for gametes process, vitrified solution specified for vitrification, thawing solution and Gavi solution, IVF medium for embryo cultivation, IVM medium, blastocyst medium and full process solution. All of Gems' products contain gentamicin for preventing microorganism contamination and sodium bicarbonate buffer. Saved for egg retrieval solution, all products contain human serum albumin (HSA). Since its clinical use in 2013, Gems has entered the market successfully through massive clinical data validation. Up to now, there have been more than ten thousands of babies born globally with the help of Gems. Gems' full collection of culture media products have been on the market for nine years and registered and certified as medical devices by CE, FDA and TGA, and has occupied certain market shares in China through Original Equipment Manufacture (OEM) production and sales by other internationally renowned companies. We expected to complete registration and obtain approval of Gem as our own brand from NMPA in 2025.

- *Liquid nitrogen storage dewar (BCT38)*

  Based on the conventional liquid nitrogen tank, we have developed our liquid nitrogen storage dewar equipped with a digital management system, which is the first liquid nitrogen storage dewar product of the world to obtain the medical device registration certificate. It solved problems such as the frequent measurement of liquid gas level for embryo management, difficulty in permission management, and lack of operation logbook, etc. The device achieved real-time monitoring of tank temperature and alarm system, a double-verification lock, with permission level management, and an automatic operation logbook, ensuring the safety of embryo preservation and the scientificity of experiment management. The device received CE certificate in 2020 and obtained the Class II medical device registration certificate (Su Xie Zhu Zhun 20222221946) in November 2022.

- *Cryopreservation system (BSG800)*

  Our self-developed cryopreservation system (BSG800A) is the first innovative device with full-automatic ultra-low temperature storage designed for the field of biological sample storage, which solves problems such as a heavy workload in storage management, space occupied by the storage of liquid nitrogen tanks, and a lack of information-based management. This device achieved automation of embryo storage and liquid nitrogen supply, an intelligence of information entry and retrieval, as well as

ultra-low temperature protection throughout the process of sample transfer and storage, which significantly enhances work efficiency, and ensures the safety of long-term biological sample storage at the same time. The device has received CE certificate in 2020, and is expected to complete registration and obtain approval from NMPA in 2025.

- *Sperm quality analyzer (BKA210)*

  The prevailing sperm quality testing method for clinical use can only analyze the concentration and motility of active sperms. As morphology analysis relies on inactive sperms with stain and requires manual cell counting under microscope, it has disadvantages such as complex manual operations, long duration, test results subjectively influenced by human processes, and chances of distorting the sperm morphology during the staining process.

  Our self-developed sperm quality analyzer is the world's first analytical device for unstained active sperms, which performs both static and dynamic analyses by AI of the concentration, motility and morphology for unstained sperms, and maintains the original morphology of sperm in analysis at the same time. It also avoids the change of sperm morphology during the staining process, resulting to an efficient, fast and objective analysis. We completed the registration inspection of the NMPA in October 2023 and expect to obtain the registration certificate of the NMPA in 2024.

- *Automated vitrification instrument (Gavi)*

  Gavi is the first automated vitrification instrument in the world to be utilized in the process of freezing embryos and eggs in the IVF automated vitrification. By using the Gavi automated vitrification instrument to perform standardized refrigerating operations, the recovery rate of embryos after refrigerating can be improved while standardizing the operating procedures. At the same time, this equipment can also reduce the learning cost of new laboratory personnel and improve the overall management efficiency of the laboratory. The instrument has obtained CE certification approval and has been on the market for nearly seven years. The product is expected to be approved by the NMPA in 2026.

- *Intelligent assisted reproduction management system (iARMS)*

  iARMS（Intelligent Assisted Reproduction Management System) is based on the reproductive clinical path and provides the new generation of "artificial intelligence + Internet of Things" information solutions in the assisted reproduction field, thereby establishing a multi-dimensional assisted reproduction management system that runs through the reproductive cycle and covers patient medical records, medical diagnosis, and treatment plans, etc. Leveraging the rapid development of artificial intelligence,

iARMS integrates reproduction clinical information system with the concept of clinical auxiliary decision-making, thereby speeding up patient registration, examination, diagnosis and treatment, and breaking the isolated data islands in traditional information system. iARMs ensures the modularisation and interconnection of the laboratories, and installs the IoT sample verification system to ensure the information security of each sample. Each module of iARMS is developed independently, allowing for easy upgrade and maintenance. iARMS will significantly improve the operating efficiency and satisfaction of the reproduction centres, serving as the development vision of the reproduction centres for the next two decades.

Business Update in respect of BMX

References are made to the announcements of the Company dated May 15, 2023, May 18, 2023 and June 21, 2023, respectively and the section headed "Significant Investments, Material Acquisitions and Disposals" in the 2023 interim report of the Company. The Company has completed the acquisition of the entire equity interest of BMX and BMX has become a wholly-owned subsidiary of the Company since then.

BMX is a leading provider of fertility products that automate and standardize laboratory workflow for IVF clinics, and it has a comprehensive product portfolio and extensive global sales network and experience which enrich and enhance those of the Company. BMX operates a world class business with extensive co-operations and partnerships across multiple countries and regions around the world. The products of BMX are sold directly to clinics in Europe, Asia and the Americas through the BMX's self-developed commercialization team and distributors.

BMX has maintained revenue growth over the years, and according to its unaudited management account, the total revenue of BMX amounted to approximately RMB103.6 million for the year ended December 31, 2023, representing an increase of approximately 12.3% as compared to the year ended December 31, 2022. The increase in revenue was mainly due to the higher sales revenue in Spain, Italy, Czech Republic and several Asian countries. BMX will continue to enhance and improve its product portfolio to achieve continuous innovation and improvement for existing products.

Manufacturing

We commenced the construction project of the Company's headquarters in September 2021. The planned gross floor area of the project is 71,628 sq.m., with 21,503 sq.m. for R&D office use and 50,125 sq.m. for production use. We intend to construct a manufacturing base with the R&D and production capacity of products in the entire industrial chain of assisted reproduction such as testing kits, consumables, instruments and equipment. We aim at building a manufacturing cluster covering the entire industrial chain of assisted reproduction, adhering to the industrial development of independent R&D and domestic substitution, and providing patients with testing kits, consumables, instruments and equipment that meet global quality standards and with more affordable price. We officially moved into the new headquarters in March 2024, fully realising the enhancement of our high quality and large-scale delivery capability.

Before the new headquarters commences operations, we manufacture and assemble all of our inhouse 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. We combine highly automated production process, to ensure excellent performance and quality of products, and build lean productive workshops compliant with GMP system. We have obtained several product registration certificates in various areas, such as in vitro diagnostic reagent, active device and independent software, and will continue to adhere to technology innovation to realise high-quality and large-scale delivery of medical products, aiming to become a global leading medical technology company.

Research and Development

As joint author, we published an article titled "Multidimensional Morphological Analysis of Live Sperm Based on Multiple-target Tracking" online in the Computational and Structural Biotechnology Journal (IF:6.2). This study innovatively developed a new sperm quality detection method, and proposed a real-time tracking algorithm suitable for sperm multi-target interleaved movement scenarios. The algorithm combines sperm's movement distance, angular trajectory and other movement features to accurately track multiple sperm staggered moving targets, and completes morphological analysis of the sperm's head, middle section and main section, sperm motility and semen concentration analysis during the tracking process. This study result has enabled real-time multi-dimensional morphological analysis of living sperm without staining, and can obtain results of semen concentration, sperm motility and multi-dimensional morphology with just one click. This research will significantly improve the current testing level of semen quality and provide more efficient and accurate testing methods for andrology and assisted reproductive technology.

In June 2023, the Company completed the BMX Acquisition, which has accelerated the Group's deployment in the embryology laboratory and significantly enhanced our R&D capacities and expanded our product pipeline.

On September 5, 2023, the Company's DA500 high-throughput gene sequencer officially obtained the Class III medical device registration certificate approved by the NMPA (Guo Xie Zhu Zhun 20233221281). This gene sequencer is an advanced domestic high-throughput gene sequencer that uses rolling ring reproduction and amplification technology and is equipped with regular array slides to greatly improve sequencing accuracy. The Q30 data quality reaches an accuracy of over 85%. DA500 supports two different specifications of chips, and is able to produce 10Gb-150Gb data throughput. It can be clinically used at various stages of the full reproductive cycle such as pre-pregnancy, pre-natal, pre-implantation of embryo, genetic disease screening for new-born and other stages of the reproductive cycle.

In September 2023, our Geri® Dish embryo culture dish, a sterile and pyrogen-free specific culture dish for time-lapse incubator, obtained the Class II medical device registration certificate from NMPA.

Intellectual Property

As of December 31, 2023, we have registered 181 patents, 250 trademarks, 95 software copyrights and 30 domain names in China. We have also registered four trademarks in Hong Kong. As of the same date, we have submitted 128 patent applications in China.

Commercialization

Our sales model is currently transforming to distributors' sales. As of December 31, 2023, we have a total of 55 sales personnel (number of sales personnel as of December 31, 2022: 168. The change in quantity is mainly due to the change of internal statistical methodology of sales personnel and internal personnel change caused by the shift in the focus of the Company's sales model), and over 40 distributors, covering more than 300 assisted reproductive institutions in aggregate in the PRC. Meanwhile, BMX has 20 sales personnel and over 30 distributors, serving more than 600 overseas clinical institutions with the business and partners spanning across more than 20 countries and regions globally (apart from China).

As of December 31, 2023, we had covered 81 top hospitals with PGD/PGS technology, accounting for 76% of the total 106 third-generation entities. We had 300 assisted reproduction centers in the sinking market, with coverage rate exceeding 50%. The whole pipeline products cover 400,000 hospital cycles, increasing by 38% from the previous year.

In April 2023, under the facilitation of the Development and Reform Commission of Suzhou, we reached a strategic cooperation with China General Technology (Group) Holding Co Ltd ("**China General Technology**"), and become a model for central-local cooperation. The two parties would jointly build a pre-pregnancy, prenatal and newborn birth defects 3-level prevention network, and promote the sharing and synergy of medical resources.

In July 2023, we signed a strategic cooperation agreement with Genea (formerly known as Sydney IVF Center), one of the world's top ten assisted reproduction medical groups, under which we would provide testing kits, high-throughput gene sequencers, andrology semen detection and analysis products, liquid nitrogen storage systems and other instruments, consumables and kits covering the whole fertility cycle to the medical institutions under Genea. This strategic cooperation would help us improve our ability to cover the assisted reproduction industry, and promote our self-developed innovative products to the world through Genea's medical resources and extensive global sales network. In providing Genea with assisted reproduction products, Genea would also provide a series of support in the product development process, including overseas clinical validation and regulatory approval.

Meanwhile, leveraging our distribution advantages and competitive product pricing, we will adhere to a two-way business model to expand international commercialization and rapidly establish a strong presence in the global market. We will sell BMX embryo culture products through our sales channels in China, and meanwhile, through BMX's sales channels and brand to sell our own products such as in PGT products and andrology and cryopreservation products. In Japan, Thailand, the United States and other fast-growing markets around the world, we will establish our model laboratories to further expand the coverage of international top customers.

Important Events after the End of the Reporting Period

Save as otherwise disclosed in this annual results announcement, there are no significant events occurred after the end of the 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) We will accelerate the expansion of the entire industrial chain based on the strengths of PGT products in the industry. Meanwhile, we will empower other product businesses in the five scenarios, improve the stickiness of pipeline products, thereby increasing the business penetration rate of five laboratory scenarios of the Company;

(ii) We will expand the sales network to cover 500 assisted reproduction centers in China and expand our sales scale, and promote the progress of certification application of pipeline products in various scenarios and accelerate the commercialization process. Meanwhile, we will support the assisted reproduction center to complete the localization and upgrade deployment of the laboratory and further expand the market share;

(iii) We will strengthen the international strategic layout, establish a wide global sales network to expand overseas market, and promote the rapid sales of our self-developed products. Meanwhile, we will build a laboratory that meets international standards, Key Opinion Leader (KOL) and overseas sales team, and gradually promote PGT products, andrology and cryopreservation products to overseas markets;

(iv) We will continue to empower our business through mergers and acquisitions and external cooperation, strengthen R&D and transformation of scientific and technological achievements, and build the world's leading R&D system; and

(v) We will establish a global production facility covering the whole industry chain of assisted reproduction products by way of building our headquarters, realise high-quality and large-scale delivery ability, adhere to the industrialization development of independent R&D and domestic substitution, and provide safety guarantee for biological agents for the country and prepare for mass production of the market.

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 and other products in our product portfolio successfully.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2023

	Note	For the year ended December 31, 2023 RMB'000	2022 RMB'000
Continuing Operations			
Revenue	*5*	**207,976**	140,901
Cost of sales		**(116,625)**	(81,373)
Gross profit		**91,351**	59,528
Other net income	*6*	**54,243**	96,686
Selling and distribution costs		**(103,876)**	(80,099)
Administrative expenses		**(105,425)**	(81,396)
Research and development expenses		**(129,566)**	(119,773)
Other operating expenses		**(436)**	(1,064)
Loss from operations		**(193,709)**	(126,118)
Finance costs	*7(a)*	**(2,610)**	(496)
Loss before taxation	*7*	**(196,319)**	(126,614)
Income tax	*8*	**2,970**	(6,013)
Loss for the year from continuing operations		**(193,349)**	(132,627)
Discontinued operations			
Profit for the year from discontinued operations		**—**	9,464
Loss for the year		**(193,349)**	(123,163)
Attributable to:			
Equity shareholders of the Company		**(191,685)**	(122,664)
Non-controlling interests		**(1,664)**	(499)
Loss for the year		**(193,349)**	(123,163)

	Note	For the year ended December 31, 2023 RMB'000	2022 RMB'000
(Loss)/Profit for the year attributable to equity shareholders of the Company:			
— from continuing operations		**(191,685)**	(131,784)
— from discontinued operations		**—**	9,120
Loss for the year attributable to equity shareholders of the Company		**(191,685)**	(122,664)
(Loss)/Profit for the year attributable to non-controlling interests:			
— from continuing operations		**(1,664)**	(843)
— from discontinued operations		**—**	344
Loss for the year attributable to non-controlling interests		**(1,664)**	(499)
Loss for the year		**(193,349)**	(123,163)
Loss per share	*9*		
Basic and diluted			
— from continuing operations (RMB)		**(0.7)**	(0.5)
— from discontinued operations (RMB)		**N/A**	(*)

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

	For the year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Loss for the year	**(193,349)**	(123,163)
Other comprehensive income for the year, net of tax		
Items that are or may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	**(1,941)**	—
Other comprehensive income	**(1,941)**	—
Total comprehensive income for the year	**(195,290)**	(123,163)
Attributable to:		
Equity shareholders of the Company	**(193,626)**	(122,664)
Non-controlling interests	**(1,664)**	(499)
Total comprehensive income for the year	**(195,290)**	(123,163)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of December 31, 2023

	Note	As of December 31, 2023 RMB'000	2022 RMB'000
Non-current assets			
Property, plant and equipment	*10*	**346,665**	207,113
Right-of-use assets		**19,938**	9,739
Intangible assets	*11*	**118,301**	51
Goodwill	*12*	**147,990**	—
Financial assets measured at fair value through profit or loss ("**FVPL**")	*13*	**33,573**	35,359
Other non-current assets		**16,035**	—
Deferred tax assets		**419**	—
		682,921	252,262
Current assets			
Inventories	*14*	**94,109**	48,124
Trade and other receivables	*15*	**173,966**	145,716
Other current assets		**2,882**	1,610
Restricted cash		**993**	—
Cash and cash equivalents		**943,216**	1,332,146
		1,215,166	1,527,596
Current liabilities			
Trade and other payables	*16*	**179,727**	106,291
Contract liabilities		**47**	1,617
Bank loans	*17*	**10,500**	—
Lease liabilities		**4,686**	2,146
Income tax payable		**305**	4,498
		195,265	114,552
Net current assets		**1,019,901**	1,413,044
Total assets less current liabilities		**1,702,822**	1,665,306

	Note	As of December 31, 2023 RMB'000	2022 RMB'000
Non-current liabilities			
Bank loans	*17*	**259,632**	73,394
Lease liabilities		**7,099**	—
Deferred tax liabilities		**35,465**	—
Other non-current liabilities		**2,520**	380
		304,716	73,774
NET ASSETS		**1,398,106**	1,591,532
CAPITAL AND RESERVES			
Share capital		**273,526**	273,526
Reserves		**1,125,650**	1,319,276
Total equity attributable to equity shareholders of the Company		**1,399,176**	1,592,802
Non-controlling interests		**(1,070)**	(1,270)
TOTAL EQUITY		**1,398,106**	1,591,532

Notes:

1 General Information

The Company, formerly known as Jiangsu Double Helix Biological Technology Co., Ltd., was established in Suzhou, Jiangsu Province, 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 Group are principally engaged in sales of genetic testing kits and sales of genetic testing devices, instruments and consumables.

The H shares of the Company were listed on the Main Board of the Stock Exchange on February 8, 2021.

2 Statement of Compliance

These financial statements have been prepared in accordance with all applicable 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. Significant accounting policies adopted by the Group are disclosed below.

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, 2023 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 recognized 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:

- IFRS 17, *Insurance contracts*
- Amendments to IAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to IAS 1, *Presentation of financial statements* and HKFRS Practice Statement 2, Making materiality judgements: *Disclosure of accounting policies*
- Amendments to IAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to IAS 12, *Income taxes: International tax reform — Pillar Two model rules*

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 and Segment Reporting

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

(a) Disaggregation of revenue

	For the year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Continuing operations		
Revenue from contracts with customers within the scope of IFRS 15		
Sales of testing kits	**115,001**	97,281
Sales of testing devices, instruments and consumables	**83,324**	43,620
Others	**9,651**	—
	207,976	140,901
Disaggregated by timing of revenue recognition		
— Point in time	**202,138**	140,901
— Over time	**5,838**	—
	207,976	140,901
Disaggregated by geographical location of customers		
— The PRC (country of domicile)	**163,276**	140,901
— Other overseas countries	**44,700**	—
	207,976	140,901

The above table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of external customers is based on the location at which the goods delivered or services are provided.

(b) Information about major customers

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

	For the year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Continuing operations		
Customer A	**16,786**	17,938
Customer B	**28,460**	24,101
	45,246	42,039

(c) Segment reporting

Based on the manner in which information is reported internally, the Group's most senior executive management manages the Group's businesses and reviews the Group's operation by geographic areas, for the purposes of resource allocation and performance assessment. Specifically, the Group's reportable segments under IFRS 8 are as follows:

- The PRC
- Australia

	For the year ended December 31, 2023		
	The PRC	**Australia**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Disaggregated by timing of revenue recognition			
Point in time	163,194	38,944	202,138
Over time	—	5,838	5,838
Revenue from external customers	163,194	44,782	207,976
Inter-segment revenue	—	17,361	17,361
Reportable segment revenue	163,194	62,143	225,337
Reportable segment loss before taxation	(162,515)	(25,370)	(187,885)
Interest income from bank deposits	38,308	201	38,509
Interest expense	2,566	44	2,610
Depreciation and amortisation for the year	11,396	8,445	19,841
Impairment loss recognised/ (reversed) on trade and other receivables	6,339	(779)	5,560
Reportable segment assets	1,559,660	354,586	1,914,246
Additions to non-current segment assets during the year	139,821	1,311	141,132
Reportable segment liabilities	420,708	91,127	511,835

(d) Reconciliation of reportable segment revenues, profit or loss, assets and liabilities

	For the year ended December 31, 2023 *RMB'000*
Revenue	
Reportable segment revenue	225,337
Elimination of inter-segment revenue	(17,361)
Consolidated revenue *(Note 5(a))*	207,976
Profit or loss	
Total reportable segments' loss before taxation	(187,885)
Elimination of inter-segment transaction	(3,759)
Unallocated expenses	(4,675)
Consolidated loss before taxation	(196,319)
Assets	
Total reportable segments' assets	1,914,246
Elimination of inter-segment balance	(16,159)
Consolidated total assets	1,898,087
Liabilities	
Total reportable segments' liabilities	511,835
Elimination of inter-segment balance	(11,854)
Consolidated total liabilities	499,981

6 Other Net Income

	For the year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Continuing operations		
Government grants [(i)]	**4,559**	4,528
Interest income from bank deposits	**38,509**	23,616
Net realised and unrealised (losses)/gains on financial assets measured at FVPL	**(2,404)**	3,399
Net foreign exchange gains	**11,855**	62,905
Others	**1,724**	2,238
	54,243	96,686

(i) Government grants comprise primarily subsidies received from the government for encouragement of research and development projects, compensation on the incurred rental expenditure on the buildings rented for research and development activities.

7 Loss before Taxation

(a) Finance costs

	For the year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Continuing operations		
Interest on bank loans	**6,572**	2,950
Interest on lease liabilities	**238**	159
Total finance costs on financial liabilities not at FVPL	**6,810**	3,109
Less: borrowing costs capitalised into properties under construction	**(4,200)**	(2,613)
	2,610	496

(b) Staff costs

	For the year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Continuing operations		
Salaries, wages and other benefits	**139,035**	105,596
Contributions to defined contribution retirement plan [(i)]	**14,825**	9,527
	153,860	115,123

(i) Employees of the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentages of the average employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

Employees of the Group's Australian subsidiaries are members of a state-managed retirement scheme in Australia. The Group's Australian subsidiaries are required to contribute a certain percentage of staff payroll costs to the retirement scheme to fund the benefits, which is the only obligation of the Group with respect to the retirement benefit scheme.

The Group has no other material obligation for the payment of retirement benefits beyond the contributions described above.

(c) Other items

	For the year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Continuing operations		
Depreciation of property, plant and equipment	**8,756**	4,755
Depreciation of right-of-use assets	**5,309**	3,021
Amortisation of intangible assets	**5,776**	5
Total amortisation and depreciation	**19,841**	7,781
Less: depreciation expense of land use rights capitalised into properties under construction	**(274)**	(280)
Amortisation and depreciation charged directly to profit or loss	**19,567**	7,501
Impairment losses on trade and other receivables	**5,560**	26,725
Auditors' remuneration		
— audit services	**3,305**	1,595
— non-audit services	**1,249**	980
Research and development expenses (i)	**129,566**	119,773
Cost of inventories (ii)	**107,002**	77,258
Expense relating to short-term leases	**1,426**	1,449
Donations	**220**	1,041

(i) During the year ended December 31, 2023, research and development expenses include staff costs and depreciation expenses of RMB62,400,000 (2022: RMB45,670,000), which amounts are also included in the respective total amounts disclosed separately above.

(ii) During the year ended December 31, 2023, cost of inventories includes staff costs and depreciation expenses of RMB7,232,000 (2022: RMB6,510,000), 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

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	For the year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Continuing operations		
Current tax — PRC Tax	**—**	4,498
Current tax — other overseas countries	**234**	—
Over-provision in respect of prior years	**(1,382)**	—
Deferred tax	**(1,822)**	1,515
Total	**(2,970)**	6,013

(b) Reconciliation between tax expense and accounting loss at applicable tax rates:

	2023	2022
	RMB'000	*RMB'000*
Continuing operations		
Loss before taxation	**(196,319)**	(126,614)
Notional tax on profit before taxation, calculated at the rates applicable to profits in the countries concerned [(i)]	**(50,999)**	(31,653)
Effect of preferential tax rate [(ii)]	**18,823**	19,714
Effect of additional deduction on research and development expenses	**(13,020)**	(7,221)
Tax effect of other non-deductible expenses	**234**	168
Tax effect of tax losses not recognised	**42,980**	29,712
Tax effect of utilisation of tax losses not recognised in prior years	**—**	(10,823)
Tax effect of deductible temporary differences not recognised	**394**	3,850
Over-provision in respect of prior years	**(1,382)**	—
Others	**—**	2,266
Actual tax expense	**(2,970)**	6,013

(i) Statutory tax rate

Under the Corporate Income Tax Law of the PRC (the "**CIT Law**"), the PRC statutory income tax rate is 25% under the CIT Law. The Group's subsidiaries in the PRC are subject to PRC income tax rate at 25% unless otherwise specified.

Pursuant to the income tax rules and regulations of Australia, the Group's subsidiaries in Australia are subject to the Australian Income Tax at a rate of 30%. No provision for Australian Income Tax was made for the Group's subsidiaries in Australia, as these subsidiaries did not have assessable profits for Australia Income Tax for the year ended December 31, 2023.

Taxation for other overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

(ii) Preferential tax

Under the CIT Law of the PRC and its relevant regulation, entities that qualified as high-technology enterprise are entitled to a preferential income tax rate of 15%. Suzhou Basecare Medical Device Co., Ltd. obtained its renewed certificate of high-technology enterprise on November 6, 2023 and is subject to income tax at 15% for a three-year period.

Under the CIT Law of the PRC and its relevant regulation, an additional 100% of qualified research and development expenses incurred would be allowed to be deducted from the taxable income for the year ended December 31, 2023.

9 Loss per Share

The calculation of basic loss per share for the year ended December 31, 2023 is based on the loss attributable to equity shareholders of the Company of RMB191,685,000 from continuing operations (2022: loss of RMB131,784,000 from continuing operations and profit of RMB9,120,000 from discontinued operations) and the weighted average of 273,526,000 ordinary shares (2022: 273,526,000) in issue.

There were no potential dilutive ordinary shares for the years ended December 31, 2023 and December 31, 2022, and therefore dilutive loss per share are the same as the basic loss per share.

10 Property, Plant and Equipment

	Office equipment and furniture	Motor vehicle	Medical equipment and instrument	Construction in progress	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:						
At 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 and January 1, 2023	4,682	1,270	53,878	165,771	7,587	233,188
Additions	1,012	912	19,938	120,888	1,213	143,963
Additions through acquisition of subsidiaries	132	—	4,706	621	—	5,459
Transfers	34	—	4,201	(5,586)	1,351	—
Disposals	(8)	(920)	(1,234)	—	—	(2,162)
Exchange adjustment	(15)	—	(194)	(19)	(10)	(238)
At December 31, 2023	5,837	1,262	81,295	281,675	10,141	380,210
Accumulated depreciation:						
At 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 and January 1, 2023	(1,484)	(543)	(17,000)	—	(7,048)	(26,075)
Charge for the year	(906)	(407)	(6,429)	—	(1,014)	(8,756)
Written back on disposals	8	505	590	—	—	1,103
Exchange adjustment	9	—	164	—	10	183
At December 31, 2023	(2,373)	(445)	(22,675)	—	(8,052)	(33,545)
Net book value:						
At December 31, 2023	3,464	817	58,620	281,675	2,089	346,665
At December 31, 2022	3,198	727	36,878	165,771	539	207,113

11 Intangible Assets

	Software *RMB'000*	Patent and patent applications *RMB'000*	Contractual rights and customer relationships *RMB'000*	Trademarks *RMB'000*	Total *RMB'000*
Cost:					
At January 1, 2022	—	—	—	—	—
Additions	56	—	—	—	56
At December 31, 2022	56	—	—	—	56
At January 1, 2023	56	—	—	—	56
Additions through acquisition of subsidiaries	75	72,624	25,833	26,320	124,852
Exchange adjustment	—	(383)	(136)	(139)	(658)
At December 31, 2023	131	72,241	25,697	26,181	124,250
Accumulated amortisation					
At January 1, 2022	—	—	—	—	—
Charge for the year	(5)	—	—	—	(5)
At December 31, 2022	(5)	—	—	—	(5)
At January 1, 2023	(5)	—	—	—	(5)
Charge for the period	(42)	(3,731)	(1,327)	(676)	(5,776)
Exchange adjustment	—	(109)	(39)	(20)	(168)
At December 31, 2023	(47)	(3,840)	(1,366)	(696)	(5,949)
Net book value:					
At December 31, 2023	84	68,401	24,331	25,485	118,301
At December 31, 2022	51	—	—	—	51

The patents and technology know-how, contractual rights and customer relationships and trademarks were acquired through acquisition of subsidiaries, with an estimated useful life of 10 to 20 years.

12 Goodwill

	RMB'000
Cost:	
At January 1, 2023	—
Addition through acquisition	148,774
Exchange adjustment	(784)
At December 31, 2023	147,990

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's cash-generating units ("**CGU**"s) identified according to country of operation and operating segment as follows:

	2023 ***RMB'000***
Australia	**147,990**

The recoverable amount of the CGU is determined based on value-in-use calculations. The Group engaged an independent professional valuer to assist with the calculation. These calculations use cash flow projections based on financial budgets approved by management covering a six-year period. The key assumptions used in estimating the recoverable amount are as follows:

	At December 31, 2023
Annualised revenue growth rate during the budget period	13%–59.22%
Gross profit margin	48.52%–59.04%
Steady growth rate used in the extrapolation after budget period	1.70%
Pre-tax discount rate	20.06%

The recoverable amount of the CGU is estimated to exceed the carrying amount of the CGU at 31 December 2023.

13 Financial Assets Measured at FVPL

	As of December 31,	
	2023	2022
	RMB'000	*RMB'000*
Non-current assets		
Unlisted fund investment [(i)]	**3,250**	2,576
Derivative financial instrument [(ii)]	**13,155**	14,975
Unlisted equity investment [(ii)]	**17,168**	17,808
	33,573	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 of December 31, 2023, the Group has contributed USD585,000 (equivalent to approximately RMB3,997,000) (December 31, 2022: USD350,000 (equivalent to approximately RMB2,425,000)) to the fund, representing 1.03% (December 31, 2022: 1.26%) of the total size of the fund. The Group recognised the fair value changes in unrealised gain or loss on financial assets measured at FVPL of RMB898,000.

(ii) As of December 31, 2023, 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 and its original shareholders, which were recognised as a financial asset measured at FVPL.

14 Inventories

	As of December 31,	
	2023	2022
	RMB'000	*RMB'000*
Raw materials	**20,588**	12,923
Finished goods	**21,721**	5,218
Devices and instruments	**41,314**	29,341
Others	**10,486**	642
	94,109	48,124

15 Trade and Other Receivables

	As of December 31,	
	2023	2022
	RMB'000	*RMB'000*
Trade and bill receivables		
Trade and bill receivables from third parties	**126,754**	100,946
Trade receivables from related parties	**69,375**	62,154
Less: losses allowance on trade receivables	**(43,088)**	(31,068)
Trade and bill receivables, net	**153,041**	132,032
Bill receivables	**2,904**	—
Trade and bill receivables, net	**155,945**	132,032
Prepayments to suppliers	**12,495**	8,732
Deposits	**2,496**	1,269
Interest receivables	**981**	3,679
Other receivables	**2,049**	4
Trade and other receivables, net	**173,966**	145,716

(a) 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:

	As of December 31,	
	2023	2022
	RMB'000	*RMB'000*
Within 6 months	**104,285**	79,775
6–12 months	**44,341**	35,042
12–18 months	**4,727**	13,564
18–24 months	**2,125**	3,651
Over 2 years	**467**	—
	155,945	132,032

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

16 Trade and Other Payables

	As of December 31,	
	2023	2022
	RMB'000	*RMB'000*
Trade payables [(i)]	**40,733**	16,038
Amount due to related parties	**2,949**	6,005
Payroll payables	**20,989**	16,223
Payables for marketing expenses	**589**	6,476
Interest payables	**410**	102
Payables for purchases of property, plant and equipment	**88,039**	40,338
Other payables and accruals	**26,018**	21,109
	179,727	106,291

(i) 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:

	As of December 31,	
	2023	2022
	RMB'000	*RMB'000*
Within 3 months	**30,340**	15,654
3–6 months	**3,631**	5
6–9 months	**4,355**	240
9–12 months	**37**	123
Over 1 year	**2,370**	16
	40,733	16,038

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

17 Bank Loans

(a) The analysis of the repayment schedule of bank loans is as follows:

	As of December 31,	
	2023	2022
	RMB'000	*RMB'000*
Within 1 year or on demand	**10,500**	—
More than 2 years but less than 5 years	**130,000**	—
After 5 years	**129,632**	73,394
	270,132	73,394

(b) The analysis of the carrying amount of bank loans is as follows:

	As of December 31,	
	2023	2022
	RMB'000	*RMB'000*
Secured bank loans [(i)]	**140,132**	73,394
Unsecured bank loans [(ii)]	**130,000**	—
	270,132	73,394

(i) As of December 31, 2023, the secured bank loans were pledged by the Group's land use right of RMB7,428,000 (2022: RMB7,701,000) and buildings under construction of RMB271,199,000 (2022: RMB164,421,000) with an interest at 3.90%–4.00% per annum (2022: 4.15%–4.50%).

(ii) As of December 31, 2023, the unsecured bank loans represent the utilized bank facilities of RMB130 million with an interest at 3.55% per annum for the acquisition of subsidiaries.

18 Dividends

No dividends were paid or declared by the Company or any of its subsidiaries during the reporting period (2022: nil).

FINANCIAL REVIEW

Revenue

During the Reporting Period, we generated revenue from sales of various types of testing kits, testing and cryopreservation devices and instruments, embryo culture devices and embryo culture solution, consumables and other products.

Our revenue increased by approximately 48% from RMB140.9 million for the year ended December 31, 2022 to RMB208.0 million for the year ended December 31, 2023, which was primarily attributable to (i) a stable growth in sales of our PGT kits, (ii) an increase in sales of our cryopreservation system equipment and liquid nitrogen storage dewar, and (iii) an increase in revenue from the sale of consumables such as embryo incubators and culture media.

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, primarily including depreciation of property, plant and equipment and right-of-use assets; and (iv) others, primarily including utility fees, property rental expenses, logistics expenses and equipment maintenance expenses.

Our cost of sales increased by approximately 43% from RMB81.4 million for the year ended December 31, 2022 to RMB116.6 million for the year ended December 31, 2023, mainly due to the new sales cost after the merger of BMX. The percentage of increase in our cost of sales was lower than that of our revenue growth.

Gross Profit and Gross Profit Margin

As a result of the expanding sales of new products, the gross profit of the Group increased by approximately 53% from RMB59.5 million for the year ended December 31, 2022 to RMB91.4 million for the year ended December 31, 2023 and the overall gross profit margin of the Group was 43.9% for the year ended December 31, 2023, which was substantially the same as that of 42.2% for the year ended December 31, 2022.

Other Net Income

Our other net income decreased by approximately 44% from RMB96.7 million for the year ended December 31, 2022 to RMB54.2 million for the year ended December 31, 2023, primarily due to a decrease in exchange gains arising from exchange rate fluctuations.

Selling and Distribution Costs

Our selling and distribution costs increased by approximately 30% from RMB80.1 million for the year ended December 31, 2022 to RMB103.9 million for the year ended December 31, 2023, primarily due to the increase in the sale expenses incorporated upon the completion of the BMX Acquisition and increased marketing activities for the full deployment of new products.

Administrative Expenses

Our administrative expenses increased by approximately 30% from RMB81.4 million for the year ended December 31, 2022 to RMB105.4 million for the year ended December 31, 2023, primarily due to the expenses incurred by the Company for professional services used in connection with the BMX Acquisition.

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,			
	2023		2022	
	RMB' 000	***Percentage of revenue***	*RMB' 000*	*Percentage of revenue*
Staff costs	**58,825**	**28.3%**	42,780	30.4%
Clinical trial expenses	**42,128**	**20.3%**	49,761	35.3%
Consumables expenses	**18,920**	**9.1%**	22,034	15.6%
Depreciation expenses	**5,612**	**2.7%**	2,890	2.1%
Others	**4,081**	**2.0%**	2,308	1.6%
Total	**129,566**	**62.3%**	119,773	85.0%

Our research and development expenses increased by approximately 8% from RMB119.8 million for the year ended December 31, 2022 to RMB129.6 million for the year ended December 31, 2023, primarily due to the increase in costs for clinical trials and related consumables relating to the advancement in product development progress, as well as the consolidation of related R&D expenses incurred by BMX upon completion of the BMX Acquisition.

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 RMB0.5 million and RMB2.6 million for the years ended December 31, 2022 and 2023, respectively. The increase in finance costs for the year ended December 31, 2023 was primarily due to interest on new bank loans.

Income Tax

We recorded income tax expenses of RMB6.0 million for the year ended December 31, 2022, and income tax credit of RMB3.0 million for the year ended December 31, 2023. The decrease in income tax expenses was primarily due to tax filing differences in prior year and movements in deferred tax liabilities in 2023.

Inventories

Our inventories primarily consist of raw materials, finished goods and devices and instruments. We generally purchase raw materials for our in-house products based on the orders received. We maintain various types of testing kits, testing and cryostorage devices, and instruments embryo culture devices and embryo culture media and consumables.

Our inventories increased by approximately 96% from RMB48.1 million as of December 31, 2022 to RMB94.1 million as of December 31, 2023, primarily due to the consolidation of inventories of BMX.

Trade and Other Receivables

Our trade and other receivables increased by approximately 19% from RMB145.7 million as of December 31, 2022 to RMB174.0 million as of December 31, 2023, primarily due to the consolidation of trade and other receivables of BMX.

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 and other payables increased by approximately 69% from RMB106.3 million as of December 31, 2022 to RMB179.7 million as of December 31, 2023, primarily due to an increase in payables for the construction costs of our headquarters and the consolidation of trade and other payables of BMX upon completion of the BMX Acquisition.

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 current assets significantly decreased by approximately 28% from RMB1,527.6 million as of December 31, 2022 to RMB1,215.2 million as of December 31, 2023, primarily due to cash paid for the BMX Acquisition and the expansion of the business operations of the Group.

As of December 31, 2023, we had unsecured bank loans of RMB130.0 million with a floating interest rate of 3.6% per annum (as determined by LPR). As of the same date, we had secured bank loans of RMB140.1 million with an interest rate of 3.9%–4.0% per annum, which is determined based on LPR. The secured bank loans were pledged by the Group's land use right and buildings under construction. Our unsecured and secured bank loans were all 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). We intend 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".

We follow a set of funding and treasury policies to manage our capital resources and mitigate potential risks. We endeavor to maintain an adequate level of cash and cash equivalents to address short-term funding needs. The Board would also consider various funding sources depending on our funding needs to ensure that the financial resources have been used in the most cost-effective and efficient way to meet our financial obligations. The Board reviews and evaluates our funding and treasury policy from time to time to ensure its adequacy and effectiveness.

Significant Investments, Material Acquisitions and Disposals

In June 2023, we have completed BMX Acquisition. BMX is a leading global provider of fertility products that automate and standardize laboratory workflow for IVF clinics, and has a comprehensive product portfolio and extensive global sales network and experience that can enrich and enhance those of the Company. Upon the completion of the BMX Acquisition, BMX has become a wholly-owned subsidiary of the Company and the financial results of BMX have been consolidated into the financial statements of the Group. Pursuant to the share sale agreement in relation to the BMX Acquisition (the "**Share Sale Agreement**"), (i) the Company acquired the entire equity interest in the BMX at the consideration of US$40,000,000, and (ii) the final consideration of the BMX Acquisition may be further adjusted by specific price adjustment mechanisms (the "**Price Adjustment Mechanisms**") with reference to the cash of BMX as prescribed in the Share Sale Agreement, which could be increased by no more than US$500,000 based on the movements of cash of BMX for the two years ended December 31, 2022. In accordance with the Price Adjustment Mechanisms, the final consideration of the BMX Acquisition is US$40,469,728. For further details on the acquisition, please refer to the announcements of the Company dated May 15, 2023, May 18, 2023 and June 21, 2023, respectively.

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

Save as disclosed in the sections headed "Capital Commitments" and "Use of Proceeds from the Global Offering" in this announcement, the Group had no material capital expenditure plan nor other plans for material investments or capital assets as of the date of this announcement.

Contingent Liabilities

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

Capital Commitments

Capital commitments outstanding as of December 31, 2022 and December 31, 2023 not provided for in the consolidated financial statements were as follows:

	For the year ended December 31,	
	2023	2022
	RMB' 000	*RMB' 000*
Authorised and contracted for		
— Property, plants, and equipment	**10,236**	64,725
— Subscription of limited partnership interest in the fund	**6,648**	8,004
Total	**16,884**	72,729

Charge on Assets

Save for the secured bank loans of RMB140.1 million pledged by the Group's land use right and buildings under construction, there was no charge on assets of the Group as of December 31, 2023.

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, 2023, the Company was in a net cash position and thus, gearing ratio is not applicable.

Employees and Remuneration

As of December 31, 2023, the Group had 586 employees (as of December 31, 2022: 479). 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 Group makes contributions to social insurance and housing provident funds for its employees in Mainland China as required by the PRC laws and regulations, and makes contributions to relevant employee benefits for employees outside Mainland China as required by the relevant requirements of other regions in the PRC and other countries.

The total remuneration cost incurred by the Group for the year ended December 31, 2023 was approximately RMB153.9 million, as compared to approximately RMB115.1 million for the year ended December 31, 2022, and the increase was primarily attributable to headcount expansion resulting from the BMX Acquisition.

In 2023, 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 determined 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 training programs so as to enable them to 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.

The employees of the Group's Australian subsidiaries are members of a state-managed retirement scheme in Australia. The Group's Australian subsidiaries are required to contribute a certain percentage of staff payroll costs to the retirement scheme to fund the benefits, which is the only obligation of the Group with respect to the retirement benefit scheme.

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, 2023, 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 January 1, 2023 *HK$ in million*	Actual amount of proceeds unutilized as of December 31, 2023 *HK$ in million*	Actual amount of proceeds utilized as of December 31, 2023 *HK$ in million*	Percentage of proceeds from the Global Offering expected to be used in 2024	Expected timeframe for fully utilization of unutilized net proceeds
Core Product — PGT-A kit	**379.7**	**20%**	**156.3**	**144.5**	**235.2**	**3.76%**	**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	26.9	125.0	0.08%	
Optimizing the production process of our PDT-A kit by upgrading our existing manufacturing machinery and equipment, as well as procuring and installing new automated operational equipment and instruments to increase our production efficiency for PGT-A kit, and optimizing and upgrading our and PGT-A kits	227.8	12%	32.8	117.6	110.2	3.68%	

Use of Proceeds	Planned applications *HK$ in million*	Percentage of total Proceeds	Actual amount of proceeds utilized as of January 1, 2023 *HK$ in million*	Actual amount of proceeds unutilized as of December 31, 2023 *HK$ in million*	Actual amount of proceeds utilized as of December 31, 2023 *HK$ in million*	Percentage of proceeds from the Global Offering expected to be used in 2024	Expected timeframe for fully utilization of unutilized net proceeds
Clinical trial, registration filing and commercialization of our PGT-M kit	**189.9**	**10%**	**46.5**	**84.6**	**105.3**	**3.04%**	**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	46.8	86.1	2.08%	
Commercialization, sales and marketing activities of our PGT-M kit	57.0	3%	18.3	37.8	19.2	0.96%	
Development, clinical trials, registration filings and commercialization of our other products	**569.6**	**30%**	**179.9**	**192.3**	**377.3**	**5.52%**	**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	49.3	178.5	1.55%	
Research, development, manufacturing and commercialization of our genetic testing devices and instruments	341.8	18%	95.6	143.0	198.8	3.97%	
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**	**87.5**	**197.3**	**1.58%**	**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**	**119.5**	**70.4**	**4.90%**	**Within the next one to three years**

Use of Proceeds	Planned applications *HK$ in million*	Percentage of total Proceeds	Actual amount of proceeds utilized as of January 1, 2023 *HK$ in million*	Actual amount of proceeds unutilized as of December 31, 2023 *HK$ in million*	Actual amount of proceeds utilized as of December 31, 2023 *HK$ in million*	Percentage of proceeds from the Global Offering expected to be used in 2024	Expected timeframe for fully utilization of unutilized net proceeds
Working capital and general corporate purposes	284.8	15%	198.5	38.7	246.1	2.00%	Within the next one to three years
Total	1,898.7	100%	697.6	667.1	1,231.6	20.80%	

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 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.

The Company's employees, who are likely to be in possession of inside information of the Company, have also been subject to the Model Code. No incident of non-compliance of the Model Code was noted by the Company 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, except for the temporary failure to meet the requirements for a short period of time of Rules 3.10, 3.10A, 3.21, 3.25, 3.27A and 19A.18(1) of the Listing Rules as set out below.

On June 14, 2023, Mr. CHAU Kwok Keung resigned as an independent non-executive Director and accordingly ceased to be the chairman of the Audit Committee, a member of the Remuneration and Appraisal Committee and a member of the Nomination Committee. As a result, the Company temporarily failed to comply with the requirements as set out in Rules 3.10, 3.10A, 3.21, 3.25, 3.27A and 19A.18(1) of the Listing Rules.

On July 13, 2023, Mr. LAM Siu Wing was appointed as the independent non-executive Director, the chairman of the Audit Committee, a member of the Remuneration and Appraisal Committee and a member of the Nomination Committee. Following the appointment of Mr. LAM Siu Wing, the Company restored to comply with the requirements of (i) Rule 3.10 of the Listing Rules, which stipulates that the board of directors of a listed issuer must include at least three independent non-executive directors and at least one of the independent non-executive directors must have appropriate professional qualifications or accounting or related financial management expertise; (ii) Rule 3.10A of the Listing Rules, which stipulates that an issuer must appoint independent non-executive directors representing at least one-third of the board; (iii) Rule 3.21 of the Listing Rules, which stipulates that the audit committee must comprise a minimum of three members, at least one of whom must be an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules. The majority of the audit committee members must be independent non-executive directors of the listed issuer. The audit committee must be chaired by an independent non-executive director; (iv) Rule 3.25 of the Listing Rules, which stipulates that a remuneration committee shall comprise a majority of independent non-executive director; (v) Rule 3.27A of the Listing Rules, which stipulates that a nomination committee shall comprise a majority of independent non-executive directors; and (vi) Rule 19A.18(1) of the Listing Rules, which stipulates that at least one of the independent non-executive directors of a PRC issuer must be ordinarily resident in Hong Kong.

During the Reporting Period and up to the date of this annual results 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 Reporting Period (2022: nil).

Proposed Amendments to the Articles of Association

The Board is pleased to announce that during the meeting of the Board dated March 28, 2024, the Directors have considered, and resolved to approve the proposed amendments to the articles of association of the Company (the "**Articles of Association**").

On February 17, 2023, the State Council of the People's Republic of China and the China Securities Regulatory Commission issued the "Decision of the State Council to Repeal Certain Administrative Regulations and Documents" and the "Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies", respectively, and related guidelines (collectively, the "**New PRC Regulations**"), which came into effect on March 31, 2023. On the same date as the New PRC Regulations took effect, the "Mandatory Provisions for the Articles of Association of Companies Listed Overseas" and the "Special Regulations on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies" were repealed. The Stock Exchange has made certain consequential amendments to the Listing Rules, which came into effect on August 1, 2023. In light of the above, among other matters, holders of domestic shares and H shares of a PRC-established company are no longer deemed as different class of shareholders, and the class meeting requirement applicable to holders of domestic shares and H shares is no longer necessary under the New PRC Regulations.

The Board of Directors resolved to amend the Articles of Association for the purposes of (i) reflecting the updates in the New PRC Regulations and the Listing Rules, and (ii) making other appropriate and housekeeping amendments. The proposed amendments to the Articles of Association are subject to the approval of the Shareholder by way of special resolution(s) at each of the 2023 annual general meeting of the Company (the "**AGM**"), the class meeting for holders of H Shares (the "**2024 First Class Meeting for Holders of H Shares**") and the class meeting for holders of domestic Shares (the "**2024 First Class Meeting for Holders of Domestic Shares**").

AGM and the Relevant Class Meetings

The Board hereby announces that the Company will hold (i) the AGM; and (ii) the 2024 First Class Meeting for Holders of H Shares; and (iii) the 2024 First Class Meeting for Holders of Domestic Shares on Thursday, June 6, 2024. A circular containing further information of the resolutions for the Shareholders' consideration and approval, together with the respective notices of the AGM and the relevant class meetings and proxy forms, will be despatched (if requested) to the Shareholders in accordance with the Listing Rules and the Articles of Association.

Closure of Register of Members

For the purpose of determining the list of holders of H Shares who are entitled to attend the AGM and the 2024 First Class Meeting for Holders of H Shares, the register of members of H Shares will be closed from Monday, June 3, 2024 to Thursday, June 6, 2024 (both days inclusive), during which period no transfer of H Shares will be registered. In order to qualify for attending and voting at the AGM and the 2024 First Class Meeting for Holders

of H Shares, 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, May 31, 2024.

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 has purchased, sold or redeemed any other listed securities of the Company (2022: nil).

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, 2023 as set out herein have been compared by the Group's auditor, KPMG, Certified Public Accountants, 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. LAM Siu Wing, Dr. KANG Xixiong and Mr. WANG Weipeng. Mr. LAM Siu Wing, being the chairman of the Audit 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 audited consolidated financial statements for the year ended December 31, 2023.

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, 2023 containing all the information in accordance with the requirements under the Listing Rules will be despatched (if requested) 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 28, 2024

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, Mr. WANG Weipeng and Mr. LING Yang as non-executive Directors; and Dr. KANG Xixiong, Mr. LAM Siu Wing and Dr. YEUNG Shu Biu William as independent non-executive Directors.

"ART"	assisted reproductive technology(ies)
"Audit Committee"	the audit committee of the Board
"Basecare Investment"	Suzhou Basecare Investment Management Enterprise (Limited Partnership) (蘇州貝康投資管理企業(有限合夥)), a limited partnership established on May 23, 2016, through which, certain former employees, employees and advisors of our Group were indirectly beneficially interested in approximately 13.19% of the equity interests in our Company as of the date of this announcement. Basecare Investment is one of our Controlling Shareholders
"BMX"	BMX Holdco Pte. Ltd., a company incorporated in Singapore and a wholly owned subsidiary of the Company as of the date of this annual results announcement
"BMX Acquisition"	the acquisition of BMX and its seven subsidiaries by the Company, which was completed on June 21, 2023
"Board"	the board of directors of the Company
"CE"	European conformity (conformité européenne)
"CG Code"	the Corporate Governance Code as set out in Appendix C1 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 of the PRC and Taiwan
"Company"	Suzhou Basecare Medical Corporation Limited (蘇州貝康醫療股份有限公司)
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules and unless the context requires otherwise, refers to Dr. Liang and/or Basecare Investment
"Core Product"	has the meaning ascribed to it in Chapter 18A of the Listing Rules; for the purposes of this announcement, our Core Product refers to our PGT-A kit

"CSRC"	the China Securities Regulatory Commission
"Director(s)"	the director(s) of the Company
"Dr. Liang"	Dr. LIANG Bo (梁波), our founder, executive Director, chairman of the Board, general manager and Controlling Shareholder
"FDA"	The United States Food and Drug Administration
"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
"Group", "we" or "us"	the Company and its subsidiaries
"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
"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
"IVF"	*in vitro* fertilization, a process where the egg and sperm are incubated together to a fertilized embryo in an in vitro system to achieve pregnancy
"IVM"	*in vitro* maturation

"Listing Date"	February 8, 2021, being the date on which dealings in our H Shares first commence on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
"LPR"	Loan Prime Rate
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 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
"Nomination Committee"	the nomination committee of the Board
"PGT"	pre-implantation genetic testing, a test performed before the implantation of an embryo to screen and diagnose the DNA from embryos for determining genetic abnormalities. These include PGT for aneuploidy (PGT-A), PGT for monogenic defects (PGT-M) and PGT for chromosomal rearrangements (PGT-SR)
"Prospectus"	the prospectus in relation to the Global Offering issued by the Company dated January 27, 2021
"R&D"	research and development
"Remuneration and Appraisal Committee"	the remuneration and appraisal committee of the Board
"Reporting Period"	the year ended December 31, 2023
"Renminbi" or "RMB"	Renminbi Yuan, the lawful currency of China
"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
"sq.m."	square meter(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supervisor(s)"	the supervisor(s) of the Company
"TGA"	The Therapeutic Goods Administration of Australia
"%"	per cent