Mega Genomics Limited
美因基因有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6667)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

The board (the "**Board**") of directors (the "**Director(s)**") of Mega Genomics Limited (the "**Company**") is pleased to announce the unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2024 (the "**Reporting Period**").

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

HIGHLIGHTS

Key Financial Data

The table below sets forth our key financial data for the six months ended 30 June 2024, together with the comparative figures for the same period in 2023 and the change (expressed in percentages or percentage points).

	For the six months ended 30 June		
	2024	2023	Year-on-year change
	RMB'000	*RMB'000*	
	(Unaudited)	(Unaudited)	
Revenue	**107,291**	98,879	8.5%
Consumer genetic testing services	**104,419**	57,011	83.2%
Cancer screening services	**2,872**	41,868	(93.1%)
Gross profit	**69,618**	65,299	6.6%
Gross profit margin	**64.9%**	66.0%	(1.1 percentage points)
Net profit	**36,969**	35,117	5.3%
Net profit margin	**34.5%**	35.5%	(1 percentage points)

* *For identification purpose only*

Key Operating Data

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

	For the six months ended 30 June			
	2024		2023	
	Average price	**Testing volume**	Average price	Testing volume
	(RMB)	***(in thousand)***	*(RMB)*	*(in thousand)*
Consumer genetic testing services	**42.9**	**2,436**	60.3	946
Cancer screening services	**287.2**	**10**	292.8	143
Total	**43.9**	**2,446**	90.8	1,089

BUSINESS REVIEW AND OUTLOOK

Business Review

Overview

As a leading genetic testing platform company in China, we focus on consumer genetic testing and cancer screening services. Since our establishment in 2016 and up to 30 June 2024, we had performed over 21 million genetic tests in total, with an average of over 400,000 tests performed per months for the six months ended 30 June 2024.

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

Our Products

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

As of 30 June 2024, we had 107 multi-dimensional commercialized testing solutions for consumer genetic testing and cancer screening that covered a wide range of prices, 90 of which were comprised of our self-developed services. Our current selective testing services that are more well-received by the market include:

GENERAL testing services

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

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

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

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

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

ADVANCED testing services

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

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

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

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

EXECUTIVE testing services

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

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

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

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

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

ApoE gene testing kits

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

Our self-developed extraction-free blood nucleic acid technology can effectively save testing costs (eliminating nucleic acid extraction reagents and equipment) and time costs (eliminating the one-hour nucleic acid extraction process). The product has obtained the registration inspection report in May 2022. Currently, it has completed the clinical trial and has been submitted for registration acceptance. It is expected to obtain the registration certificate in the second half of 2024.

Folate metabolic capacity assessment testing kits

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

Our self-developed extraction-free blood nucleic acid technology can effectively save testing costs (eliminating nucleic acid extraction reagents and equipment) and time costs (eliminating the one-hour nucleic acid extraction process). The product has obtained the registration inspection report in May 2022. Currently, it has completed the clinical trial, has been submitted to the NMPA for registration acceptance and has passed the quality management system assessment of the NMPA. It is expected to obtain the registration certificate in the second half of 2024.

Alzheimer's disease screening kits

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

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

The RT-qPCR kits are expected to include two to three biomarkers, and it is expected to obtain the registration certificate by 2025.

Colorectal cancer screening kits

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

We are developing this product in collaboration with the 7th Medical Center of Chinese PLA General Hospital. As of 30 June 2024, we have preliminarily finished biomarker candidate selection, and we are conducting multi-center clinical validation with three hospitals in different regions of China and using no less than 1,500 samples to determine the suitability of the selected biomarkers. We have tested thousands of samples, and with the biometric analysis and machine learning algorithm, we have screened markers with favorable sensitivity and specificity.

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

The NGS kits will include dozens to hundreds of biomarkers, and are provided as LDTs with both sensitivity and specificity higher than 90%.

The qPCR kits include three biomarkers, which has completed late-stage development and is in the IVD registration and filing stage and we expect to obtain the registration certificate by 2025.

Gastric cancer screening kits

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

We are developing this product in collaboration with the 7th Medical Center of Chinese PLA General Hospital. As of 30 June 2024, we have preliminarily finished biomarker candidate selection, and we are conducting multi-center clinical validation with three hospitals in different regions of China and using no less than 1,500 samples to determine the suitability of the selected biomarkers. We have tested thousands of samples, and with the biometric analysis and machine learning algorithm, we have screened markers with favorable sensitivity and specificity.

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

The NGS kits include more than one hundred biomarkers and are provided as LDTs with both sensitivity and specificity higher than 90%.

The qPCR kits include three biomarkers which has completed late-stage development and is in the IVD registration and filing stage, and it is expected to obtain the registration certificate by 2025.

BRCA1/BRCA2 gene mutation testing kits

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

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

In addition, we developed colloidal gold-based fecal occult blood testing kits and transferrin testing kits to detect gastrointestinal bleeding for the auxiliary diagnosis of colorectal and gastric cancers. As of 30 June 2024, we have obtained the product registration certificates for our fecal occult blood testing kits and transferrin testing kits approved by the Shanghai Medical Products Administration and have achieved mass production.

We have also developed cfDNA extraction and sulfide kits and oral swab samples, for which, we have obtained the filing certificates and achieved mass production as of 30 June 2024.

Research and Development ("R&D")

Our strong R&D capabilities is vital to our business.

Since our founding in 2016, our R&D has been a major force in the expansion of our testing technology platforms and testing services offerings. We use a market-oriented approach to our R&D strategy. Our R&D team contributes to the development of our growth strategies by tracking industry developments, market demand and competition, and by identifying services and products with significant market potential for commercialization.

Intellectual property and qualification

As of 30 June 2024, three invention patents, one utility model patent and two design patents had been granted to us. In addition, we have registered 50 software copyrights and 58 trademarks. We have also been recognized for our innovation, including recognition as a National High-tech Enterprise, Zhongguancun High-tech Enterprise, Beijing "Specialization, Expertise, Distinction, Innovation" small and medium-sized enterprise and Beijing Natural Science Foundation Trust Unit, and was awarded the Davos Entrepreneur Innovation Award.

In-house R&D team

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

Collaboration with third parties

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

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

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

In addition, we expect the authority and reputation of these medical experts to help with the registration and promotion of our products. We have the technical know-how for the co-developed products and have joint ownership over relevant intellectual property rights. We are entitled to submit IVD registration applications for these products and will be the sole registrant of the IVD registration certificates once approved.

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

As of 30 June 2024, we have established cooperative relationships with the following companies:

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

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

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

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

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

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

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

Testing Technology Platforms

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

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

Our R&D efforts focus on the registration of IVD test kits. At present, our fecal occult blood testing kits and transferrin testing kits have obtained the NMPA registration certificates and achieved mass production, and our oral swab samples and cfDNA extraction and sulfide kits have obtained the NMPA filing certificates and achieved mass production. Our ApoE gene testing kits, folate metabolic capacity assessment testing kits, colorectal cancer screening kits and gastric cancer screening kits are in the IVD registration and filing stage. The products under development include Alzheimer's screening kits and BRCA1/BRCA2 gene mutation testing kits. Two other products are at the early development stage, including benign and malignant lung nodule auxiliary diagnosis kits and cervical cancer screening kits.

Production Capacity

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

Production Facility

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

Business

During the Reporting Period, the Company achieved operating revenue of RMB107.3 million, a year-on-year increase of 8.5%; and net profit of RMB37.0 million, a year-on-year increase of 5.3%, which was mainly due to the fact that the Company continued to explore new sales scenarios and channels in a proactive manner and fully tapped into potential sales opportunities and expanded diversified sales channels through conducting in-depth market researches, so as to enhance the flexibility and diversity of the sales models of products. At the same time, the Company continued to innovate in the field of product design, enrich product matrix and optimize product structure, so as to promote the stable growth in revenue. In addition, the Company adhered to the operating philosophy of continuous improvement, continued to adjust personnel structure and improve production and operational efficiency, which facilitated the continuous improvement of our performance.

As of 30 June 2024, we cooperated with almost 1,900 healthcare institutions in more than 340 cities in China, among which, the health checkup centers accounted for 52% of our total number of institutional customers. Our sales and marketing network allows us to deliver genetic testing services to a large portion of the Chinese population. In addition, we cooperate with various e-commerce and online healthcare platforms to expand and enhance our sales and marketing network.

Financial Highlights

	For the six months ended 30 June		
	2024	2023	Year-on-year change
	RMB'000	*RMB'000*	
	(Unaudited)	(Unaudited)	
Revenue	**107,291**	98,879	8.5%
Consumer genetic testing services	**104,419**	57,011	83.2%
Cancer screening services	**2,872**	41,868	(93.1%)
Gross profit	**69,618**	65,299	6.6%
Gross profit margin	**64.9%**	66.0%	(1.1 percentage points)
Net profit	**36,969**	35,117	5.3%
Net profit margin	**34.5%**	35.5%	(1 percentage points)

Revenue

For the six months ended 30 June 2024, we achieved total revenue of RMB107.3 million, representing an increase of RMB8.4 million or 8.5% as compared to RMB98.9 million for the same period in 2023. Of which, the revenue generated from consumer genetic testing services and cancer screening services for the six months ended 30 June 2024 amounted to RMB104.4 million and RMB2.9 million, respectively. The year-on-year increase in revenue from consumer genetic testing services was mainly due to the fact that the Company continued to explore new sales scenarios and channels in a proactive manner and fully tapped into potential sales opportunities and expanded diversified sales channels through in-depth market researches, so as to enhance the flexibility and diversity of the sales models of products. At the same time, the Company continued to innovate in the field of product design, enrich product matrix and optimize product structure, so as to promote the stable growth in revenue.

Gross Profit and Gross Profit Margin

For the six months ended 30 June 2024, our consolidated gross profit amounted to RMB69.6 million, representing a year-on-year increase of 6.6%, of which RMB68.0 million and RMB1.6 million of gross profit were attributable to consumer genetic testing services and cancer screening services, respectively. The 104.2% year-on-year increase in gross profit from consumer genetic testing services was because of our proactive exploration of sales scenarios and channels, expansion of diversified sales channels, continuous enrichment of product matrix, optimization of product structure and our ability to control costs effectively.

For the six months ended 30 June 2024, our consolidated gross profit margin was 64.9%. For the six months ended 30 June 2024, the gross profit margin for our cancer screening services was 57.5%, representing a year-on-year decrease of 18.9 percentage points, primarily because we optimized and adjusted the product structure and pricing strategies of cancer screening services, while wages, rents and other costs remained relatively stable. The gross profit margin for our consumer genetic testing services increased by 6.7 percentage points year-on-year, driven by the optimization of our product and service portfolio and our ability to control costs effectively.

Prospects and Outlook

Further exploiting the consumer genetic testing market in China

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

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

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

Further exploiting the cancer screening test market in China

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

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

Expanding our R&D strength and enriching our product matrix

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

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

Making selective geographic expansion and acquisition opportunities

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

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

The following table sets forth our unaudited condensed consolidated statements of profit or loss for the periods indicated, together with the changes from the six months ended 30 June 2023 to the same period in 2024, presented as a percentage:

	For the six months ended 30 June		
	2024	2023	Year-on-year change
	RMB'000	*RMB'000*	*%*
	(Unaudited)	(Unaudited)	
Revenue	**107,291**	98,879	8.5%
Cost of sales	**(37,673)**	(33,580)	12.2%
Gross profit	**69,618**	65,299	6.6%
Other income and gains	**3,438**	7,753	(55.7%)
Selling and distribution expenses	**(13,609)**	(16,523)	(17.6%)
Administrative expenses	**(17,511)**	(24,157)	(27.5%)
Reversal of impairment loss on trade receivables, net	**2,686**	10,411	(74.2%)
Other expenses	**(643)**	(215)	199.1%
Finance costs	**(937)**	(266)	252.3%
Profit before tax	**43,042**	42,302	1.7%
Income tax expenses	**(6,073)**	(7,185)	(15.5%)
Profit for the period	**36,969**	35,117	5.3%

Revenue

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

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

	For the six months ended 30 June			
	2024		2023	
	RMB'000	***%***	*RMB'000*	*%*
	(Unaudited)		(Unaudited)	
Consumer genetic testing services	**104,419**	**97.3%**	57,011	57.7%
Cancer screening services	**2,872**	**2.7%**	41,868	42.3%
Total	**107,291**	**100.0%**	98,879	100.0%

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

	For the six months ended 30 June			
	2024		2023	
	Average price	**Testing volume**	Average price	Testing volume
	(RMB)	***(in thousand)***	*(RMB)*	*(in thousand)*
Consumer genetic testing services	**42.9**	**2,436**	60.3	946
Cancer screening services	**287.2**	**10**	292.8	143
Total	**43.9**	**2,446**	90.8	1,089

- Consumer genetic testing services. For the six months ended 30 June 2024, our revenue from consumer genetic testing services amounted to RMB104.4 million, representing a year-on-year increase of 83.2%, which was because of the Company's proactive exploration of sales scenarios and channels and expansion of diversified sales channels. At the same time, the Company enriches product matrix continuously and optimizes product structure, resulting in the year-on-year increase in revenue of consumer genetic testing services.

- Cancer screening services. For the six months ended 30 June 2024, our revenue from cancer screening services amounted to RMB2.9 million, representing a year-on-year decrease of 93.1%, which was because the Company adjusted its pricing strategies while optimizing and adjusting the product structure of cancer screening services during the Reporting Period, resulting in the occasional reduction of the revenue of cancer screening services.

Cost of Sales

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

	For the six months ended 30 June			
	2024		2023	
	RMB'000	***%***	*RMB'000*	*%*
	(Unaudited)		(Unaudited)	
Raw materials	**23,154**	**61.5%**	17,193	51.2%
Testing services	**1,916**	**5.1%**	4,342	12.9%
Staff costs	**5,060**	**13.4%**	5,748	17.1%
Depreciation and amortization	**3,396**	**9.0%**	3,610	10.8%
Printing and delivery costs	**1,194**	**3.2%**	1,279	3.8%
Others	**2,952**	**7.8%**	1,408	4.2%
Total	**37,673**	**100.0%**	33,580	100.0%

Our cost of sales increased by 12.2% from RMB33.6 million for the six months ended 30 June 2023 to RMB37.7 million for the same period in 2024. Such increase was primarily attributable to the increase in revenue.

Gross Profit and Gross Profit Margin

For the six months ended 30 June 2023 and 2024, our gross profit amounted to RMB65.3 million and RMB69.6 million, respectively. The gross profit margin was 66.0% and 64.9%, respectively. The table below sets forth a breakdown of gross profit and gross profit margin by operating segment for the periods indicated (presented in figures and as a percentage of total gross profit).

	For the six months ended 30 June			
	2024		2023	
	Segmental gross profit		Segmental gross profit	
	RMB'000	***%***	*RMB'000*	*%*
	(Unaudited)		(Unaudited)	
Consumer genetic testing services	**67,966**	**97.6%**	33,292	51.0%
Cancer screening services	**1,652**	**2.4%**	32,007	49.0%
Total	**69,618**	**100.0%**	65,299	100.0%

	For the six months ended 30 June	
	2024	2023
	Segmental gross profit margin	Segmental gross profit margin
Consumer genetic testing services	**65.1%**	58.4%
Cancer screening services	**57.5%**	76.4%
Total	**64.9%**	66.0%

- Our gross profit from consumer genetic testing services increased from RMB33.3 million for the six months ended 30 June 2023 to RMB68.0 million for the same period in 2024. The gross profit margin increased from 58.4% for the six months ended 30 June 2023 to 65.1% for the same period in 2024. Such increase was mainly due to the Company's proactive exploration of sales scenarios and channels, expansion of diversified sales channels, continuous enrichment of product matrix, optimization of product structure and our ability to control costs effectively.

- Our gross profit from cancer screening services decreased from RMB32.0 million for the six months ended 30 June 2023 to RMB1.6 million for the same period in 2024. Such decrease was due to our optimization and adjustment of the product structure and pricing strategies of cancer screening services, while wages, rents and other costs remained relatively stable.

Other Income and Gains

Our other income and gains decreased by 55.7% from RMB7.8 million for the six months ended 30 June 2023 to RMB3.4 million for the same period in 2024. Such decrease was mainly due to decline in government grants as compared with the first half of 2023.

Selling and Distribution Expenses

Our selling and distribution expenses decreased by 17.6% from RMB16.5 million for the six months ended 30 June 2023 to RMB13.6 million for the same period in 2024, which was mainly due to the decrease in share-based payment expense as compared with the first half of 2023 and the adjustment of personnel structure during the Period.

Administrative Expenses

Our administrative expenses decreased by 27.5% from RMB24.2 million for the six months ended 30 June 2023 to RMB17.5 million for the same period in 2024, which was mainly due to the decrease in share-based payment expense as compared with the first half of 2023 and some of the R&D projects entered the clinical stage, resulting in the decrease in direct materials.

Reversal of Impairment Losses on Trade Receivables, Net

We had reversal of impairment on trade receivables of RMB10.4 million for the six months ended 30 June 2023, and reversal of impairment losses on trade receivables of RMB2.7 million for the six months ended 30 June 2024, which was mainly due to the fact that the Company continued to collect trade receivables proactively.

Other Expenses

For the six months ended 30 June 2023 and 2024, our other expenses were RMB0.2 million and RMB0.6 million, respectively. The increase in other expenses was mainly due to the increase in our external donations during the Reporting Period.

Finance Costs

Our finance costs increased by 252.3% from RMB0.3 million for the six months ended 30 June 2023 to RMB0.9 million for the same period in 2024. Such increase was mainly due to the increase in interest of the bank borrowings.

Income Tax Expenses

Our income tax expenses decreased by 15.5% from RMB7.2 million for the six months ended 30 June 2023 to RMB6.1 million for the same period in 2024. Such decrease was mainly due to the reduction in non-deductible expense for tax as compared with the same period of 2023.

Profit for the Period

As a result of the above, our profit for the period increased from RMB35.1 million for the six months ended 30 June 2023 to RMB37.0 million for the same period in 2024.

Cash and Cash Equivalents

For the six months ended 30 June 2024, our net cash generated from operating activities was RMB15.0 million, primarily attributable to the Company's increased efforts to collect accounts receivable, coupled with good accounts receivable collection.

For the six months ended 30 June 2024, our net cash flow generated from investing activities was RMB4.2 million, primarily attributable to the receipt of investment income by the Company.

For the six months ended 30 June 2024, our net cash flow used in financing activities was RMB28.4 million, primarily attributable to the repurchase of shares by the Company.

As a result of the above, our cash and cash equivalents, which were mainly held in RMB and HKD, decreased by 1.8% from RMB518.3 million as of 31 December 2023 to RMB508.9 million as of 30 June 2024.

Indebtedness

Lease Liabilities

As of 31 December 2023 and 30 June 2024, we had outstanding aggregate unpaid contractual lease payments (present value of lease payments for the remainder of relevant lease terms) of RMB25.9 million and RMB19.7 million respectively in relation to the corresponding current and non-current lease liabilities.

As of 30 June 2024, the Company had outstanding bank loans of RMB21.7 million (2023: RMB22.6 million). Among which, RMB2.0 million will mature within one year and RMB19.7 million will mature after one year.

Save as disclosed above, we did not have any outstanding loan, capital issued or agreed to be issued, debt securities, mortgages, charges, debentures, bank overdrafts, loans, unutilized banking facilities or other similar indebtedness, liabilities under acceptances or acceptance credits, hire purchase commitments or other contingent liabilities as of 30 June 2024.

Our Directors have also confirmed that, as of 30 June 2024, there was no material change in the Company's indebtedness since 31 December 2023.

Key Financial Ratios

	For the six months ended 30 June	
	2024	2023
Gross profit margin[(1)]	**64.9%**	66.0%
Net profit margin[(2)]	**34.5%**	35.5%
Current ratio[(3)]	**5.4**	9.0

Notes:

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

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

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

Capital Expenditures

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

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Purchases of property, plant and equipment	**619**	12,674
Purchases of other intangible assets	**14**	70
Total	**633**	12,744

Contingent Liabilities

As of 30 June 2024, we had no material contingent liabilities.

Significant Investments and Future Plans for Material Investments or Capital Assets

As of 30 June 2024, we did not hold any significant investment.

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

Material Acquisitions and Disposals

For the six months ended 30 June 2024, we did not make any material acquisitions or disposals of subsidiaries, associates and joint ventures.

Pledge of Group Assets

As of 30 June 2024, we did not have any pledged assets.

Interim Dividend

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2024.

Employees

As of 30 June 2024, we had 214 employees, most of whom were based in Beijing. We conduct new staff training regularly to guide new employees and help them adapt to the new working environment. In addition, we provide online and in-person formal and comprehensive company-level and department-level training to our employees on a quarterly basis in addition to on-the-job training. Employees are also encouraged to attend external seminars and workshops to enrich their technical knowledge and develop competencies and skills. We also provide training and development programs as well as external training courses to our employees from time to time for the sake of enhancing their technical skills and ensuring that they understand and comply with our policies and procedures.

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

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

Material Events After the Reporting Period

Save as disclosed above, as of the date of this announcement, there were no material events after 30 June 2024 that might have a material impact on our operations and financial results.

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

For the six months ended 30 June 2024

	Notes	**2024 (Unaudited) *RMB'000***	2023 (Unaudited) *RMB'000*
REVENUE	*4*	**107,291**	98,879
Cost of sales		**(37,673)**	(33,580)
Gross profit		**69,618**	65,299
Other income and gains	*4*	**3,438**	7,753
Selling and distribution expenses		**(13,609)**	(16,523)
Administrative expenses		**(17,511)**	(24,157)
Reversal of impairment losses of trade receivables, net		**2,686**	10,411
Other expenses		**(643)**	(215)
Finance cost		**(937)**	(266)
PROFIT BEFORE TAX	*5*	**43,042**	42,302
Income tax expense	*6*	**(6,073)**	(7,185)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**36,969**	35,117
Attributable to:			
Owners of the parent		**36,969**	35,117
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*8*		
Basic		**RMB0.18**	RMB0.16
Diluted		**RMB0.18**	RMB0.16

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

30 June 2024

	Notes	**30 June 2024 (Unaudited) *RMB'000***	31 December 2023 (Audited) *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**64,210**	67,399
Right-of-use assets		**23,343**	26,650
Intangible assets		**852**	919
Financial assets at fair value through profit and loss		**29,600**	29,600
Deferred tax assets		**3,127**	4,196
Total non-current assets		**121,132**	128,764
CURRENT ASSETS			
Inventories		**1,207**	4,409
Trade receivables	*9*	**150,385**	115,877
Prepayments, other receivables and other assets		**50,412**	29,203
Cash and cash equivalents		**508,932**	518,289
Total current assets		**710,936**	667,778
CURRENT LIABILITIES			
Trade payables	*10*	**48,254**	39,541
Other payables and accruals		**74,862**	61,065
Interest-bearing bank and other borrowings		**1,953**	1,912
Lease liabilities		**2,101**	10,616
Tax payable		**3,239**	597
Deferred income		**600**	600
Total current liabilities		**131,009**	114,331
NET CURRENT ASSETS		**579,927**	553,447
TOTAL ASSETS LESS CURRENT LIABILITIES		**701,059**	682,211

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

30 June 2024

	Notes	**30 June 2024 (Unaudited) *RMB'000***	31 December 2023 (Audited) *RMB'000*
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**19,736**	20,723
Lease liabilities		**17,634**	15,311
Deferred income		**1,050**	1,350
Total non-current liabilities		**38,420**	37,384
Net assets		**662,639**	644,827
EQUITY			
Equity attributable to owners of the parent			
Share capital		**153**	154
Treasury shares		**(6,502)**	(1,567)
Other reserves		**668,988**	646,240
Total equity		**662,639**	644,827

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("**HKFRSs**") for the first time for the current period's financial information.

Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "**2020 Amendments**")
Amendments to HKAS 1	*Non-current Liabilities with Covenants* (the "**2022 Amendments**")
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*

The nature and impact of the revised HKFRSs are described below:

(a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

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

(c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

3. OPERATING SEGMENT INFORMATION

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

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Revenue from contracts with customers	**107,291**	98,879

Revenue from contracts with customers

(a) Disaggregated revenue information

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Type of goods or services		
Consumer genetic testing services	**104,419**	57,011
Cancer screening testing services	**2,872**	41,868
Total	**107,291**	98,879
Timing of revenue recognition		
Goods or service transferred at a point in time	**107,291**	98,879

Geographical markets

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

(b) Performance obligation

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

Genetic testing services

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

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Other income and gains		
Rental income	**503**	142
Bank interest income	**653**	361
Government grants	**349**	3,340
Investment income from financial assets at fair value through profit or loss	**1,869**	2,506
Foreign exchange differences, net	**–**	1,344
Others	**64**	60
Total	**3,438**	7,753

5. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Cost of services provided	**37,673**	33,580
Depreciation of property, plant and equipment	**3,808**	4,071
Depreciation of right-of-use assets	**3,307**	3,438
Amortisation of intangible assets	**81**	73
Research and development costs	**9,934**	12,402
Foreign exchange loss/(gain), net	**122**	(1,344)
Impairment losses on trade receivable, net	**(2,686)**	(10,411)

6. INCOME TAX EXPENSE

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

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

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

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

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

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Current tax	**5,004**	5,289
Deferred tax	**1,069**	1,896
Total tax charge for the period	**6,073**	7,185

7. DIVIDENDS

No dividend has been declared and paid by the Company in respect of the reporting period (six months ended 30 June 2023: Nil).

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

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 209,637,209 (2023: 221,052,467) in issue during the period. The number of shares for the current period has been arrived at after eliminating the shares held under the restricted share unit scheme.

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

No adjustment has been made to the basic earnings per share amount presented for the period ended 30 June 2024 in respect of a dilution as the impact of the restricted share unit scheme had an anti-dilutive effect on the basic earnings per share amount presented.

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

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	**36,969**	35,117

	Number of shares For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**209,637,209**	221,052,467
Effect of dilution – weighted average number of ordinary shares:		
Restricted share unit scheme	**–**	1,365,736
Total	**209,637,209**	222,418,203

9. TRADE RECEIVABLES

	30 June 2024	31 December 2023
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Trade receivables	**172,183**	140,361
Impairment	**(21,798)**	(24,484)
Total	**150,385**	115,877

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

Included in the Group's trade receivables were amounts due from related parties of RMB97,321,000 as at 30 June 2024 (2023: RMB101,480,000), which are repayable on credit terms similar to those offered to the customers of the Group.

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

	30 June 2024 (Unaudited) *RMB'000*	31 December 2023 (Audited) *RMB'000*
Within 3 months	**78,467**	52,866
3 to 6 months	**28,384**	10,042
6 to 12 months	**18,983**	28,512
1 to 2 years	**21,685**	15,020
Over 2 years	**2,866**	9,437
Total	**150,385**	115,877

10. TRADE PAYABLES

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

	30 June 2024 (Unaudited) *RMB'000*	31 December 2023 (Audited) *RMB'000*
Within 3 months	**17,721**	13,322
3 to 6 months	**3,899**	5,241
6 to 12 months	**11,496**	10,580
Over 12 months	**15,138**	10,398
Total	**48,254**	39,541

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

Included in the Group's trade payables were amounts due to related parties of RMB277,000 as at 30 June 2024 (2023: RMB735,000) with credit terms similar to those offered by the related parties to their customers.

11. RELATED PARTY TRANSACTIONS

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

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

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

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Services provided to:		
Meinian Onehealth and its subsidiaries	**41,542**	57,556
Companies controlled by Dr. Yu Rong	**3,834**	4,944
Total	**45,376**	62,500
Services provided by:		
Meinian Onehealth and its subsidiaries	**25**	1,277
Property management services provided by:		
Companies controlled by Dr. Yu Rong	**668**	873

(b) Outstanding balances with related parties:

	30 June 2024 (Unaudited) *RMB'000*	31 December 2023 (Audited) *RMB'000*
Trade receivables		
Meinian Onehealth and its subsidiaries	**48,704**	60,188
Companies controlled by Dr. Yu Rong	**48,617**	41,292
Total	**97,321**	101,480
Other receivables		
Companies controlled by Dr. Yu Rong	**5,540**	5,614
Prepayments		
Companies controlled by Dr. Yu Rong	**820**	848
Trade payable		
Meinian Onehealth and its subsidiaries	**174**	489
Companies controlled by Dr. Yu Rong	**103**	246
Total	**277**	735
Contract liabilities		
Meinian Onehealth and its subsidiaries	**53,250**	44,384
Companies controlled by Dr. Yu Rong	**229**	1,324
Total	**53,479**	45,708
Lease liabilities		
Companies controlled by Dr. Yu Rong	**19,735**	25,927

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

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Salaries, allowances and benefits in kind	**1,137**	1,248
Share-based payment expense	**52**	24
Pension scheme contributions	**357**	412
Total compensation paid to key management personnel	**1,546**	1,684

ADDITIONAL INFORMATION

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

During the Reporting Period, the Company has repurchased a total of 2,163,800 Shares of the Company on the Stock Exchange at an aggregate consideration of HK$22,388,414.8.

Details of such repurchase are set out as follows:

Month	Total number of repurchased shares	Price per share		Total consideration
		Highest	Lowest	
		HK$	HK$	HK$
January 2024	90,000	9.20	7.96	769,418.7
February 2024	914,200	11.90	8.14	10,126,552.7
April 2024	80,000	9.50	8.40	740,920.1
May 2024	149,800	9.90	9.50	1,468,994.4
June 2024	929,800	10.30	9.50	9,282,528.9
Total	2,163,800			22,388,414.8

As of 30 June 2024, the Company has cancelled 1,445,400 shares of the above repurchased shares, and the remaining 718,400 repurchased shares have not been cancelled yet.

The repurchase was effected for enhancing the net assets and earnings per share and in accordance with the repurchase mandate granted to the Board in the 2024 annual general meeting of the Company.

Save as disclosed above, neither the Company nor its subsidiaries have purchased, sold or redeemed any of the Company's listed securities as of 30 June 2024.

Compliance with the Corporate Governance Code

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

The Company has adopted the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as its own code of corporate governance. The Board is of the view that, during the Reporting Period, the Company has complied with the code provisions as set out in the CG Code.

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as the Group's code of conduct regarding the Directors' securities transactions. Having made specific enquiry of all the Directors, all the Directors confirmed that they have strictly complied with the Model Code during the Reporting Period.

Save as disclosed in this announcement, from 1 January 2024 to 30 June 2024, there were no other material changes in respect of the Company that needed to be disclosed under paragraph 46 of Appendix D2 to the Listing Rules.

Audit Committee and Review of Financial Information

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

The Audit Committee has reviewed the Group's unaudited interim financial information for the six months ended 30 June 2024. The Audit Committee has also reviewed the accounting principles adopted by the Group and discussed auditing, internal control, risk management and financial reporting matters.

Publication of Interim Results Announcement and Interim Report

This interim results announcement is published on the website of the Stock Exchange **(www.hkexnews.hk)** and the website of the Company **(www.megagenomics.cn)**. The interim report of the Company for the six months ended 30 June 2024 containing all the information required by the Listing Rules will be made available on the same websites and/or despatched to the shareholders of the Company in due course.

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

Hong Kong, 30 August 2024

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