BASECARE
贝康医疗

蘇州貝康醫療股份有限公司

SUZHOU BASECARE MEDICAL CORPORATION LIMITED

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

Stock Code : 2170

2023 INTERIM REPORT

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Dr. LIANG Bo (梁波) *(Chairman and General Manager)*
Mr. KONG Lingyin (孔令印)
Ms. YANG Ying (楊瑩)

Non-executive Directors

Mr. XU Wenbo (徐文博)
Mr. WANG Weipeng (王偉鵬)
Mr. LING Yang (凌洋) *(appointed on August 10, 2023)*
Mr. ZHANG Jiecheng (張劼鋮)
(resigned on January 11, 2023)

Independent Non-executive Directors

Dr. KANG Xixiong (康熙雄)
Mr. LAM Siu Wing (林兆榮) *(appointed on July 13, 2023)*
Dr. YEUNG Shu Biu William (楊樹標)
(appointed on August 10, 2023)
Mr. CHAU Kwok Keung (鄒國強)
(resigned on June 14, 2023)
Dr. HUANG Taosheng (黃濤生)
(resigned on August 10, 2023)

AUDIT COMMITTEE

Mr. LAM Siu Wing *(Chairman)*
(appointed on July 13, 2023)
Mr. CHAU Kwok Keung *(Chairman)*
(resigned on June 14, 2023)
Dr. KANG Xixiong
Mr. WANG Weipeng

REMUNERATION AND APPRAISAL COMMITTEE

Dr. KANG Xixiong *(Chairman)*
Dr. LIANG Bo
Mr. LAM Siu Wing *(appointed on July 13, 2023)*
Mr. CHAU Kwok Keung *(resigned on June 14, 2023)*

NOMINATION COMMITTEE

Dr. LIANG Bo *(Chairman)*
Dr. KANG Xixiong
Mr. LAM Siu Wing *(appointed on July 13, 2023)*
Mr. CHAU Kwok Keung *(resigned on June 14, 2023)*

SUPERVISORS

Ms. HUANG Bing (黃冰) *(Chairwoman)*
(resigned on July 14, 2023)
Ms. SHI Lijuan (史麗娟) *(Chairwoman)*
(appointed on July 14, 2023)
Dr. LIN Yi (林藝)
Ms. ZONG Qiuping (宗秋平) *(appointed on July 14, 2023)*
Ms. ZHU Tingting (朱婷婷) *(resigned on July 14, 2023)*

AUTHORISED REPRESENTATIVES

Dr. LIANG Bo
Mr. CHUNG Ming Fai (鍾明輝)

JOINT COMPANY SECRETARIES

Mr. YIN Lejun (殷樂駿)
Mr. CHUNG Ming Fai

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Financial Summary

The financial highlights of the Group for the Reporting Period together with the comparative figures for the corresponding previous period are set out as follows:

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue	**85,546**	68,568
Cost of sales	**(51,982)**	(38,350)
Gross profit	**33,564**	30,218
Loss from operations	**(58,166)**	(31,603)
Loss before taxation	**(58,256)**	(32,036)
Loss for the period from continuing operations	**(62,493)**	(33,551)

	As of	
	June 30,	December 31,
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Financial Positions		
Non-current assets	**600,028**	252,262
Current assets	**1,364,944**	1,527,596
Non-current liabilities	**262,407**	73,774
Current liabilities	**173,618**	114,552
Net assets	**1,528,947**	1,591,532
Total equity attributable to equity shareholders of the Company	**1,526,241**	1,592,802
Non-controlling interests	**2,706**	(1,270)

OVERVIEW

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

Leveraging on our experience accumulated in innovation in the PGT field and our advantages in the channels, we have become a multi-scenario solutions supplier in the assisted reproduction industry through independent R&D and industry merger and acquisition. In addition to PGT kits, we also possess various innovative instruments and devices. Following the huge breakthrough in our business and pipeline products in andrology laboratory, cryopreservation laboratory and software laboratory, we have completed the BMX Acquisition in June 2023. We have realized the layout in the area of embryology laboratory, which accounts for another critical milestone. Such milestone fills the gap of the Company in embryo culture products such as time-lapse incubator and culture media, meaning that the most popular and most widely used products in the assisted reproduction industry are consolidated into our product portfolio, bringing us the greatest synergy. In the coming years, we will leverage on the advantages of our sales channels and accumulated customer base to boost sales of various advanced products, which in turn will unleash the growth potential in both the China market and international markets, and rapidly take up an advantageous position in terms of market share for the Company.

We adhere to the strategy of combining self-developed and PRC-made substitution, and through our "hardware + software" industry innovation model, we have created multi-scenario solutions including PGT laboratory, andrology laboratory, cryopreservation laboratory, embryology laboratory and software laboratory, which in turn facilitate the "localization" layout for other assisted reproduction institutes and laboratories, materialize standardization and automation, as well as intelligent hardware and software upgrades. In particular:

1. PGT Laboratory

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

Our self-developed PGT-A kit obtained the first Class III medical device registration certificate — "National Special Approval for Innovative Medical Devices (國家創新醫療器械特別審批)" in February 2020. We have participated in the drafting of the PGT-A kit quality control and technology assessment guide, and establishing the national industry standard of PGT-A kit, filling the clinical gap of third-generation IVF kit in China. In addition, we are currently developing PGT-M and PGT-SR kits, which are key R&D products under the "14th Five-Year national key research and development plan". This materializes the PRC-made products substitution in the assisted reproduction industry. These testing kits are all based on next-generation sequencing (NGS) technologies and form a complete test kit line-up to occupy the PGT field. We have developed our PGT-M kit with better sensitivity and specificity, which detects single-gene defects prior to embryos' implantation, or monogenic, defects in pre-implantation embryos. It eliminates the need for patient-specific pre-exam validation, offering a standardized solution with mass clinical appeal that significantly shortens results turnaround time thereby reducing testing costs for patients as well. To date our PGT-M kit is the first and only product of its kind that has completed the registration testing in China, and has begun patient enrolment for clinical tests in June 2022. Our self-developed PGT-SR kit is the first technology world-wide that effectively detects chromosome balanced translocations through high-throughput sequencing platform, granted as a national invention proprietary technology (patent no.: 202011094180.6). Our PGT-SR kit would become the first standardized commercial product of its kind in China with potential for mass clinical application. Our PGT-SR kit has high market potential, offering one test with broad disease detectability and eliminating the need for patient-specific pre-exam validation, which translates to faster result turnaround time from several months to only two weeks and significantly lower the testing cost. We expect to obtain NMPA registration approval for PGT-M kits in 2024, and PGT-SR kits will obtain NMPA registration approval in 2025, which would further strengthen our dominance in the third-generation IVF genetic test kit market in China, well ahead of our competitors in potential competition.

In terms of equipment, the Company could provide three types of high-throughput gene sequencers with different throughputs, namely DA500, DA8600 and DA5000. Based on the number of cycles and different testing needs, the reproductive centers shall choose the most suitable sequencing platform with the automated workstation BS1000 to create a standardized, automated and intelligent PGT laboratory with advanced testing capabilities for clinical use. Our DA500 genetic sequencing machine is the first integrated fully-automatic high throughput sequencing system for PGT inspection in the world. It can perform sample processing, high-throughput sequencing and data analysis three-in-one, reducing time needed for manual operation by 95% and inspection site requirement by 60%. The machine obtained its medical device registration certificate in September 2023. Our DA5000 high-throughput sequencing machine is an all-round desktop sequencing machine that can be widely adopted in the reproductive and genetic sector, including pre-pregnancy, pre-natal, pre-implantation of embryo, genetic disease screening for new-born and other stages of the reproductive cycle. It is expected to obtain its registration certificate in 2024. Based on the above, we have achieved a closed-loop coverage of kits, high-throughput sequencers and auxiliary software in the field of PGT.

2. Andrology Laboratory

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

Our self-developed intelligent semen quality analyzer is based on the World Health Organization 6th edition manual standards and the morphological interpretation standards jointly formulated by 18 clinical units including one of the best andrology clinical institutions in the PRC. We provide the self-developed and manufactured intelligent semen quality analysis platform to andrology laboratory. Our self-developed BKA-210 fully-automatic semen quality analyzer is based on our self-developed and global advanced technology of intelligent semen quality analysis without damaging the quality of the semen. This technology is an innovative breakthrough from zero to one in many aspects and fills four technological gaps: 1. sperm morphology test could not be performed with live sperms; 2. sperm morphology test would damage the quality of the semen; 3. non-intelligent sperm morphology test; and 4. concentration, motility and morphology test could not be carried out at the same time. In the clinical aspect, this would assist the dynamic tracking of live sperms and completes real-time synchronous analysis of sperm morphology, concentration and motility, which not only subverts the morphological detection method of manual microscopy, but also increases the accuracy rate of equipment testing results to 95%. At the same time, analysis results can be promptly obtained, making testing more efficient, convenient and objective. Registration certificate of our intelligent semen quality analyzer is expected to be obtained in 2024. Hospitals in China grading 2A above with andrology laboratory will need this core product to carry out semen tests.

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

3. Cryopreservation Laboratory

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

Our BCT38C smart liquid nitrogen storage dewar is the first PRC-made smart liquid nitrogen storage dewar in the world. It materializes real time temperate monitoring, password unlock and operation logbook keeping, ensuring the safety of samples in every aspect. It completed the performance verification and registration evaluation in 2021, and obtained Class II medical device registration certificate in 2022, becoming the first liquid nitrogen storage dewar with clinical registration. Our BSG800A automatic cryopreservation system is the first domestic and automatic cryopreservation system with CE approval in the world. Commercial sales of the system began in 2021. We also built the first sample laboratory for automatic biological sample cryopreservation system in a renowned clinical institution in the PRC. We developed a vitrified cryovial for use with our cryopreservation system. The bottom of each vitrified cryovial has a laser-etched QR code, allowing for accurate positioning of each sample. It is expected to obtain registration certificate in 2024. Leveraging on our advantage being the only company owning such highly-automated cryopreservation system in the industry, we have successfully developed the automated egg cryopreservation system (AOCS). In order to tackle the storage management difficulties faced by all fertility laboratories, we have developed a full-automated and digitalized storage solution, to carry out intelligent upgrade for storage software and hardware.

4. Embryology Laboratory

The technical level and environmental quality of the embryology laboratory directly affect the success rate of IVF treatment. Products for embryo culture in the PRC market have been largely monopolized by international brands. In June 2023, we completed the acquisition of BMX, and the high quality of its key products will lead to a higher market share of the Company in both domestic and oversea markets. These products include:

(a) Time-lapse incubator (Geri)

The time-lapse incubator was designed with individually controlled patient incubator chambers and can provide automated cell event tracking for custom applied scoring algorithms for embryo assessment and grading. The time-lapse incubator has obtained CE approval, FDA approval and NMPA approval, and has been on the market for about seven years. It is the only humidified time-lapse incubator in the world, leading to statistically significant improvements in clinical outcomes.

(b) Automated vitrification instrument (Gavi)

BMX invented the first automated vitrification instrument in the world to be utilized in the process of freezing embryos and eggs in the IVF automated vitrification. The instrument has obtained CE approval, and has been on the market for nearly seven years.

(c) Culture media (Gems)

BMX's complete range of culture media can support user needs at every stage of assisted reproductive technology, or ART, process from gamete analysis right through to vitrification. This third generation culture media suite has obtained CE approval, FDA approval and TGA approval, and has been on the market for nearly nine years.

(d) Assisted reproduction electronic witnessing and workflow management system (Gidget)

The assisted reproduction electronic witnessing and workflow management system is designed to adapt to existing infrastructure and assisted reproductive technology procedures. It enables high workflow visibility, process and consumable traceability and streamlined reporting, and reduces the risk of patient sample mismatches and enhances traceability in the laboratories.

In 2017, BMX won two gold awards at the Annual Medical Design Excellence Awards, one of the most respected medical product awards in the world through the successful development of two of its key products, the time-lapse embryo incubator and the automated vitrification instrument, representing high industry recognition and market position of the BMX's products and its R&D capacity.

The BMX Acquisition has accelerated the Group's deployment in another key area of assisted reproduction market, the embryology laboratory, so that the Group's products and technologies are able to cover all key stages in the full-chain of assisted reproduction, which has significantly enhanced our competitiveness. With BMX's products, we can assist medical institutions to provide high-quality, automated and intelligent integrated solutions for embryology laboratories with embryo culture, gamete and embryo storage, laboratory management, so as to help clinical institutions establish a safe and reliable embryology laboratory operation management system.

5. Software Laboratory

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

Currently, we cooperate with over 65 localized laboratories in the PRC, and our market share in leading assisted reproductive centers has reached above 70%. Meanwhile, BMX serves more than 600 clinical institutions with the business and partners spanning across more than 20 countries and regions. We are gradually moving towards the commercialization stage from product innovation and accumulation stage. Leveraging on the advantages of our sales channels and accumulated customer base, as well as the existing market size and our existing market shares, we will progress sales of various advanced products, which in turn will unleash the growth potential of the Company in both the China market and international markets, and rapidly take up an advantageous position in terms of market share.

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

Product	Stage of Reproductive Cycle	Approved/ Planned Indications	Research and Development Stage				
			Preclinical Stages		Registration Testing***	Clinical Trial****	Obtain Registration Certification
			Design and Development*	Function Validation and Verification**			
PGT Laboratory							
PGT-A	Pre-implantation	Aneuploidy[1]					Class III medical device registration certificate obtained in February 2020
PGT-M	Pre-implantation	Monogenic defects[2]					Expected to obtain Class III medical device registration certificate in 2024
PGT-SR	Pre-implantation	Chromosome structural rearrangement[3]					Expected to obtain registration certificate in 2025
CNV	Prenatal	Copy number variation[4]					Expected to obtain registration certificate in 2025
Universal kits for sequencing effects (DA5000)	Universal	Sequencing					Obtained filing certificate in 2022
Sample preservation solution	Universal	DNA extraction					Obtained filing certificate in 2022
Universal kits for sequencing effects (DA500)	Universal	Sequencing					Obtained filing certificate in 2021
Universal kits for sequencing effects (DA8600)	Universal	Sequencing					Obtained filing certificate in 2020
Nucleic acid purification and DNA extraction kits	Universal	Sample preservation					Obtained filing certificate in 2021
Automated Workstation (BS1000)	Universal	Sample preservation					Expected to obtain registration certificate in 2024
Gene sequencer (DA500)	Universal	Sequencing					Obtained Class III medical device registration certificate in September 2023
Gene sequencer (DA5000)	Universal	Sequencing					Expected to obtain registration certificate in 2024
Embryology Laboratory							
Geri® time-lapse embryo incubator	Pre-implantation	Embryo sample					Obtained registration certificate in November 2020 (with CE/FDA/TGA verification)
Gavi® automated vitrified cooling instrument	Pre-implantation	Gamete and embryo					Expected to obtain registration certificate in 2026 (with CE verification)
Gems® IVF medium	Pre-implantation	Gamete culture					Expected to obtain registration certificate in 2025 (with CE/FDA/TGA verification)
Gems® IVM medium	Pre-implantation	Embryo culture					Expected to obtain registration certificate in 2025 (with CE/FDA/TGA verification)
Gems® blastocyst medium	Pre-implantation	Embryo culture					Expected to obtain registration certificate in 2025 (with CE/FDA/TGA verification)
Gems® follicle flushing solution	Pre-implantation	Egg cleansing					Expected to obtain registration certificate in 2025 (with CE/FDA/TGA verification)
Gems® sperm gradient solution	Pre-implantation	Sperm processing					Expected to obtain registration certificate in 2025 (with CE/FDA/TGA verification)
Gems® sperm culture solution	Pre-implantation	Sperm culture					Expected to obtain registration certificate in 2025 (with CE/TGA verification)
Gems® sperm buffer	Pre-implantation	Sperm processing					Expected to obtain registration certificate in 2025 (with CE/TGA verification)
Gems® cryo-solution set	Pre-implantation	Gamete and embryo					Expected to obtain registration certificate in 2025 (with CE/TGA verification)
Gems® thawing solution set	Pre-implantation	Gamete and embryo					Expected to obtain registration certificate in 2025 (with CE/FDA/TGA verification)
Gems® gamete buffer	Pre-implantation	Gamete					Expected to obtain registration certificate in 2025 (with CE/FDA/TGA verification)
Geri® embryo culture solution	Pre-implantation	Embryo culture					Expected to obtain registration certificate in 2025 (with CE/FDA/TGA verification)
Geri® Dish embryo culture dish	Pre-implantation	Embryo culture					Obtained Class II medical device registration certificate in September 2023 (with CE/FDA/TGA verification)
Andrology Laboratory							
Intelligent semen quality analyzer (BKA-210)	Pre-implantation	Assisted reproductive male					Expected to obtain registration certificate in 2024
Home sperm testing equipment	Pre-implantation	Assisted reproductive male					Expected to obtain registration certificate in 2024
Sperm nuclear DNA integrity testing kits	Pre-implantation	Assisted reproductive male					Expected to obtain registration certificate in 2026
Sperm mitochondrial function testing kits	Pre-implantation	Assisted reproductive male					Expected to obtain registration certificate in 2026
Sperm active oxygen testing kits	Pre-implantation	Assisted reproductive male					Expected to obtain registration certificate in 2026
Sperm survival rate testing kits	Pre-implantation	Assisted reproductive male					Expected to obtain registration certificate in 2026
Cryopreservation Laboratory							
Liquid nitrogen storage dewar (BCT38C)	Universal	Gamete and embryo					Class II medical device registration certificate obtained in November 2022
Cryopreservation System (BSG800A)	Universal	Gamete and embryo					Expected to obtain registration certificate in 2025
Vitrified cryovials	Universal	Gamete and embryo					Expected to obtain registration certificate in 2024
Vitrified rod	Universal	Gamete and embryo					Expected to obtain registration certificate in 2026
Software Laboratory							
Intelligent assisted reproduction management system (iARMS)	Full-cycle	Universal					Comprehensive commercialization to commence in 2023
PGT-A analyzing software	Pre-implantation	Aneuploidy					Obtained registration certificate in 2022
PGT-M analyzing software	Pre-implantation	Monogenic defects[2]					Completed registration testing and expected to obtain registration certificate in 2024
PGT-SR analyzing software	Pre-implantation	Chromosome structural rearrangement[3]					Completed registration testing and expected to obtain registration certificate in 2025
CNV analyzing software	Prenatal	Copy number variation[4]					Completed registration testing and expected to obtain registration certificate in 2025
Gidget® Whole process electronic management system	Pre-implantation	Embryo culture					Comprehensive commercialization to commence in 2023 (with TGA verification)

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.

4. For patients who have experienced miscarriage.

BUSINESS REVIEW

Products Portfolio and Product Candidates Pipeline

We have become a multi-scenario solutions supplier in the assisted reproduction industry through independent R&D and industry merger and acquisition. In addition to PGT kits, we also possess various innovative instruments and devices. Following the huge breakthrough in our business and pipeline products in andrology laboratory, cryopreservation laboratory and software laboratory, we have completed the BMX Acquisition in June 2023. We have realized the layout in the area of embryology laboratory, which accounts for another critical milestone. Such milestone fills the gap of the Company in embryo culture products such as time-lapse incubator and culture media.

- **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 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 six months ended June 30, 2023, we recorded revenue of RMB37.9 million from sales of our PGT-A kits with gross profit margin of 69.9%.

- **PGT-M kit**

  Our PGT-M kit 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 obtained ethical approval and commenced the clinical trials for our PGT-M kit in July 2021. We expect to obtain registration approval from the NMPA in 2024.

- **PGT-SR kit**

  Our PGT-SR kit 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 entered NMPA registration testing in September 2021 and expect to obtain NMPA approval in 2025.

- **High-throughput gene sequencer (DA500)**

  DA500 high-throughput 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 rate 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. In September 2023, we have obtained the Class III medical device registration certificate granted by the NMPA (Guo Xie Zhu Zhun 20233221281).

- **Time-lapse incubator (Geri)**

  The core philosophy of the time-lapse incubator (Geri) is to provide a secure and stable condition for embryo culture. The incubator is featured with six independent culture chambers. Each chamber is dedicated to a single patient, and is capable of independent supply of air, humidity and heating, which helps improve the stability of embryo development. Meanwhile, serving as the first time-lapse incubator functioning with humid culture, it may provide a stable osmotic pressure environment for the development of embryos. Each chamber is equipped with a five megapixels HD camara, which is able to capture 11 focal plane images every five minutes, providing more dynamic developmental data for clinical decision-making. Each chamber is also set with an independent temperature sensor, CO_2 sensor and humidity alert system, allowing real-time monitoring of the culture environment in the chamber and real-time alert against any abnormalities. Paired with an intelligent analysis software, the incubator can automatically identify abnormal development patterns directly related to embryo implantation potential, assisting embryologists to select embryos with greater developmental potential and improve patients' embryo utilization. The time-lapse incubator (Geri) has obtained registration certificates from NMPA, 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 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 registered and certified as medical devices by CE, FDA and TGA. We expected to complete registration and obtain approval from NMPA in 2024.

- **Liquid nitrogen storage dewar**

  Based on the conventional liquid nitrogen tank, we have developed our liquid nitrogen storage dewar equipped with a digital management system, which is expected to be 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, 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 was approved by the NMPA as a Class II medical device in November 2022.

- **Cryopreservation system**

  Our self-developed cryopreservation system (BSG800A) is the first innovative device with full-automatic ultra-low temperature storage designed for the field of embryo storage, which solves problems such as a heavy workload in embryo 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 embryo transfer and storage, which significantly enhances work efficiency, at the same time, ensures the safety of long-term embryo storage. The device has received CE certificate in 2020, and is expected to obtain the state registration certificate in 2025.

- **Sperm quality analyzer**

  The prevailing sperm quality testing method for clinical use can only analyze the concentration and motility of active sperms. While morphology analysis relies on inactive sperms with stain and requires manual cell counting under microscope, therefore having 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, at the same time, maintains the original morphology of sperm in analysis, as well as avoids the change of sperm morphology during the staining process, resulting to an efficient, fast and objective analysis. The device has completed its equipment development in 2021, and is expected to obtain its registration certificate in 2024.

- **Intelligent assisted reproduction management system (iARMS)**

  The iARMS (a full reproductive cycle health management platform) integrates laboratory devices and equipment, data interconnection and the assisted reproduction process, and covers reproductive outpatient service, cycle management, sample cryopreservation, laboratory monitoring and control, sample verification and other business scenarios. It is incorporated with seven systems and modules, namely BK-RCMS for cycle management, BK-RMRS for outpatient records, BK-CMS for cryopreservation, BK-LMS for intelligent monitoring, BK-SMS for sample verification, BK-QCS for queuing service and IVS for identity verification. The iARMS has been commercialized in 2023 with the following advantages:

  (a) Modular and intelligent medical record management system. It can meet the demands of medical specialties and requirements stipulated by the National Health Commission for digital medical record system, forming a user-oriented closed loop system for medical information related to full reproductive medical and health management based on a unified data standard. Efficiency of diagnosis and treatment can be enhanced through digital coordinated operation;

  (b) Multi-role operation in the work-cycle. We can reduce information gap and operational errors through switching between the outpatient and periodic medical records based on treatment schedule, rapid input of previous medical records with just one click, and coordinated operation. Display of periodic information in all scenarios could create structured, standardized and unified medical record;

  (c) Flexible change in assisted reproduction solutions. Intelligent allocation of workstation and forms supports free adjustment of assisted reproductive in multiple procedures, and ensures the automatic transfer of data before and after the changes in the solutions. Automatic generation of change record could provide precise services for periodic quality control and statistics;

  (d) Intelligent quality control and error correction during operation procedures. The iARMS connects with hospitals' systems to automatically update patient reports. Verification forms inspect the default value in inspection report and allow for unit conversion and convenient input. The intelligent system assists doctors in judging whether the reports meet standards and inserts auxiliary signs to reduce verification time;

(e) Artificial intelligence for assisted reproduction. With highly accurate AI-based graphics and text identification, OCR+ is lined up with medical entities to accurately allocate medical records. Through various AI technologies like natural language processing and knowledge graph, the iARMS can provide quality control for the content of medical records and support clinical decisions; and

(f) IoT ecosystem. The seamless connection of the hardware and systems of intelligent monitoring, sample verification, identity verification and queuing service allows for integrated operation of devices and equipment and ensures the traceability of data. The construction of a visible IoT platform in laboratory allows for convenient daily management.

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 this interim report. On June 21, 2023, 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.

After the acquisition of BMX, (i) leveraging the Company's extensive experience on R&D, production and sales in China, the Company will introduce BMX products into China, in order to provide overall solution with high quality, automation and intelligent level for medical institutions; (ii) BMX's extensive global sales network and experience will generate enormous synergy with the Company, and will support the Company in expanding its international market presence, leading to an increase in revenue and a larger customer base which will strengthen the foundation for future commercialization and facilitate the entry of the Company's self-developed products into new markets; and (iii) the Company has acquired the entire product pipeline of BMX, and could further leverage such strong advantages in products portfolio to realize domestic R&D and production, develop the next-generation automated culture medium hardware system and provide more innovative products for the field of assisted reproduction based on R&D of BMX.

The total revenue of BMX for the six months ended on June 30, 2023 was approximately RMB43.2 million, representing an increase of approximately 20% compared to the six months ended on June 30, 2022 according to the unaudited management account of BMX. The increase in revenue was primarily attributed to the higher sales revenue in Spain, Italy, the Czech Republic and several Asian countries. BMX will continue to enhance and improve its product portfolio to achieve ongoing innovation and improvement for existing products.

THE GROUP'S FACILITIES AND PRODUCTION

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 an advanced manufacturing base integrated 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 high-end manufacturing cluster covering the entire industrial chain of assisted reproduction, adhering to the industrial development of independent R&D and domestic substitution, and providing domestic patients with testing kits, consumables, instruments and equipment that meet global quality standards and with more affordable price. In 2022, we overcame the impact of the delayed construction due to the pandemic and the impact of high temperature and extreme weather, and successfully completed the construction of the main building structure in October 2022. We expect to complete the interior renovation in October 2023, with a view to achieving the improvement in high quality and large-scale delivery.

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

COMMERCIALIZATION

We currently adopt the sales model of direct sales and distributors' sales. As of June 30, 2023, we have a total of 185 sales personnel and over 30 distributors, covering more than 300 assisted reproductive institutions in aggregate in the PRC. Meanwhile, BMX has 20 sales personnel and over 18 distributors, serving more than 600 clinical institutions with the business and partners spanning across more than 20 countries and regions.

With the new products brought by the BMX Acquisition, the Company's experience in R&D and commercialization in the Chinese market can further accelerate and expand the commercialization of the BMX's products in China. Meanwhile, in terms of expanding our commercial network and customer base with BMX's global network, the BMX Acquisition paves a way for the internationalization for the innovative products of the Company, making the assisted reproduction products made in China to have a global presence.

RESEARCH AND DEVELOPMENT

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. Please refer to "Management Discussion and Analysis — Overview — 4. Embryology Laboratory" for details of BMX's key products.

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.

Geri® Dish embryo culture dish is a sterile and pyrogen-free specific culture dish for time-lapse incubator, with a central trough containing 16 high-precision and high-definition embryo culture micro-troughs. These micro-trough structures effectively dilute the lighter metabolic harmful substances produced during embryonic development, and increase the heavier autocrine and paracrine factors surrounding the embryos that are beneficial to embryonic development, and in turn promote the growth and development of embryos. The inner diameter of micro-troughs, which is similar to the size of embryos, can also fix the embryos as well. It can be used with the camera system of the time-lapse incubator to capture clear photos of embryonic development for embryo quality assessment. Such product has obtained medical device registration certification from CE, FDA and TGA, and obtained the Class II medical device registration certificate from NMPA in September 2023.

IMPORTANT EVENTS AFTER THE END OF THE REPORTING PERIOD

Save as otherwise disclosed in this interim report, there are no significant events occurred after the end of the Reporting Period and up to the date of this interim report.

EMPLOYEES AND REMUNERATION

As of June 30, 2023, the Group had 488 employees. The number of employees employed by the Group varies depending on our business requirement. The remuneration package of our employees includes salary, bonus and equity-settled share-based payment, which are generally determined by their qualifications, industry experience, position and performance. The 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 six months ended June 30, 2023 was approximately RMB65.1 million, as compared to RMB50.6 million for the six months ended June 30, 2022. The increases are primarily attributable to the expansion of our R&D team and selling team.

During the six months ended June 30, 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 that they may better understand our corporate culture, structure and policies, learn relevant laws and regulations, and raise their compliance awareness.

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

PROPOSED A SHARE OFFERING

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

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

INTELLECTUAL PROPERTY

We recognize the importance of intellectual property rights to our business and are committed to the development and protection of our intellectual property rights. As of June 30, 2023, we had registered 90 patents, 124 trademarks, four software copyrights and 45 domain names in China. We had also registered four trademark in Hong Kong. As of the same date, we had filed 78 patent applications in China.

FUTURE AND OUTLOOK

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

(i) to establish a complete industry chain in the assisted reproduction industry, build a full-coverage product portfolio including devices and instruments and consumables such as test kits and culture media, sell top products to assisted reproduction institutes to serve the clinical practice;

(ii) leveraging on the customer base accumulated in PGT product sales and the localized laboratories layout, to relocate the existing resources to existing customers to realize sales of other advanced products;

(iii) to establish comprehensive global sales network to expand the international market, enhance launching of our self-developed products in the new markets; and

(iv) to establish top-class cluster of assisted reproduction products by way of building the headquarter of the Company, realize delivery ability of high quality products, adhere to the industrialization development of independent R&D and domestic substitution, and provide domestic patients with testing kits, instruments, equipment and consumables that meet global quality standards at a lower price.

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 of this interim report successfully.

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 24.6% from RMB68.6 million for the six months ended June 30, 2022 to RMB85.5 million for the six months ended June 30, 2023. This increased was primarily driven by the steady increase in sales of PGT kits and the growth of sales of cryostorage system devices.

Cost of Sales

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

Our cost of sales increased by 35.4% from RMB38.4 million for the six months ended June 30, 2022 to RMB52.0 million for the six months ended June 30, 2023, which slightly outpaced the growth in revenue.

Gross Profit and Gross Profit Margin

As a result of the aforementioned factors, the gross profit of the Group increased by 11.3% from RMB30.2 million for the six months ended June 30, 2022 to RMB33.6 million for the six months ended June 30, 2023. Gross profit margin is calculated as gross profit divided by revenue. The overall gross profit margin of the Group decreased from 44.1% for the six months ended June 30, 2022 to 39.2% for the six months ended June 30, 2023, primarily because though our self-developed instrument products have achieved higher level of sales revenue, they have not yet been mass-produced on an economic scale, which leads to a relatively low gross profit.

Other Net Income

Our other net income increased by 6.0% from RMB45.0 million for the six months ended June 30, 2022 to RMB47.7 million for the six months ended June 30, 2023, primarily due to (i) we recorded exchange gains of RMB25.1 million for the six months ended June 30, 2023, as compared to that of RMB35.9 million for the six months ended June 30, 2022; and (ii) interest income from bank deposits increased from RMB7.4 million for the six months ended June 30, 2022 to RMB20.2 million for the six months ended June 30, 2023.

Selling and Distribution Costs

Our selling and distribution expenses increased by 28.0% from RMB30.7 million for the six months ended June 30, 2022 to RMB39.3 million for the six months ended June 30, 2023, primarily due to the Company's strategy of better preparation for sales of various new products, resulting in an increase in staff costs in selling and distribution.

Administrative Expenses

Our administrative expenses increased by 18.3% from RMB30.6 million for the six months ended June 30, 2022 to RMB36.2 million for the six months ended June 30, 2023, primarily due to costs incurred from the professional services received by the Company for the BMX Acquisition.

R&D Expenses

The following table sets forth the components of our R&D expenses for the period indicated.

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
Staff costs	**28,122**	18,667
Clinical trial expenses	**20,986**	17,210
Consumables expenses	**9,232**	6,428
Depreciation expenses	**1,823**	1,168
Others	**3,561**	2,045
Total	**63,724**	45,518

Our R&D expenses increased by 40.0% from RMB45.5 million for the six months ended June 30, 2022 to RMB63.7 million for the six months ended June 30, 2023, primarily due to the progressed product R&D which resulted in an increase in R&D staff costs and clinical trial expenses.

Finance Costs

Our financial costs consist of (i) interest on interest-bearing bank loans, and (ii) interest on lease liabilities. We recorded financial costs of RMB0.4 million and RMB0.1 million for the six months ended June 30, 2022 and June 30, 2023, respectively.

Income Tax

We recorded income tax expenses of RMB1.5 million and RMB4.2 million for the six months ended June 30, 2022 and June 30, 2023, respectively.

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 59.0% from RMB48.1 million as of December 31, 2022 to RMB76.5 million as of June 30, 2023, primarily due to the consolidation of inventories of BMX.

Trade and Other Receivables

Our trade and other receivables increased by 29.5% from RMB145.7 million as of December 31, 2022 to RMB188.7 million as of June 30, 2023, primarily due to the consolidation of trade and other receivables of BMX.

Trade and Other Payables

Our trade payables increased by 54.3% from RMB106.3 million as of December 31, 2022 to RMB164.0 million as of June 30, 2023, primarily due to an increase in payments payable for construction in progress, as well as the consolidation of trade and other payables 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.

Financial Resources, Liquidity and Capital Structure

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

Our net current assets decreased by 15.7% from RMB1,413.0 million as of December 31, 2022 to RMB1,191.3 million as of June 30, 2023, primarily due to cash paid for acquisitions of BMX and construction of the headquarters building. As of June 30, 2023, we had unsecured bank loans of RMB130 million with a floating interest rate of 3.55% per annum (as determined by LPR). As of the same date, we had secured bank loans of RMB89.1 million with an interest rate of 3.90% to 4.15% per annum (as determined by LPR). The secured bank loans were pledged by the Group's land use right. 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). The Company intends to apply such net proceeds in accordance with the purposes as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus and further revised and disclosed in the circulars of the Company dated November 16, 2021 and April 7, 2022 under the sections headed "Ordinary Resolution — Proposed Change in Use of Proceeds".

Significant Investments, Material Acquisitions and Disposals

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 has 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 interim report, the Group had no material capital expenditure plan nor other plans for material investments or capital assets as of the date of this interim report.

Contingent Liabilities

As of June 30, 2023, we did not have any contingent liabilities.

Capital Commitments

Capital commitments outstanding as of June 30, 2023 and December 31, 2022 not provided for in the consolidation financial statements were as follows:

	June 30, 2023 RMB'000	December 31, 2022 RMB'000
Authorised and contracted for		
— Property, plants, and equipment	**37,574**	64,725
— Fund investment	**6,608**	8,004
	44,182	72,729

Charge on Assets

Save for the secured bank loans of RMB89.1 million pledged by the Group's land use right, there was no charge on assets of the Group as of June 30, 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 June 30, 2023, the Company was in a net cash position and thus, gearing ratio is not applicable.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As of June 30, 2023, the interests and short positions of the Directors, Supervisors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept pursuant to Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Long Position in the Shares of the Company:

Name of Director	Position	Nature of interest	Number and class of Shares	Approximate percentage of interest in our Company[3]	Approximate percentage of interest in the relevant class of Shares of our Company[4]
Dr. Liang[1]	Executive Director and general manager	Beneficial owner	55,231,640 Domestic Shares	20.19%	28.95%
		Interest in a controlled corporation	36,090,379 Domestic Shares	13.19%	18.91%
Mr. XU Wenbo[2]	Non-executive Director	Interest in a controlled corporation	22,196,511 Domestic Shares	8.11%	11.63%

Notes:

(1) As of June 30, 2023, Basecare Investment was held as to approximately 58.31% by Dr. Liang (as the sole general partner). Therefore, Dr. Liang was deemed to be interested in the Shares in which Basecare Investment was interested under the SFO.

(2) As of June 30, 2023, Zhangjiagang Broad Vision Glory Investment Partnership (Limited Partnership) ("**Broad Vision Glory**", 張家港博華耀世投資合夥企業(有限合夥)) was the general partner of Broad Vision Investment. The general partner of Broad Vision Harmony was Zhangjiagang Broad Vision Evergreen Investment Partnership (Limited Partnership) ("**Broad Vision Evergreen**", 張家港博華常青投資合夥企業(有限合夥)). Both Broad Vision Glory and Broad Vision Evergreen were ultimately controlled by Mr. XU Wenbo. Therefore, Mr. XU Wenbo was deemed to be interested in the Shares in which Broad Vision Investment and Broad Vision Harmony were interested under the SFO.

(3) Calculated based on the number of the total issued share capital of the Company as of June 30, 2023, being 273,526,000.

(4) Calculated based on the aggregate number of the Domestic Shares and the Unlisted Foreign Shares of the Company as of June 30, 2023, being 190,812,165.

Save as disclosed above and as of June 30, 2023, to the best knowledge of the Directors, Supervisors or chief executive of the Company, none of the Directors, Supervisors or chief executive of the Company had interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations as recorded in the register required to be kept, pursuant to Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As of June 30, 2023, so far as it was known to the Directors, the following persons (other than the Directors, Supervisors and chief executive of the Company) had interests and/or short positions in the Shares or underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO.

Long Position in the Shares of the Company:

Name of Substantial Shareholder	Nature of interest	Number and class of Shares	Approximate percentage of interest in our Company[10]	Approximate percentage of interest in the relevant class of Shares of our Company[11]
Hillhouse HK[1]	Beneficial owner	6,006,010 H Shares; 7,630,348 Unlisted Foreign Shares	2.20% 2.79%	7.26% 4.00%
OrbiMed Capital LLC[2]	Investment Manager	8,116,500 H Shares	2.97%	9.81%
Basecare Investment[3]	Beneficial Owner	36,090,379 Domestic Shares	13.19%	18.91%
Zhongcheng Fangyuan Phase II[4]	Beneficial Owner	15,189,172 Domestic Shares	5.55%	7.96%
Oriza Seed[5]	Beneficial Owner	12,299,422 Domestic Shares	4.50%	6.45%
Broad Vision Investment[6]	Beneficial Owner	11,969,242 Domestic Shares	4.38%	6.27%
Suzhou Sungent[7]	Beneficial Owner	11,418,525 Domestic Shares	4.17%	5.98%
Broad Vision Harmony[8]	Beneficial Owner	10,227,269 Domestic Shares	3.74%	5.36%
Lake Bleu Prime Healthcare Master Fund Limited[9]	Interest of corporation controlled	5,648,500 H Shares	2.07%	6.83%

Notes:

(1) As of June 30, 2023, Hillhouse HK was wholly owned by HH SPR-XIV CY Holdings Limited ("**HH CY**"). HH SPR-XIV CY Holdings Limited was wholly owned by HH SPR-XIV Holdings L.P. ("**HH Holdings**"). Hillhouse Capital Management, Ltd. acts as the sole management company of Hillhouse Fund IV, L.P., the sole limited partner of HH Holdings. Mr. ZHANG Lei may be deemed to have controlling power over Hillhouse Capital Management, Ltd. Mr. ZHANG Lei disclaims beneficial ownership of all of the shares held by Hillhouse Fund IV, L.P., except to the extent of his pecuniary interest therein. Hillhouse Investment Management, Ltd. is the investment manager for these shares.

(2) As of June 30, 2023, OrbiMed Capital LLC is the investment manager of (i) The Biotech Growth Trust Plc which holds 2,204,900 H Shares; (ii) OrbiMed Genesis Master Fund, L.P. which holds 980,000 H Shares; (iii) OrbiMed New Horizons Master Fund, L.P. which holds 514,500 H Shares; and (iv) OrbiMed Partners Master Fund Limited which holds 4,417,100 H Shares. Therefore, OrbiMed Capital LLC was deemed to be interested in the Shares in which The Biotech Growth Trust Plc, OrbiMed Genesis Master Fund, L.P., OrbiMed New Horizons Master Fund, L.P., OrbiMed Partners Master Fund Limited were interested under the SFO.

(3) As of June 30, 2023, Basecare Investment was held as to approximately 58.31% by Dr. Liang (as the sole general partner). Therefore, Dr. Liang was deemed to be interested in the Shares in which Basecare Investment was interested under the SFO.

(4) As of June 30, 2023, Shenzhen Qianhai Hengrui Fangyuan Investment Management Co., Ltd. ("**Hengrui Fangyuan**", 深圳前海恒瑞方圓投資管理有限公司) was the general partner of Zhongcheng Fangyuan Phase II. Hengrui Fangyuan was held as to 70.00% by Mr. WANG Rui. Therefore, each of Hengrui Fangyuan and Mr. WANG Rui was deemed to be interested in the Shares in which Zhongcheng Fangyuan Phase II was interested under the SFO.

(5) As of June 30, 2023, Oriza Seed was held as to 55.00% by Suzhou Oriza Holdings Corporation ("**Oriza Holdings**", 蘇州元禾控股股份有限公司). Oriza Holdings was held as to 59.98% by Suzhou Industrial Park Economic Development Co., Ltd. ("**SIP Development**", 蘇州工業園區經濟發展有限公司). SIP Development was owned as to around 90% by Suzhou Industrial Park Administration Committee (蘇州工業園區管理委員會). Suzhou Industrial Park Seed Zhengze Venture Capital Management Center (Limited Partnership) ("**Seed Management**", 蘇州工業園區原點正則創業投資管理中心(有限合夥)) was the general partner of Oriza Seed. Suzhou Industrial Park Zhengze Equity Investment Management Center (General Partnership) ("**Zhengze Management**", 蘇州工業園區正則股權投資管理中心(普通合夥)) was the general partner of Seed Management. The general partner of Zhengze Management was Mr. FEI Jianjiang (費建江). Seed Management was held as to 99.00% by Suzhou Industrial Park Oriza Seed Venture Capital Management Co., Ltd. ("**Suzhou Oriza**", 蘇州工業園區元禾原點創業投資管理有限公司). Suzhou Oriza was held as to 51.00% and 49.00% by Suzhou Industrial Park Zhengze Jiming Equity Investment Management Co., Ltd. ("**Zhengze Jiming**", 蘇州工業園區正則既明股權投資管理有限公司) and Oriza Holdings. Zhengze Jiming was held as to approximately 40.71% by Mr. FEI Jianjiang.

Therefore, each of Oriza Holdings, SIP Development, Suzhou Industrial Park Administration Committee, Seed Management, Zhengze Management, Mr. FEI Jianjiang, Suzhou Oriza, and Zhengze Jiming was deemed to be interested in the Shares in which Oriza Seed was interested under the SFO.

(6) As of June 30, 2023, Zhangjiagang Broad Vision Glory Investment Partnership (Limited Partnership) ("**Broad Vision Glory**" 張家港博華耀世投資合夥企業(有限合夥)) was the general partner of Broad Vision Investment. Broad Vision Glory was ultimately controlled by Mr. XU Wenbo, our non-executive Director, directly and indirectly through Beijing Broad Vision Funds Co., Ltd. ("**Broad Vision Fund**", 北京博華資本有限公司). Therefore, each of Broad Vision Glory, Broad Vision Funds and Mr. XU Wenbo was deemed to be interested in the Shares in which Broad Vision Investment was interested under the SFO.

(7) As of June 30, 2023, Suzhou Sungent was held as to 43.88% by Suzhou Sungent Holding Group Co., Ltd. ("**Sungent Holding**", 蘇州新建元控股集團有限公司). Sungent Holding was held as to approximately 72.58% by Suzhou Industrial Park Zhaorun Investment Holding Group Co., Ltd. ("**Zhaorun Investment**", 蘇州工業園區兆潤投資控股集團有限公司). Zhaorun Investment was wholly owned by Suzhou Industrial Park Administration Committee. As of the date of this interim report, Suzhou Industrial Park Yuansheng Bioventure Capital Management Co., Ltd ("**YuanBio Venture Capital**", 蘇州工業園區元生創業投資管理有限公司) was the general partner of Suzhou Sungent. YuanBio Venture Capital was held as to 51.00% and 35.00% by Hainan Yuanjue Venture Capital Management Partnership (Limited Partnership) ("**Hainan Yuanjue**", 海南元玨創業投資管理合夥企業(有限合夥)) and Sungent Holding. Hainan Yuanjue was held as to approximately 72.00% by Mr. CHEN Jie.

Therefore, each of Sungent Holding, Zhaorun Investment, Suzhou Industrial Park Administration Committee, YuanBio Venture Capital, Hainan Yuanjue and Mr. CHEN Jie was deemed to be interested in the Shares in which Suzhou Sungent was interested under the SFO.

(8) As of June 30, 2023, Broad Vision Harmony was held as to approximately 55.63% by Mr. NA Qinfu. The general partner of Broad Vision Harmony was Zhangjiagang Broad Vision Evergreen Investment Partnership (Limited Partnership) ("**Broad Vision Evergreen**", 張家港博華常青投資合夥企業(有限合夥)), which is ultimately controlled by Mr. XU Wenbo, our non-executive Director, through Broad Vision Funds. Therefore, Mr. NA Qinfu, Broad Vision Evergreen, Broad Vision Funds and Mr. XU Wenbo was deemed to be interested in the Shares in which Broad Vision Harmony was interested under the SFO.

(9) As of June 30, 2023, LBC Prime Management Limited was wholly owned by Lake Bleu Prime Healthcare Master Fund Limited which held 5,648,500 H Shares. Therefore, LBC Prime Management Limited and Lake Bleu Prime Healthcare Master Fund Limited were interested under the SFO.

(10) Calculated based on the number of the total issued shares of the Company as of June 30, 2023, being 273,526,000.

(11) Calculated based on the number of the H Shares of the Company in issue as of June 30, 2023, being 82,713,835, or the aggregate number of the Domestic Shares and the number of the Unlisted Foreign Shares of the Company in issue as of June 30, 2023, being 190,812,165.

Save as disclosed above and as of June 30, 2023, no person, other than the Directors, Supervisors or chief executives of the Company whose interests are set out in the section headed "Directors', Supervisors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company" above, had any interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept under section 336 of the SFO.

CHANGES OF THE BOARD, DIRECTORS AND SUPERVISORS

On January 11, 2023, Mr. ZHANG Jiecheng resigned as a non-executive Director. Please refer to the announcement of the Company dated January 11, 2023 for details.

On June 14, 2023, Mr. CHAU Kwok Keung resigned as an independent non-executive Director. Please refer to the announcement of the Company dated June 14, 2023 for details.

At the 2023 first extraordinary general meeting of the Company held on July 13, 2023, Mr. LAM Siu Wing was appointed as an independent non-executive Director of the Company. Please refer to the announcement of the Company dated July 13, 2023 for details.

On July 14, 2023, Ms. ZONG Qiuping and Ms. SHI Lijuan were appointed as employee Supervisors; and Ms. HUANG Bing and Ms. ZHU Tingting resigned as employee Supervisors at the employee representatives meeting of the Company. Please refer to the announcement of the Company dated July 20, 2023 for details.

At the 2023 second extraordinary general meeting of the Company held on August 10, 2023, (i) Dr. Liang, Mr. KONG Lingyin and Ms. YANG Ying were re-elected as executive Directors; (ii) Mr. XU Wenbo and Mr. WANG Weipeng were re-elected as non-executive Directors and Mr. LING Yang was appointed as a non-executive Director; (iii) Dr. KANG Xixiong and Mr. LAM Siu Wing were re-elected as independent non-executive Directors and Dr. YEUNG Shu Biu William was appointed as an independent non-executive Director, and Dr. HUANG Taosheng resigned as an independent non-executive Director; and (iv) Dr. LIN Yi was re-elected as a shareholder Supervisor. Please refer to the announcements of the Company dated July 20, 2023 and August 11, 2023 and the circular dated July 21, 2023 for details.

Saved as disclosed above, during the Reporting Period, there were no changes of the Board, Directors and Supervisors and the change to the Director's and Supervisors' information that is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

INTERIM DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the Reporting Period (2022 interim dividend: Nil).

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 six months ended June 30, 2023, except for a deviation from the code provision C.2.1 of part 2 of the CG Code, the roles of chairman of the Board 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.

DIRECTORS' AND SUPERVISORS' SECURITIES TRANSACTIONS

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

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

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The net proceeds (the "**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 and actual use of the Proceeds:

Use of Proceeds	Planned applications HK$ in million	Percentage of total Proceeds	Actual amount of Proceeds unutilized as of December 31, 2022 HK$ in million	Actual amount of Proceeds utilized as of June 30, 2023 HK$ in million	Actual amount of Proceeds unutilized as of June 30, 2023 HK$ in million	Percentage of Proceeds expected to be used in 2023	Expected timeframe for unutilized Proceeds
Core Product – PGT-A kit	**379.7**	**20%**	**223.4**	**173.2**	**206.5**	**3.78%**	**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%	28.4	123.8	28.1	0.04%	
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%	195.0	49.4	178.4	3.74%	
Clinical trial, registration filing and commercialization of our PGT-M kit	**189.9**	**10%**	**143.4**	**84.6**	**105.3**	**4.02%**	**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%	104.7	66.3	66.6	3.02%	
Commercialization, sales and marketing activities of our PGT-M kit	57.0	3%	38.7	18.3	38.7	1.00%	
Development, clinical trials, registration filings and commercialization of our other products	**569.6**	**30%**	**389.7**	**242.8**	**326.8**	**4.62%**	**Within the next one to three years**
Development, clinical trials, registration filings and commercialization of our other genetic test kit products	227.8	12%	143.5	125.4	102.4	2.33%	
Research, development, manufacturing and commercialization of our genetic testing devices and instruments	341.8	18%	246.2	117.4	224.4	2.29%	

Use of Proceeds	Planned applications HK$ in million	Percentage of total Proceeds	Actual amount of Proceeds unutilized as of December 31, 2022 HK$ in million	Actual amount of Proceeds utilized as of June 30, 2023 HK$ in million	Actual amount of Proceeds unutilized as of June 30, 2023 HK$ in million	Percentage of Proceeds expected to be used in 2023	Expected timeframe for unutilized Proceeds
Improving our R&D 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%	207.3	186.8	98.0	5.76%	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%	151.0	68.0	121.9	3.06%	Within the next one to three years
Working capital and general corporate purposes	284.8	15%	86.3	214.1	70.7	1.64%	Within the next one to three years
Total	1,898.7	100%	1,201.1	969.5	929.2	22.88%	

The expected timeline for utilizing the 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 Proceeds have applied in the manner as set out in the section headed "Future Plans and Use of Proceeds" of the Prospectus dated January 27, 2021 and further revised and disclosed in the circulars of the Company dated November 16, 2021 and April 7, 2022 under the section headed "Ordinary Resolution — Proposed Change in Use of Proceeds".

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Reporting Period (Six months ended on June 30, 2022: Nil).

LOAN AGREEMENT WITH COVENANTS RELATING TO SPECIFIC PERFORMANCE OF CONTROLLING SHAREHOLDERS

During the Reporting Period, the Company did not enter into any loan agreement which contains covenants requiring specific performance of Controlling Shareholders.

SHARE OPTION SCHEME

During the Reporting Period, the Company did not adopt any share option schemes under Chapter 17 of the Listing Rules.

COMPANY'S COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the Reporting Period and up to the date of this interim report, 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 of the Company 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 of the Company, the chairman of the Audit Committee, the member of the Remuneration and Appraisal Committee and the member of the Nomination Committee. Following with 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.

Save as disclosed above, during the Reporting Period and up to the date of this interim report, the Group had complied with the laws, regulations and regulatory requirements of the places where the Group operates in all material respects, including the requirements under the Companies Ordinance, the Listing Rules, the SFO and the CG Code for, among other things, the disclosure of information and corporate governance. During the Reporting Period and up to the date of this interim report, 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.

Other Information

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed herein, none of the Directors or any of their respective associates were granted by the Company or its subsidiaries any right to acquire shares in, or debentures of, the Company or its subsidiary, or had exercised any such right during the six months ended June 30, 2023.

CONTINUING DISCLOSURE OBLIGATION PURSUANT TO THE LISTING RULES

The Company does not have any other disclosure obligations pursuant to Rules 13.20, 13.21, 13.22, 17.07 and 17.08 of the Listing Rules.

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 interim results for the six months ended June 30, 2023.

KPMG, the Group's external auditor, has carried out a review of the unaudited interim consolidated financial statements for the six months ended June 30, 2023 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

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, August 30, 2023

Auditor's Independent Review Report to the Board of Directors

Review report to the board of directors of Suzhou Basecare Medical Corporation Limited
(Incorporated in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 30 to 53 which comprises the consolidated statement of financial position of Suzhou Basecare Medical Corporation Limited (the "**Company**") as of June 30, 2023 and the related consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and condensed consolidated cash flow statement for the six months period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim financial reporting*, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at June 30, 2023 is not prepared, in all material respects, in accordance with International Accounting Standard 34, Interim financial reporting.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

August 30, 2023

Consolidated Statement of Profit or Loss

For the six months ended June 30, 2023 — unaudited

	Note	Six months ended June 30, 2023 RMB'000	2022 RMB'000
Continuing Operations			
Revenue	4	**85,546**	68,568
Cost of sales		**(51,982)**	(38,350)
Gross profit		**33,564**	30,218
Other net income	5	**47,678**	45,021
Selling and distribution expenses		**(39,311)**	(30,668)
Administrative expenses		**(36,208)**	(30,570)
Research and development expenses		**(63,724)**	(45,518)
Other operating expenses		**(165)**	(86)
Loss from operations		**(58,166)**	(31,603)
Finance costs	6(a)	**(90)**	(433)
Loss before taxation	6	**(58,256)**	(32,036)
Income tax	7	**(4,237)**	(1,515)
Loss for the period from continuing operations		**(62,493)**	(33,551)
Discontinued operations			
Profit for the period from discontinued operations	17	**—**	12,459
Loss for the period		**(62,493)**	(21,092)
Attributable to:			
Equity shareholders of the Company		**(61,369)**	(21,285)
Non-controlling interests		**(1,124)**	193
Loss for the period		**(62,493)**	(21,092)

Consolidated Statement of Profit or Loss

For the six months ended June 30, 2023 — unaudited

	Note	Six months ended June 30, 2023 RMB'000	2022 RMB'000
Loss for the period attributable to equity shareholders of the Company:			
— from continuing operations		**(61,369)**	(33,191)
— from discontinued operations		**—**	11,906
Loss for the period attributable to equity shareholders of the Company		**(61,369)**	(21,285)
(Loss)/profit for the period attributable to non-controlling interests:			
— from continuing operations		**(1,124)**	(360)
— from discontinued operations		**—**	553
(Loss)/profit for the period attributable to non-controlling interests		**(1,124)**	193
Loss for the period		**(62,493)**	(21,092)
Loss per share (RMB)	8		
Basic and diluted (RMB)			
— from continuing operations		**(0.2)**	(0.1)
— from discontinued operations		**N/A**	—*

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

The notes on pages 37 to 53 form part of this interim financial report.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended June 30, 2023 — unaudited

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
Loss for the period	**(62,493)**	(21,092)
Other comprehensive income for the period, 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	**(5,192)**	—
Other comprehensive income for the period	**(5,192)**	—
Total comprehensive income for the period	**(67,685)**	(21,092)
Attributable to:		
Equity shareholders of the Company	**(66,561)**	(21,285)
Non-controlling interests	**(1,124)**	193
Total comprehensive income for the period	**(67,685)**	(21,092)

The notes on pages 37 to 53 form part of this interim financial report.

Consolidated Statement of Financial Position

At June 30, 2023 — unaudited

	Note	As at June 30, 2023 RMB'000	As at December 31, 2022 RMB'000
Non-current assets			
Property, plant and equipment	9	**263,779**	207,113
Right-of-use assets		**16,785**	9,739
Intangible assets	10	**122,679**	51
Goodwill	19	**146,489**	—
Financial assets measured at fair value through profit or loss (FVPL)	11	**35,803**	35,359
Other non-current assets		**14,177**	—
Deferred tax assets		**316**	—
		600,028	252,262
Current assets			
Inventories		**76,525**	48,124
Trade and other receivables	12	**188,655**	145,716
Other current assets		**610**	1,610
Restricted cash	13	**994**	—
Cash and cash equivalents	13	**1,098,160**	1,332,146
		1,364,944	1,527,596
Current liabilities			
Trade and other payables	14	**164,015**	106,291
Contract liabilities		**—**	1,617
Lease liabilities		**3,682**	2,146
Income tax payable		**5,921**	4,498
		173,618	114,552
Net current assets		**1,191,326**	1,413,044
Total assets less current liabilities		**1,791,354**	1,665,306

Consolidated Statement of Financial Position

At June 30, 2023 — unaudited

	Note	As at June 30, 2023 RMB'000	As at December 31, 2022 RMB'000
Non-current liabilities			
Bank loans	15	**219,098**	73,394
Lease liabilities		**4,256**	—
Deferred tax liabilities		**36,768**	—
Other non-current liabilities		**2,285**	380
		262,407	73,774
NET ASSETS		**1,528,947**	1,591,532
CAPITAL AND RESERVES	16		
Share capital		**273,526**	273,526
Reserves		**1,252,715**	1,319,276
Total equity attributable to equity shareholders of the Company		**1,526,241**	1,592,802
Non-controlling interests		**2,706**	(1,270)
TOTAL EQUITY		**1,528,947**	1,591,532

Approved and authorised for issue by the board of directors on August 30, 2023.

Liang Bo
Director

Kong Lingyin
Director

The notes on pages 37 to 53 form part of this interim financial report.

Consolidated Statement of Changes in Equity

For the six months ended June 30, 2023 — unaudited

	Note	Attributable to equity shareholders of the Company						
		Share capital RMB'000	Share premium RMB'000	Share based payment reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at January 1, 2022		273,526	1,677,279	7,905	(243,244)	1,715,466	(427)	1,715,039
Changes in equity for the six months ended June 30, 2022								
Total comprehensive income for the period		–	–	–	(21,285)	(21,285)	193	(21,092)
Acquisition of a subsidiary with non-controlling interests	17	–	–	–	–	–	13,672	13,672
Balance at June 30, 2022		273,526	1,677,279	7,905	(264,529)	1,694,181	13,438	1,707,619
Changes in equity for the six months ended December 31, 2022								
Total comprehensive income for the period		–	–	–	(101,379)	(101,379)	(692)	(102,071)
Disposal of a subsidiary	17	–	–	–	–	–	(14,016)	(14,016)
Balance at December 31, 2022		273,526	1,677,279	7,905	(365,908)	1,592,802	(1,270)	1,591,532

	Attributable to equity shareholders of the Company							
	Share capital RMB'000	**Share premium RMB'000**	**Share based payment reserve RMB'000**	**Exchange reserve RMB'000**	**Accumulated losses RMB'000**	**Total RMB'000**	**Non-controlling interests RMB'000**	**Total equity RMB'000**
Balance at January 1, 2023	**273,526**	**1,677,279**	**7,905**	**–**	**(365,908)**	**1,592,802**	**(1,270)**	**1,591,532**
Changes in equity for the six months ended June 30, 2023								
Total comprehensive income for the period	**–**	**–**	**–**	**(5,192)**	**(61,369)**	**(66,561)**	**(1,124)**	**(67,685)**
Capital contribution from non-controlling shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**5,100**	**5,100**
Balance at June 30, 2023	**273,526**	**1,677,279**	**7,905**	**(5,192)**	**(427,277)**	**1,526,241**	**2,706**	**1,528,947**

The notes on pages 37 to 53 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement

For the six months ended June 30, 2023 — unaudited

	Note	Six months ended June 30, 2023 RMB'000	2022 RMB'000
Operating activities			
Cash used in operations		**(120,141)**	(91,640)
Income tax paid		**(3,115)**	—
Net cash used in operating activities		**(123,256)**	(91,640)
Investing activities			
Payment for the purchase of property, plant and equipment		**(50,790)**	(63,192)
Proceeds from disposal of property, plant and equipment		**346**	272
Payment for acquisition of intangible assets		**—**	(5,056)
Payment for the acquisition of right-of-use assets		**—**	(242)
Payment for purchase of financial assets measured at fair value through profit or loss		**(1,572)**	(25,000)
Net payment for acquisition of subsidiaries	19	**(254,489)**	(32,512)
Interest received from bank deposits		**23,628**	6,834
Net cash used in investing activities		**(282,877)**	(118,896)
Financing activities			
Capital contribution from non-controlling shareholders		**5,100**	—
Proceeds from bank loans		**145,704**	23,645
Repayment of bank loans		**—**	(20,000)
Bank borrowing cost paid		**(1,220)**	(1,333)
Payment for capital element of lease liabilities		**(2,540)**	(1,969)
Payment for interest element of lease liabilities		**(140)**	(113)
Net cash generated from financing activities		**146,904**	230
Net decrease in cash and cash equivalents		**(259,229)**	(210,306)
Cash and cash equivalents at January 1		**1,332,146**	1,523,194
Effect of foreign exchanges rates changes		**25,243**	35,948
Cash and cash equivalents at June 30	13	**1,098,160**	1,348,836

The notes on pages 37 to 53 form part of this interim financial report.

1 GENERAL INFORMATION

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

The Company is an investment holding company. The Company and its subsidiaries (together, the "**Group**") are principally engaged in 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 of Hong Kong Limited (the "**Stock Exchange**") on February 8, 2021.

2 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard ("**IAS**") 34, *Interim financial reporting*, issued by the International Accounting Standards Board ("**IASB**"). It was authorised for issue on August 30, 2023.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 annual financial statements. Details of any changes in accounting policies are set out in Note 3.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2022 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards ("**IFRSs**").

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). KPMG's independent review report to the Board of Directors is included on page 29.

The financial information relating to the financial year ended December 31, 2022 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these financial statements for the year ended December 31, 2022 are available from the Company's registered office. The auditors have expressed an unqualified opinion on these financial statements in their report dated March 30, 2023.

3 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following new and amended IFRSs issued by the IASB to this interim financial report for the current accounting period.

- IFRS 17, *Insurance costs*
- Amendments to IAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- 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 has had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4 REVENUE AND SEGMENT REPORTING

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

(a) Disaggregation of revenue

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
Continuing operations		
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products of service lines		
— Sales of testing kits	**53,396**	43,860
— Sales of testing devices, instruments and consumables	**31,913**	24,708
— Others	**237**	—
	85,546	68,568
Disaggregated by timing of revenue recognition		
— Point in time	**85,309**	68,568
— Over time	**237**	—
	85,546	68,568

4 REVENUE AND SEGMENT REPORTING *(Continued)*

(a) Disaggregation of revenue *(Continued)*

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
Disaggregated by geographical location of customers		
— The PRC	**83,537**	68,568
— Other overseas countries	**2,009**	—
	85,546	68,568

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 are 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:

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
Continuing operations		
Customer A	**12,371**	12,970
Customer B	**N/A***	10,808
Customer C	**8,617**	N/A*
	20,988	23,778

* *Less than 10% of the Group's revenue in the respective periods.*

(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

4 REVENUE AND SEGMENT REPORTING *(Continued)*

(c) Segment reporting *(Continued)*

Disaggregation of revenue from contracts with customers by timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below.

	The PRC RMB'000	Australia RMB'000	Total RMB'000
For the six months ended June 30, 2023			
Disaggregated by timing of revenue recognition			
Point in time	**83,484**	**1,825**	**85,309**
Over time	**—**	**237**	**237**
Revenue from external customers	**83,484**	**2,062**	**85,546**
Inter-segment revenue	**—**	**—**	**—**
Reportable segment revenue	**83,484**	**2,062**	**85,546**
Reportable segment loss before tax	**(55,261)**	**(2,995)**	**(58,256)**
As at June 30, 2023			
Reportable segment assets	**1,606,630**	**358,342**	**1,964,972**
Reportable segment liabilities	**228,211**	**207,814**	**436,025**

The Group has determined that it only has one operating segment which is the sales of testing kits and sales of testing devices and instruments in the PRC for the six months ended June 30, 2022. As such, no operating segment information was presented for the six months ended June 30, 2022.

5 OTHER NET INCOME

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
Continuing operations		
Government grants (i)	**1,450**	1,124
Interest income from bank deposits	**20,167**	7,405
Net realised and unrealised (loss)/gain on financial assets measured at FVPL	**(1,128)**	7
Net foreign exchange gain	**25,113**	35,948
Others	**2,076**	537
	47,678	45,021

(i) Government grants primarily comprise 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.

6 LOSS BEFORE TAXATION

(a) Finance costs

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
Continuing operations		
Interest on bank loans	**1,602**	1,348
Interest on lease liabilities	**90**	96
Total finance costs on financial liabilities not at fair value through profit or loss	**1,692**	1,444
Less: borrowing costs capitalised into properties under construction	**(1,602)**	(1,011)
	90	433

6 LOSS BEFORE TAXATION *(Continued)*

(b) Staff costs

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
Continuing operations		
Salaries, wages and other benefits	**58,081**	46,149
Contributions to defined contribution retirement plan (i)	**7,063**	4,482
	65,144	50,631

(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

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
Continuing operations		
Depreciation of property, plant and equipment	**3,191**	2,015
Depreciation of right-of-use assets	**2,390**	1,814
Amortisation of intangible assets	**308**	2
Total amortisation and depreciation	**5,889**	3,831
Less: depreciation expense of land use rights capitalised into properties under construction	**(137)**	(143)
Amortisation and depreciation charged directly to profit or loss	**5,752**	3,688
Impairment losses on trade and other receivables	**1,890**	6,198
Auditors' remuneration	**1,608**	1,410
Research and development expenses (i)	**63,724**	45,518

(i) During the six months ended June 30, 2023, research and development expenses include staff costs and depreciation and amortization expenses of RMB29,945,000 (six months ended June 30, 2022: RMB19,835,000), which amounts are also included in the respective total amounts disclosed separately above.

7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
Continuing operations		
Current tax — the PRC	**4,315**	—
Current tax — other overseas countries	**12**	—
Deferred taxation	**(90)**	1,515
Total	**4,237**	1,515

(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 six months ended June 30, 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 December 2, 2020 and is subject to income tax rate 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 ending December 31, 2023.

8 LOSS PER SHARE

The calculation of basic loss per share for the six months ended June 30, 2023 is based on the loss attributable to equity shareholders of the Company of RMB61,369,000 from continuing operations (six months ended June 30, 2022: loss of RMB33,191,000 from continuing operations and profit of RMB11,906,000 from discontinued operations) and the weighted average of 273,526,000 ordinary shares (six months ended June 30, 2022: 273,526,000 shares) in issue.

There were no potential dilutive ordinary shares for the period ended June 30, 2023 and 2022, and therefore dilutive loss per share are the same as the basic loss per share.

9 PROPERTY, PLANT AND EQUIPMENT

During the six months ended June 30, 2023, the Group mainly acquired equipment with a cost of RMB9,437,000 (six months ended June 30, 2022: RMB12,242,000) and capitalised construction in progress which primarily comprised new buildings for office headquarter, research and development center and plants of RMB49,484,000 (six months ended June 30, 2022: RMB66,897,000).

10 INTANGIBLE ASSETS

	Software RMB'000	Patents and technology know-how 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 (Note 19)	**75**	**72,624**	**25,833**	**26,320**	**124,852**
Exchange adjustments	**—**	**(1,116)**	**(398)**	**(404)**	**(1,918)**
At June 30, 2023	**131**	**71,508**	**25,435**	**25,916**	**122,990**
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	**(5)**	**(197)**	**(70)**	**(36)**	**(308)**
Exchange adjustments	**—**	**2**	**—**	**—**	**2**
At June 30, 2023	**(10)**	**(195)**	**(70)**	**(36)**	**(311)**
Net book value:					
At June 30, 2023	**121**	**71,313**	**25,365**	**25,880**	**122,679**
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 (see Note 19).

11 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at June 30, 2023 RMB'000	As at December 31, 2022 RMB'000
Non-current assets		
Unlisted fund investment (i)	**4,271**	2,576
Unlisted equity investment (ii)	**15,680**	17,808
Derivative financial instrument (ii)	**15,852**	14,975
	35,803	35,359

(i) On August 10, 2022, the Group entered into a subscription agreement with an independent third party pursuant to which the Group agreed to subscribe the limited partnership interest in TruMed Health Innovation Fund LP, a Cayman Islands exempted limited partnership (the "**Fund**") represented by a total commitment of USD1.50 million (equivalent to approximately RMB10,447,000). The Fund principally makes equity and equity-related investments in healthcare industry.

As at June 30, 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 1.14% (December 31, 2022: 1.26%) of the total size of the fund. For the six months ended June 30, 2023, the Group recognised gain on the fair value changes in unrealised gain or loss on financial assets measured at FVPL of RMB123,000.

(ii) The unlisted equity investment and the derivative financial instrument represent the Group's equity 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 financial assets measured at FVPL with the fair value change being recognised in unrealised gain or loss on financial assets measured at FVPL (see Note 18(a)).

12 TRADE AND OTHER RECEIVABLES

As at the end of the Reporting Period, the ageing analysis of trade debtors receivable (which are included in trade and other receivables), based on the invoice date and net of loss allowance, was as follows:

	As at June 30, 2023 RMB'000	As at December 31, 2022 RMB'000
Within 6 months	**108,554**	79,775
6–12 months	**33,856**	35,042
12–18 months	**14,815**	13,564
18–24 months	**7,866**	3,651
Over 2 years	**210**	—
Trade debtors receivable, net of loss allowance	**165,301**	132,032
Prepayments to suppliers	**15,807**	8,732
Deposits	**4,784**	1,269
Interest receivables	**218**	3,679
Others	**2,545**	4
	188,655	145,716

Trade debtors are normally due within 60 to 360 days from the date of billing.

The Group's exposure to credit risk arising from trade receivables is influenced mainly by the individual characteristics of each customer. The default risk of the country in which the customers operate also has an influence on credit risk. Management has a credit policy in place and the exposure to these credit risks are monitored on an ongoing basis.

13 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	As at June 30, 2023 RMB'000	As at December 31, 2022 RMB'000
Cash at banks	**1,099,154**	1,190,301
Time deposits with banks	**—**	141,845
Less: Restricted cash	**(994)**	—
Cash and cash equivalents	**1,098,160**	1,332,146

As at June 30, 2023 and December 31, 2022, cash and cash equivalents situated in Chinese Mainland amounted to RMB517,828,000 and RMB701,117,000 respectively. Remittance of funds out of Chinese Mainland is subject to relevant rules and regulations of foreign exchange control.

14 TRADE AND OTHER PAYABLES

As at the end of the Reporting Period, the ageing analysis of trade creditors (which are included in trade and other payables), based on the invoice date, was as follows:

	As at June 30, 2023 RMB'000	As at December 31, 2022 RMB'000
Within 3 months	**40,075**	15,654
3–6 months	**83**	5
6–9 months	**138**	240
9–12 months	**5**	123
Over 1 year	**279**	16
Total trade payables	**40,580**	16,038
Amount due to related parties (Note 21(b))	**3,955**	6,005
Payroll payables	**15,146**	16,223
Payables for marketing expenses	**6,168**	6,476
Interest payables	**484**	102
Payables for purchases of property, plant and equipment	**57,366**	40,338
Consideration payables in connection with the acquisition of subsidiaries (Note 19)	**3,396**	—
Other payables and accruals	**36,920**	21,109
	164,015	106,291

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

15 BANK LOANS

	As at June 30, 2023 RMB'000	As at December 31, 2022 RMB'000
Secured bank loans due over one year (i)	**89,098**	73,394
Unsecured bank loans due over one year (ii)	**130,000**	—
	219,098	73,394

(i) As at June 30, 2023, the secured bank loans were pledged by the Group's land use right with an interest at 3.90%–4.15% per annum (December 31, 2022: 4.15%–4.50%).

(ii) As at June 30, 2023, the unsecured bank loans were guaranteed by a subsidiary of the Group with an interest at 3.55% per annum.

16 CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital and share premium

	Numbers of ordinary shares	Share capital RMB'000	Share premium RMB'000	Total RMB'000
Issued and fully paid				
At December 31, 2022, January 1, 2023 and June 30, 2023	273,526,000	273,526	1,677,279	1,950,805

(b) Dividends

No dividends were paid or declared by the Company or any of its subsidiaries of the Group during the current accounting period (six months ended June 30, 2022: Nil).

17 DISCONTINUED OPERATIONS

On November 3, 2021, the Company entered into an investment agreement with Cellpro Biotech and its original shareholders, pursuant to which the Company agreed to acquire 51% of the equity interest in Cellpro Biotech at a cash consideration of RMB85 million. The transaction was completed on March 1, 2022 and Cellpro Biotech became a non-wholly owned subsidiary of the Company.

Pursuant to the above investment agreement, the Company has been granted with a put option to require Cellpro Biotech and its original shareholders to repurchase any or all of the investments in Cellpro Biotech held by the Company upon the occurrence of certain specific events at a consideration of the original investment amount plus an annual compound rate of 10% for the period commencing from the initial investment payment date to the settlement date of total repurchase consideration. The Group recognised the put option as derivative financial instruments measured at FVPL.

On July 29, 2022, the Company entered into a share transfer agreement with Ningbo Huoke Investment Management Partnership (Limited Partnership) ("**Huoke Investment**") to sell its 35% of the equity interests in Cellpro Biotech for a cash consideration of RMB64,170,000. Upon the completion of the disposal on July 29, 2022, the Group's equity interest in Cellpro Biotech decreased from 51% to 16%. The transaction was accounted for as a disposal of Cellpro Biotech, and the Group's remaining interests in Cellpro Biotech together with the put option granted by Cellpro Biotech and its original shareholders were recognised as financial assets measured at FVPL (see Note 11).

18 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

The Group has a team headed by the finance manager with assistance of external valuers, performing valuation for the financial instruments measured at fair value, including unlisted equity investment and put options. The team reports directly to the head of finance department. A valuation analysis of changes in fair value measurement is prepared by the team periodically, and is reviewed and approved by the head of finance department.

		Fair value measurements as at June 30, 2023 categorised into		
	Fair value at June 30, 2023 RMB'000	**Level 1 RMB'000**	**Level 2 RMB'000**	**Level 3 RMB'000**
Recurring fair value measurement				
Financial assets:				
Unlisted fund investment	**4,271**	**—**	**4,271**	**—**
Unlisted equity investment	**15,680**	**—**	**—**	**15,680**
Derivative financial instrument	**15,852**	**—**	**—**	**15,852**

		Fair value measurements as at December 31, 2022 categorised into		
	Fair value at December 31, 2022 RMB'000	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurement				
Financial assets:				
Unlisted fund investment	2,576	—	2,576	—
Unlisted equity investment	17,808	—	—	17,808
Derivative financial instrument	14,975	—	—	14,975

During the six months ended June 30, 2023, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2022: nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

18 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(Continued)*

(a) Financial assets and liabilities measured at fair value *(Continued)*

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of unlisted fund investment is determined by the financial institution based on the observable quoted price of the underlying investment portfolio.

Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable inputs	Range	Sensitivity of fair value to the input
Derivative financial instruments	Black-Scholes model	Expected volatility	47.32% (December 31, 2022: 55.35%)	1% increase/(decrease) in expected volatility would result in increase/(decrease) in fair value by RMB3,000 (December 31, 2022: RMB63,000).
Unlisted equity investment	Market method	LoMD	20% (December 31, 2022: 20%)	1% increase/(decrease) in discount rate would result in (decrease)/increase in fair value by RMB64,000 (December 31, 2022: RMB212,000).

The movement during the current accounting period in the balance of Level 3 fair value measurements is as follows:

	2023 RMB'000
Unlisted equity investment	
At January 1	**17,808**
Changes in fair value recognised in profit or loss during the period	**(2,128)**
At June 30	**15,680**

	2023 RMB'000
Derivative financial instrument	
At January 1	**14,975**
Changes in fair value recognised in profit or loss during the period	**877**
At June 30	**15,852**

18 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(Continued)*

(b) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortised cost were not materially different from their fair values as at June 30, 2023 and December 31, 2022.

19 ACQUISITION OF SUBSIDIARIES

On May 14, 2023, the Company entered into a share purchase agreement with the original shareholders of BMX Holdco Pte. Ltd. ("**BMX**"), pursuant to which the Company agreed to acquire 100% equity interests in BMX and its subsidiaries (together, "**BMX Group**") at a cash consideration of USD40,000,000, subject to adjustment. The transaction was completed on June 21, 2023 with total consideration of USD40,470,000 (approximately RMB288,637,000).

Identifiable assets acquired and liabilities assumed

The following table summarises the provisional fair value of identifiable assets acquired and liabilities assumed at the date of acquisition.

	Pre-acquisition carrying amount RMB'000	**Fair value adjustment** RMB'000	**Recognised value on acquisition** RMB'000
Property, plant and equipment, net	5,459	—	5,459
Right-of-use assets	5,817	—	5,817
Intangible assets (Note 10)	75	124,777	124,852
Inventories	24,588	—	24,588
Trade and other receivables	37,223	—	37,223
Cash and cash equivalents	30,752	—	30,752
Trade and other payables	(47,820)	—	(47,820)
Deferred tax liabilities	—	(37,433)	(37,433)
Other net identifiable liabilities	(3,575)	—	(3,575)
Net identifiable assets			139,863

Pre-acquisition carrying amounts were determined based on applicable IFRSs immediately before the acquisition. The values of assets and liabilities recognised on acquisition are their estimated fair values.

19 ACQUISITION OF SUBSIDIARIES *(Continued)*

Goodwill arising from the acquisition has been recognised as follows:

	RMB'000
Total consideration, in cash	288,637
Fair value of identifiable net assets	(139,863)
Goodwill as at the date of acquisition	148,774
Exchange adjustments	(2,285)
Goodwill as at June 30, 2023	146,489

An analysis of the cash flow in respect of the acquisition of BMX is as follows:

	RMB'000
Total consideration, in cash	288,637
Less: Cash and cash equivalents acquired	(30,752)
Consideration payables	(3,396)
Net cash outflow in acquisition	254,489

For the period from the date of acquisition to June 30, 2023, BMX contributed revenue of RMB2,062,000 and loss for the period of RMB2,917,000 to the Group's results. Had the acquisition occurred on January 1, 2023, management estimated that consolidated revenue would have been RMB126,732,000, and consolidated loss for the six months ended June 30, 2023 would have been RMB103,177,000. In determining these amounts, management had assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on January 1, 2023.

20 COMMITMENTS

Capital commitments outstanding at June 30, 2023 not provided for in the interim financial report were as follows:

	At June 30, 2023 RMB'000	At December 31, 2022 RMB'000
Contracted for		
— Property, plants and equipment	**37,574**	64,725
— Fund investment (Note 11)	**6,608**	8,004
	44,182	72,729

21 MATERIAL RELATED PARTY TRANSACTIONS

During the reporting period, the directors are of the view that the following companies are related parties:

Name of party	Relationship
Liang Bo	Controlling Shareholder
Liang Ling (Former Name: Liang Ping)	Close family member of the Controlling Shareholder
Benxi Shengjing Medical Laboratory Co., Ltd. ("**Benxi Medical Laboratory**") 本溪盛京醫學檢驗所有限公司 (i)	Associate of Liang Ling
Shandong Beikang Medical Laboratory Co., Ltd. (Formerly known as: Linyi Double Helix Medical Laboratory Co., Ltd.) ("**Shandong Medical Laboratory**") 山東貝康醫學檢驗所有限公司 (原名為: 臨沂雙螺旋醫學檢驗所有限公司) (i)	Associate of Liang Ling
Suzhou Beikang Medical Laboratory Co., Ltd. ("**Suzhou Medical Laboratory**") 蘇州貝康醫學檢驗實驗室有限公司 (i)	Associate of Liang Ling
Suzhou Double Helix Medical Laboratory Co., Ltd. ("**Suzhou Double Helix**") 蘇州雙螺旋醫學檢驗所有限公司 (i)	Associate of Liang Ling

(i) The English translation of these entities is for reference only. The official names of the entities established in the PRC are in Chinese.

(a) Related party transactions

During the period, the Group entered into the following material related party transactions:

Sales of testing kits

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
Shandong Medical Laboratory	**10,219**	12,924
Suzhou Medical Laboratory	**7,537**	3,905
Benxi Medical Laboratory	**3,940**	2,018
	21,696	18,847

Sales of testing devices and instruments

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
Shandong Medical Laboratory	**2,152**	46
Suzhou Medical Laboratory	**—**	6,903
Benxi Medical Laboratory	**298**	442
	2,450	7,391

21 MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(a) Related party transactions *(Continued)*

Service fee charged by related parties

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
Shandong Medical Laboratory	**816**	—
Suzhou Medical Laboratory	**8,558**	1,136
	9,374	1,136

(b) Related party balances

The outstanding balances arising from the above transactions as at the end of each of the periods are as follows:

	As at June 30, 2023	As at December 31, 2022
	RMB'000	RMB'000
Amounts due from related parties		
Trade related:		
Shandong Medical Laboratory	**34,602**	29,937
Benxi Medical Laboratory	**9,399**	8,505
Suzhou Medical Laboratory	**23,899**	23,712
	67,900	62,154
Amounts due to related parties		
Non-trade related:		
Shandong Medical Laboratory	**813**	1,223
Benxi Medical Laboratory	**—**	884
Suzhou Medical Laboratory	**3,142**	3,898
	3,955	6,005

22 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to current year's presentation.

Definition

"associate(s)"	has the meaning ascribed to it under the Listing Rules
"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 interim report. 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 interim report
"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
"Broad Vision Harmony"	Zhangjiagang Broad Vision Harmony Shareholding Investment Fund (Limited Partnership) (張家港博華和瑞股權投資合夥企業(有限合夥)), a limited partnership incorporated in the PRC on July 2, 2020
"Broad Vision Investment"	Zhangjiagang Broad Vision Investment Fund (Limited Partnership) (張家港博華創業投資合夥企業(有限合夥)), previously known as Ningbo Meishan Free Trade Port Area Bohua Guangzheng Venture Capital Partnership (Limited Partnership) (寧波梅山保稅港區博華光證創業投資合夥企業(有限合夥)), a limited partnership incorporated in the PRC on May 11, 2018
"CE approval"	European conformity (conformité européenne)
"CG Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"China" or "the PRC"	the People's Republic of China excluding, for the purpose of this interim report and for geographical reference only and except where the context requires otherwise, Hong Kong, Macau Special Administrative Region 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(s)"	has the meaning ascribed to it in Chapter 18A of the Listing Rules; for purposes of this interim report, our Core Product refers to our PGT-A kit
"CSRC"	the China Securities Regulatory Commission
"Director(s)"	the director(s) of our Company, including all executive directors, non-executive directors and independent non-executive directors

"Domestic Shares"	ordinary shares in the share capital of our Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi by domestic investors
"Dr. Liang"	Dr. LIANG Bo (梁波), our founder, executive Director, chairman of the Board, general manager and Controlling Shareholder
"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
"Hillhouse HK"	HH SPR-XIV HK Holdings Limited, a limited company incorporated in Hong Kong on July 12, 2018 and a Pre-IPO Investor
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IFRS"	International Financial Reporting Standards
"Independent Third Party(ies)"	an individual or a company which, to the best of our Directors' knowledge, information, and belief, having made all reasonable enquiries, is not a connected person of our Company within the meaning of the Listing Rules
"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
"Listing Date"	February 8, 2021, being the date on which dealings in our 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
"Main Board"	the Main Board of the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules

Definition

"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
"Oriza Seed"	Suzhou Industrial Park Seed Zhengze Yihao Venture Capital Enterprise (Limited Partnership) (蘇州工業園區原點正則壹號創業投資企業(有限合夥)), a limited partnership incorporated in the PRC on November 19, 2013
"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 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
"Renminbi" or "RMB"	Renminbi Yuan, the lawful currency of China
"Reporting Period"	the six months ended June 30, 2023
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	shares in the share capital of our Company, with a nominal value of RMB1.00 each
"Shareholder(s)"	holder(s) of Shares
"sq.m"	square meter(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supervisor(s)"	the supervisor(s) of the Company
"Suzhou Sungent"	Suzhou Industrial Park Sungent Bio-Venture Capital Investment Enterprise (Limited Partnership) (蘇州工業園區新建元生物創業投資企業(有限合夥)), a limited partnership incorporated in the PRC on October 28, 2013 and a Pre-IPO Investor
"TGA"	The Therapeutic Goods Administration of Australia
"Unlisted Foreign Shares"	unlisted ordinary Share(s) issued by the Company, with a nominal value of RMB1.00 each, which are subscribed for in a currency other than RMB
"%"	per cent