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

2024 ANNUAL REPORT

CONTENTS

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Dr. LIANG Bo (梁波) *(Chairman and General Manager)*
Mr. KONG Lingyin (孔令印)
Ms. JIANG Junchao (姜雋超)
(appointed on August 29, 2024)
Ms. YANG Ying (楊瑩) (resigned on August 29, 2024)

Non-executive Directors

Mr. ZHAO Ye (趙業) *(appointed on January 21, 2025)*
Mr. XU Wenbo (徐文博) *(resigned on December 30, 2024)*
Mr. WANG Weipeng (王偉鵬)
Mr. LING Yang (凌洋)

Independent Non-executive Directors

Dr. KANG Xixiong (康熙雄)
Mr. LAM Siu Wing (林兆榮)
Dr. YEUNG Shu Biu William (楊樹標)

AUDIT COMMITTEE

Mr. LAM Siu Wing *(Chairman)*
Dr. KANG Xixiong
Mr. WANG Weipeng

REMUNERATION AND APPRAISAL COMMITTEE

Dr. KANG Xixiong *(Chairman)*
Dr. LIANG Bo
Mr. LAM Siu Wing

NOMINATION COMMITTEE

Dr. LIANG Bo *(Chairman)*
Dr. KANG Xixiong
Mr. LAM Siu Wing

SUPERVISORS

Ms. SHI Lijuan (史麗娟) *(Chairwoman)*
Dr. LIN Yi (林藝)
Ms. ZONG Qiuping (宗秋平)

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 (鍾明輝)

HEADQUARTERS AND REGISTERED OFFICE IN THE PRC

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Suzhou Industrial Park, Suzhou
Jiangsu Province, PRC

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No. 248 Queen's Road East
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Hong Kong

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Hong Kong

HONG KONG LEGAL ADVISER

Kirkland & Ellis
26/F, Gloucester Tower
The Landmark
15 Queen's Road Central
Central
Hong Kong

Corporate Information

PRC LEGAL ADVISER

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77 Jianguo Road
Beijing, China

AUDITOR

KPMG
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Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
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LISTING RULES REGULAR ADVISER

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27/F, Low Block, Grand Millennium Plaza
181 Queen's Road Central
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STOCK CODE

2170

COMPANY WEBSITE

www.basecare.cn

PRINCIPAL BANK

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Suzhou Industrial Park, Suzhou
Jiangsu Province, PRC

Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the audited financial information and financial statements, is set out below:

	Year ended December 31,				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**299,109**	207,976	140,901	107,299	81,109
Cost of sales	**(162,886)**	(116,625)	(81,373)	(56,152)	(53,395)
Gross profit	**136,223**	91,351	59,528	51,147	27,714
Loss from operations	**(230,965)**	(193,709)	(126,118)	(124,486)	(53,468)
Loss before taxation	**(240,337)**	(196,319)	(126,614)	(125,746)	(881,518)
Loss for the year	**(237,210)**	(193,349)	(123,163)	(144,078)	(877,959)

	As of December 31,				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial Position					
Non-current assets	**690,039**	682,921	252,262	98,195	39,905
Current assets	**979,242**	1,215,166	1,527,596	1,702,693	310,393
Non-current liabilities	**332,782**	304,716	73,774	25,517	781
Current liabilities	**194,684**	195,265	114,552	60,332	68,182
Net assets/(liabilities)	**1,141,815**	1,398,106	1,591,532	1,715,039	281,335
Total equity attributable to equity shareholders of the Company	**1,143,066**	1,399,176	1,592,802	1,715,466	281,335
Non-controlling interests	**(1,251)**	(1,070)	(1,270)	(427)	—

Chairman's Statement

Dear Shareholders,

In 2024, the global landscape has undergone profound adjustments, with challenges and opportunities intertwined in the industry. Basecare Medical moved forward steadily in a complex environment, empowering industrial transformation with technological innovation and achieving development with strategic determination. This year, thanks to our concerted efforts, the Company achieved annual revenue of nearly RMB300 million, significantly increased by 44% compared to 2023, and gross profit of RMB136 million, increased by 49% as compared to 2023. The operating performance improved against the trend, demonstrating our resilience in development; our overseas sales network covered more than 1,000 medical institutions in 30 countries. Sales revenue in the three major regions (Europe, North America, and Asia Pacific) achieved year-on-year growth of 27%, 19%, and 5%, respectively, our efforts on globalization achieving remarkable results; and the acceleration of localizing embryonic laboratory scenarios made breakthroughs, with related business revenue of approximately RMB126 million, a year-on-year increase of 161%. The core product Geri® Time-Lapse Incubator has achieved explosive growth in the Chinese market, with revenue increasing more than 6 times and annual installed capacity reaching 42 units, thanks to the world's unique humidified culture time-lag imaging system.

In terms of promoting internationalization strategy, we have been building an innovation ecosystem with a global vision and promoting the deep integration of Chinese technical standards and solutions into the global reproductive medical industry system. In February 2024, BMX moved into Suzhou International Business Center, building an innovation hub connecting the world and accelerating the radiation of technology and services to meet global reproductive health needs. In July 2024, Basecare Medical landed on the ESHRE global stage with its "Hardware + System + Reagents" full-scenario solutions, showing the world the innovative heights of Chinese companies in the field of reproductive medicine. In September 2024, Genea Biomedx Pty Ltd. and BMX, a subsidiary of Basecare Medical, announced the comprehensive deepening of their strategic cooperation, carrying out in-depth collaboration in PGT solutions and cryoautomation solutions, and jointly promoting technological innovations in the assisted reproductive industry with strategic consensus. In February 2025, BMX, a subsidiary of Basecare Medical, entered into an agreement with Genea Biomedx Pty Ltd. to jointly expand the assisted reproductive markets in Europe, America, South America, Southeast Asia and other regions, and to promote the application of artificial intelligence technology and products on a global scale. In March 2025, Basecare Medical was invited to attend the Suzhou-Australia Green and Comprehensive Health Industry Matchmaking Conference and had in-depth exchanges with a number of Chinese-funded institutions in Australia, injecting new impetus into the economic and trade cooperation between the two places. In the same month, the IVI RMA team, the world's largest assisted reproductive group, visited us to further deepen the full-chain cooperation from product research and development, results transformation to clinical application, and jointly embark on a new journey of intelligent upgrading of assisted reproduction.

In terms of product research and development, we have been achieving key breakthroughs through hard-core innovation, continuing to expand our product pipeline and building a strong technological moat. In September 2024, we obtained the Jiangsu Province Class II medical device registration certificate for our independently developed cryopreservation system (BSG800) and was selected into the list of the first (set) of major equipment, creating a new era of fertility preservation with intelligent, error-free storage technology. During the same period, the domestically produced high-throughput gene sequencer DA5000 obtained the NMPA Class III registration certificate, building a fully closed-loop ecosystem from test kits to data analysis, consolidating our R&D and industrialization advantages in the field of reproductive genetics. In November 2024, we obtained the registration certificate for our BKA210, China's first intelligent device for live sperm detection, leading the global technology trend with intelligent design, establishing new standards for precise diagnosis and providing innovative driving forces for the development of reproductive health.

2024 was a year of adjustment and integration. We have been consolidating our foundation through technological breakthroughs, market layout and team collaboration, laying a solid foundation for our strategic take-off in 2025. Currently, as the world is facing severe population birth pressure and China's optimized fertility policy is being implemented at an accelerated pace, the assisted reproductive field is entering a critical period of development opportunities. Guided by favorable policies, Basecare Medical will accelerate the commercialization process while deepening core technological innovation, and is committed to establishing technology benchmarks and value models in the global assisted reproductive field. We always use technological innovation as a link to connect global wisdom and bravely shoulder the heavy responsibility of protecting the starting point of life — we must not only be the leader in domestic substitution, but also become the creator of a new picture of global reproductive health. We will inject long-lasting momentum into the cause of human health with our Chinese solutions and let the hope of fertility illuminate the future of more families.

Dr. Liang Bo
Chairman of the Board and General Manager

March 28, 2025

Management Discussion and Analysis

OVERVIEW

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

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

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

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

1. Genetic laboratory ("Live Browser")

The genetic laboratory is dedicated to conducting embryonic molecular genetic testing, which is equipped with high-throughput gene sequencers, automated workstations, PCR analyzers, PGT kits and other equipment and consumables. In the genetic laboratory, experts through "Live Browser" can view and analyze genetic testing data while dynamically browsing and filtering data to better understand and analyze specific regions or variants in the genome.

PGT testing can help patients screen chromosomally normal embryos for transfer. According to the data of large-scale clinical trials, PGT-A kits can increase the clinical pregnancy rate to 72% and reduce the miscarriage rate to 6.9%. In addition, PGT-M kits and PGT-SR kits can block the transmission of genetic diseases to the next generation, giving birth to healthy children and safeguarding the quality of the Chinese population.

In September 2023, we obtained the national Class III medical device registration certificate for our localized high-throughput gene sequencer, DA500. In September 2024, we obtained the Class III medical device registration certificate for our DA5000 high-throughput gene sequencer, a latest domestic high-throughput gene sequencing platform, from NMPA (Guo Xie Zhu Zhun 20243221930).

In February 2020, we obtained our first Class III medical device registration certificate for our self-developed PGT-A kit, one of the medical devices of "National Special Approval for Innovative Medical Devices (國家創新醫療器械特別審批)" (Guo Xie Zhu Zhun 20203400181), and we obtained the approval from NMPA for the renewal of the certificate for a period of five years until February 20, 2030 in October 2024, which filled the clinical gap of the third generation IVF genetic testing kit in China. We also participated in the drafting of the industrial guidelines for the technical evaluation of quality control of PGT-A detection reagents, pioneering the commercialization of third generation IVF products.

2. Andrology laboratory ("Live Morphology")

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

3. Embryology laboratory ("Live View")

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

4. Cryopreservation laboratory ("Live Storage")

The cryopreservation laboratory is the fertility preservation center for gametes and embryos, and houses equipment and consumables such as ultra-low temperature storage instruments, liquid nitrogen tanks, transfer tanks, and cryopreservation tubes. According to the Measures for the Administration of Human Assisted Reproduction (《人類輔助生殖管理辦法》), cryopreserved embryos must be stored for at least five years. It is anticipated that there will be ten million new embryos to be cryopreserved in China each year, indicating extremely high market demand.

Currently, reproduction centers need to manually select tubes and record voluminous embryo information. The absence of an information system hampers timely coordination and management, leading to potential mismatches in embryo information and resulting in medical accidents due to misimplantation of test tube babies. With the concept of real-time fertility preservation and location tracking ("**Live Storage**"), we developed the intelligent liquid nitrogen tank, which was the first certified ultra-low temperature storage product in China. We also developed the first automated ultra-low temperature embryo intelligent storage equipment that can store 30,000 to 50,000 gametes. Based on the idea of prompt positioning fertility storage, we layout in the fertility preservation market in China and globally, and provide leading hardware equipment for the fertility preservation industry.

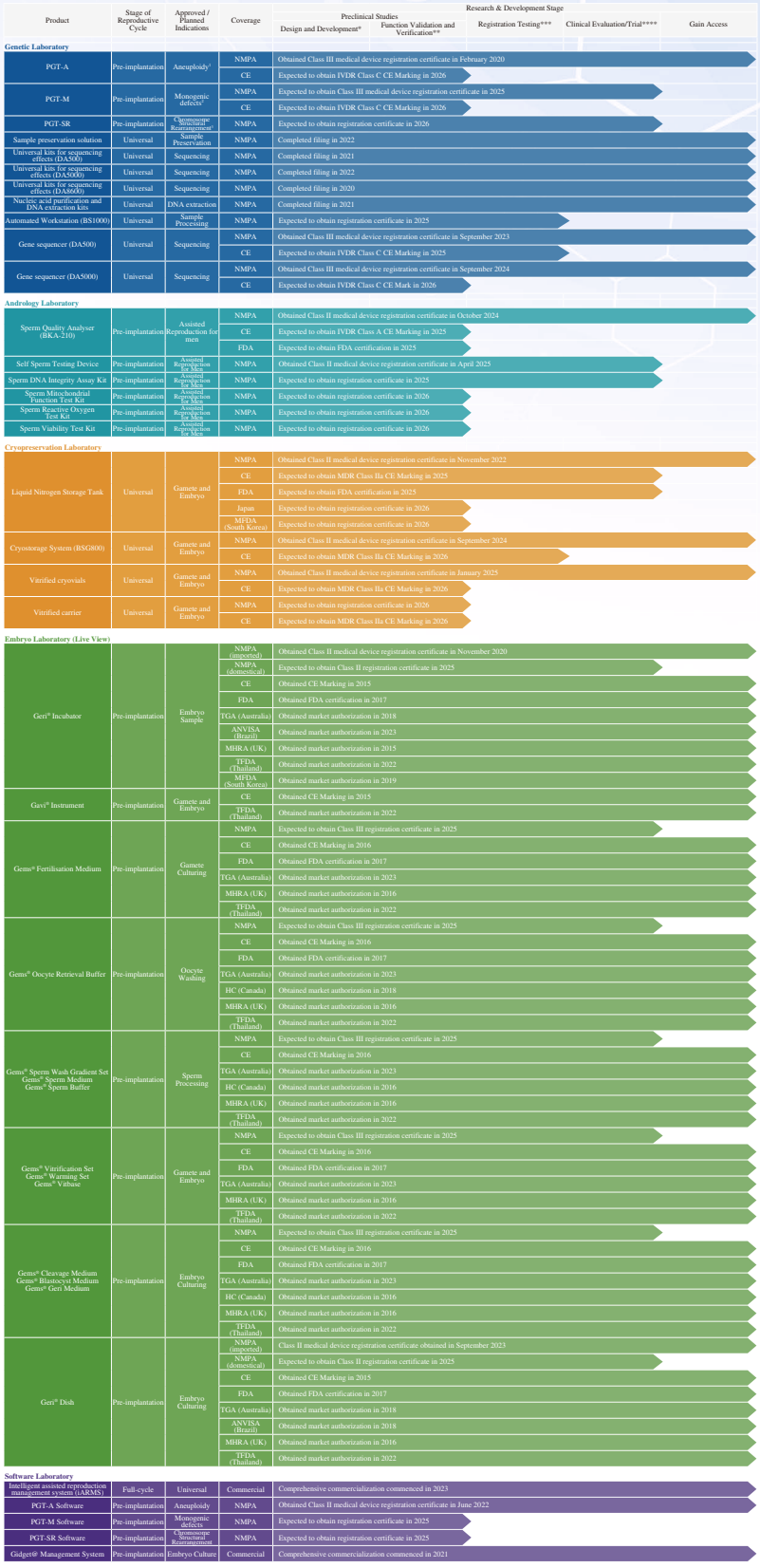
5. Software laboratory ("Live Intelligence")

We build intelligent system for reproduction centers based on the concept of real-time data interconnection in the software laboratory ("**Live Intelligence**"). Our iARMS (Intelligent Assisted Reproduction Management System) provides a new generation of "artificial intelligence + Internet of Things (IoT)" information solutions for the assisted reproduction sector based on the clinical pathway of reproduction, which establishes a multi-dimensional assisted reproduction electronic medical record system that runs through the reproduction cycle and covers patient medical records, medical diagnosis, treatment plans and etc. This system combines the genetic data of our genetic laboratory, the sperm test results of the andrology laboratory, the real-time growth monitoring of embryos in the embryology laboratory, and the sample information of the cryopreservation laboratory to realize the interconnection of data from various laboratories, create intelligent work environment for reproductive centers, improve the work efficiency of reproductive centers, to improve the safety of operations, ultimately improving the success rate of pregnancy.

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

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

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



Notes:

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

** Includes analytical performance evaluations and stability study

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

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

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

2. For carriers of thalassemia.

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

BUSINESS REVIEW

Products Portfolio and Product Candidates Pipeline

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

- **PGT-A kit**

  Our PGT-A kit is designed to detect aneuploidy, i.e., an abnormal number of chromosomes, in pre-implantation embryos created in the IVF process. Aneuploidy is a chromosomal disorder frequently associated with implantation failure. By identifying and choosing to avoid aneuploid embryos, clinicians can effectively increase chances for a successful pregnancy. Our product is the only NMPA-approved product for aneuploidy in China, with comprehensive chromosome screening (CCS) capabilities, as compared with conventional technologies, which can only screen a portion of chromosomes at a time. We have developed a proprietary strand displacement whole genome amplification (SDWGA) technology to lower amplification bias, a major clinical challenge, enabling our PGT-A kit to demonstrate 100% sensitivity and specificity in its registration clinical trial. With the help of our PGT-A kit, pregnancy and miscarriage rates from our clinical trial were 72.0% and 6.9%, respectively. By reference, pregnancy and miscarriage rates in IVF without aneuploidy screening were 45.0% and 32.0%, respectively, according to various unrelated studies (Schoolcraft et al. 2010; Wang et al. 2010). Further, due to our technological superiority, our PGT-A kit can generate results within one day, shortening the results turnaround time from the two weeks required by conventional technologies.

  For the year ended December 31, 2024, we recorded revenue of RMB43.3 million from sales of our PGT-A kits with gross profit margin of 68.0%.

- **PGT-M kit**

Our PGT-M kit is a key project of the 14th Five-Year Plan for National Key Research and Development Program of China (十四五國家重點研發計劃重點專項), which is designed to detect single-gene, or monogenic, defects in pre-implantation embryos, with the potential to cover common genetic-related disorders, including thalassemia, deafness and hereditary cancers. By identifying and choosing to avoid embryos with certain monogenic defects, clinicians can not only help to reduce chances for the baby to be born with or develop the relevant hereditary diseases, but also effectively stop the traits from being passed down to future generations in the patient family, which can be highly significant and encouraging for the patient.

A major challenge in PGT-M is the ability to accurately flag disease-causing genetic mutations with a limited amount of DNA samples. Conventional methods require pre-exam validation 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, a technology that allows comprehensively detection of the relevant SNPs in one test with improved sensitivity and specificity. Leveraging this technology, our PGT-M kit eliminates the need for patient-specific pre-exam validation, offering a standardized solution with mass clinical appeal that significantly shortens results turnaround time from approximately two months to less than two weeks and reducing testing costs for patients by about 60%. To date, our PGT-M kit is the first and only product of its kind that has completed NMPA registration testing in China. We completed clinical trials in March 2024, and expect to obtain registration approval from NMPA in 2025.

- **PGT-SR kit**

Our PGT-SR kit is a key project of the 14th Five-Year Plan for National Key Research and Development Program of China (十四五國家重點研發計劃重點專項), and is designed to detect chromosome structural rearrangements, which are common causes of recurrent miscarriage. By identifying and choosing to avoid embryos with chromosomal structural re-arrangement, clinicians can, similar to the PGT-M scenario, not only help the patient avoid miscarriage and give birth successfully, but also stop this hereditary trait from running in the same family in future generations.

However, there have been no effective clinical solutions for testing of this kind due to many kinds of potential structural rearrangements occurring on different chromosomes, which requires clinicians to design non-standardized, bespoke tests, making mass clinical application difficult. Our PGT-SR kit may become the first standardized commercial product of its kind in China with potential for mass clinical application, at affordable prices.

Our PGT-SR kit adopts a proprietary ReTSeq technology that utilizes target capture technologies to focus on sequencing key genomic regions and conduct a haplotype linkage analysis to determine the parent-of-origin of a chromosome and detect carriers of chromosomal translocations. Our PGT-SR kit has high mass market potential, offering one test with broad disease detectability and eliminating the need for patient specific pre-exam validation, which translates to faster result turnaround time, from several months to just two weeks, and significantly lowers the testing cost. In February 2021, our self-developed patent relating to the PGT-SR kit, a nucleic acid library preparation method and its application in the analysis of pre-implantation embryonic chromosomal structure abnormalities (一種核酸文庫構建方法及其在植入前胚胎染色體結構異常分析中的應用), was registered with China National Intellectual Property Administration (中國國家知識產權局). We completed the NMPA registration test in April 2023 and are currently undergoing clinical trials, and expect to obtain NMPA approval in 2026.

- **High-throughput gene sequencer (DA500 and DA5000)**

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

  The DA5000 high-throughput gene sequencer, as a latest domestic high-throughput gene sequencing platform, is a key project of the 14th Five-Year Plan for National Key Research and Development Program of China (十四五國家重點研發計劃重點專項). The DA5000 high-throughput gene sequencer can provide one-stop genetic laboratory solution for assisted reproductive centers and has strong multi-sample and multi-project parallel processing capabilities. Compared to DA500 high-throughput gene sequencer, DA5000 high-throughput gene sequencer is capable of processing 40–50 embryo samples in a single test, with a throughput increase of more than 4 times. In September 2024, we obtained the Class III medical device registration certificate for the DA5000 high-throughput gene sequencer from NMPA (Guo Xie Zhu Zhun 20243221930).

- **Automated sample preparation system (BS1000C)**

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

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

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

- **Time-lapse incubator (Geri®)**

  The core concept of our Geri® Time-Lapse Incubator is to provide safe and stable culture conditions for embryo culturing. The incubator includes six independent culturing chambers, and every chamber is exclusive for one patient, with independent air supply, humidity supply and heating, which is conducive to stability of embryo growth. Meanwhile, it is the world's first wet type time-lapse incubator, and can offer stable osmotic pressure environment for the development of embryos.

  Each chamber is equipped with a five-million-pixel high-definition camera component to capture images in 11 focal planes every five minutes, providing more dynamic developmental data for clinical decision-making. Each chamber is also independently equipped with a temperature sensor, a CO_2 sensor and a humidity warning system to monitor inside culturing environment in real time, and can generate real-time warnings for abnormal situations.

Accompanying with intelligent analysis software, the incubator can automatically identify abnormal developmental patterns directly related to embryo implantation potential, helping embryologists select embryos with higher developmental potential and improving the utilization rate of embryos for patients. We have obtained the registration certificates for Geri® Time-Lapse Incubator issued by NMPA (Guo Xie Zhu Zhun 20202180490), CE, FDA and TGA.

- **Culture media (Gems)**

Gems' full collection of culture media contains key ingredients that support embryo development and maintain stable cultivating environment (especially maintaining stable osmolality and pH value). The collection includes egg retrieval solution specified for gametes process, sperm gradient centrifugation solutions, sperm culture solutions, and sperm buffer solutions, vitrified solution specified for vitrification, thawing solution and Gavi solution, IVF medium for embryo cultivation, IVM medium, blastocyst medium and full process solution. All of Gems' products contain gentamicin for preventing microorganism contamination and sodium bicarbonate buffer. Saved for egg retrieval solution, all products contain human serum albumin (HSA).

Since its clinical use in 2013, Gems has entered the market successfully through massive clinical data validation. Up to now, there have been more than ten thousand of babies born globally with the help of Gems. Gems' full collection of culture media products have been on the market for nine years and registered and certified as medical devices by CE, FDA and TGA, and has occupied certain market shares in China through original equipment manufacturer (OEM) production and sales by other internationally renowned companies. We expected to complete registration and obtain approval of Gem as our own brand from NMPA in 2025.

- **Liquid nitrogen storage dewar (BCT38)**

BCT38 liquid nitrogen storage dewar is our liquid nitrogen storage dewar with a digital management system, which was developed based on the conventional liquid nitrogen tank. BCT38 liquid nitrogen storage dewar is the first liquid nitrogen storage dewar product of the world to obtain the medical device registration certificate. It solved problems such as the frequent measurement of liquid gas level for embryo management, difficulty in permission management, and lack of operation logbook, etc. The device features 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. We received CE certificate for BCT38 liquid nitrogen storage dewar in 2020 and obtained the Class II medical device registration certificate for this device (Su Xie Zhu Zhun 20222221946) from Jiangsu MPA in November 2022.

- **Cryopreservation system (BSG800A and BSG800C)**

Our self-developed cryopreservation system (BSG800A and BSG800C) is the first innovative device with full-automatic ultra-low temperature storage designed for the field of biological sample storage, which solves problems such as a heavy workload in storage management, space occupied by the storage of liquid nitrogen tanks, and a lack of information-based management. This device achieved automation of embryo storage and liquid nitrogen supply, an intelligence of information entry and retrieval, as well as ultra-low temperature protection throughout the process of sample transfer and storage, which significantly enhances work efficiency, and ensures the safety of long-term biological sample storage at the same time. We have received CE certificate for our cryopreservation system (BSG800A and BSG800C) in 2020, and obtained the Class II medical device registration certificate for this device (Su Xie Zhu Zhun 20242221830) from Jiangsu MPA in September 2024.

- **Sperm quality analyzer (BKA210)**

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

Our self-developed sperm quality analyzer (BKA210) is the world's first analytical device for unstained active sperms, which performs both static and dynamic analyses by AI of the concentration, motility and morphology for unstained sperms, and maintains the original morphology of sperm in analysis at the same time. It also avoids the change of sperm morphology during the staining process, resulting to an efficient, fast and objective analysis. In October 2023, we completed the registration inspection carried out by NMPA and obtained the Class II medical device registration certificate for sperm quality analyzer (BKA210) from Jiangsu MPA (Su Xie Zhu Zhun 20242222101) in November 2024.

- **Self Sperm Testing Device**

Our self-developed self sperm testing device is a consumer-oriented home-based live sperm detection device, specifically designed for male reproductive health. This device adheres to the sperm quality testing standards specified in the World Health Organization Laboratory Manual for the Examination and Processing of Human Semen (6th Edition). The device features a compact and convenient design, allowing users to quickly and accurately test sperm quality at home, effectively addressing privacy concerns related to clinical examinations. The device is equipped with a built-in camera, ensuring consistent image quality for each test and preventing fluctuations in test results due to differences in smartphone camera configurations. The core functionality of the device focuses on the detection and analysis of live sperm, completing data processing within 15 seconds and generating detailed reports on sperm concentration and motility, helping users scientifically assess their fertility.

We obtained the Class II medical device registration certificate for the self sperm testing device from Jiangsu MPA (Su Xie Zhu Zhun 20252220581) in April 2025. In the future, the device will be available through both online platforms and offline physical pharmacies, marking the expansion of the Company's sales channels from professional medical institutions to general consumer applications.

- **Automated vitrification instrument (Gavi)**

Gavi is the first automated vitrification instrument in the world to be utilized in the process of freezing embryos and eggs in the IVF automated vitrification. By using the Gavi automated vitrification instrument to perform standardized refrigerating operations, the recovery rate of embryos after refrigerating can be improved while standardizing the operating procedures. At the same time, Gavi can also reduce the learning cost of new laboratory personnel and improve the overall management efficiency of the laboratory. We have obtained CE certificate for Gavi and it has been on the market for nearly seven years. We expect to obtain registration approval from NMPA in 2026.

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

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

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

MANUFACTURING

The Company has built a manufacturing network spanning three countries. The Group's headquarters base is located in Suzhou, China, covering an area of 70,000 sq.m. and consisting of four GMP standard production workshops: intelligent equipment production workshop, high-end instrument production workshop, IVF reagent production workshop and culture fluid production workshop. The production base covers an area of 33,000 sq.m. and is dedicated to the manufacturing of reagents, consumables and instruments, while the R&D center covers an area of 22,000 sq.m. and focuses on technology introduction and international transformation. After the base is put into use, it will achieve global-scale delivery and provide high-quality medical products and services in the field of assisted reproduction. Our production bases in Thailand and Australia have a production history of over 15 years and have facilitated us in achieving the milestone of delivering products to over 1,000 overseas customers, and the Time-Lapse Incubator (Geri®) and Culture media (Gems) produced at these bases are deeply trusted by the customers. All of our production bases have passed UDI full-chain traceability management, and have obtained more than 30 international certifications, including GMP certification and ISO13485 certification. This system featuring "intelligent manufacturing in China + global delivery (中國智造+全球交付)" supports the large-scale sales of our products.

R&D

During the Reporting Period, we maintained an active advancement in our R&D endeavors.

In March 2024, we completed the clinical trials for our PGT-M kit. To date, our PGT-M kit is the first and only product of its kind that has completed NMPA registration testing in China.

In September 2024, we obtained the Class II medical device registration certificate for our cryopreservation system (BSG800A and BSG800C) from Jiangsu MPA (Su Xie Zhu Zhun 20242221830). The cryopreservation system (BSG800A and BSG800C) is the first innovative device with full-automatic ultra-low temperature storage designed for the field of biological sample storage. BSG800A is designed for the cryopreservation of embryos and eggs, and BSG800C is designed for the cryopreservation of sperm samples. Each single device is capable of storing approximately 30,000 embryos/eggs/sperm samples.

In September 2024, we obtained the Class III medical device registration certificate for our DA5000 high-throughput gene sequencer from NMPA (Guo Xie Zhu Zhun 20243221930). The DA5000 high-throughput gene sequencer is specially designed for solving a number of clinical problems in reproductive medicine, and can be widely used in pre-pregnancy, prenatal, pre-implantation and neonatal genetic disease screening, covering the entire reproductive cycle, with the features of high efficiency and high precision. Compared to the previous generation medium-throughput platform DA500 (Guo Xie Zhu Zhun 20233221281), DA5000 high-throughput gene sequencer is capable of processing 40–50 embryo samples in a single test, with a throughput increase of more than 4 times.

In October 2024, our self-developed PGT-A test kit (Guo Xie Zhu Zhun 20203400181) received renewal approval from NMPA for its Class III medical device registration certificate for a period of five years until February 20, 2030, which is the first Class III medical device registration certificate in China to obtain the "National Special Approval for Innovative Medical Devices (國家創新醫療器械特別審批)". The PGT-A kit is China's first PGT testing kit with clinical efficacy validated through more than 100,000 clinical samples. Since initiating clinical trials for the PGT-A kit, we have accumulated clinical data from over 100,000 embryo samples at clinical trial sites. This data demonstrated 100% concordance with the PGT-A kit's testing results, proving its effectiveness in meeting current clinical testing requirements.

In November 2024, we obtained the Class II medical device registration certificate for the sperm quality analyzer (BKA210) from Jiangsu MPA (Su Xie Zhu Zhun 20242222101). The BKA210 has been trained and tested on 500,000 clinical sperm samples, allowing it to perform real-time analyses of the concentration, motility, and morphology of dynamic unstained active sperm, with detection accuracies of 98.30%, 97.69%, and 93.29%, respectively. The BKA210 is capable of completing the analyses of the morphology, concentration, and motility of unstained active sperm within 3 minutes, streamlining the diagnostic process and improving patient satisfaction.

In April 2025, we obtained the Class II medical device registration certificate for the self sperm testing device from Jiangsu MPA (Su Xie Zhu Zhun 20252220581). The self-developed self sperm testing device is a consumer-oriented home-based live sperm detection device, featuring a compact and convenient design and allowing users to quickly and accurately test sperm quality at home, effectively addressing privacy concerns related to clinical examinations.

INTELLECTUAL PROPERTY

As of December 31, 2024, we had registered 134 patents, 132 trademarks, 59 software copyrights and 16 domain names in China. We had also registered nine trademarks in Hong Kong and five trademarks in Taiwan. As of the same date, we had submitted 80 patent applications in China.

COMMERCIALIZATION

At present, we have established three major international sales regions covering Europe-Middle East-Africa (EMEA), Asia Pacific (APAC) and North America, forming a strategic framework of "overall planning of China headquarters and efficient coordination of the regional centers (中國總部統籌全局、區域中心高效協同)". Relying on the deep accumulation and R&D advantages of the local market in our China headquarters, we continue to strengthen our international business by providing cutting-edge technology empowerment and strategic decision-making support. With the mature industrial ecology in the field of assisted reproduction of its global operation headquarters in Australia, BMX coordinates production collaboration, the output of technical standards and the training of high-end talent in the international market. As of December 31, 2024, we had a total of over 170 sales personnel around the world. During the Reporting Period, we collaborated with over 48 distributors in Mainland China (including the platform distributors such as ShangPharma Holding Company Limited (上藥控股有限公司) and Sinopharm Holding Company Limited (國藥控股股份有限公司)) and more than 40 other distributors around the world, serving more than 1,000 clinical institutions.

One of our key strategies is to deeply explore and expand key customers. In September 2024, Genea Biomedx Pty Ltd. ("**Genea Biomedx**"), a wholly owned subsidiary of BMX, entered into a sale and purchase agreement (the "**Sale and Purchase Agreement**") with Gattaca Genomics LLC ("**Gattaca**"), a trailblazer in reproductive health, pursuant to which Genea Biomedx was expected to sell Gattaca Geri® TimeLapse Incubators, the world's first wet type time-lapse incubator, as well as the related consumables and software over a two-year period. For further details on the Sale and Purchase Agreement, please refer to the announcement of the Company dated September 26, 2024. In December 2024, we entered into a strategic cooperation agreement (the "**Strategic Cooperation Agreement**") with Shanghai Jinghua Medical Management Co., Ltd. (上海菁華醫療管理股份有限公司) ("**Jinghua Medical**"), a PRC-based limited liability company specializing in the field of assisted reproduction medical services, pursuant to which we were expected to provide Jinghua Medical with one-stop multi-scenario solutions based on artificial intelligence technology, covering areas such as andrology testing, embryo culture, cryopreservation, and complex genetic diseases. For further details on the Strategic Cooperation Agreement, please refer to the announcement of the Company dated December 24, 2024.

Developing overseas business is our unshakable strategic core, and it is also the only way to break through industry competition and define future standards. In overseas markets, relying on a global channel network of more than 600 reproductive center customers, our core products are accelerating their penetration in an internationalized manner. PGT test kits (Genie), gene sequencers (Genie Sequencer), sperm quality analyzers (Glimmer Semen Analyser), liquid nitrogen storage dewar (Gelida 47), cryopreservation system (Gelida 800) and smart laboratory management systems (Guardian) have begun to fully penetrate high-end markets in Europe, the Middle East, Asia Pacific, the Americas, etc., and have simultaneously started international certifications such as CE and FDA to promote global compliance access of products.

IMPORTANT EVENTS AFTER THE END OF THE REPORTING PERIOD

Appointment and Re-election of Directors

At the 2025 first extraordinary general meeting of the Company held on January 21, 2025 ("**EGM**"), Ms. JIANG Junchao was re-elected as an executive Director and Mr. ZHAO Ye was appointed as a non-executive Director.

Change of Registered Address, Business Scope and the Corresponding Amendments to the Articles of Association

At the EGM, the Shareholders have approved the proposals in respect of the change of registered address, business scope and the corresponding amendments to the Articles of Association in order to meet the actual needs of business development.

For details, please refer to the Company's circular dated December 30, 2024 and the poll results announcement dated January 21, 2025, respectively.

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

OUTLOOK AND STRATEGIES

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

- **In-depth breakthroughs in the entire industry chain: to build industry barriers with the PGT technology matrix**

  As an innovative leader in China's assisted reproductive field, the Company centers on PGT technology and takes the lead in completing the closed-loop layout of the entire industry chain. The Company's independently developed PGT-A test kit (Guo Xie Zhu Zhun 20203400181), China's first third-generation IVF product, whose testing results have been verified by more than 100,000 clinical samples, building a strong technical barrier. Currently, the Company is accelerating the application of the full certification of the PGT-M analysis software and the PGT-SR analysis software, aiming to create a "PGT full-series technology matrix" that covers the entire cycle of solutions from basic screening to intervention for complex genetic diseases.

  In September 2024, we obtained the Class III medical device registration certificate for our DA5000 high-throughput gene sequencer from NMPA (Guo Xie Zhu Zhun 20243221930), which is the core equipment for PGT testing. The DA5000 high-throughput gene sequencer is capable of processing 40–50 embryo samples in a single test, with a throughput four times higher than the previous generation DA500 high-throughput gene sequencer, and a detection accuracy of 99.99%, making it the world's first ultra-high-throughput sequencing platform designed specifically for reproductive medicine. Coupled with the DA500 high-throughput gene sequencer (Guo Xie Zhu Zhun 20233221281), the Company has built an integrated testing system of "reagents + equipment + data analysis", realizing the standardization of the entire process from sample processing to result output, significantly simplifying the clinical operations.

  In addition, relying on two major national projects under the 14th Five-Year Plan (independent research and development of assisted reproductive medical products and research on new technologies for embryo diagnosis of genetic diseases), the Company has taken the lead in formulating three industry standards, covering PGT technical specifications, experimental quality and software systems, having formed a moat of "technology patenting, patent standardization, and standard industrialization". In the future, the Company will further consolidate its absolute advantage in genetic laboratory scenarios through certification of a series of PGT products, and promote China's assisted reproduction from "experience-driven" to "precision medicine".

- **Andrology and cryopreservation laboratory innovations: AI empowers a new paradigm in fertility management**

  The Company has achieved milestone breakthroughs in the field of andrology and cryopreservation laboratories. The BKA210 intelligent sperm analyzer (Su Xie Zhu Zhun 20242222101), powered by an AI deep-learning model trained on 500,000 sperm samples, is the world's first device to achieve millisecond-level real-time detection of live sperm morphology, motility and concentration, with accuracy rates of 98.30%, 97.69%, and 93.29%, respectively. The device overturns the traditional staining detection method, directly analyzes dynamic unstained sperm, and completes the full evaluation in 3 minutes. It was evaluated as "a revolutionary innovation in the field of sperm testing" by the Computational and Structural Biotechnology Journal, one of the top international journals, and promoted the standard innovation of WHO sperm quality assessment methodology.

  In the field of fertility preservation, the BSG800 cryopreservation system (Su Xie Zhu Zhun 20242221830) leads the world with its intelligent and fully automatic design. Its gas-phase liquid nitrogen storage system can accommodate 30,000 samples, realizing the unmanned operation of the entire process including single tube picking, temperature monitoring, and sample traceability. The equipment has been recognized as the first "major equipment" in Jiangsu Province. In 2024, China's first intelligent sperm bank was officially opened in Guangdong Provincial Fertility Hospital, using BSG800 to achieve zero errors in sample storage, pushing China's fertility preservation into the "intelligent era".

  The Company is also developing its "comprehensive health" ecological business, and has joined hands with 18 top domestic institutions to establish the "Multi-center Research Alliance on AI in Sperm Testing" to explore cutting-edge fields such as sperm DNA fragmentation rate analysis and oxidative stress assessment, and to build full-chain solutions from andrological testing, intervention to fertility preservation.

- **Key customer strategy: domestic substitution accelerates high-end market penetration**

  The Company takes "focusing on the top and setting service benchmarks" as its core strategy and has in-depth cooperation with 80 leading reproductive centers in China. In 2024, the Company has been promoting the Geri® Time-Lapse Incubator (Guo Xie Zhu Zhun 20202180490). As the world's only time-lapse imaging system capable of humidified culture, the device is equipped with a 5-megapixel microscope lens and 6 independent culture chambers. Clinical verification has shown that it can increase the embryo live birth rate by 5.8%. Currently, the registration certificate for the Geri® Time-Lapse Incubator is being accelerated, and it is expected that the "transition from commodity imports to domestic production" will be realized in 2025, by which time the cost can be reduced by more than 30%.

  The matching Gems embryo culture medium series (11 types of assisted reproductive fluids including fertilization culture fluid, egg retrieval fluid, sperm gradient separation fluid, sperm washing culture fluid, sperm buffer, vitrification freezing fluid, vitrification thawing fluid, egg and embryo processing fluid, cleavage embryo culture fluid, blastocyst culture fluid, and embryo culture fluid) is about to become the first full range of domestically produced culture fluids in China. In 2024, the Company's 70,000-sq.m. global headquarters based in Suzhou has been officially put into use. The introduction of fully automatic filling production lines will greatly improve product yield and enable us to become a domestic high-end supplier of assisted reproductive medical devices.

  The NMPA Announcement No. 30 of 2025 further simplifies the localization process for imported medical devices. The Company is leveraging this opportunity to advance the dual strategy of "quality of imported products + efficiency of local production (進口品質+本土效率)" and is working with platform distributors such as ShangPharma Holding Company Limited (上藥控股有限公司) and Sinopharm Holding Company Limited (國藥控股股份有限公司) to accelerate the goal of increasing the penetration rate of domestic reproductive centers and the domestic substitution rate of core consumables.

- **Global supply chain layout: APEC market becomes a new growth engine**

  With the strategy of "intelligent manufacturing in China + global delivery (中國智造+全球交付)", the Company completed the construction of its production base in Thailand in 2024. GERI incubators and intelligent liquid nitrogen tanks (Gelida 47) have been mass-produced in Thailand to be supplied to emerging markets such as Southeast Asia and South America. During the same period, the Company reached a strategic cooperation with Singapore's Rhea Labs to jointly build smart IVF clinics and provide one-stop services of "equipment + consumables + training". Relying on three major production bases in Suzhou, Melbourne and Thailand, the Company has successfully built a cross-regional global supply chain. By 2024, the Company's overseas sales network has covered more than 1,000 clinics in 30 countries.

  In terms of policies, China's "Belt and Road" medical cooperation initiative has released synergistic effects with Thailand's "Eastern Economic Corridor" plan. Through technology exports and localized production, the Company has been deeply integrated into the regional industrial chain. In 2024, the proportion of overseas revenue increased to 35%, and the globalized "dual circulation" pattern is beginning to emerge.

- **AI-driven future: to create an intelligent ecosystem for reproductive medicine**

  The Company has been using artificial intelligence as its core engine to promote intelligent upgrades in all scenarios of assisted reproduction. As the world's first FDA-certified AI analysis software, the EEVA embryo assessment system can accurately predict the embryo's developmental potential based on dynamic time-lapse imaging and deep learning models based on more than 100,000 embryo models. Clinical data show that it can increase the efficiency of high-quality embryo screening by 40%.

  In the future, the Company will, based on the global IVF clinic data integrated by its subsidiary Genea Biomedx, build an AI analysis matrix covering embryos, sperm and eggs, achieve dynamic monitoring of sperm quality and personalized intervention, and use AI to generate intelligent embryo transplantation plans based on EEVA and iARMS electronic medical records. The Company's vision is to become the world's first "AI+reproduction" platform company and redefine the technological boundaries of assisted reproduction.

Cautionary statement required under Rule 18A.08(3) of the Listing Rules: We cannot guarantee that we will ultimately develop or market our Core Product and other products in our product portfolio successfully.

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 43.8% from RMB208.0 million for the year ended December 31, 2023 to RMB299.1 million for the year ended December 31, 2024. The increase was primarily due to: (i) after the BMX Acquisition, the Group achieved international sales of domestically developed products with the help of its global sales network, driving the Group's global sales revenue growth, (ii) the Group successfully developed important customer relationships during the Reporting Period. For example, in North America, the Group has entered into a Sale and Purchase Agreement with Gattaca to sell the Geri® Time-Lapse incubator; and in China, the Group has signed a Strategic Cooperation Agreement with Shanghai Jinghua Medical Management Co., Ltd. to sell products covering andrology testing, embryo culture and cryopreservation; and (iii) during Reporting Period, the Group obtained medical device registration certificates for its cryopreservation system (BSG800A and BSG800C), the DA5000 high-throughput gene sequencer and the sperm quality analyzer (BKA210), further enriching the Group's product pipeline and promoting the market penetration and sales growth of the Group's products.

Cost of Sales

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

Our cost of sales increased by 39.7% from RMB116.6 million for the year ended December 31, 2023 to RMB162.9 million for the year ended December 31, 2024, mainly due to (i) the increase in cost of sales in line with increase in sales; and (ii) the consolidation of cost of sales after the BMX Acquisition.

Gross Profit and Gross Profit Margin

As a result of the aforementioned factors, the gross profit of the Group increased by 49.0% from RMB91.4 million for the year ended December 31, 2023 to RMB136.2 million for the year ended December 31, 2024. Gross profit margin is calculated as gross profit divided by revenue. The overall gross profit margin of the Group increased from 43.9% for the year ended December 31, 2023 to 45.5% for the year ended December 31, 2024, primarily due to cost optimization and an increase in the sales share of high-margin products.

Other Net Income

Our other net income decreased by 15.5% from RMB54.2 million for the year ended December 31, 2023 to RMB45.8 million for the year ended December 31, 2024, primarily due to (i) a decrease in exchange gains arising from exchange rate fluctuations; and (ii) a decrease in interest income from bank deposits.

Selling and Distribution Costs

Our selling and distribution costs increased by 7.5% from RMB103.9 million for the year ended December 31, 2023 to RMB111.7 million for the year ended December 31, 2024, primarily due to the increase in the selling and distribution costs consolidated after the completion of the BMX Acquisition and increased marketing activities for the full deployment of new products.

Administrative Expenses

Our administrative expenses increased by 56.3% from RMB105.4 million for the year ended December 31, 2023 to RMB164.7 million for the year ended December 31, 2024, primarily due to the increase in the administrative expenses consolidated after the completion of the BMX Acquisition, amortization resulting from the acquired assets and the accrued impairment losses on trade and other receivables.

R&D Expenses

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

	For the year ended December 31,			
	2024		2023	
	RMB'000	Percentage of revenue	RMB'000	Percentage of revenue
Staff costs	**63,437**	**21.2%**	58,825	28.3%
Clinical trial expenses	**43,944**	**14.7%**	42,128	20.3%
Consumables expenses	**17,875**	**6.0%**	18,920	9.1%
Depreciation expenses	**6,870**	**2.3%**	5,612	2.7%
Others	**3,133**	**1.0%**	4,081	2.0%
Total	**135,259**	**45.2%**	129,566	62.3%

Our R&D expenses increased by 4.4% from RMB129.6 million for the year ended December 31, 2023 to RMB135.3 million for the year ended December 31, 2024, primarily due to (i) the increase in product registration fee and staff costs to promote access to global compliance systems; and (ii) the increase in the continued investment in clinical trials and related consumables as the progress of product research and development progresses.

Finance Costs

Our finance costs consist of (i) interest on interest-bearing bank loans, and (ii) interest on lease liabilities. We recorded financial costs of RMB2.6 million and RMB9.4 million for the year ended December 31, 2023 and December 31, 2024, respectively. The increase in finance costs for the year ended December 31, 2024 was mainly due to interest on new bank loans.

Income Tax

We recorded income tax credit of RMB3.0 million for the year ended December 31, 2023 and income tax credit of RMB3.1 million for the year ended December 31, 2024.

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 devices and instruments, cryostorage devices, embryo culture devices and embryo culture media and consumables.

Our inventories decreased by 1.8% from RMB94.1 million as of December 31, 2023 to RMB92.4 million as of December 31, 2024, primarily due to the Company's continued promotion of lean inventory management, the establishment of a dynamic safety inventory model, and the implementation of a linkage mechanism between demand forecasting and procurement planning.

Trade and Other Receivables

Our trade and other receivables increased by 15.1% from RMB174.0 million as of December 31, 2023 to RMB200.3 million as of December 31, 2024, primarily due to the expansion of new customers near the end of the Reporting Period, which led to higher trade receivables compared to the end of 2023.

Foreign Exchange Risk

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

Trade and Other Payables

Our trade and other payables decreased by 8.8% from RMB179.7 million as of December 31, 2023 to RMB163.9 million as of December 31, 2024, primarily due to the settlement of the payables for the construction costs of the Group's headquarters and the accelerated settlement cycle of trade payables. In addition, other payables and accruals increased due to the expansion of business scale, but overall they remained on a downward trend.

Financial Resources, Liquidity and Capital Structure

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

Our current assets decreased by 19.4% from RMB1,215.2 million as of December 31, 2023 to RMB979.2 million as of December 31, 2024, primarily due to the expansion of the business operations of the Group and the settlement of the payables for the construction costs of our headquarters.

As of December 31, 2024, we had unsecured bank loans of RMB123.5 million, all of which had a floating interest rate of 3.45% per annum (as determined by LPR). As of the same date, we had secured bank loans of RMB197.1 million with an interest rate of 3.30%–3.90% per annum (as determined by LPR). The secured bank loans were pledged by the Group's land use right and certain property, plant and equipment. 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 received net proceeds of approximately HK$1,898.7 million (after deduction of underwriting fees, commissions and relevant expenses). We intend to apply such net proceeds in accordance with the purposes as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus and further revised and disclosed in the circulars of the Company dated November 16, 2021 and April 7, 2022 under the sections headed "Ordinary Resolution — Proposed Change in Use of Proceeds".

We follow a set of funding and treasury policies to manage our capital resources and mitigate potential risks. We endeavor to maintain an adequate level of cash and cash equivalents to address short-term funding needs. The Board would also consider various funding sources depending on our funding needs to ensure that the financial resources have been used in the most cost-effective and efficient way to meet our financial obligations. The Board reviews and evaluates our funding and treasury policy from time to time to ensure its adequacy and effectiveness. As of the date of this annual report, we do not have any definitive plans for material fundraising activities.

Significant Investments, Material Acquisitions and Disposals

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

Contingent Liabilities

As of December 31, 2024, we did not have any contingent liabilities.

Capital Commitments

Capital commitments outstanding as of December 31, 2024 and December 31, 2023 not provided for in the consolidated financial statements were as follows:

	For the year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Authorised and contracted for		
— Property, plants, and equipment	**56,327**	10,236
— Subscription of limited partnership interest in the fund	**5,205**	6,648
Total	**61,532**	16,884

Charge on Assets

Save for the secured bank loans of RMB197.1 million pledged by the Group's land use rights and certain property, plant and equipment, there was no charge on assets of the Group as of December 31, 2024.

Gearing Ratio

Gearing ratio is calculated by using interest-bearing borrowings and lease liabilities less cash and cash equivalents, divided by total equity and multiplied by 100%. As of December 31, 2024, the Company was in a net cash position and thus, gearing ratio is not applicable.

Employees and Remuneration

As of December 31, 2024, the Group had 497 employees (as of December 31, 2023: 586). The number of employees employed by the Group varies depending on our business requirement. The remuneration package of our employees includes salary, bonus and equity-settled share-based payment, which are generally determined by their qualifications, industry experience, position and performance. The Group makes contributions to social insurance and housing provident funds for its employees in Mainland China as required by the PRC laws and regulations, and makes contributions to relevant employee benefits for employees outside Mainland China as required by the relevant requirements of other regions in the PRC and other countries.

The total remuneration cost incurred by the Group for the year ended December 31, 2024 was approximately RMB185.5 million, as compared to RMB153.9 million for the year ended December 31, 2023. The increase is primarily attributable to an increase in overseas senior management personnel as a result of the Company's strategic adjustments.

During the year ended December 31, 2024, the Group did not experience any material labor disputes or strikes that may have a material and adverse effect on our business, financial condition or results of operations, or any difficulty in recruiting employees.

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

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

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

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

EXECUTIVE DIRECTORS

Dr. LIANG Bo (梁波), aged 44, the founder and general manager of our Group, was appointed as the chairman of our Board on December 14, 2015. Dr. Liang is primarily responsible for the overall management of our Group, including business strategy, R&D and sustainable development. Dr. Liang also serves as the executive director of both Basecare Medical Device and Basecare Intelligent Manufacturing.

Dr. Liang has over ten years of experience in bioinformatics and reproductive health industry, and has led the development of PGT and high-throughput sequencing, for which the first "Special Approval for Innovative Medical Devices (創新醫療器械特別審批)" was granted and the first registration certificate of medical devices for third-generation IVF technological products was obtained. Dr. Liang is the director of Jiangsu Reproductive Genetic Engineering Technology Research Center, the president of Suzhou Youth Science and Technology Talents Commission, the secretary general of China Expert Committee on Genetic Counseling Capacity Building, an associate professor of School of Pharmacy, Soochow University and a part-time researcher at the National Research Center for Assisted Reproduction and Eugenics. Dr. Liang also received an award of Leading Talents in Science and Technology from Suzhou Industrial Park Working Committee of CPC Suzhou Industrial Park Management Committee (中共蘇州工業園區工作委員會蘇州工業園區管理委員會) in December 2015. Dr. Liang has published more than 25 papers in international academic journals. He has also made 126 patent applications and 34 copyright applications for bioinformatics software.

Dr. Liang received his bachelor's degree in mathematics and applied mathematics from Sun Yat-sen University (中山大學) in the PRC in June 2004. He received his master's degree in information technology from University of Melbourne in Australia in August 2007. He received his doctoral degree in biology from Shanghai Jiao Tong University (上海交通大學) in the PRC in June 2020.

Mr. KONG Lingyin (孔令印), aged 45, was appointed as a Director on June 15, 2016. He has also been serving as our chief technical officer since May 1, 2014. Mr. Kong currently serves as the director of our R&D department and is primarily responsible for the R&D and regulatory filing activities of our Group. Mr. Kong also serves as the technical director of Basecare Medical Device.

Before joining our Group in June 2011, Mr. Kong served as a staff member responsible for biological information analysis at Hangzhou Sha'ai Taike Biology Technology Co., Ltd (杭州莎艾泰克生物技術有限公司) until September 2008 and worked at the development department of Chongqing Nuojing Biology Information Technology Co., Ltd (重慶諾京生物資訊技術有限公司) from October 2008 to May 2010. He worked at Tianjin International Biomedical Union Research Institute (天津國際生物醫藥聯合研究院) from May 2010 to July 2011 where he was responsible for biological information analysis.

Mr. Kong received his bachelor's degree in biotechnology from Shandong Agricultural University (山東農業大學) in the PRC in July 2003 and his master's degree in biochemistry and molecular biology from Zhejiang University of Technology (浙江理工大學) in the PRC in April 2007.

Ms. JIANG Junchao (姜雋超), aged 45, joined our Group as the director of human resources in January 2021 and is mainly responsible for overseeing the human resources management of the Group. She was appointed as our executive Director with effect from August 29, 2024.

Prior to joining our group, Ms. Jiang served as a human resources business partner (HBRP) manager of Bidi Medical Devices (Shanghai) Co, Ltd. (碧迪醫療器械(上海)有限公司) from March 2018 to December 2020. From August 2016 to February 2018, Ms. Jiang served as a human resources business partner (HBRP) manager and a training & development manager of Suzhou Bidi Medical Devices Co, Ltd. (蘇州碧迪醫療器械有限公司). From September 2015 to February 2016, Ms. Jiang served as a training and development & organizational effectiveness manager of Mondelez Food (Suzhou) Co. Ltd. (億滋食品(蘇州)有限公司). From April 2012 to July 2015, Ms. Jiang served as a human resources business partner (HBRP) manager of John Deere (Harbin) Agriculture Machinery Co. Ltd. (約翰迪爾(哈爾濱)農業機械有限公司). From March 2008 to November 2011, Ms. Jiang served as the organizational development manager of Coca-Cola (Heilongjiang) Beverage Company Limited (可口可樂(黑龍江)飲料有限公司) (currently known as COFCO Coca-Cola Beverages (Heilongjiang) Limited (中糧可口可樂飲料(黑龍江)有限公司)). From July 2002 to June 2006, Ms. Jiang served as a human resource manager in several entities of Walmart China, including (i) Walmart Business Consulting (Shenzhen) Co., Ltd., (ii) Shenzhen Walmart Pearl River Store Co., Ltd., and (iii) Walmart SZITIC Stores Co. Ltd.

Ms. Jiang graduated from Heilongjiang University and obtained a bachelor of laws degree, majoring in sociology, in the PRC in July 2002.

NON-EXECUTIVE DIRECTORS

Mr. ZHAO Ye (趙業), aged 34, was appointed as a non-executive director on January 21, 2025. Mr. ZHAO is primarily responsible for supervising and providing independent advice to our Board. Mr. ZHAO has also been serving as an executive director of the investment department of Beijing Bohua Capital Co., Ltd. (北京博華資本有限公司) since July 2019. From November 2018 to July 2019, he served as the investment director of Digital China Health Technologies Co., Ltd. (神州數碼醫療科技股份有限公司) (currently known as Shenzhou Medical Technology Co., Ltd. (神州醫療科技股份有限公司)). From January 2017 to November 2018, he served as the investment manager of Tibet Hongai Enterprise Management Co., Ltd. (西藏弘愛企業管理有限公司) (a limited liability company established under the laws of the PRC, which was voluntarily dissolved by deregistration on November 15, 2024). From July 2014 to December 2016, he served as an assistant manager of KPMG Advisory (China) Limited (畢馬威企業諮詢(中國)有限公司). Mr. Zhao received a bachelor's degree and a master's degree of science majoring in signal processing and access engineering from the University of Edinburgh in England in June 2012 and November 2013, respectively.

Mr. WANG Weipeng (王偉鵬), aged 36, was appointed as a non-executive Director on September 2, 2016. Mr. Wang is primarily responsible for supervising and providing independent advice to our Board. Mr. Wang has been working at Shenzhen Qianhai Hengrui Fangyuan Investment Management Co., Ltd. (深圳前海恒瑞方圓投資管理有限公司) since April 2015 and has been serving as the general manager since March 2019. From July 2011 to April 2015, Mr. Wang worked at the Harbin Sales Department of China Minze Securities Co., Ltd. (中國民族證券有限責任公司), currently known as Founder Securities Underwriting Sponsor Co., Ltd. (方正證券承銷保薦有限責任公司). Mr. Wang received his bachelor's degree in accounting from Harbin University of Commerce (哈爾濱商業大學) in the PRC in July 2012.

Mr. LING Yang (凌洋) aged 36, was appointed as a non-executive Director on August 10, 2023. Mr. Ling is primarily responsible for supervising and providing independent advice to our Board. He has been acting as an executive director of CDG Capital Company Limited (晨嶺資本有限公司) ("**CDG Capital**") since January 2022. From April 2021 to December 2021, he served as the director of legal affairs and compliance department of CDG Capital. From January 2019 to March 2021, he served as the deputy director of legal affairs and compliance department of China National Oil and Gas Exploration and Development Corporation (中國石油國際勘探開發有限公司) ("**China National Oil and Gas**"). From January 2016 to December 2018, he served as the director of commercial & trading department of CNPC International (Canada) Ltd. in Calgary, Canada. From January 2015 to December 2015, he served as a senior commercial advisor of LNG Canada, a joint venture among Shell, PETRONAS, PetroChina, Mitsubishi and KOGAS, in Calgary/Vancouver, Canada. From January 2013 to December 2014, he served as a legal manager of legal affairs and compliance department of China National Oil and Gas. Mr. Ling obtained his bachelor's degree in law from Renmin University (中國人民大學) in the PRC in July 2011. He obtained his master's degree in law from Northwestern University in the United States in August 2012.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. KANG Xixiong (康熙雄), aged 72, was appointed as an independent non-executive Director on January 16, 2021. Dr. Kang is primarily responsible for addressing conflicts and giving strategic advice and guidance to the business and operations of our Group.

Dr. Kang has been the chief physician and professor at the Laboratory Diagnosis Center of Beijing Tiantan Hospital, Capital Medical University (首都醫科大學附屬北京天壇醫院), and a professor and the head of the clinical laboratory diagnosis department of Capital Medical University (首都醫科大學) since September 2001 and July 2020, respectively.

Dr. Kang has been a director of Shanghai Baiao Technology Co., Ltd (上海百傲科技股份有限公司), a company listed on the National Equities Exchange and Quotations (Stock Code: 430353), since May 2019, an independent director of Guangzhou Yangpu Medical Technology Co., Ltd. (廣州陽普醫療科技股份有限公司), a company listed on the Shenzhen Stock Exchange (Stock Code: 300030), since May 2017, and an independent director at Sannuo Bio-sensing Co., Ltd (三諾生物傳感股份有限公司), a company listed on the Shenzhen Stock Exchange (Stock Code: 300298), since December 2019. From September 2019 to December 2021, Dr. Kang served as an independent director of Boai Xinkaiyuan Medical Science and Technology Group Co., Ltd (博愛新開源醫療科技集團股份有限公司), a company listed on the Shenzhen Stock Exchange (Stock Code: 300109).

Dr. Kang received his doctoral degree in medicine in Tokyo Medical University in Japan in November 1990.

Mr. LAM Siu Wing (林兆榮), aged 64, was appointed as an independent non-executive Director on July 13, 2023. He has extensive experience in accounting, auditing and business consulting. From 2004 to 2020, Mr. Lam was a partner of both PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers in Hong Kong (collectively "**PricewaterhouseCoopers**"). He has served as (i) an independent non-executive director of Greatpower Nickel And Cobalt Materials Co., Ltd. (上海格派鎳鈷材料股份有限公司) since June 2022, (ii) an independent non-executive director of Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd. (上海復旦張江生物醫藥股份有限公司), whose shares are listed on the Stock Exchange (stock code: 1349), since May 2023; and (iii) and an independent non-executive director of Xi'an Kingfar Property Services Co., Ltd. (西安經發物業股份有限公司), whose shares are listed on the Stock Exchange (stock code: 1354), since May 2024. Mr. Lam graduated from Macquarie University in Australia with a bachelor degree of economics major in accounting in March 1985. In October 1989, he graduated from The University of New South Wales in Australia with his master degree of Commerce major in Finance. He is a fellow member of both Hong Kong Institute of Certified Public Accountants (HKICPA) and Chartered Accountants Australia and New Zealand (CAANZ, formerly known as the Institute of Chartered Accountants of Australia (ICAA)).

Mr. Lam has over 30 years of working experience in PricewaterhouseCoopers and has been a partner for 16 years. He has extensive experience in financial and audit practice. He has served many private and state-owned pharmaceutical companies in their IPOs in Hong Kong and annual report audits, as well as many large pharmaceutical multinationals.

Dr. YEUNG Shu Biu William (楊樹標), aged 68, was appointed as an independent non-executive Director on August 10, 2023. Dr. Yeung is primarily responsible for addressing conflicts and giving strategic advice and guidance to the business and operation of our Group. He is a renowned scholar in the field of reproductive medicine. Dr. Yeung joined the University of Hong Kong in 1989 and is currently a professor of the Department of Obstetrics and Gynaecology, School of Clinical Medicine of the University of Hong Kong. He has also been the assisted reproduction laboratory-in-charge of the Reproductive Medicine and Prenatal Diagnosis Center at the University of Hong Kong-Shenzhen Hospital, and the laboratory head of the Centre of Assisted Reproduction and Embryology at the University of Hong Kong, Queen Mary Hospital, and the person responsible of the University of Hong Kong-Family Planning Association Andrology Laboratory.

Dr. Yeung obtained his Doctor of Philosophy in Reproductive Endocrinology from the University of Hong Kong in 1985. From 1985 to 1987, he served as postdoctoral researcher in Department of Anatomy, University of Bristol in the United Kingdom. He was elected as an Honorary Fellow of the Hong Kong College of Obstetricians and Gynaecologists in 2017.

SUPERVISORS

Ms. SHI Lijuan (史麗娟), aged 36, is currently the administrative manager of the Group, and was appointed as a Supervisor and the chairwoman of the board of Supervisors on July 14, 2023. Prior to joining us, from March 2017 to June 2021, she served as a deputy director of administration of Suzhou Quanyi Jiankang Pharmacy Chain Co., Ltd. (蘇州全億健康藥房連鎖有限公司). From March 2010 to November 2016, she served as an administration manager of Liudao Wanhe (Suzhou) Hot Runner System Co., Ltd. (柳道萬和(蘇州)熱流道系統有限公司). From August 2009 to March 2010, she served as a business assistant of Suzhou Rizheng Xingye Trade Co, Ltd. (蘇州日正興業貿易有限公司).

Ms. Shi obtained her bachelor's degree in computer science and technology from Ludong University (魯東大學) in the PRC in June 2009. She obtained her another bachelor's degree in computer science and technology from Wonkwang University in South Korea in June 2009. She obtained her master degree in business administration from Nanjing University of Aeronautics and Astronautics (南京航空航天大學) in the PRC in November 2016.

Ms. ZONG Qiuping (宗秋平), aged 36, was appointed as a Supervisor on July 14, 2023. She successively served as an accountant, and the financial head of our Group. She is currently a financial manager of our Group. Prior to joining us, she served as an accountant in Jiangsu Haoye Law Firm (江蘇昊業律師事務所) from December 2009 to December 2010. Ms. Zong received her bachelor's degree in accounting from YanCheng Teachers University (鹽城師範學院) in June 2010. She obtained the Intermediate Qualification Level in Accounting (會計中級資格) and the Securities Qualification Certificate (證券從業資格合格證) in the PRC in September 2020 and April 2021, respectively.

Dr. LIN Yi (林藝), aged 55, was appointed as a Supervisor on August 26, 2020. Dr. Lin is primarily responsible for supervising the compliance of the business operations of our Group.

Dr. Lin has been serving as a managing partner of Suzhou Industry Park Yuanfu Venture Capital Management Corporation (Limited Partnership) (蘇州工業園區元福創業投資管理企業(有限合夥)), since June 2016. From September 2015 to June 2016, Dr. Lin served as an executive director at Riverhead Capital Investment Management Co., Ltd. (陽光融匯資本投資管理有限公司). Dr. Lin worked at Korea Investment Partners (Shanghai) Venture Capital Management Co., Ltd. (韓投夥伴(上海)創業投資管理有限責任公司) until September 2015.

From April 2011 to August 2014, Dr. Lin served as an executive director and partner of ePlanet Ventures Investment Group (Hong Kong) Limited Beijing Representative Office (壹普蘭投資(香港)有限公司北京代表處). From May 2009 to March 2011, Dr. Lin served as an executive director at Mingly China Growth Fund (名力中國成長基金). In August 2002, Dr. Lin founded Beijing Eastwin Innovation Biotechnology Co., Ltd. (北京東勝創新生物科技有限公司) and served as a vice president until December 2008.

Dr. Lin received his bachelor's degree in biochemistry from Peking University (北京大學) in the PRC in July 1990 and his master's degree in molecular biology from Shanghai Institute of Biochemistry, Chinese Academy of Sciences (中國科學院上海生物化學研究所) in the PRC in September 1993. He also received a doctoral degree in microbiology and immunology from Columbia University in the U.S. in October 1998 and master's degree in business administration from University of Chicago in the U.S. in June 2000.

SENIOR MANAGEMENT

Dr. LIANG Bo (梁波), aged 44, has been serving as our general manager since our establishment. Dr. Liang is responsible for the overall management of the business strategy, corporate development and R&D of our Group. Please see "— Executive Directors — Dr. LIANG Bo" above for details of his biography.

Mr. KONG Lingyin (孔令印), aged 45, was appointed as our chief technical officer on May 1, 2014. Mr. Kong is responsible for the R&D and regulatory filling activities of our Group. Please see "— Executive Directors — Mr. KONG Lingyin" above for details of his biography.

Ms. YANG Ying (楊瑩), aged 43, was appointed as our chief quality officer in September 2018 and served as an executive Director from April 2022 to August 2024. Ms. Yang is primarily responsible for establishing and maintaining our quality management system and leading quality control department of our Group.

Prior to joining our Group, from June 2015 to September 2018, Ms. Yang served as a quality manager of ET Healthcare, Inc. (星童醫療技術有限公司), where she was responsible for quality management and customer relationship maintenance. From August 2013 to June 2015, she served as a quality assurance director of Wantong (Suzhou) Quantitative Valve System Co., Ltd. (萬通(蘇州)定量閥系統有限公司). From September 2004 to August 2013, she served as a senior quality engineer of Schneider (Suzhou) Transformer Co., Ltd. (施耐德(蘇州)變壓器有限公司).

Ms. Yang received her bachelor's degree in inorganic non-metallic materials from Shaanxi University of Science and Technology (陝西科技大學) in China in July 2004.

Mr. YIN Lejun (殷樂駿), aged 39, was appointed as our chief financial officer with effect from November 28, 2022. Mr. Yin is primarily responsible for the finance, budgeting and internal controls of our Group.

Prior to joining our Group, he served in PricewaterhouseCoopers Zhong Tian LLP from July 2008 to November 2022 with his last position as a senior manager of the audit department of Shanghai office. Mr. Yin has more than 16 years of experience in auditing, accounting, financial management, knowledge in listing rules and relevant compliance. Mr. Yin received his bachelor's degree in shipping management from Shanghai Maritime University (上海海事大學) in China in 2008. Mr. Yin is a member of the Chinese Institute of Certified Public Accountants.

Save as disclosed above, none of our Directors, Supervisors and senior management held any directorship in any public companies the shares of which are listed in the Stock Exchange or overseas stock markets during the three years prior to the date of this annual report.

To the best of the Board's knowledge, information and belief, save as disclosed in the annual report, our Directors, Supervisors and senior management do not have any relationship amongst them.

JOINT COMPANY SECRETARIES

Mr. YIN Lejun (殷樂駿) was appointed as our joint company secretary with effect from November 28, 2022. Please see "— Senior Management — Mr. YIN Lejun" above for details of his biography.

Mr. Chung Ming Fai (鍾明輝) was appointed as our joint company secretary with effect from August 29, 2022. Mr. Chung is the senior vice president of SWCS Corporate Services Group (Hong Kong) Limited and has over 20 years of experience in corporate secretary, mergers and acquisitions, financial reporting and auditing. Mr. Chung is currently a fellow of the Hong Kong Institute of Certified Public Accountants and a member of CPA Australia. He obtained his bachelor's degree in commerce from the Australian National University in Australia in December 2003.

The Board is pleased to present this corporate governance report in the Group's annual report for the year ended December 31, 2024.

CORPORATE MISSION, CULTURE AND VALUES

Letting More Families Have Healthy Children

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

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

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and enhance its corporate value. The Company has adopted the CG Code as its own code of corporate governance since the Listing Date. The Company has complied with all applicable code provisions as set out in the CG Code for the year ended December 31, 2024, 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.

The Company's employees, who are likely to be in possession of inside information of the Company, have also been subject to the Model Code. No incident of non-compliance of the Model Code was noted by the Company during the Reporting Period.

INDEPENDENT NON-EXECUTIVE DIRECTORS

During the Reporting Period, the Board met the requirements under Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

Each independent non-executive Director should inform our Company as soon as possible if there is any change of circumstances which may affect his independence pursuant to Rule 3.13 of the Listing Rules. No such notification was received during the Reporting Period. The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors meet the guidelines for assessing independence set out in Rule 3.13 of the Listing Rules and are independent.

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS AND SUPERVISORS

Each of the executive Directors, non-executive Directors and independent non-executive Directors of the Company has entered into a service contract with the Company for a specific term as stipulated in the Articles of Association, but no term of office shall last for more than three years. The non-executive Directors and independent non-executive Directors have been appointed till the expiration of the term of the current Board and unless it is terminated by either the Company or such Director. The term of appointment of each Director is subject to retirement by rotation and re-election at general meeting in accordance with the Articles of Association and the Listing Rules. Directors are elected or replaced by the shareholders' general meeting for a term of three years. A Director may, if re-elected upon expiration of the term of office, serve consecutive terms. No Director or Supervisor has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation. Each term of office of a Supervisor is three years and he or she may serve consecutive terms if re-elected.

The Company may, in accordance with the Articles of Association, by ordinary resolution remove any Director before the expiration of his/her term of office notwithstanding anything to the contrary in the Articles of Association or in any agreement between the Company and such Director.

Where vacancies on the Board exist, the Nomination Committee evaluates skills, knowledge and experience required by the Board, and identifies if there are any special requirements for the vacancy. The Nomination Committee identifies appropriate candidates and convenes Nomination Committee meeting to discuss and vote in respect of the nominated Directors, and recommends candidates for Directors to the Board.

The Nomination Committee considers candidates with individual skills, experience and professional knowledge that can best assist and facilitate the effectiveness of the Board. The Nomination Committee takes the policy on Board diversity of the Company into consideration when it considers the balance of composition of the Board as a whole.

RESPONSIBILITIES OF THE BOARD

The Board should assume responsibility for leadership and control of the Company, and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances for discharging their duties to the Company.

The Board reserves for its decision on all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the management.

BOARD DIVERSITY POLICY

We have adopted a board diversity policy (the "**Board Diversity Policy**") which sets out the objective and approach to achieve and maintain diversity of our Board in order to enhance the effectiveness of our Board. Pursuant to the Board Diversity Policy, we seek to achieve diversity of our Board through the consideration of a number of factors when selecting candidates to our Board, including but not limited to professional experience, skills, knowledge, gender, age, cultural and education background, ethnicity and length of service. Our Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level, including gender diversity, as an essential element in maintaining our Company's competitive advantage and enhancing its ability to attract, retain and motivate employees from the widest possible pool of available talent. For the purpose of implementation of the Board Diversity Policy, we have the following measurable objectives:

1. at least one third of the Directors shall be independent non-executive Directors;

2. at least one Director is female; and

3. at least one Director shall have obtained accounting or other professional qualifications.

During the year ended December 31, 2024, all the measurable objectives have been fulfilled.

Going forward, we will continue to enhance gender diversity of our Board. Our Board will use its best endeavors to appoint female Directors to our Board (keeping in mind the importance of management continuity and the timeline for retirement and reappointment of Directors under the Articles of Association) and our Nomination Committee will use its best endeavors and on suitable basis to identify and recommend Director candidates to our Board for its consideration on appointment of a new Director when needed. Among the 497 employees of our Group as of December 31, 2024, 243 are males (49%) and 254 are females (51%), which is fairly balanced in terms of gender diversity. The Board and the Nomination Committee is of the view that our gender diversity at Board level and across workforce is appropriate.

Our Directors have a balanced mix of knowledge and skills, including in management, strategic development, business development, R&D, investment management, finance and corporate finance. They obtained degrees in various areas including biochemistry and molecular biology, mathematics and applied mathematics, biological engineering, law, management, accounting, medicine and business administration.

Our Directors range from 34 years old to 72 years old. Our Board is responsible for reviewing the diversity of our Board. Our Board has reviewed the implementation and effectiveness of the Company's Board Diversity Policy for the year ended December 31, 2024. During the Reporting Period, there were no unfavorable factors or circumstances that made it more challenging or impractical to achieve gender diversity in the workforce, including the Board, senior management and other employees.

Our Board will monitor the implementation of the Board Diversity Policy and review the Board Diversity Policy from time to time to ensure its continued effectiveness. We will also disclose in our corporate governance report a summary of the Board Diversity Policy together with information regarding the implementation of the Board Diversity Policy.

DIRECTORS', SUPERVISORS' AND OFFICERS' LIABILITIES INSURANCE

The Company has arranged appropriate insurance cover for Directors', Supervisors', officers' and senior management's liabilities in respect of legal actions against Directors, Supervisors, officers and senior management of the Company arising out of corporate activities.

INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

All Directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure their contribution to the Board remains informed and relevant.

Every newly appointed Director should receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Since the Listing Date of our Company, the Directors were regularly briefed on the amendments to or updates on the relevant laws, rules and regulations. Internally-facilitated briefings for Directors would be arranged and reading material on relevant topics would be provided to Directors where appropriate. All the Directors are encouraged to attend relevant training courses at the Company's expenses.

The attendance record of professional training received by the Directors for the year ended December 31, 2024, related to the duties of directors and on-going obligations of listed companies and anti-corruption, is as follows:

Name of Director	Nature of continuous professional development programs
Dr. LIANG Bo	A and B
Mr. KONG Lingyin	A and B
Ms. JIANG Junchao *(appointed on August 29, 2024)*	A and B
Ms. YANG Ying *(resigned on August 29, 2024)*	A and B
Mr. ZHAO Ye *(appointed on January 21, 2025)*	N/A
Mr. XU Wenbo *(resigned on December 30, 2024)*	A and B
Mr. WANG Weipeng	A and B
Mr. LING Yang	A and B
Dr. KANG Xixiong	A and B
Mr. LAM Siu Wing	A and B
Dr. YEUNG Shu Biu William	A and B

Notes:

A: Attending seminars, meetings, forums, briefings and/or training courses.

B: Reading materials relevant to corporate governance, director's duties and responsibilities, listing rules and other relevant ordinances.

BOARD COMMITTEES

The Board has established three committees, namely the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authorities and duties. The terms of reference of the Board committees are posted on the Company's website and the Stock Exchange's website and are available to Shareholders upon request.

Audit Committee

The Company has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code. The Audit Committee currently 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.

During the Reporting Period, the Audit Committee has mainly performed the following duties:

- reviewed the Group's audited annual results for the year ended December 31, 2023, and was of the opinion that the preparation of the relevant financial statements complied with the applicable accounting standards and requirements and that adequate disclosure has been made;
- reviewed the Group's unaudited interim results for the six months ended June 30, 2024;
- reviewed internal audit function and its effectiveness;
- reviewed the accounting principles and practices adopted by the Group, and recommended the appointment of the external auditor; and
- assisted the Board in meeting its responsibilities for maintaining an effective system of internal control and risk management.

During the Reporting Period, two meetings have been held by the Audit Committee. The attendance record of each member of the Audit Committee at the meeting of the Audit Committee is set out below:

Name of Director	Attendance/ Number of Audit Committee meeting held during a Director's tenure
Mr. LAM Siu Wing	2/2
Dr. KANG Xixiong	2/2
Mr. WANG Weipeng	2/2

Remuneration and Appraisal Committee

The Company has established the Remuneration and Appraisal Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the CG Code. The Remuneration and Appraisal Committee currently consists of one executive Director, namely Dr. Liang and two independent non-executive Directors, namely Mr. LAM Siu Wing and Dr. KANG Xixiong. Dr. KANG Xixiong is the chairman of the Remuneration and Appraisal Committee. The primary duties of the Remuneration and Appraisal Committee are to establish and review the remuneration policy and structure for the Directors, Supervisors and senior management and make recommendations on employee benefit arrangement.

During the Reporting Period, the Remuneration and Appraisal Committee has mainly performed the following duties:

- reviewed the Group's remuneration policy; and
- reviewed the remuneration package of the Directors and senior management.

During the Reporting Period, two meetings have been held by the Remuneration and Appraisal Committee. The attendance record of each member of the Remuneration and Appraisal Committee at the meeting of the Remuneration and Appraisal Committee is set out below:

Name of Director	Attendance/ Number of Remuneration and Appraisal Committee meeting held during a Director's tenure
Dr. KANG Xixiong	2/2
Dr. LIANG Bo	2/2
Mr. LAM Siu Wing	2/2

Details of the remuneration of each of the Directors, Supervisors and the five highest paid employees for the year ended December 31, 2024 are set out in note 8 and note 9 to the consolidated financial statements. Details of the remuneration by band of the members of the senior management (other than the Directors and Supervisors) of the Company for the year ended December 31, 2024 are set out below:

Remuneration to the senior management by bands (RMB)	Number of senior management
HKD0 — HKD500,000	0
HKD500,001 — HKD1,000,000	0
HKD1,000,001 — HKD1,500,000	2
HKD2,500,001 — HKD3,000,000	0
HKD3,500,001 — HKD4,000,000	1

Nomination Committee

The Company has established the Nomination Committee with written terms of reference in compliance with the CG Code. The Nomination Committee currently consists of one executive Director, namely Dr. Liang and two independent non-executive Directors, namely Dr. KANG Xixiong and Mr. LAM Siu Wing. Dr. Liang is the chairman of the Nomination Committee. The primary duties of the Nomination Committee are to make recommendations to our Board on the appointment and removal of Directors of our Company and to review the structure, size and composition (including the skills, knowledge, experience and diversity of perspectives) of the Board.

During the Reporting Period, the Nomination Committee has mainly performed the following duties:

- reviewed and made recommendation on the appointment and re-election of Ms. JIANG Junchao (姜雋超) as an executive Director of the Company;
- reviewed the annual confirmations of independence submitted by the independent non-executive Directors and assessed their independence; and
- reviewed the structure, size and composition of the Board and whether the composition of the Board complied with the requirements of the Board Diversity Policy.

During the Reporting Period, three meetings have been held by the Nomination Committee. The attendance record of each member of the Nomination Committee at the meeting of the Nomination Committee is set out below:

Name of Director	Attendance/ Number of Nomination Committee meeting held during a Director's tenure
Dr. LIANG Bo	3/3
Dr. KANG Xixiong	3/3
Mr. LAM Siu Wing	3/3

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board diversity policy, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience etc. The Nomination Committee discusses and agrees on measurable objectives for achieving diversity on the Board, where necessary, and recommends them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination Committee considers the candidate's character, qualifications, experience, independence (for appointment of Independent Non-executive Directors), and Board diversity aspects, where appropriate, before making recommendation to the Board.

Corporate Governance Function

The Board is responsible for performing the corporate governance functions set out in code provision A.2.1 of the CG Code and such duties have been delegated to the Audit Committee.

During the Reporting Period, the Board reviewed the Company's corporate governance policies and practices, reviewed and monitored training and continuous professional development of the Directors, Supervisors and senior management, reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements, and reviewed the Company's compliance with the CG Code and disclosure in its corporate governance report.

The Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The joint company secretaries of the Company may from time to time and as the circumstances required, provide updated written training materials relating to the roles, functions and duties of a director of a company listed on the Stock Exchange.

Board Composition

During the Reporting Period and up to the date of this report, the Board consists of the following members:

Executive Directors

Dr. LIANG Bo (梁波) *(Chairman and General Manager)*
Mr. KONG Lingyin (孔令印)
Ms. JIANG Junchao (姜雋超) *(appointed on August 29, 2024)*
Ms. YANG Ying (楊瑩) *(resigned on August 29, 2024)*

Non-executive Directors

Mr. ZHAO Ye (趙業) *(appointed on January 21, 2025)*
Mr. XU Wenbo (徐文博) *(resigned on December 30, 2024)*
Mr. WANG Weipeng (王偉鵬)
Mr. LING Yang (凌洋)

Independent Non-executive Directors

Dr. KANG Xixiong (康熙雄)
Mr. LAM Siu Wing (林兆榮)
Dr. YEUNG Shu Biu William (楊樹標)

None of the Directors has any personal relationship (including financial, business, family or other material or relevant relationship) with any other Directors, Supervisors and the general manager.

Board Meetings and Directors' Attendance Records

Regular Board meetings should be held at least four times a year and at approximately quarterly intervals involving active participation, either in person or through electronic means of communication, of a majority of the Directors. Notices of not less than 14 days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting.

Apart from regular Board meetings, the chairman of the Company should hold meetings with the independent non-executive Directors without the presence of other Directors each year. During the Reporting Period, the chairman of the Company held one meeting with the independent non-executive Directors without the presence of other Directors.

Five Board meetings and one general meeting were held during the Reporting Period. The attendance records of each Director at the Board meetings and general meeting of the Company are set out below:

Name of Director	Attendance/ Number of Board meetings held during a Director's tenure	Attendance/ Number of general meetings held during a Director's tenure
Dr. LIANG Bo	5/5	1/1
Mr. KONG Lingyin	5/5	1/1
Ms. JIANG Junchao *(appointed on August 29, 2024)*	5/5	0/0
Ms. YANG Ying *(resigned on August 29, 2024)*	5/5	1/1
Mr. ZHAO Ye *(appointed on January 21, 2025)*	0/0	0/0
Mr. XU Wenbo *(resigned on December 30, 2024)*	5/5	1/1
Mr. WANG Weipeng	5/5	1/1
Mr. LING Yang	5/5	1/1
Dr. KANG Xixiong	5/5	1/1
Mr. LAM Siu Wing	5/5	1/1
Dr. YEUNG Shu Biu William	5/5	1/1

MECHANISM FOR THE BOARD TO OBTAIN INDEPENDENT VIEWS AND OPINIONS

The Company has established a mechanism for the Board to obtain independent views and opinions (including but not limited to the Articles of Association, terms of reference of Board committees) to ensure the Board has an independent element as a key measure to improve the efficiency of the Board. The mechanism covers the channels for the Directors to seek advice from external professional advisors; the right for Directors to obtain further information and documents from the management in connection with the matters to be discussed at the Board meetings; the procedures and criteria for election of Directors (including independent non-executive Directors); and the number of independent non-executive Directors and their time commitments and contributions to the Board. The Board has reviewed the implementation and effectiveness of the mechanism and believed that the mechanism can ensure the Board to obtain the independent views and opinions.

ANTI-CORRUPTION POLICY

The Company has adopted an anti-corruption policy to create a self-discipline, clean and efficient working environment. The Company makes its effort to combat against any behavior related to bribery, fraud and money laundering, and has set out the standards of behavior for our employees. To deliver a fair, open and just business environment, we strive to uphold the highest ethics and governance standards in our business operations. The Company strictly abides by the PRC Company Law, the Criminal Law of the PRC, the Anti-Money Laundering Law of the PRC and other laws and regulations relating to bribery, fraud and money laundering.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems, and reviewing its effectiveness annually.

The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The Company has developed and adopted various risk management procedures and guidelines with defined authority for implementation by key business processes and office functions. The Company has an internal audit department with sufficient staff to ensure full and effective implementation and supervision of the Company. All departments conducted internal control assessment regularly to identify risks that potentially impact the business of the Group and various aspects including key operational and financial processes, regulatory compliance and information security.

The management, in coordination with department heads, assessed the likelihood of risk occurrence, provided treatment plans, monitored the risk management progress, and reported to the Audit Committee and the Board on all findings and the effectiveness of the systems on an annual basis. The management has reported to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems during the Reporting Period.

The Board, as supported by the Audit Committee as well as the management, reviewed the risk management and internal control systems, including the financial, operational and compliance controls during the Reporting Period, and considered that such systems are effective and adequate. The annual review also covered the financial reporting and internal audit function and staff qualifications, experiences and relevant resources.

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, Supervisors, officers, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries. Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended December 31, 2024, which gives a true and fair view of the affairs of the Group and the Company and of the Group's financial results and cash flows.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report of this annual report.

AUDITOR'S REMUNERATION

The Company appointed KPMG as the external auditor for the year ended December 31, 2024. A statement by KPMG about their reporting responsibilities for the financial statements is included in the Independent Auditor's Report on pages 95 to 101.

For the year ended December 31, 2024, the fees for audit services and non-audit services rendered by external auditor were as follows:

	RMB'000
Audit services	3,329
Non-audit services *(interim review)*	1,110
Total	**4,429**

JOINT COMPANY SECRETARIES

Mr. YIN Lejun, who is also the chief financial officer of the Company, was appointed as the joint company secretary with effect from November 28, 2022. For Mr. Yin's biography, please see in the section headed "Directors, Supervisors and Senior Management" of this annual report.

The Company has also appointed, externally, Mr. CHUNG Ming Fai as the joint company secretary with effect from August 29, 2022. For details of Mr. Chung's biography, please see in the section headed "Directors, Supervisors and Senior Management" of this annual report. Mr. Chung's primary contact with the Company is Mr. YIN Lejun, the joint company secretary of the Company.

During the year ended December 31, 2024, Mr. YIN Lejun and Mr. CHUNG Ming Fai undertook not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

Rights to Convene Extraordinary General Meeting

As one of the measures to safeguard Shareholders' interests and rights, the Shareholders are encouraged to participate at the general meetings of the Company and to vote thereat. The annual general meeting of the Company shall be held each year and at the place as may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting.

The annual general meeting of the Company will provide a forum for the Board and the Shareholders to communicate. The Board will answer questions raised by Shareholders at the annual general meeting.

Shareholders may put forward proposals for consideration at general meetings of the Company in accordance with the Articles of Association. Pursuant to the Articles of Association, extraordinary general meetings shall be convened on the requisition of Shareholders holding, at the date of written requisition, 10% or more of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board via email at the email address of the Company at ir@basecare.cn for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. The Board of Directors shall give a written reply on agreeing or disagreeing to convene an extraordinary general meeting of Shareholders within 10 days upon receipt of the request in accordance with the laws, administrative regulations, the Listing Rules and the Articles of Association.

Where the Board of Directors agrees to hold an extraordinary general meeting of Shareholders, it shall send out a notice within five days upon receipt of the request, any changes made to the original proposal in the notices shall obtain the consent of the relevant Shareholders.

Where the Board of Directors does not agree to hold an extraordinary general meeting of Shareholders or fails to give a reply within 10 days upon receipt of the proposal, the Shareholders that solely or collectively hold 10% or more Shares shall have the right to propose to the Board of Supervisors to hold an extraordinary general meeting of Shareholders, and shall put forward the request to the Board of Supervisors in written form.

Where the Board of Supervisors agrees to hold an extraordinary general meeting of Shareholders, it shall send out a notice within five days upon receipt of the request, any changes made to the original proposal in the notices shall obtain the consent of the relevant Shareholders.

Where the Board of Supervisors fails to send out a notice on the extraordinary general meeting of Shareholders within the prescribed time limit, it shall be regarded that the Board of Supervisors will not convene or preside over the meeting, and the Shareholders that solely or collectively hold 10% or more Shares for consecutively 90 or more days may hold or preside over the meeting on their own initiatives.

Procedures for putting forward proposals at shareholders' meetings

Where the Company convenes a shareholders' general meeting, the Board of Directors, the Board of Supervisors and the shareholders that solely or collectively hold 3% or more of the shares of the Company may put forward a proposal to the Company by email to ir@basecare.cn.

The shareholders that solely or collectively hold 3% or more of the shares of the Company may put forward an interim proposal and submit it to the convener in written form within 10 days before the meeting is held. The convener shall issue a supplementary notice on the meeting and announce the contents of the interim proposal within 2 days upon receipt of the aforesaid proposal.

Unless it is prescribed by the preceding paragraph, the convener shall, after sending out a notice on the shareholders' general meeting, not amend the proposal as mentioned in the aforesaid notice or add any new proposal.

The shareholders' general meeting shall not vote on or make a resolution for any proposal that is not listed in the notice on the general meeting of shareholders or that is inconsistent with the Articles of Association.

Procedures for a Shareholder of the Company to propose a person for election as a Director

Subject to the Articles of Association and the PRC Company Law, the Directors shall be elected by the general meeting.

The Articles of Association provides that written notice concerning the proposed nomination of a director candidate and indication of the candidate's intention to accept the nomination shall be sent to the Company seven (7) days before the Shareholders' general meeting is convened. When calculating the time limit of the notice, the date of the meeting and the day on which the notice is given shall be excluded.

Right to Put Enquiries to the Board

For putting forward any enquiries to the Board of the Company, the Shareholders may send written enquiries to the Company by mail to Headquarters: No. 77 Jingu Road, Suzhou Industrial Park, Suzhou, Jiangsu Province, PRC, or; Hong Kong: 40/F, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong or by email to ir@basecare.cn.

COMMUNICATION WITH SHAREHOLDERS

The Company has established a shareholders communication policy with a range of communication channels between itself and its Shareholders, investors and other stakeholders so as to actively engage and promote regular, effective and fair communication with its Shareholders, investors and other stakeholders. These include (i) the publication of interim and annual reports and/or dispatching circulars, notices, and other announcements; (ii) the annual general meeting or extraordinary general meeting providing a forum for Shareholders to raise comments and exchange views with the Board; (iii) updated and key information of the Group available on the Company's website and the Stock Exchange's website; (iv) the Company's website offering communication channel between the Company and its stakeholders; and (v) the Company's H share registrar in Hong Kong serving the Shareholders in respect of all share registration matters. The Board has reviewed the shareholders communication policy during the year ended December 31, 2024 and confirmed its effectiveness.

The Company continues to promote investor relations and enhance communication with its Shareholders, investors and other stakeholders. The Company welcomes suggestions from investors, shareholders and the public. Enquiries to the Board or the Company may be sent by post to the Company's principal place of business in Hong Kong.

With the above measures in place, the shareholders communication policy is considered to have been effectively implemented.

Changes in Constitutional Documents

For the year ended December 31, 2024, no changes had been made to the constitutional documents of the Company.

References were made to the announcement and circular dated March 28, 2024 and April 24, 2024, respectively of the Company in relation to, among others, the proposed amendments to the Articles of Association. The purposes of the proposed amendments to the Articles of Association were (i) reflecting the updates in the New PRC Regulations and the Listing Rules, and (ii) making other appropriate and housekeeping amendments, including the amendments of the Rules of Procedure of the General Meeting.

At the H shareholders class meeting held on June 6, 2024, as less than two-thirds of the votes were cast in favour of the special resolution in relation to the proposed amendments to the Articles of Association, the amendments to the Articles of Association was not effective. For details, please refer to the announcement of the Company dated June 6, 2024.

DIVIDEND POLICY

The Company has adopted a policy on payment of dividends pursuant to code provision F.1.1 of the CG Code, such details have also been set out in its Articles of Association and summarized as follows:

The Company may distribute dividends in one of the following forms (or in both forms):

(1) cash;

(2) shares.

As for cash dividends and other payments to domestic Shareholders, the Company shall pay in RMB, and such payments to holders of foreign shares will be denominated and declared in Renminbi and paid in foreign currency. Foreign currency required by the Company to pay cash dividends and other monies to holders of foreign shares shall be obtained in accordance with the relevant provisions on foreign exchange administration of the state.

Subject to the applicable law and the Articles of Association, any future determination to pay dividends will be based on a number of factors, including the Company's future operations, capital requirements, general financial condition and other factors that the Board may deem relevant.

REPORT OF THE SUPERVISORS

With the joint efforts of all Supervisors of the Company, in accordance with the laws and regulations such as the PRC Company Law and the provisions of the Articles of Association and the Rules of Procedures for the Board of Supervisors, the Board of Supervisors, in the spirit of being responsible to all Shareholders, conscientiously performed the duties and powers granted by relevant laws and regulations, actively and effectively carried out the work, supervised the compliance of the operation of the Company and the performance of duties by Directors and senior management of the Company, and safeguarded the legitimate rights and interests of the Company as well as its Shareholders.

The work of the Board of Supervisors in 2024 and the work plan for 2025 are hereby reported as follows:

WORK OF THE BOARD OF SUPERVISORS

In 2024, the Board of Supervisors convened and held four meetings of the Board of Supervisors pursuant to the laws. The notice, convening and voting procedures for the meetings were in compliance with the requirements of the PRC Company Law and other laws and regulations as well as the Articles of Association and the Rules of Procedures for the Board of Supervisors. The work of the Board of Supervisors mainly included:

1. attending Shareholders' meetings of the Company to understand the operation of the Shareholders' meetings;

2. attending the meetings of the Board of Directors to understand the operation of the Board of Directors; and

3. reviewing the financial reports of the Company and the audit reports submitted by the Company's auditors.

OPINIONS ON THE BOARD OF SUPERVISORS DURING THE REPORTING PERIOD

(i) Compliance of the Operation

The members of the Board of Directors and senior management of the Company operated in strict compliance with the relevant provisions of the PRC Company Law and the Articles of Association, diligently and responsibly performed their duties with a scientific and reasonable decision-making process, earnestly implemented each resolution of the general Shareholders' meetings, and they were not aware of any illegal acts or actions against the interests of the Company.

(ii) Financial Position of the Company

The Board of Supervisors reviewed and agreed with the audited consolidated financial statements for the year ended December 31, 2024, and believed that the financial statements of the Company have given an objective and true view of the financial position and the operating results of the Company and is free of false representations, misleading statements and material omissions.

(iii) Internal Control

Based on the relevant regulations of the PRC Company Law and the Articles of Association together with its actual condition, the Company has established a comprehensive internal management and internal control system, which ensures the normal operation of the Company. The Company has established a comprehensive internal control mechanism and an internal audit department with sufficient staff to ensure full and effective implementation and supervision of the Company.

(iv) Integrity and Self-discipline

The Directors and senior management of the Company strictly regulated themselves to abide by the laws and regulations with honesty and self-discipline, and no illegal acts due to personal interests was found.

WORK PLAN FOR 2025

The Board of Supervisors will further regulate the work of the Board of Supervisors in accordance with the PRC Company Law, the Articles of Association as well as relevant laws and regulations, reinforce its supervision and safeguard the interests of the Company and its Shareholders:

(1) to attend Shareholders' meetings of the Company and pay close attention to the operation of the general Shareholders' meetings as well as the Company's business decisions to ensure normal operation of the Company;

(2) to attend the meetings of the Board of Directors and continue to actively participate in various work meetings organized and convened by the Company to keep abreast of the operation of the Board of Directors and the development of the Company's operation to ensure the standardized operation of the Company;

(3) to further reinforce the supervision and inspection of the financial position of the Company; and

(4) to supervise the compliance and due diligence of the Directors and senior management of the Company.

The Board of Supervisors
Suzhou Basecare Medical Corporation Limited
March 28, 2025

The Board is pleased to present this Directors' Report together with the consolidated financial statements of the Group for the year ended December 31, 2024.

GENERAL INFORMATION

The Company was incorporated in the PRC with limited liability on December 14, 2010 and converted into a joint stock company with limited liability on August 27, 2020. The Company's H Shares were listed on the Main Board of the Stock Exchange on February 8, 2021.

PRINCIPAL ACTIVITIES

The principal activities of the Company are providing genetic testing solutions for assisted human reproduction. There were no significant changes in the nature of the Company's principal activities during the Reporting Period.

BUSINESS REVIEW AND RESULTS

A review of the business of the Group during the Reporting Period is provided in the section headed "Business Review" Under "Management Discussion and Analysis" of this annual report. An analysis of the Group's performance during the Reporting Period is provided in the section headed "Financial Review" under "Management Discussion and Analysis" of this annual report.

The results of the Group for the Reporting Period are set out in the Consolidated Financial Statements of this annual report.

FINAL DIVIDENDS

The Board has resolved not to recommend the payment of a final dividend for the year ended December 31, 2024. (2023: nil).

IMPORTANT EVENTS AFTER THE END OF THE REPORTING PERIOD

Save as disclosed in the section headed "Management Discussion and Analysis — Important Events after the End of the Reporting Period", no other important events affecting the Company occurred since the Reporting Period and up to the date of this annual report.

PRINCIPAL RISKS AND UNCERTAINTIES FACING THE GROUP

The following are parts of the key risks and uncertainties identified by the Group: Risks Relating

Risks Relating to Sales and Distribution of Our Products:

- Our historical sales mainly relied on two products, our self-developed PGT-A kit and NIPT kit we distributed, and it may be difficult to evaluate our future prospects.
- If we cannot maintain relationships with our key business partners, or cannot establish or seek more collaborations and strategic alliances in the future, our results of operations and prospects could be adversely affected.
- We market and promote our products through third party promoters. There is no guarantee that we will succeed in expanding our sales network.
- If we cannot maintain or develop clinical collaborations and relationships with KOLs, physicians and experts, our results of operations and prospects could be adversely affected.

Risks Relating to Our Financial Position and Prospects:

- We have incurred significant net losses since inception and expect to continue to incur losses, and may never achieve or sustain profitability.
- We may need to obtain substantial additional financing to fund our operations.
- Our financial prospects depend on the success of our product portfolio.

Risks Relating to Government Regulations:

- Any failure to comply with relevant laws and regulations may adversely affect the business and results of operations of our Group.
- Any adverse change in the regulatory regime relating to the PRC reproductive genetics medical device industry or the medical device industry in general may limit our ability to provide products and any lack of requisite licenses or certificates applicable to our business.
- If we are not able to obtain or maintain, or experience delays in obtaining or maintaining, required regulatory approvals, we will not be able to commercialize our products, and our ability to generate revenue will be materially impaired.

Risks Relating to the R&D of Our Products:

- We invest substantial resources in the R&D in order to develop our products and enhance our technologies, which we may not be able to achieve successfully.
- If we encounter difficulties procuring requisite test samples or collecting samples in our clinical trials, our R&D activities could be delayed or otherwise adversely affected.
- Clinical development involves a time-and cost-consuming process with an uncertain outcome, and results of earlier studies and trials may not be predictive of future trial results.
- We may not be able to successfully complete product registration testing or clinical trials in a timely manner and at acceptable costs, or at all.

Risks Relating to Manufacture and Supply of Our Products:

- If our products are not manufactured to the necessary quality standards, it could harm our business and reputation, and our revenue and profitability could be adversely affected.
- If we suffer substantial disruption to our production site or encounter problems in manufacturing our products, our business and results of operations could be adversely affected.
- We depend on third-party suppliers to supply raw materials to manufacture our products. If these suppliers can no longer provide satisfactory products to us on commercially reasonable terms, our business and results of operations could be adversely affected.

Risks Relating to Our Intellectual Property Rights:

- We may not be able to obtain or maintain sufficient intellectual property rights for our products.
- Patent protection depends on compliance with various procedural, regulatory and other requirements, and our patent protection could be reduced or eliminated due to non-compliance.
- Intellectual property rights do not necessarily protect us from all potential threats to our competitive advantage.
- Intellectual property and other laws and regulations are subject to change, which could diminish the value of our intellectual property and impair the intellectual property protection of our products.

Risks Relating to Our Operations:

- Our historical financial and operating results may not be indicative of our future performance, and we may not be able to achieve and sustain the historical level of revenue growth and profitability.
- We recorded negative cash flows from operating activities and have had net liabilities since our incorporation.
- The discontinuation of any preferential tax treatment or government grants currently available to us could adversely affect our financial position, results of operations, cash flows and prospects.
- Our business benefits from certain financial incentives and discretionary policies granted by local governments. Expiration of, or changes to, these incentives or policies would have an adverse effect on our results of operations.

However, the above is not an exhaustive list. Investors are advised to make their own judgment or consult their own investment advisors before making any investment in the Shares.

MAJOR CUSTOMERS AND SUPPLIERS

For the Reporting Period,

(i) the Group's largest supplier accounted for 23.7% (2023: 13.5%) of its total purchases, and the five largest suppliers accounted for 56.2% of its total purchases (2023: 40.5%); and

(ii) the Group's largest customer accounted for 11.3% (2023: 13.7%) of its total sales, and the five largest customers accounted for 32.6% of its total sales (2023: 38.1%).

None of the Directors or any of their close associates or any Shareholders (which, to the best knowledge of the Directors, own no less than 5% of the Company's issued share capital) had any interest in the Group's five largest customers and suppliers.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Reporting Period are set out in note 11 to the consolidated financial statements.

SUBSIDIARY

Details of the subsidiaries of the Company as of December 31, 2024 are set out in note 14 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the Reporting Period are set out in note 27 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As of December 31, 2024, the Company did not have any distributable reserves.

CHARITABLE DONATIONS

The Group made charitable donations of approximately RMB0.58 million during the Reporting Period.

BANK AND OTHER BORROWINGS

Particulars of bank and other borrowings of the Group as of December 31, 2024 are set out in note 24 to the consolidated financial statements.

SHARE INCENTIVES

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

In order to recognize the contributions of our employees and advisors and to incentivize them to further promote our development, Basecare Investment was established on May 23, 2016, through which, certain employees and advisors of our Group were indirectly beneficially interested in the equity interests in our Company. During the Reporting Period, we did not have any equity-settled share-based payment expenses (2023: nil).

EQUITY-LINKED AGREEMENTS

No equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the Reporting Period or subsisted at the end of the Reporting Period.

DIRECTORS AND SUPERVISORS

The Directors and Supervisors who held office during the Reporting Period and up to the date of this annual report were:

Executive Directors

Dr. LIANG Bo (梁波) *(Chairman and General Manager)*
Mr. KONG Lingyin (孔令印)
Ms. JIANG Junchao (姜雋超) *(appointed on August 29, 2024)*
Ms. YANG Ying (楊瑩) *(resigned on August 29, 2024)*

Non-executive Directors

Mr. ZHAO Ye (趙業) *(appointed on January 21, 2025)*
Mr. XU Wenbo (徐文博) *(resigned on December 30, 2024)*
Mr. WANG Weipeng (王偉鵬)
Mr. LING Yang (凌洋)

Independent Non-executive Directors

Dr. KANG Xixiong (康熙雄)
Mr. LAM Siu Wing (林兆榮)
Dr. YEUNG Shu Biu William (楊樹標)

Supervisors

Ms. SHI Lijuan (史麗娟) *(Chairwoman)*
Dr. LIN Yi (林藝)
Ms. ZONG Qiuping (宗秋平)

DIRECTORS' AND SUPERVISORS' BIOGRAPHICAL DETAILS

Details of Directors and Supervisors are set out in "Directors, Supervisors and Senior Management" of this annual report. Up to the date of this annual report, the updated information has been disclosed in the section headed "Directors, Supervisors and Senior Management" pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules.

CHANGES OF THE BOARD, DIRECTORS AND SUPERVISORS

On August 29, 2024, Ms. YANG Ying resigned as an executive Director due to her personal work arrangements. Ms. Yang has confirmed that she has no disagreement with the Board and there is no matter relating to her resignation that needs to be brought to the attention of the Shareholders or the Stock Exchange.

On August 29, 2024, Ms. JIANG Junchao was appointed as an executive Director. Ms. Jiang held the office until the date of the 2025 first extraordinary general meeting of the Company held on January 21, 2025 ("**EGM**") and was re-elected as an executive Director at the EGM. Prior to her appointment becoming effective, Ms. Jiang obtained the legal advice referred to in Rule 3.09D of the Listing Rules on August 19, 2024 and she confirmed that (i) she fully understood the obligations, duties and responsibilities of an independent director of a company listed on the Stock Exchange; and (ii) she had read the directors' training materials prepared by the Hong Kong legal adviser of our Company. She also undertook to comply with such obligations, duties and responsibilities under the Listing Rules, and other applicable laws and provisions relating to securities as a Director.

On December 30, 2024, Mr. XU Wenbo resigned as a non-executive Director in order to focus on his other personal commitments. Mr. XU Wenbo has confirmed that he has no disagreement with the Board and there is no matter relating to his resignation that needs to be brought to the attention of the Shareholders or the Stock Exchange

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.

DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

None of the Directors or Supervisors nor any entity connected with the Directors or Supervisors had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party subsisting during or at the end of the year ended December 31, 2024.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

Details of Directors' and Supervisors' service contracts are set out in "Appointment, Re-election and Removal of Directors and Supervisors" section of the Corporate Governance Report.

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

None of the Directors, Supervisors or any of their respective associates was 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 Reporting Period.

COMPETING INTEREST AND OTHER INTEREST

Save for their respective interests in the Group, none of the Directors, Supervisors and the Controlling Shareholders were interested in any business which competes or is likely to compete with the businesses of the Group during the Reporting Period.

Each of our Controlling Shareholders has undertaken to us in the non-competition undertaking (the "**Non-Competition Undertaking**") that, during the period of the Non-competition Undertaking, it/he shall not, and shall procure its/his close associates (other than members of our Group) not to directly or indirectly be involved in or undertake any business (other than our business) that directly or indirectly competes, or may compete, with any business engaged by any member of our Group, or hold interest in any companies or business that compete directly or indirectly with the business currently or from time to time engaged in by our Group. For the avoidance of doubt, the restricted business shall include the business in relation to the R&D, manufacturing and commercialization of (i) reproductive genetic test kits and (ii) reproduction related ancillary devices and instruments. For further details, please refer to the section headed "Relationship with Our Controlling Shareholders — Non-competition Undertaking" of the Prospectus.

We have received annual written confirmations from the Controlling Shareholders of the compliance with the provisions of the Non-competition Undertaking by such Controlling Shareholders and their close associates. The independent nonexecutive Directors have reviewed the compliance with the Non-competition Undertaking for the year ended December 31, 2024 based on the information and confirmation provided by or obtained from the Controlling Shareholders, and were satisfied that our Controlling Shareholders have duly complied with the Non-competition Undertaking.

During the Reporting Period, the Group has not entered into any other contract of significance with the Controlling Shareholders (other than the service contracts of Directors and senior management).

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the Reporting Period.

REMUNERATION POLICY

The Remuneration and Appraisal Committee was set up for reviewing the Company's emolument policy and structure for all remuneration of the Directors, Supervisors and senior management of the Company, having regard to the Company's operating results, individual performance of the Directors, Supervisors and senior management and comparable market practices.

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors, Supervisors and five highest paid individuals are set out in notes 8 and 9 to the consolidated financial statements.

None of the Directors or Supervisors waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the Directors or Supervisor as an inducement to join, or upon joining the Group, or as compensation for loss of office.

ENVIRONMENTAL POLICIES AND PERFORMANCE

It is our corporate and social responsibility in promoting a sustainable and environmental-friendly environment. We strive to minimize our environmental impact and to build our corporation in a sustainable way.

We are subject to environmental protection and occupational health and safety laws and regulations in China. In 2024, we complied with the relevant environmental and occupational health and safety laws and regulations in China and we did not have any incidents or complaints, which had a material and adverse effect on our business, financial condition or results of operations.

The Environment, Social and Governance Report of the Company prepared in accordance with Appendix C2 to the Listing Rules is set out on pages 62 to 94 of this annual report.

RELATIONSHIPS WITH EMPLOYEES

The Group encouraged the employees to enhance their competitiveness and ability. This raised the momentum in the R&D as well as business development to increase the revenue of the Group. Through solidifying its business foundation and adjusting its operation directives, the Group is striving to forge ahead under adverse conditions to allow us to achieve new progresses in terms of production and operation under a positive and hardworking work culture.

RELATIONSHIPS WITH CUSTOMERS AND SUPPLIERS

We had established a broad customer base, including hospitals and reproductive clinics. To a lesser extent, we also sold our genetic test kits to distributors, who in turn sold our products to hospitals and reproductive clinics. We maintain an outstanding marketing team with a focus on serving key customers, such as third-generation IVF licensed hospitals and reproductive clinics, which are a major component of our customer base. Our in-house sales and marketing team is also responsible for the promotion of our products to hospitals and reproductive clinics through academic marketing activities, to interact with KOLs as well as other industry professionals. As of December 31, 2024, we entered into cooperation agreements with 138 hospitals.

We procure raw materials from suppliers to manufacture our product and support our R&D activities. As of December 31, 2024, we had a total of 355 suppliers of different raw materials. In 2024, we maintained sound relationships with our suppliers such that we could meet business challenges and comply with regulatory requirements, thereby deriving cost effectiveness and reaping long term business benefits.

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

As of December 31, 2024, 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[2]	Approximate percentage of interest in the relevant class of Shares of our Company[3]
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%

Notes:

(1) As of December 31, 2024, 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) Calculated based on the number of the total issued share capital of the Company as of December 31, 2024, being 273,526,000.

(3) Calculated based on the aggregate number of the Domestic Shares and the Unlisted Foreign Shares of the Company as of December 31, 2024, being 190,812,165.

As of December 31, 2024, to the best knowledge of the Directors, Supervisors or chief executive of the Company, save as disclosed above, 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 December 31, 2024, 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 Shareholders	Nature of interest	Number and class of Shares	Approximate percentage of interest in our Company [8]	Approximate percentage of interest in the relevant class of Shares of our Company [9]
Basecare Investment [1]	Beneficial owner	36,090,379 Domestic Shares	13.19%	18.91%
HH SPR-XIV HK Holdings Limited [2]	Beneficial owner	6,006,010 H Shares;	2.20%	7.26%
		7,630,348 Unlisted Foreign Shares	2.79%	4.00%
Mr. XU Wenbo [3]	Interest in controlled corporation	16,571,513 Domestic Shares	6.06%	8.68%
Broad Vision Investment [3]	Beneficial owner	11,969,242 Domestic Shares	4.38%	6.27%
Zhongcheng Fangyuan Phase II [4]	Beneficial owner	15,189,172 Domestic Shares	5.55%	7.96%
Sino-Rock Investment Management Company Limited [5]	Interest in controlled corporation	12,299,422 Domestic Shares	4.50%	6.45%
Hangzhou Hanshi Investment Management Service Co., Ltd. [5]	Beneficial owner	12,299,422 Domestic Shares	4.50%	6.45%
Suzhou Industrial Park Sungent Bio-Venture Capital Investment Enterprise (Limited Partnership) [6]	Beneficial owner	11,418,525 Domestic Shares	4.17%	5.98%
OrbiMed Capital LLC [7]	Investment manager	8,116,500 H Shares	2.97%	9.81%

Notes:

(1) As of December 31, 2024, 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 December 31, 2024, HH SPR-XIV HK Holdings Limited was wholly owned by HH SPR-XIV CY Holdings Limited, which was wholly owned by HH SPR-XIV Holdings L.P. Hillhouse Capital Management, Ltd. acts as the sole management company of Hillhouse Fund IV, L.P. and is the investment manager for Shares held by Hillhouse Fund IV, L.P., which is the sole limited partner of HH SPR-XIV Holdings L.P. Therefore, each of HH SPR-XIV CY Holdings Limited, HH SPR-XIV Holdings L.P., Hillhouse Fund IV, L.P. and Hillhouse Capital Management, Ltd. was deemed to be interested in the Shares in which HH SPR-XIV HK Holdings Limited was interested under the SFO.

(3) As of December 31, 2024, (i) Broad Vision Investment was controlled by its general partner, Zhangjiagang Broad Vision Glory Investment Partnership (Limited Partnership) (張家港博華耀世投資合夥企業(有限合夥)) ("**Broad Vision Glory**"), (ii) Zhangjiagang Bo Feng Equity Investment Partnership (Limited Partnership) (張家港博豐股權投資合夥企業(有限合夥)) ("**Bo Feng**") was controlled by its general partner, Zhangjiagang Bo Xin Investment Partnership (Limited Partnership) (張家港博信投資合夥企業(有限合夥)) ("**Bo Xin**").

Both Broad Vision Glory and Bo Xin were ultimately controlled by Mr. XU Wenbo directly and indirectly through Beijing Broad Vision Funds Co., Ltd. (北京博華資本有限公司) ("**Broad Vision Funds**"). Therefore, Mr. XU Wenbo was deemed to be interested in the Shares in which Broad Vision Investment and Bo Feng were interested under the SFO.

(4) As of December 31, 2024, Zhongcheng Fangyuan Phase II was controlled by its general partner, Shenzhen Qianhai Hengrui Fangyuan Investment Management Co., Ltd. (深圳前海恒瑞方圓投資管理有限公司), which 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 December 31, 2024, Hangzhou Hanshi Investment Management Service Co., Ltd. was wholly owned by Sino-Rock Investment Management Company Limited. Therefore, Sino-Rock Investment Management Company Limited was deemed to be interested in the Shares in which Hangzhou Hanshi Investment Management Service Co., Ltd. was interested under the SFO.

(6) As of December 31, 2024, 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)) was held as to 43.88% by Suzhou Sungent Holding Group Co., Ltd. (蘇州新建元控股集團有限公司) ("**Sungent Holding**"), which was held as to approximately 72.58% by Suzhou Industrial Park Zhaorun Investment Holding Group Co., Ltd. (蘇州工業園區兆潤投資控股集團有限公司) ("**Zhaorun Investment**"), which was wholly owned by Suzhou Industrial Park Administration Committee (蘇州工業園區管理委員會).

As of December 31, 2024, 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)) was controlled by Suzhou Industrial Park Yuansheng Bioventure Capital Management Co., Ltd (蘇州工業園區元生創業投資管理有限公司) ("**YuanBio Venture Capital**"), which was held as to 51.00% by Suzhou YuanXiang Enterprise Consulting Partnership (Limited Partnership) (蘇州元響企業諮詢合夥企業(有限合夥)) ("**Suzhou Yuan Xiang**") and 35.00% by Sungent Holding.

Suzhou Industrial Park Zhinuo Business Information Consulting Co., Ltd. (蘇州工業園區智諾商務信息諮詢有限公司) ("**Zhinuo Business**") is a general partner of Suzhou Yuan Xiang. Zhinuo Business was held as to 99.00% by Mr. CHEN Jie.

Therefore, each of Sungent Holding, Zhaorun Investment, Suzhou Industrial Park Administration Committee (蘇州工業園區管理委員會), YuanBio Venture Capital, Suzhou Yuan Xiang, Zhinuo Business and Mr. CHEN Jie was deemed to be interested in the Shares in which 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)) was interested under the SFO.

(7) As of December 31, 2024, 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 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.

(8) Calculated based on the number of the total issued share capital of the Company as of December 31, 2024, being 273,526,000.

(9) Calculated based on the number of the H Shares of the Company as of December 31, 2024, being 82,713,835, or the aggregate number of the Domestic Shares and the number of the Unlisted Foreign Shares of the Company as of December 31, 2024, being 190,812,165.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

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

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

Use of Proceeds	Planned applications HK$ in million	Percentage of total Proceeds	Actual amount of proceeds utilized as of January 1, 2024 HK$ in million	Actual amount of proceeds unutilized as of December 31, 2024 HK$ in million	Actual amount of proceeds utilized as of December 31, 2024 HK$ in million	Percentage of proceeds from the Global Offering expected to be used in 2025	Expected timeframe for fully utilization of unutilized net proceeds
Core Product – PGT-A kit	**379.7**	**20%**	**235.2**	**75.5**	**304.2**	**4.0%**	**Within the next one to two 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%	125.0	21.9	130.0	1.2%	
Optimizing the production process of our PGT-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%	110.2	53.6	174.2	2.8%	
Clinical trial, registration filing and commercialization of our PGT-M kit	**189.9**	**10%**	**105.3**	**47.1**	**142.8**	**2.5%**	**Within the next one to two years**
Clinical trial and registration filing of our PGT-M kit (including the relevant labor and consumables costs)	132.9	7%	86.1	18.2	114.7	1.0%	
Commercialization, sales and marketing activities of our PGT-M kit	57.0	3%	19.2	28.9	28.1	1.5%	
Development, clinical trials, registration filings and commercialization of our other products	**569.6**	**30%**	**377.3**	**47.1**	**522.5**	**2.5%**	**Within the next one to two years**
Development, clinical trials, registration filings and commercialization of our other genetic test kit products	227.8	12%	178.5	2.8	225.0	0.2%	
Research, development, manufacturing and commercialization of our genetic testing devices and instruments	341.8	18%	198.8	44.3	297.5	2.3%	

Use of Proceeds	Planned applications HK$ in million	Percentage of total Proceeds	Actual amount of proceeds utilized as of January 1, 2024 HK$ in million	Actual amount of proceeds unutilized as of December 31, 2024 HK$ in million	Actual amount of proceeds utilized as of December 31, 2024 HK$ in million	Percentage of proceeds from the Global Offering expected to be used in 2025	Expected timeframe for fully utilization of unutilized net 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%	197.3	30.7	254.1	1.6%	Within the next one to two 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%	70.4	93.9	96.0	4.9%	Within the next one to two years
Working capital and general corporate purposes	284.8	15%	246.1	3.9	280.9	0.2%	Within the next one to two years
Total	1,898.7	100%	1,231.6	298.2	1,600.5	15.7%	

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

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

During the Reporting Period, there was no issue of Shares by the Company, and neither the Company nor any of its subsidiaries purchased, sold or redeemed any other listed securities of the Company (including any sale or transfer of treasury shares as defined in the Listing Rules) (2023: nil).

As of December 31, 2024, the Company did not hold any Shares as treasury shares.

NON-EXEMPT CONTINUING CONNECTED TRANSACTION

Among the material related party transactions disclosed in note 30 to the consolidated financial statements, no transaction constitutes a connected transaction or continuing connected transaction for the Company under Rule 14A.31 of the Listing Rules and is required to be disclosed in this annual report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the relevant laws of the PRC that would oblige the Company to offer new Shares on a pro rata basis to existing Shareholders.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's listed securities. If any of the Shareholders is unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to the Shares, he or she is advised to consult an expert.

COMPANY'S COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the Reporting Period and up to the date of this annual 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 annual 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.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

The Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

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.

PERMITTED INDEMNITY PROVISION

The Company has maintained appropriate liability insurance policies for its Directors, Supervisors and senior management since the Listing Date.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as of the date of this annual report, the Company has maintained the prescribed percentage of public float under the Listing Rules.

FINANCIAL SUMMARY

A summary of the Group's results, assets and liabilities for the last five financial years (prepared in accordance with IFRS) are set out on page 4 of this annual report. This summary does not form part of the audited consolidated financial statements.

REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE

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

The Audit Committee has reviewed together with the management the accounting principles and policies adopted by the Company and the annual results for the year ended December 31, 2024.

AUDITORS

The financial statements for the year ended or as of December 31, 2024 have been audited by KPMG who shall retire at the AGM and, being eligible, will offer themselves for reappointment. A resolution for the re-appointment of KPMG as auditors will be proposed at the AGM. The Company has not changed its auditors in the past three financial years.

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

Hong Kong, March 28, 2025

Environmental, Social and Governance Report

1. ABOUT THIS REPORT

This report is the fifth environmental, social and governance ("**ESG**") report issued by the Company and its subsidiaries. The report outlines the Group's efforts in implementing the principle of sustainable development and performing its corporate social responsibilities.

1.1 Reporting Standard

This report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "**Guide**") contained in Appendix C2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). This report has complied with the mandatory disclosure requirements and all the "comply or explain" provisions in the Guide, and its contents are in line with the reporting principles of "materiality", "quantitative", "balance" and "consistency" in the Guide. Readers may refer to "Appendix II: Index of the Environmental, Social and Governance Reporting Guide of the Hong Kong Stock Exchange" in this Report for quick reference.

Materiality: This report has identified and disclosed material ESG factors and the criteria for their selection. We have also identified and disclosed stakeholders' engagement process and the results in the ESG report. The management has confirmed the suitability of the materiality assessment.

Quantitative: This report has disclosed the statistical criteria, methods, calculation tools, and sources of conversion factors for all information.

Balance: This report describes the Group's performance for the Reporting Period objectively to avoid selections, omissions or formats of presentation that might affect the decisions or judgments of the readers.

Consistency: Unless otherwise noted, the statistical methods and standards for the data disclosed in this report are consistent with those of previous years. Any change that may affect comparisons with previous reports will be explained.

1.2 Reporting Scope

This report describes the ESG-related performance of the business directly controlled by the Group from January 1, 2024 to December 31, 2024 (the "**Year**" or "**Reporting Period**"), and elaborates on our ESG strategic orientation and goal setting. The environmental data disclosed in this report is collected from the Group's headquarters office and production base in Suzhou as well as its Australian subsidiaries. For more information on the Group's corporate governance, please refer to the corporate governance section in this annual report or visit our official website.

1.3 Report Approval

This report has been internally reviewed by the Group and approved by the Board on March 28, 2025.

1.4 Feedback on the Report

If you have any questions or suggestions about this report or our Group's sustainable development policy, we are welcome to receive your feedback via email (email address: chelseacheng@basecare.cn). We look forward to your valuable feedback so that we can continue to improve and enhance.

2 ABOUT BASECARE MEDICAL

2.1 Group Overview

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

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

2.2 Prizes and Honors

Honor	Issuer
Certification of First Major Equipment in Jiangsu Province in 2024 (2024年江蘇省首台(套)重大裝備認定)	Industry and Information Technology Department of Jiangsu
2024 Jiangsu Province Gazelle Enterprise (2024江蘇省瞪羚企業)	Productivity Centre of Jiangsu Province
2024 Jiangsu Province Private Technology Enterprise (2024江蘇省民營科技企業)	Jiangsu Association of Private Technology Enterprise

3 ESG GOVERNANCE

We strongly believe that ESG governance is the core pillar for the Company to achieve sustainable development. This recognition has prompted us to always consider ESG factors as an indispensable consideration in our daily operations and long-term planning, ensuring that while pursuing economic benefits, the Company can also take the initiative to shoulder its social and environmental responsibilities and achieve comprehensive, coordinated and sustainable development.

3.1 Statement of the Board of Directors

The Group fully recognizes the key leadership role of the Board in promoting and guiding sustainable development, and is committed to deeply embedding ESG concepts into our business operations. In order to strengthen the sustainable development management system, we have built a comprehensive and efficient ESG governance framework. As the highest decision-making body, the Board is responsible for formulating ESG strategies and ESG reporting, and is also responsible for supervising and evaluating the effectiveness and progress of ESG work. The Board's responsibilities also broadly cover reviewing material ESG issues and approving the implementation of corresponding ESG management measures accordingly. In order to ensure the effective implementation of ESG governance, the Board has formally authorized the establishment of an ESG working group, which is responsible for supervising and promoting the smooth development of various ESG matters.

During the Year, the Board received ESG training and improved its capabilities in ESG strategic decision-making, supervision and management. The Board has comprehensively reviewed the management of ESG, the implementation of material issues and environmental targets, and promised to continue to track its progress and take necessary measures in a timely manner to ensure the achievement of established targets. This series of measures fully demonstrates our firm determination and unremitting efforts to implement the sustainable development goals.

3.2 ESG GOVERNANCE FRAMEWORK

The Group always adheres to business conduct norms and practices, and is actively committed to enhancing the awareness and attention of all employees to corporate social responsibility. To this end, we have established a comprehensive ESG governance system, which not only demonstrates our deep concern for environmental and social issues while pursuing business growth, but also reflects our comprehensive consideration and balance.

Our three-level governance framework includes the Board, the ESG working group and various departments of the Group. Each level has clear ESG responsibilities, which together form a top-down, progressive management structure to ensure that all ESG matters can be efficiently implemented at all levels. The Board has ultimate responsibility for ESG strategy and reporting, ensuring that the Group's sustainable development goals are closely aligned with the overall business strategy and jointly drive the Group's steady progress on the path of sustainable development.

Our ESG governance framework consists of three core levels: decision-making level, organizational level and executive level, each with specific responsibilities:

Decision-making level: The Board	• Resolve and approve the Group's risks, management policies, strategies, objectives and annual works • Regularly review and monitor the ESG risks, performance and progress in achieving the objectives
Organization level: Department heads (ESG working group)	• Identify, evaluate, review and oversee major ESG risks and issues • Coordinate and promote the implementation of each ESG policy by each department, and monitor the ESG-related work of each functional department • Responsible for reviewing and monitoring the Company's ESG policies and practices, to ensure that the Company complies with relevant legal and regulatory requirements
Executive level: Department managers	• Responsible for carrying out specific ESG work and regularly collecting and organizing relevant information and data

3.3 Stakeholder Engagement

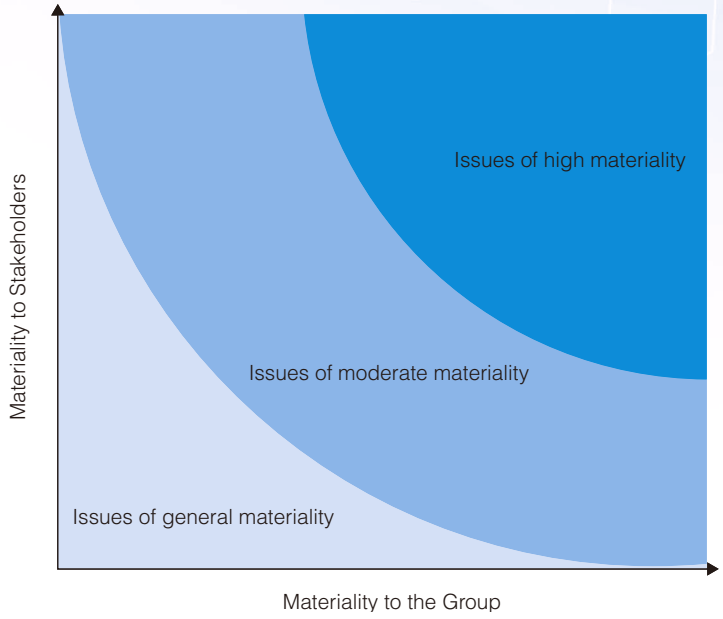
The Group values communication with stakeholders and is committed to establishing a normalized mechanism to meet their expectations and safeguard their interests. Our stakeholders include shareholders/investors, customers, employees, business partners/peers, suppliers, regulators and community/non-governmental organizations. To this end, we have established multiple communication channels and engaged in continuous interaction to incorporate their opinions into ESG planning, optimize management and decision-making, and achieve sustainable economic, social and environmental development.

Stakeholders	Communication Channels	Relevant ESG Issues
Shareholders/Investors	• AGM • Investor conference • Interim and annual reports • Company newsletter • Results announcement • Shareholder visiting activities	• Business growth • Investment return • Investor education and protection • Corporate investment and financing
Customers	• Customer satisfaction survey and feedback form • Customer consultation group • Customer service center • Customer relations manager visit • Daily operation communication	• Business growth • Product innovation and R&D • Product quality and safety • Mutually-beneficial cooperation with suppliers • International strategic cooperation
Employees	• Employee feedback survey • Performance interview and assessment • Seminar/workshop/lecture • Corporate WeChat group	• Protection of employees' rights • Sense of belonging among employees • Employee development and training • Affordable healthcare • Data privacy and protection
Business partners/Peers	• Cooperation project • Meeting • Visit • Lecture	• Compliant operation • Business growth • Responsible marketing
Suppliers	• Supplier assessment system/ management procedure • Field visit and inspection • Meeting	• Sustainable development of supply chain • Product quality and safety • Compliant operation
Regulatory agencies	• Work report	• Product quality and safety • Product innovation and R&D • Product quality and safety • Intellectual property rights and protection • Anti-corruption
Community/Non-governmental organizations	• Donation	• Promotion of community development • Participation in social charity • Diversity and inclusivity

3.4 Materiality Assessment

With reference to the Guide of the Hong Kong Stock Exchange and the Materiality Map of the Sustainability Accounting Standards Board (SASB), and based on its own business conditions, the Group confirmed with the ESG working group and the management that the results of materiality assessment in 2023 are still applicable to the Year, since (i) there are no material changes in the business and operation environment during the Reporting Period; and (ii) the results of the materiality assessment can still address the expectations of stakeholders for the Group. According to stakeholders' analysis on the results of materiality assessment, the Group identified 23 areas relating to ESG, including nine of high materiality, eight of moderate materiality and six of general materiality.

Materiality Matrix



Issues of high materiality
- **Product quality and safety**
- **Customer service**
- **Information security**
- **Protection of intellectual property right**
- **Equality and diversity**
- **Occupational safety and health**
- **Staff training and development**
- **Energy management**
- **Waste management**

Issues of moderate materiality
- **Anti-corruption**
- **Compliance and employment**
- **Salary and benefits**
- **Greenhouse gas emissions management**
- **Water resource management**
- **Air emissions management**
- **Addressing climate change**
- **Charitable activities**

Issues of general materiality
- **Supply chain management**
- **Customer benefits**
- **Sales behavior and product labeling**
- **Business ethics**
- **Labour standard**
- **Staff participation**

4. COMPLIANT OPERATION AND STABLE DEVELOPMENT

We firmly believe that compliant operation is the core of a company's long-term development. Therefore, we have strict standards for product quality and safety to ensure compliance with industry norms and regulations. We also actively fulfill our responsibilities in protecting customer information and privacy, while ensuring the security of business secrets and insisting on transparent disclosure of information, thereby enhancing the transparency and credibility of the Company. Through these efforts, we are committed to providing customers with high-quality products and services and promoting the healthy development and sustainability of the industry.

4.1 Comprehensive Product Quality Assurance

The Group regards customer safety and health as its core value and continuously strives to improve product quality and safety in order to provide customers with excellent products and services. We strictly control every quality standard and regulatory compliance of our products. All products produced in our Suzhou factory, from development to assembly, strictly comply with the good manufacturing practices stipulated in the Drug Administration Law of the People's Republic of China.

Our manufacturing facilities are certified to ISO 13485:2016, an internationally recognized quality management system standard for the medical device industry. The factory also has two clean rooms that meet ISO 14644–1 standards and ISO Class 7 certification to ensure high standards of the production environment and high product quality. These stringent measures and international certifications reflect our firm commitment to product quality and customer safety, and demonstrate our expertise in the medical device field.

We regard product safety as the core of our business and have established an independent quality control system to comprehensively control quality from the beginning of research and development. Our team conducts rigorous testing and audits of our products and ingredients to ensure they meet quality and regulatory standards. We also set strict quality standards for research reagents and materials to ensure that only products that meet the standards can enter the next stage of production.

We actively implement a series of strict internal systems, including the Quality Control Procedures, the Facilities and Equipment Control Procedures, the Monitoring and Measuring Equipment Control Procedures, the Labeling and Traceability Control Procedures, the Product Release Control Procedures, the Product Recall Control Procedures and the Unqualified Material Control Procedures, to ensure that the quality of raw materials, semi-finished products and final products is guaranteed through effective identification, marking and control. At the same time, we regularly conduct self-inspections of the quality management system in accordance with the Internal Audit Control Procedure, and continuously update and train to ensure that all relevant business activities meet the standards.

Quality Control Stage	Key Points
Raw Material Inspection	• After the arrival of the purchased raw materials, the warehouse manager firstly confirms the correctness of the material name, specification, validity and quantity, secondly fills in the Inspection Request Form, and thirdly notifies the Quality Assurance Department of inspection. • The Quality Assurance Department receives the Inspection Request Form filled in by the warehouse manager, takes samples by following the sampling procedures, and provides them to the Quality Control Department for inspection. • According to the Inspection Request Form, the Quality Control Department will inspect and accept the materials in accordance with the Management Procedures for the Acceptance of Purchased Materials, and fill in the acceptance content and conclusion on the Inspection Request Form. For qualified materials, we will label a Certificate of Conformity, fill in the Material Inventory List, and handle the warehouse entry. For unqualified ones, we will follow the Unqualified Material Control Procedures.
Intermediate Inspection	• The Production Department places the intermediates in the inspection area, and fills in the Inspection Request Form, requesting the Quality Assurance Department to inspect the intermediates. • The Quality Assurance Department receives the Inspection Request Form filled in by the warehouse manager, takes samples by following the sampling procedures, and provides them to the Quality Control Department for inspection. • The Quality Assurance Department will grant the Certificate of Conformity and release qualified products as intermediate products. If the inspection results fail to meet the quality requirements, the unqualified intermediates shall be isolated and transferred to the non-conforming area.
Finished Product Inspection	• After the production as required, the production personnel place the finished products in the finished goods warehouse for inspection, and then fill in the Inspection Request Form and forward it to the Quality Assurance Department for review. • After receiving the Inspection Request Form, the Quality Assurance Department takes samples according to the intermediate inspection specifications, and submits the samples together with the Inspection Request Form to the Quality Control Department for inspection. • The Quality Assurance Department reviews the production batch records of qualified finished products and fills in the Product Release Audit Sheet, and then releases the products in accordance with the Product Release Control Procedures. When finished products prove to be unqualified as inspected by the Quality Control Department, they will be handled in accordance with the Unqualified Material Control Procedures.

During the Reporting Period, the Group did not have any product recalls due to safety and health problems.

4.2 Customer Service Optimization and Upgrade

In order to continue to meet customers' demand for high-quality services, the Group has always been committed to continuously optimizing its services. We are transitioning to a distributor-agent sales model, cooperating with more than 48 distributors, and covering a total of more than 300 assisted reproductive institutions in China. At the same time, BMX's business and partners are widely spread across more than 20 countries and regions around the world outside of China, cooperating with more than 40 distributors and serving more than 600 overseas clinical institutions. As of the end of the Reporting Period, we have covered 85 of the top third-generation IVF hospitals in China, accounting for 73% of the total 115 third-generation units. Our assisted reproductive centers have penetrated into 300 cities, with a coverage rate of over 50%. We always focus on providing customers with excellent products and services, while continuously improving our technology and capabilities to ensure that we can fully meet customer expectations.

We are actively pursuing digital transformation. Together with the clinical application of artificial intelligence in assisted reproduction, all laboratory hardware equipment is connected to the iARMS electronic medical record system to provide reproductive centers with overall upgrades and solutions for "intelligent" reproductive centers. Through the construction of such digital platforms, the overall service quality of reproductive health has been improved.

In order to manage distributors and ensure business compliance, we have introduced the Customer Management Measures and the Anti-Commercial Bribery Agreement, which cover key links such as distributor selection, pricing, agreements, and regulations prohibiting bribery. The sales and marketing department monitors distributors' activities to ensure compliance with regulations. We conduct annual evaluations on our distributors and adjust their credit and business terms based on the results to ensure service quality. At the same time, we employ third-party marketing vendors to provide customer support, allowing us to focus more on our core business and ensure that our customers are fully supported. These measures are aimed at establishing an efficient, transparent and compliant sales network and providing high-quality services.

In order to achieve rapid and effective communication and feedback, we have implemented the Customer Feedback Control Procedures, which specify in detail the steps for handling customer complaints and product recalls. The purpose of these procedures is to enable us to quickly identify product problems and implement necessary corrective actions. Once a customer complaint is received, the marketing department must fill out the Customer Information Feedback Processing Checklist, attach relevant complaint samples (if applicable), and then forward it to the quality department. After confirming that the complaint is valid, the quality department will form an investigation team to delve into the root cause of the problem and help the relevant responsible departments develop effective corrective and preventive measures. After these measures are implemented, the quality department will track their effectiveness and ensure that the improved results are communicated to customers in a timely manner. This entire process reflects our emphasis on customer feedback and commitment to continuous improvement.

During the Reporting Period, the Group received a total of 738 complaints regarding its products and services, all of which have been handled.

4.3 Cooperation and Innovation and Better Future

The Group regards technological innovation and collaboration as the soul and inexhaustible driving force of corporate development. They not only constitute our core competitive advantage, but also drive the Group to continue to move towards new heights. In order to implement this concept, we are committed to exploring and developing cutting-edge new technologies and innovative products. Through years of R&D investment in the field of assisted reproduction, Basecare Medical has built an internationally leading embryo laboratory, genetic laboratory, andrology laboratory and low-temperature storage laboratory solution around the world based on the three-in-one innovation model of "original innovation + global mergers and acquisitions + digital intelligence leadership". At the same time, we actively build rock-solid strategic alliances with diversified partners. Through the deep integration and sharing of resources, we achieve mutual benefit and win-win results with our partners, and work together to push the Group to continuously reach new milestones. This process not only promotes the iteration and upgrading of technology and products, but also injects endless vitality and momentum into the Group's prosperity and development.

In 2024, Basecare Medical obtained medical device registration certificates for a number of major equipment and completed the ramp-up period from innovative products to registered products. This will further enhance the Company's competitiveness, expand its product pipeline, optimize its sales costs, and significantly increase Basecare Medical's brand influence and industry status in the global assisted reproductive field. The important achievements of the Year are as follows:

Achievement	Influence
Basecare Medical's independently developed DA5000 high-throughput gene sequencer has obtained the national Class III medical device registration certificate.	This hardware upgrade has greatly consolidated the Company's reproductive genetic technology research and development capabilities and platform advantages. Coupled with the Company's DA500 device, for which it has already obtained a registration certificate, the device has formed a high-low matching sequencing platform, providing complete solutions for clinical institutions of different sizes and significantly enhancing the overall competitiveness of the Company's products.
The PGT-M test kit independently developed by Basecare Medical has successfully completed clinical trials and obtained the NMPA medical device priority approval channel. It is expected to become China's first PGT-M test kit to block the thalassemia gene in 2025.	According to public data, the incidence of thalassemia gene carriers in southern China is 2.5% to 20%. This technology can help these couples carrying the pathogenic gene screen a healthy embryo and improve the quality of our regional population.
The ultra-low temperature liquid nitrogen storage system BSG800 independently developed by Basecare Medical has obtained the national medical device registration certificate and was selected into the list of Jiangsu Province's first major equipment, reaching the international leading technological level.	This is China's first intelligent ultra-low temperature storage system designed for the "safe" and "long-term" preservation of embryo fertility, catering to the expected significant increase in demand.
Basecare Medical's independently developed intelligent sperm quality analyzer BKA210 has obtained the registration certificate, becoming the world's first device to achieve accurate morphological detection of "live" sperm.	The device is targeted at assisted reproductive centers and the global andrology market and is expected to play an important role in reproductive health and sperm quality.

Technological innovation has become a key force in promoting the national population strategy and improving reproductive health. We are the active participants and promoters of this great cause, and through continuous innovation, we are contributing our efforts to achieving the national reproductive health strategic goals. By continuously optimizing reproductive health services, promoting innovation in genetic testing and assisted reproductive technology, and helping more families achieve eugenics, we have also laid a solid foundation for the sustainable development of society and the optimization of our country's population structure.

On December 24, 2024, we held a signing ceremony for the "Group Strategic Cooperation" with Jinghua Medical Group to provide Jinghua Medical with one-stop and multi-scenario solutions based on artificial intelligence, covering andrology testing, embryo culture, cryopreservation, diagnosis and treatment of complex genetic diseases and other fields, aiming to create a benchmark center of world-class level. The two parties will promote in-depth cooperation in the entire industrial chain. Basecare Medical will provide global KOLs resources to support Jinghua Medical in its discipline construction and further enhance its global academic influence. Through the inter-group cooperation model, Basecare Medical will help Jinghua Medical reduce hospital procurement costs, increase hospital revenue, and reduce the financial burden on patients. In 2025, Basecare Medical will provide customized empowerment solutions for Jinghua Medical through the core strategy of the "Full Industry Chain Empowerment Plan", further strengthen its discipline construction, and promote the application and industrialization development of artificial intelligence technology in the field of assisted reproduction. This strategy will enhance the technical level of Jinghua Medical and promote its continuous innovation and development in the industry. The cooperation between the two groups will create a new model of group direct sales and further enhance Jinghua Medical's operational efficiency and service quality.

Basecare Medical and Jinghua Medical Group held a signing ceremony for "Group Strategic Cooperation"

In 2025, Basecare Medical will continue to vigorously promote the core strategy of the "Global Industrial Chain Empowerment Plan", advance the implementation of the Group's direct sales model, and work with more medical groups around the world to upgrade and build "intelligent" assisted reproductive centers, propel industrial progress and innovation, improve the level of global medical services, and bring more benefits to patients.

4.4 Solid Line of Defense for Information Security

The Group attaches great importance to information security and customer privacy protection, and strictly abides by relevant laws and regulations such as the Confidentiality Law of the People's Republic of China, the Consumer Rights Protection Law of the People's Republic of China and the Computer Information System Security Protection Regulations to ensure the absolute security and integrity of business information. We have established a series of management systems and procedures, including the Enterprise Information Security Management System, the Software Genuine Management Regulations and the Network Information Security Emergency Response Process, aiming to efficiently identify and manage potential information security risks while taking forward-looking preventive measures.

We have implemented strict control mechanisms for access rights to specific data and information, and have made comprehensive and detailed regulations on network security and internal network security. Moreover, we have established detailed security standards for software, hardware, and network usage and management to ensure that every link meets security requirements. In order to effectively defend against malware and cyber attacks, we have deployed advanced firewall systems and anti-virus software to build a solid line of defense for the Group's information security.

We have specially established a software network security emergency response team, which is responsible for ensuring the security of the Group's software network and carrying out on-site emergency response. At the same time, we regularly carry out information security-related training and education activities, and through the practice of managing business operation records and information management processes, we continuously improve employees' safety awareness and legal literacy, and strengthen their professional ethics and information technology application capabilities. Through these measures, we are taking concrete actions to fulfill our solemn commitment to information security and customer privacy protection.

In terms of information disclosure, the Group always adheres to the principles of truthfulness, objectivity and accuracy, strictly follows the provisions of the Advertising Law of the People's Republic of China, and has formulated detailed information disclosure processes and standards to ensure that all information publicly released is timely and accurate, resolutely eliminates any false product descriptions that may cause misunderstandings among consumers, and maintains the authenticity of information.

In terms of publicity management, in order to further strengthen brand consistency and expand brand influence, we have formulated the Brand Publicity Management Regulations, which clearly define the brand logo and its meaning, and inject new vitality into the Group's brand publicity system. By standardizing and unifying the presentation of corporate brand images, we are committed to enhancing brand recognition and market appeal, thereby continuously accumulating brand assets.

This series of measures not only greatly improved the security of information and the quality and transparency of information disclosure, but also created a positive and credible corporate image for us, provided solid and reliable information support for customers, partners and the community, and helped us continue to establish credibility and professional standards in the industry.

4.5 Intellectual Property Rights Protection

Intellectual property rights are the core competitiveness of the Group. We strictly abide by relevant laws and regulations including the Patent Law of the People's Republic of China, the Implementing Rules of the Patent Law of the People's Republic of China, the Trademark Law of the People's Republic of China and the Copyright Law of the People's Republic of China. We actively apply for patents, adopt strategies such as copyright and trade secrets to protect innovation, and establish a national standard intellectual property rights management system to ensure that technology and innovation are protected and enhance the Company's competitiveness and market position. In addition, we have established a management framework that complies with the national GBT 29490–2013 "Enterprise Intellectual Property Rights Management Standards", aiming to continuously improve and strengthen the Company's management and protection capabilities in the field of intellectual property rights, reflecting our emphasis on intellectual property rights and our commitment to development.

As of December 31, 2024, we maintained a total of 131 registered patents in China and had 27 new patent authorizations.

To ensure the safety of trade secrets and sensitive information, we take strict confidentiality measures, for example, we have entered into confidentiality agreements with all employees, in particular, we have entered into non-competition agreements with our senior management, key members of our R&D team and other employees who have access to trade secrets or confidential information about our business, to further secure the Company's interest and benefits. Our standard employment contract contains a special confidentiality clause, which clearly stipulates that we retain the ownership of all innovations, technical know-how and trade secrets developed by employees during their employment. These measures ensure our trade secrets and critical technologies will not be misused or disclosed, and meanwhile provide solid legal security for the long-term development of the Company and the maintenance of our core competitiveness. We are committed to creating a safe, reliable working environment, in the mutual interests of the Company and our employees through such measures.

4.6 Integrity, Anti-corruption, Compliance and Transparency

The Group attaches great importance to business ethics and follows the principles of integrity, fairness and transparency. We strictly comply with the Supervision Law of the People's Republic of China, the Company Law of the People's Republic of China, the Criminal Law of the People's Republic of China, the Anti-Money Laundering Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China, the Notice of Further Strengthening the Investigation and Punishment on the Unfair Competition Cases in Medical Field, the Plan for Special Rectification in the Field of Medical Supplies and other relevant laws and regulations, maintaining an honest and compliant operating environment. We recognize the importance of compliance with laws and high ethical standards to the long-term development of the Company, so we always consider legal and ethical requirements in our operations and decision-making to ensure transparency and responsibility in our business activities.

In our Employee Handbook, we have elaborated on the professional ethics and moral conduct standards of our employees, and firmly advocate that all business operations must be based on honesty and integrity. In order to effectively curb potential improper profit-seeking in marketing activities, we have signed an Anti-Commercial Bribery Agreement with all authorized distributors to safeguard the legality and morality of all market actions.

We actively implement the Whistleblower Management System to deepen the management of anti-corruption and promote integrity, aiming to encourage employees and parties related to the Group's business to actively disclose any suspected improper behavior, fraudulent behavior, illegal or unethical phenomena through various convenient channels such as telephone, e-mail, and written letters. We are committed to ensuring that every report is handled promptly and carefully, and that appropriate corrective measures are taken accordingly. At the same time, we will also do our utmost to safeguard the legitimate rights and interests of whistleblowers and ensure that they are protected from any form of negative interference or harm during the reporting process.

During the Reporting Period, we provided training on compliance requirements for anti-corruption and combating money laundering and terrorist financing to our 97 employees and all directors to strengthen the anti-corruption and anti-money laundering education of the Group.

During the Reporting Period, the Group did not receive any litigation against the Group or its employees, nor was there any case of corruption, bribery, extortion, fraud and money laundering.

4.7 Responsible Supply Chain Management

The Group is committed to establishing close partnerships with suppliers and promoting sustainable development of the industry. We abide by the Bidding Law of the People's Republic of China, the Regulations for the Implementation of the Bidding Law of the People's Republic of China and other relevant laws and regulations, and have detailed internal procurement, supplier evaluation and audit systems to ensure the legality, effectiveness and reliability of the supply chain. These measures have improved the quality of the supply chain and laid the foundation for sustainable development. We will continue to work with suppliers to optimize the supply chain and promote the healthy development of the industry.

When comprehensively evaluating potential suppliers, we adhere to a set of rigorous and comprehensive criteria to ensure that our partners meet the standards of quality and credibility. These assessments cover multiple core dimensions, including supplier qualifications, business credibility, manufacturing capabilities, technological innovation capabilities, quality management effectiveness, after-sales service quality, and product pricing.

On this basis, we also pay special attention to the ESG risks of suppliers, including their firm opposition to corruption and labor performance. When choosing a supplier, if we are faced with two products with similar functions, we tend to choose locally produced products, especially those with simple packaging design and higher energy efficiency. This practice not only helps reduce greenhouse gas emissions in the production and transportation links, but also is a concrete manifestation of our active implementation of the green procurement concept.

Our procurement department is responsible for developing purchasing strategies, placing orders and maintaining supplier relationships. We usually sign one-year contracts with suppliers and decide whether to renew the contracts after comprehensive evaluation every year. We maintain a carefully selected list of qualified raw material suppliers, which is reviewed and updated annually based on criteria such as production conditions, product quality, price, scale, market share and reputation. We establish long-term cooperative relationships with suppliers who can provide a stable supply of high-quality raw materials. This ensures production stability and product quality, creates business value, and ensures a stable and efficient supply chain.

To ensure the quality of the supply chain, we have built a quality management system that covers all aspects from raw material procurement, quality control inspection, warehouse management, performance testing to safe storage. During the raw material procurement stage, our R&D team sets clear quality parameters as a benchmark for purchasing from suppliers to ensure that all raw materials meet our standard requirements. After receiving the goods, our quality inspection team will conduct random sampling inspection on each batch of raw materials according to the established quality standards. Once finding any raw materials that do not meet quality requirements, we will immediately isolate them in a dedicated area and quickly communicate with the supplier to arrange returns.

At the same time, the quality control department plays a vital role. They are responsible for comprehensively monitoring and managing the quality status of consumables and ensuring that every step in the production process is under quality control. We have signed strict quality assurance agreements with suppliers, which clearly define the responsibilities and obligations of both parties. Suppliers of raw materials that do not meet quality standards or directly cause quality problems must bear corresponding responsibilities. In accordance with the terms of the contract, we reserve the right to return or request product replacement if any quality problems are found during product inspection or use. During the delivery process, we require suppliers to provide detailed raw material inspection reports as an important basis.

Through a complete supplier management system, we ensure the high quality of raw materials, thereby ensuring that our products meet customer expectations and market demands. This process not only improves the overall quality of our products, but also enhances our competitiveness in the market, winning us a good reputation and wide recognition.

Our major suppliers include suppliers of raw materials and equipment. During the Reporting Period, there are 543 suppliers involved in the Group's business and exercising relevant practices, including 110 in Mainland China and 433 overseas.

5. SCIENTIFIC MANAGEMENT OF HUMAN RESOURCES

Employees are viewed as an integral and core driver of business growth and product development. We are fully aware of the importance of talent management and are committed to achieving the optimal allocation of human resources and building an efficient and collaborative team. Through continuously improving our talent strategy, we have successfully attracted many industry elites and effectively retained them, giving full play to the unique skills and potential of each employee to stimulate continuous innovation in our business and products. We firmly believe that providing employees with sufficient growth opportunities can not only stimulate their inherent potential, but also work together to create broader business and social value. Through this concept, we are gradually creating a dynamic and excellence-oriented working environment where every employee can realize their personal value and contribute to the future development of the Group.

As of December 31, 2024, the Group employed a total of 475 people[1].

5.1 Equal Employment and Procedures

We strictly abide by the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Law of the People's Republic of China on the Protection of Minors, the Regulations on the Prohibition of Child Labor and other relevant laws and regulations, and conscientiously implement a series of internal management systems, including the Human Resources Control Procedures, the Recruitment Management System, the Labor Contract Management System, the Employee Handbook, the Performance Management System and the Internal Employee Appointment and Change Policy, in order to create a fair, equitable, inclusive and diverse working environment and protect the rights and benefits of employees. We firmly believe that creating a high-quality working environment and providing reasonable career development opportunities can improve employees' satisfaction and loyalty, thereby enhancing the Group's operational efficiency and business performance. We will continue to protect the rights and interests of employees and continuously improve our human resources management capabilities.

The Group adheres to the core concept of fair talent selection and conducts employee recruitment based on the principles of "openness, equality, competition and merit". When evaluating candidates, we comprehensively review their educational background, previous work experience and professional skills to ensure a high degree of match with job requirements. To further support the Company's long-term strategic planning, we require the human resources department to develop and submit the detailed annual talent recruitment blueprint. During the recruitment process, we implement a double-review mechanism, that is, the human resources department and the relevant department managers jointly review and resolutely resist any discrimination based on gender, age, nationality, religious beliefs, family background, skin color or any characteristics protected by law to ensure the fairness of recruitment activities.

[1] Excluding outsourced employees

When establishing employment relationships with employees, we provide clear and unambiguous employment agreements that contain key terms such as salary structure, benefits, and dismissal conditions. We also firmly adhere to the statutory working hours system and firmly oppose and eliminate any form of forced labor. We implement strict background check procedures, covering identity verification, academic verification, bad behavior record check, credit status assessment, legal history, professional experience and feedback, etc., aiming to effectively prevent child labor and illegal employment. For any violation of regulations, the Group will take strict measures in accordance with the law, resolutely safeguard the legitimate rights and interests of employees, and continuously consolidate a fair, transparent and efficient recruitment system.

We have compiled an Employee Handbook, which is intended to serve as the fundamental reference framework for our human resources management activities, covering a wide range of core issues from recruitment and selection, job promotion, dismissal process, compensation system, working hours management to vacation policy. The Company attaches great importance to the cultivation and growth of talents, and insists on giving priority to internal employees when job vacancies occur, especially those with outstanding performance and unlimited potential, and providing them with broad promotion opportunities.

In the dismissal process, we strictly follow the provisions of the Labor Law of the People's Republic of China and the Labor Contract Law of the People's Republic of China to ensure that every dismissal decision is based on the principle of fairness and complies with legal requirements. In order to continuously improve the effectiveness of human resources management, we have implemented an exit interview mechanism to reveal the underlying reasons for employee resignation through in-depth conversations and record this information in detail. This initiative enables us to gain insight into employees' needs, so that we can adjust management policies and work atmosphere accordingly and achieve continuous improvement.

During the Reporting Period, the Group did not violate any applicable laws and regulations regarding remuneration and dismissal, recruitment and promotion, working hours, equal opportunity, diversity, anti-discrimination and prevention of child labor or forced labor, and no child labor or forced labor was found within the Group.

5.2 Optimizing Compensation and Benefits Packages

The Group is committed to establishing a business goal-oriented remuneration system based on employees' attendance records and performance evaluation results to achieve fair and reasonable remuneration distribution. We continuously optimize our compensation and benefits packages to attract and retain talents, and establish a regular market assessment mechanism to maintain the market sensitivity and competitiveness of our compensation framework. In addition, we have also launched a special equity incentive plan to share the fruits of the Group's growth with employees and build a closer community with a shared future. Through these comprehensive compensation and incentive measures, we have not only effectively improved the work enthusiasm and loyalty of employees, but also significantly enhanced the Group's talent attraction and employee satisfaction. Together through these efforts, we have created an efficient, dynamic and innovative working environment, laying a solid foundation for the Group's continued prosperity and development.

The Group always adheres to the guidance of China's national policies and provides comprehensive coverage of pension insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and housing provident funds for all eligible employees, ensuring that every employee can enjoy a complete social security system. On this solid foundation, we also provide additional commercial medical supplementary insurance to further enhance the protection of our employees and provide them with more comprehensive care for their health and safety.

In order to promote a harmonious balance between work and life, we have carefully designed a series of holiday benefits, covering national statutory holidays, personal leave, sick leave, annual leave, days off in lie, marriage leave, bereavement leave, maternity leave, prenatal check-up leave, breastfeeding leave and paternity leave, etc., to ensure that employees can get enough rest and time to spend with their families when needed.

In addition, we also provide a series of thoughtful benefits based on the actual needs of employees, including work meal subsidies, business trip subsidies, accommodation subsidies, holiday gifts, birth gifts, and illness sympathy gifts, etc., aiming to enhance employees' sense of happiness and belonging and let them feel the warmth and care from the Group.

We have also set up the EAP Employee Care Program, which is a comprehensive welfare program designed to provide long-term care and support for employees. The program covers multiple aspects including disease care, psychological counseling and legal aid, and is provided by a team of professionals who provide comprehensive, personalized guidance, training and consulting services. Through this program, we help employees effectively cope with various challenges in life and work, improve their work efficiency and quality of life, and promote the positive development of employees' mental health.

5.3 Protecting Employee Health and Safety

The Group is committed to creating a safe and healthy working environment for its employees and abides by relevant laws and regulations such as the Occupational Disease Prevention and Control Law of the People's Republic of China, the Production Safety Law of the People's Republic of China, the Fire Protection Law of the People's Republic of China, the Regulations on the Supervision and Management of Occupational Health in the Workplace and the Regulations on Work Injury Insurance, to ensure that health and safety standards in the workplace are effectively implemented, thereby protecting the physical health and life safety of employees. We firmly believe that providing our employees with a hazard-free, healthy working environment is not only our statutory responsibility, but also a core part of our corporate responsibility and culture. Through these efforts, we aim to create a positive and healthy work environment that enhances the overall well-being of our employees while driving long-term growth for our business.

We have built a comprehensive health and workplace safety strategy and process system, the core purpose of which is to take the initiative and effectively reduce the potential risks of workplace hazards. This system includes core systems such as the Occupational Health and Safety Management System, the Safety Warning Signs and Safety Protection Management System and the Safety Accident Handling Emergency Plan, which clearly define the specific responsibilities of each organizational unit in production safety supervision.

Our management covers multiple dimensions, from the basic framework of safe production to professional equipment operation, high-risk work processes, hazardous material management, fire safety, risk monitoring and prevention, and daily inspections of on-site safety hazards, to ensure that the physical and mental health of our employees is firmly protected in all aspects.

In order to deepen employees' safety awareness and skills, we strictly implement the certification system, especially for key positions such as equipment operation, and require all employees to participate in regular and annual safety education and training. These training activities are designed to deepen employees' understanding of safety procedures and enhance their ability to prevent accidents and handle emergencies. In addition, for new employees, we have specially designed a comprehensive training program that includes three-level safety education, aiming to strengthen their safety awareness and knowledge reserves from the source.

In order to ensure the continued safety of the production environment, we have adopted systematic safety measures, regularly conduct comprehensive inspections of potential hazards, and strictly evaluate and confirm the safety of equipment and production facilities. This includes detailed inspections of the equipment's operating status, maintenance, and the effectiveness of safety protection devices.

We work with a professional occupational health service team to arrange detailed occupational health examinations for employees working in relevant positions based on the test items and established cycles clearly listed in the Occupational Hazard Factors Detection Report. In addition, we have built a complete employee occupational health tracking file system that can instantly record and reflect the health status of employees, aiming to effectively prevent the occurrence of occupational diseases and fully safeguard the physical and mental health of employees.

At the same time, we attach great importance to the psychological well-being of our employees and recognize its key role in maintaining a positive working atmosphere and improving work efficiency. Therefore, we proactively plan and organize a variety of employee engagement activities with the goal of strengthening unity among team members, enriching employees' leisure time, and improving employees' sense of happiness. Through these efforts, we actively create a work environment full of positive energy and mutual support, thereby enhancing overall work efficiency and the vitality of corporate culture.

On November 18, 2024, we held Basecare Medical's first fun sports meeting with the theme of "working together for a win-win situation". Through diversified fun group competitions, it not only enhanced the physical fitness of employees, but also effectively promoted communication and interaction among employees, further deepened mutual friendship, and greatly enhanced the team's cohesion and centripetal force, laying a solid foundation for building an efficient and collaborative team.

During the Reporting Period, each department organized team-building activities every quarter to enhance the relationship between employees.

During the Reporting Period, the Group did not violate any relevant laws and regulations regarding providing a safe working environment and protecting employees from occupational hazards, and no work-related injuries occurred. In the past three years (including the current Reporting Period), the Group has not had any work-related fatalities.

5.4 Employee Training and Capability Improvement

We fully recognize that the growth and progress of our employees are key factors in driving the continued prosperity of the Group. Therefore, we are committed to continuously optimizing the employee training system, planning and implementing a variety of training programs to ensure that every employee can master the professional knowledge and practical skills that match the Group's strategic direction, thereby helping them discover their personal potential and move forward steadily in their careers. In order to manage employee training and meet the Company's business strategy and employees' development needs, we have formulated the Training Management System to stipulate the division of responsibilities between the human resources department and the management of each department, and conduct feedback and evaluation of training in accordance with the regulations. Our training system is as follows:

Form	Contents
Basecare Academy	Employees can access the system anytime and anywhere through mobile phones, computers, and tablets, making full use of the online learning and communication platform to carry out independent learning.
Orientation training for new employees	Let new employees understand the Company's corporate culture, business philosophy, company development history, product overview, management standards and other aspects. In addition, the Company has also formulated the "Spring Seedling" workplace care plan to help new employees quickly integrate into the team and adapt to the new environment.
Job skills training	According to the Company's development plan and the needs of each department, employees will be provided with job skills training according to their professional division of labor, and the management of each department will be responsible for planning and implementation. In addition, the Company has also developed the "mentor program" to help new employees master job skills as quickly as possible.
Core competency training	Based on the Company's development and current status, the human resources department will work with various departments to develop plans for employee attitude training, including effective communication, execution, emotion and stress management, time management and efficiency improvement, leadership, etc.
External training	Training conducted by organizations outside the Company.

During the Year, the Group was committed to comprehensively improving the management capabilities of managers and employees in all departments, integrating new forces, focusing on marketing empowerment, and deepening their understanding and integration into the corporate culture. In terms of training, we aimed to enhance the internal professional ability while strengthening the external support and communication, and conducted training from the four dimensions of management capacity, professional skills, induction training and universal ability. This all-round capability enhancement was not only essential for building a high-performing team and talent pool, but also laid a solid foundation for improving professional clinical service capabilities and comprehensively expanding the business. We aimed to maximize the potential of our human resources to achieve the strategic objectives of the Company.

During the Reporting Period, by combining offline training and seminars with trainings on the online Basecare Academy platform through the construction of a job training system and customized key talent development projects. A total of 726 training sessions were conducted. The Group has initially formed a training and learning atmosphere within the Company.

In order to ensure that employee training can achieve the intended results, we have adopted a series of diversified assessment methods, covering multiple dimensions such as on-site instant Q&A, theoretical knowledge tests, and practical operation skills drills, so as to comprehensively measure the depth of knowledge and skill proficiency acquired by employees during training. This comprehensive assessment system enables us to gain accurate insight into each employee's learning outcomes and practical application capabilities.

After the training, our human resources management department will distribute the Training Feedback Questionnaire to all participating employees, aiming to systematically collect their valuable opinions on the professionalism of the training instructors, the practicality of the course content, and their satisfaction with the overall training arrangements. Employees' feedback constitutes an indispensable reference for us to optimize and upgrade future training plans, and is crucial to continuously improving the quality and effectiveness of training.

Through the above-mentioned comprehensive evaluation mechanism and feedback collection process, we are committed to enhancing the effectiveness of training, ensuring that each training can accurately meet the development needs of employees, promote the smooth development of their careers, and closely support the achievement of the Company's strategic goals.

6. ENVIRONMENTAL PROTECTION

The Company is consistently committed to sustainable low-carbon development and embeds the principles of environmental protection into our business processes. Under the premise of strictly abiding by relevant Chinese environmental protection laws, including but not limited to the Environmental Protection Law of the People's Republic of China, the Energy Conservation Law of the People's Republic of China, the Water Pollution Prevention and Control Law of the People's Republic of China, and the Solid Waste Pollution Prevention and Control Law of the People's Republic of China, we continue to improve the efficient use of resources, take the initiative to take actions to save energy and reduce consumption, and strive to minimize interference with the natural environment. Through these efforts, we are committed to guiding the Company toward a greener and more sustainable growth path while doing our part to protect the planet we share.

During the Reporting Period, the Group did not violate any laws related to environmental protection, nor did it cause any major incidents affecting the environment and natural resources, nor did it receive any penalty or litigation notice involving the environment.

We will maintain the intensities of energy use, water use, GHG emissions and waste generation based on the data in 2022. We will continue to monitor the progress of our goals and implement targeted energy conservation and emission reduction measures. This Year, our environmental data collection scope has been expanded to include the subsidiaries in Australian, and the area of our headquarters office and production base in Suzhou has also increased. The water usage intensity has increased compared to last year, while the intensity of purchased electricity consumption, GHG emissions and non-hazardous waste generation have all decreased compared to last year.

6.1 GHG Management

The Group is committed to reducing the risks brought by global warming and actively supports China's "dual carbon" strategic goals. In accordance with the Greenhouse Gas Protocol jointly developed by the World Resources Institute and the World Business Council for Sustainable Development and the ISO 14064–1 standard issued by the International Organization for Standardization, we have conducted a comprehensive accounting of the Group's GHG emissions. We are committed to continuously reducing GHG emissions in our operations, contributing to environmental protection, and promoting the sustainable development of the Group.

We actively implement the Energy Conservation and Emission Reduction Management System and have established a special energy conservation and emission reduction leadership group, focusing on improving energy efficiency and reducing resource waste. We are committed to building an efficient energy management system by optimizing energy consumption, monitoring energy consumption data, improving management methods and other measures. In addition, we integrate low-carbon and energy-saving concepts into the Company's operation management, product research and development, and production processes to reduce the impact of our business on the environment.

According to our GHG emissions inventory results, the GHG emissions of the Group's offices and production bases in Suzhou and its subsidiaries in Australia during the Reporting Period are as follows:

GHG emission[2]		Unit	2024
Scope 1:	Direct GHG emissions	tCO_2e	5.57
Scope 2:	Indirect GHG emissions	tCO_2e	1,427.71[3]
Total GHG emissions		tCO_2e	1,433.29
Intensity of GHG emissions		tCO_2e/m^2	0.06

We realize that fuel vehicle use is the main source of direct air pollution, while carbon emissions mainly come from electricity use. In order to protect environmental resources and minimize negative impacts on the environment, we have implemented a variety of strategies to reduce vehicle emissions, promoted a number of energy-saving measures in our offices, and encouraged employees to enhance their awareness of energy conservation. These strategies include:

Category	Practice
Lighting system	• Use daylight as much as possible; • Keep lighting fixtures and lamps clean and maximize their energy efficiency; • Divide the office into multiple lighting zones and set up independently controllable lighting switches in different lighting zones.
Heating and cooling air conditioning system	• Avoid installing the air conditioner where it is exposed to direct sunlight; • Clean the filter/coil fan regularly; • Install sealing strips on doors and windows to prevent temperature-conditioned air from leaking out; • Regularly check and replace pressure gauges, pressure hoses and air compressor connectors to reduce the possibility of refrigerant leakage; • Turn off the air conditioning when the office is not in use; • Water-cooled air conditioning system is used.

2 The GHG emissions of the Group are from direct GHG emissions (scope 1) and indirect GHG emissions (scope 2). Scope 1 includes direct GHG emissions from sources owned and controlled by the Group. Scope 2 includes GHG emissions generated indirectly by power generation, heating and cooling, or steam purchased by the Group. GHG emissions under each scope are from the fuel consumption of the Group and fuel used by its vehicles (scope 1) and electricity consumption during operation (scope 2). Due to rounding, the sum of individual items may differ slightly from the total.

3 GHG emissions increased due to the addition of subsidiaries in Australian this Year.

Category	Practice
Company vehicles	• Maintain the Company's fleet of vehicles (inefficient vehicles consume more fuel and emit more pollutants); • Check and inflate the tyres regularly to maintain the correct tyre pressure.
Electronic equipment and appliances	• Set the computers to enter automatic standby sleep mode when they are idle; • Turn off all electronic devices during non-working hours; • Remember to unplug electric kettles and microwave ovens, especially turn off the office power before weekends and holidays.
Business travel	• Choose direct flights for unavoidable business travel; • Use video conferencing to replace non-essential overseas business trips.

6.2 Efficient Utilization of Water Resources

We fully recognize the key role of water resources in the long-term development of the Company. Therefore, we continuously monitor and evaluate water usage in our business activities and have implemented several strategies to promote water conservation awareness and behavior among our employees. The goal of these strategies is to improve the efficiency of our water management and ensure the rational and economical use of water resources. Specific practices include:

- Turn off the tap;
- Repair dripping faucets immediately;
- Recycle sewage water for cleaning and irrigation;
- Conduct regular leak tests on hidden water pipes and check overflowing water tanks;
- Use dual-flush toilets.

During the Reporting Period, we did not identify any problems in obtaining suitable water sources.

6.3 Standardized Disposal of Waste

In order to effectively manage waste and reduce its negative impact on the environment, our Group has adopted advanced waste management measures. We have developed and implemented the Waste Handling Procedures, which cover the entire process from safe storage of waste, legal disposal to detailed record keeping. Through these procedures, we manage the waste generated in a systematic way.

Our waste management strategy clearly distinguishes between hazardous and non-hazardous waste. Hazardous waste mainly includes medical waste and waste chemical reagents, which require special treatment procedures to ensure safety and compliance. We have implemented strict management measures, such as using dedicated yellow medical waste bins for isolated storage. For special hazardous waste, we place it in special sterilization containers and sterilize it by high pressure to eliminate potential risks to the environment and public health. Non-hazardous waste includes daily-life waste and recyclable materials. We have set up special classifying and recycling facilities to collect recyclable materials such as paper, metal, and plastic. Through classified collection and recycling, we improve and promote the recycling of resources and environmentally friendly treatment.

We actively cooperate with professional third-party environmental protection organizations to jointly carry out waste treatment work. This cooperation not only improves the professionalism and efficiency of waste treatment, but also helps minimize the pollution of waste to the environment and the risks it may cause to human health. By cooperating with third-party environmental protection organizations, we can ensure that waste is handled scientifically and reasonably.

We also actively implement strategies to reduce waste generation. We introduced an electronic office system (ERP), which significantly reduced printing documents and reliance on paper. When documents must be printed, we implement a double-sided printing policy to further save paper. We also promote the use of email and instant messaging to reduce reliance on paper communications. In the procurement process, we avoid over-purchasing and reduce waste by accurately assessing demand. In addition, we encourage employees to reuse office supplies such as envelopes and folders. Through these measures, we strive to reduce waste generation and promote the reuse of resources.

6.4 Scientific Response to Climate Change

Global climate change is profoundly affecting the human living environment and the long-term development of enterprises. In the face of this global challenge, taking adaptive climate actions has become a general consensus of the international community. As an industry leader, we are deeply aware of the impact that climate change may have on our business operations. Therefore, we have started a climate risk assessment project to identify and analyze potential risk points that are closely related to our business operations and to plan effective risk mitigation measures based on these findings. Through these measures, we hope to contribute to curbing the trend of global warming while ensuring the sound and sustainable development of our business.

Using the above strategies, the Group has successfully identified the following climate risks that may have an impact on the Group's business operations:

Physical Risks

In view of the rising temperatures and frequent extreme weather events (such as typhoons and heavy rains) caused by global climate change, the Group is facing the potential risk of damage to facilities such as offices, production bases and laboratories. Such extreme weather conditions may not only endanger the personal safety of employees, but may also lead to interruptions in production processes, posing a threat to the Company's stable operations and causing property losses. In addition, as climate warming intensifies, office areas may need to add more cooling facilities to maintain a suitable working environment, which will undoubtedly increase energy consumption and thus increase operating costs.

In response to the above potential risks, the Group has quickly developed and implemented a series of emergency response plans aimed at minimizing the adverse impact of extreme weather events on the Company's operations. At the same time, we are continuously working to promote energy conservation and emission reduction. Specific measures include reducing energy consumption, reducing emissions, and adopting sustainable business models to reduce pressure on the environment. We are firmly committed to implementing these initiatives in order to advance the Company's sustainable development and actively contribute to environmental protection.

Transition Risks

Given the increasing emphasis on sustainable development around the world, governments are expected to introduce more stringent environmental regulations and emission reduction requirements. If we fail to adapt quickly to these changes in the environmental protection field, we may encounter multiple challenges such as rising costs and fines for violations. To ensure future compliance, we may need to invest in more efficient production equipment and technology, which will undoubtedly increase our capital expenditures. At the same time, we also need to pay close attention to the profound impact of climate change on market demand. If we fail to respond effectively, it may damage the Company's reputation, weaken its market competitiveness, and even cause property losses.

Therefore, the Group will closely track changes in laws, regulations and policies in the environmental field and promptly adopt adaptive response strategies. We will strive to improve energy efficiency to actively respond to and meet various environmental protection requirements.

7. ACTIVELY FULFILLMENT OF SOCIAL RESPONSIBILITIES

The Group fully understands that in the process of sustained growth, it is crucial to build a solid and efficient communication bridge with the surrounding communities. We actively give back to society, regard serving the community as our responsibility, and do our utmost to fulfill our corporate social responsibility. This Year, relying on our own business expertise and technical accumulation, we carefully planned and implemented community service projects closely related to the medical field, aiming to promote the sustainable prosperity and progress of the community in all aspects through these fruitful activities.

On March 20, 2024, the "Ai Wu Que (愛無缺)" Yunnan Red Cross Pre-pregnancy Genetic Disease Carrier Screening Program (雲南省紅十字孕前遺傳病攜帶者篩查公益計劃) successfully recruited the first couple who met the funding requirements for pre-pregnancy genetic disease carrier screening. This public welfare project will help 1,000 couples in Yunnan Province complete pre-pregnancy eugenics screening and apply for "third-generation IVF" assistance for families who may give birth to children with genetic diseases. Through this project, people who are planning to have a baby can detect whether both parties are carrying genetic disease gene mutations, advance the prevention of birth defects, and reduce the birth rate of children with genetic diseases.

APPENDIX I: SUSTAINABILITY DATA HIGHLIGHT

The following are the sustainable development data in the environmental field of the Group's head office and production base in Suzhou and its subsidiaries in Australia during the Reporting Period:

	Unit	2024
Emission[4]		
Nitrogen oxides	kg	71.59
Sulphur oxides	kg	0.03
Suspended particles	kg	6.86
Greenhouse gas emission		
Direct greenhouse gas emission (Scope 1)	tCO_2e	5.57
Indirect greenhouse gas emission (Scope 2)	tCO_2e	1,427.71[3]
Total greenhouse gas emissions	tCO_2e	1,433.29
Greenhouse gas emission intensity	tCO_2e/m^2	0.06
Energy consumption		
Gasoline consumption	L	2,090
Purchased electricity consumption	kWh	2,603,034.8
Purchased electricity consumption intensity	kWh/m^2	107.09
Water consumption		
Total water consumption	m^3	11,160
Water consumption intensity	m^3/m^2	0.46
Waste production		
Total non-hazardous waste produce	tonnes	63.82
Intensity of non-hazardous waste produced	$tonnes/m^2$	0.003
Total hazardous waste produced tonnes	tonnes	2.74
Intensity of hazardous waste produced	$tonnes/m^2$	0.0001
Packaging materials		
Total packaging materials	kg	3,252

[4] We calculate the Group's air pollutant emissions with reference to "Appendix II: Guidelines for Reporting Environmental Key Performance Indicators to the How to Prepare Environmental, Social and Governance Reports" issued by the Stock Exchange.

The sustainability data in the social aspects of the Group during the Reporting Period is as follows:

	Unit	2024
Total number of employees[1]	Person	475
Employees by gender		
Female	Person	245
Male	Person	230
Employees by employment type		
Short-term contract/part-time employees	Person	2
Junior employee	Person	414
Middle management	Person	45
Senior management	Person	14
Employees by age group[5]		
Below 30	Person	177
30–50	Person	233
Above 50	Person	0
Employees by geographical region		
Mainland China	Person	410
Overseas	Person	65

5 Excluding overseas employees

	Unit	2024
Total employee turnover rate[6]	%	39.58
Employee turnover rate by gender[6]		
Female	%	21.26
Male	%	18.32
Employee turnover rate by age group[6]		
Below 30	%	43.17
30–50	%	1.22
Above 50	%	0.98
Employee turnover rate by geographical region[6]		
Mainland China	%	39.16
Overseas	%	0.42

6 Employee turnover rate = number of employees who have left ÷ number of employees at the end of the year

	Unit	2024
Development and training		
Percentage of employees trained by gender[7]		
Female	%	51.58
Male	%	48.42
Percentage of employees trained by employee category[7]		
Short-term contract/part-time employees	%	0.42
Junior employee	%	87.16
Middle management	%	9.47
Senior management	%	2.95
Average training hours completed per employee by gender[8]		
Female	Hour	44.25
Male	Hour	44.25
Average training hours completed per employee by employee category[8]		
Junior employee	Hour	21.55
Middle management	Hour	40.18
Senior management	Hour	52.68

7 Percentage of employees trained = number of employees trained in this category ÷ total number of employees x 100%

8 Average training hours = Total training hours of employees in this category ÷ total number of employees. Overseas employees are not included.

APPENDIX II: INDEX OF THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE OF THE HONG KONG STOCK EXCHANGE

Environmental			Relevant Section
A1: Emission	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer, relating to exhaust and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	6. Environmental Protection — 6.1 GHG Management ; 6.3 Standardized Disposal of Waste
	A1.1	The types of emissions and respective emissions data.	Appendix I: Sustainability Data Highlight
	A1.2	Direct (scope 1) and indirect energy (scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	6. Environmental Protection — 6.1 GHG Management ; Appendix I: Sustainability Data Highlight
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix I: Sustainability Data Highlight
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix I: Sustainability Data Highlight
	A1.5	Description of emissions targets and the steps taken to achieve such targets.	6. Environmental Protection — 6.1 GHG Management ;
	A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	6. Environmental Protection — 6.3 Standardized Disposal of Waste
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	6. Environmental Protection — 6.1 GHG Management ; 6.2 Efficient Utilization of Water Resources
	A2.1	Direct and/or indirect energy consumption by type (e.g. Electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Appendix I: Sustainability Data Highlight
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Appendix I: Sustainability Data Highlight
	A2.3	Description of energy use efficiency initiatives and results achieved.	6. Environmental Protection — 6.1 GHG Management
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	6. Environmental Protection — 6.2 Efficient Utilization of Water Resources

Environmental			Relevant Section
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Appendix I: Sustainability Data Highlight
A3: Environment and Natural Resources	General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	6. Environmental Protection
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	6. Environmental Protection
A4: Climate Change	General Disclosure	Identification of policies on the significant climate-related issues which have impacted, and those which may impact, the issuer.	6. Environmental Protection — 6.4 Scientific Response to Climate Change
	A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer and the actions taken to manage them.	6. Environmental Protection — 6.4 Scientific Response to Climate Change

Social			Relevant Section
Social			
B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	5. Scientific Management of Human Resources - 5.1 Equal Employment and Procedures 5.2 Optimizing Compensation and Benefits Packages
	B1.1	Total workforce by gender, employment type, age group and geographical region.	Appendix I: Sustainability Data Highlight
	B1.2	Employee turnover rate by gender, age group and geographical region.	Appendix I: Sustainability Data Highlight
B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	5. Scientific Management of Human Resources — 5.3 Protecting Employee Health and Safety
	B2.1	Number and rate of work-related fatalities in each of the past three years (including the reporting year).	5. Scientific Management of Human Resources — 5.3 Protecting Employee Health and Safety

Social			Relevant Section
	B2.2	Lost days due to work injury.	5. Scientific Management of Human Resources — 5.3 Protecting Employee Health and Safety
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	5. Scientific Management of Human Resources — 5.3 Protecting Employee Health and Safety
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	5. Scientific Management of Human Resources — 5.4 Employee Training and Capability Improvement
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Appendix I: Sustainability Data Highlight
	B3.2	The average training hours completed per employee by gender and employee category.	Appendix I: Sustainability Data Highlight
B4: Labor Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	5. Scientific Management of Human Resources — 5.1 Equal Employment and Procedures
	B4.1	Description of measures to review employment practices to avoid child and forced labor.	5. Scientific Management of Human Resources — 5.1 Equal Employment and Procedures
	B4.2	Description of steps taken to eliminate such practices when discovered.	5. Scientific Management of Human Resources — 5.1 Equal Employment and Procedures
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	4. Compliant Operation and Stable Development — 4.7 Responsible Supply Chain Management
	B5.1	Number of suppliers by geographical region.	4. Compliant Operation and Stable Development — 4.7 Responsible Supply Chain Management
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	4. Compliant Operation and Stable Development — 4.7 Responsible Supply Chain Management

Social			Relevant Section
	B5.3	Description of practices relating to identifying environmental and social risks at each link of the supply chain where the practices are being implemented, how they are implemented and monitored.	4. Compliant Operation and Stable Development — 4.7 Responsible Supply Chain Management
	B5.4	Description of practices relating to selecting suppliers to promote the use of green products and services where the practices are being implemented, how they are implemented and monitored.	4. Compliant Operation and Stable Development — 4.7 Responsible Supply Chain Management
B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	4. Compliant Operation and Stable Development — 4.1 Comprehensive Product Quality Assurance; 4.2 Customer Service Optimization and Upgrade; 4.4 Solid Line of Defense for Information Security
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	4. Compliant Operation and Stable Development — 4.1 Comprehensive Product Quality Assurance
	B6.2	Number of products and service related complaints received and how they are dealt with.	4. Compliant Operation and Stable Development — 4.2 Customer Service Optimization and Upgrade
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	4. Compliant Operation and Stable Development — 4.5 Intellectual Property Rights Protection
	B6.4	Description of quality assurance process and recall procedures.	4. Compliant Operation and Stable Development — 4.1 Comprehensive Product Quality Assurance

Social			Relevant Section
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	4. Compliant Operation and Stable Development — 4.4 Solid Line of Defense for Information Security
B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	4. Compliant Operation and Stable Development — 4.6 Integrity, Anti-corruption, Compliance and Transparency
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	4. Compliant Operation and Stable Development — 4.6 Integrity, Anti-corruption, Compliance and Transparency
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	4. Compliant Operation and Stable Development — 4.6 Integrity, Anti-corruption, Compliance and Transparency
	B7.3	Description of anti-corruption trainings provided to directors and employees.	4. Compliant Operation and Stable Development — 4.6 Integrity, Anti-corruption, Compliance and Transparency
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	7. Actively Fulfillment of Social Responsibilities
	B8.1	Focus areas of contribution.	7. Actively Fulfillment of Social Responsibilities
	B8.2	Resources contributed to the focus area.	7. Actively Fulfillment of Social Responsibilities

Independent auditor's report to the shareholders of
Suzhou Basecare Medical Corporation Limited
(Incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of Suzhou Basecare Medical Corporation Limited (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages 102 to 171, which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statements for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board ("**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "**Code**") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the People's Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition	
Refer to Note 4 to the consolidated financial statements and the accounting policies on page 120.	
The Key Audit Matter	**How the matter was addressed in our audit**
The Group's revenue is primary derived from sales of testing kits, testing devices, instruments and consumables. The Group recognises revenue at the point in time when control of the goods is transferred to the customers. Depending on the terms of the contracts, this point in time is determined by when goods left the Group's warehouse, loaded on board, or delivered to the customer's premises or a location designated by the customer. We identified the recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Group and is, therefore, subject to possible manipulation through the timing of revenue recognition to meet targets or expectations and also because the impact of any errors in the recognition of revenue could be material to the consolidated financial statements.	Our audit procedures to assess the recognition of revenue included the following: • obtaining an understanding of and assessing the design, implementation and operating effectiveness of key internal controls in relation to revenue recognition; • inspecting, on a sample basis, sales contracts with key customers to identify terms and conditions relating to the transfer of control and assessing the Group's policies in respect of the recognition of revenue with reference to the requirements of the prevailing accounting standards; • comparing, on a sample basis, specific revenue transactions recorded before and after the financial year-end date with shipping documents or goods acceptance notes, as applicable under the different sales contracts, invoices and sales contracts ("**underlying documentation**"), to assess whether the related revenue had been recognised in the appropriate financial period on the basis of the terms of sale as set out in the respective sales contracts; • comparing revenue transactions recorded during the current year, on a sample basis, with underlying documentation to assess whether the related revenue was recognised in accordance with the Group's revenue recognition accounting policies; • obtaining confirmations, on a sample basis, from customers of the Group to confirm the sales transactions during the year and, for unreturned confirmations, performing alternative procedures by comparing details of the transactions with relevant underlying documentation; and • inspecting journal entries relating to revenue recognition during the year which were considered to meet specific risk-based criteria, enquiring of management the reasons for such adjustments and comparing the details of the adjustments with relevant underlying documentation.

KEY AUDIT MATTERS *(Continued)*

Expected credit loss allowances for trade receivables	
Refer to Note 19 to the consolidated financial statements and the accounting policies on page 113.	
The Key Audit Matter	**How the matter was addressed in our audit**
As at 31 December 2024, the Group's gross carrying amount of trade receivables amounted to RMB227.0 million, against which an allowance of RMB61.6 million for expected credit losses (ECLs) was recorded. Management measures the ECL allowance for the trade receivables at an amount equal to lifetime ECLs. The ECL allowance is estimated using a provision matrix. The estimated loss rates take into account the ageing of trade receivable balances and the repayment history of the Group's customers. We identified the ECL allowance for trade receivables as a key audit matter because determining the level of the ECL allowance requires the exercise of significant management judgement which is inherently subjective.	Our audit procedures to assess the ECL allowance for trade receivables included the following: • obtaining an understanding of and assessing the design, implementation and operating effectiveness of key internal controls relating to credit control, debt collection and estimating the ECL allowance; • evaluating the Group's policy and method for estimating ECLs with reference to the requirements of the applicable accounting standard; • assessing whether items in the trade receivables ageing report were categorised in the appropriate time-band by comparing individual items therein with sales invoices and other underlying documentation, on a sample basis, and testing the accuracy of the historical credit loss data; • re-performing the calculation of the ECL allowance as at 31 December 2024 based on the Group's ECL policy and method.

KEY AUDIT MATTERS *(Continued)*

Assessing potential impairment of goodwill	
Refer to Note 15 to the consolidated financial statements and the accounting policies on page 116.	
The Key Audit Matter	**How the matter was addressed in our audit**
As at 31 December 2024, the carrying amount of goodwill amounted to RMB137.6 million, which arose from the acquisition of BMX Holdco Pte. Ltd. and its subsidiaries (collectively referred to as the "**BMX Group**") in June 2023. Management performs annual impairment assessment of the goodwill by comparing the carrying value of the cash-generating unit ("**CGU**") to which goodwill was allocated to the recoverable amount estimated based on discounted cash flow forecast to determine if any impairment loss should be recognised. The Group engaged an external valuer to assist in goodwill impairment assessment. The preparation of discounted cash flow forecasts involves the exercise of significant management judgement, in particular in assessing future revenue growth rate, future gross margins, and discount rate. We identified the assessment of potential impairment of goodwill as a key audit matter because the goodwill impairment assessment involves a significant degree of management judgement, which can be inherently uncertain and could subject to management bias.	Our audit procedures to assess impairment of goodwill included the following: • assessing management's identification of the CGU and the allocation of assets and liabilities to the identified CGU with reference to the requirements of the prevailing accounting standards; • evaluating the external valuer's competence and capabilities and considering their objectivity and independence; • evaluating and challenging the key assumptions adopted in the preparation of the discounted cash flow forecasts by comparing the forecasted revenue and forecasted gross margins with reference to our understanding of the business, historical trends and available industry information and available market data; • engaging our internal valuation specialists to assist us in evaluating management's valuation methodology adopted in the impairment assessment with reference to the requirements of the prevailing accounting standards and the discount rate applied in the discounted cash flow forecast by benchmarking against those of comparable companies and external market data if available; • performing sensitivity analyses of the key assumptions adopted in the discounted cash flow forecasts, including future revenue growth rate, forecast gross margins and discount rate, and considering the resulting impact on management's conclusion in respect of the impairment assessment and whether there were any indicators of management bias; • considering the disclosures in the consolidated financial statements in respect of management's impairment assessments of goodwill with reference to the requirements of the prevailing accounting standards; and • performing retrospective review on forecasted revenue, forecasted gross margins, terminal growth rate and discount rate in the valuation.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Frankie C.Y. Lai.

KPMG
Certified Public Accountants

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

28 March 2025

Consolidated Statement of Profit or Loss

For the year ended 31 December 2024
(Expressed in Renminbi Yuan)

	Note	2024 RMB'000	2023 RMB'000
Revenue	4	**299,109**	207,976
Cost of sales		**(162,886)**	(116,625)
Gross profit		**136,223**	91,351
Other net income	5	**45,811**	54,243
Selling and distribution costs		**(111,731)**	(103,876)
Administrative expenses		**(164,657)**	(105,425)
Research and development expenses		**(135,259)**	(129,566)
Other operating expenses		**(1,352)**	(436)
Loss from operations		**(230,965)**	(193,709)
Finance costs	6(a)	**(9,372)**	(2,610)
Loss before taxation	6	**(240,337)**	(196,319)
Income tax	7	**3,127**	2,970
Loss for the year		**(237,210)**	(193,349)
Attributable to:			
Equity shareholders of the Company		**(237,029)**	(191,685)
Non-controlling interests		**(181)**	(1,664)
Loss per share (RMB)	10		
Basic and diluted (RMB)		**(0.9)**	(0.7)

The notes on pages 108 to 171 form part of these financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024
(Expressed in Renminbi Yuan)

	2024 RMB'000	2023 RMB'000
Loss for the year	**(237,210)**	(193,349)
Other comprehensive income for the year, net of nil tax		
Items that are or may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	**(19,081)**	(1,941)
Other comprehensive income	**(19,081)**	(1,941)
Total comprehensive income for the year	**(256,291)**	(195,290)
Attributable to:		
Equity shareholders of the Company	**(256,110)**	(193,626)
Non-controlling interests	**(181)**	(1,664)
Total comprehensive income for the year	**(256,291)**	(195,290)

The notes on pages 108 to 171 form part of these financial statements.

Consolidated Statement of Financial Position

As at 31 December 2024
(Expressed in Renminbi Yuan)

	Note	**31 December 2024 RMB'000**	31 December 2023 RMB'000
Non-current assets			
Property, plant and equipment	11	**380,691**	346,665
Right-of-use assets	12	**15,587**	19,938
Intangible assets	13	**99,601**	118,301
Goodwill	15	**137,570**	147,990
Financial assets measured at fair value through profit or loss ("**FVPL**")	16	**37,532**	33,573
Other non-current assets	17	**18,710**	16,035
Deferred tax assets	26(b)	**348**	419
		690,039	682,921
Current assets			
Inventories	18	**92,404**	94,109
Trade and other receivables	19	**200,279**	173,966
Other current assets	20	**564**	2,882
Time deposits	21	**111,884**	—
Restricted cash	21	**1,362**	993
Cash and cash equivalents	21	**572,749**	943,216
		979,242	1,215,166
Current liabilities			
Trade and other payables	22	**163,881**	179,727
Contract liabilities	23	**1,663**	47
Bank loans	24	**24,358**	10,500
Lease liabilities	25	**4,408**	4,686
Income tax payable	26(a)	**374**	305
		194,684	195,265
Net current assets		**784,558**	1,019,901
Total assets less current liabilities		**1,474,597**	1,702,822

Consolidated Statement of Financial Position

As at 31 December 2024
(Expressed in Renminbi Yuan)

	Note	31 December 2024 RMB'000	31 December 2023 RMB'000
Non-current liabilities			
Bank loans	24	**296,207**	259,632
Lease liabilities	25	**3,447**	7,099
Deferred tax liabilities	26(b)	**29,863**	35,465
Other non-current liabilities		**3,265**	2,520
		332,782	304,716
NET ASSETS		**1,141,815**	1,398,106
CAPITAL AND RESERVES	27		
Share capital		**273,526**	273,526
Reserves		**869,540**	1,125,650
Total equity attributable to equity shareholders of the Company		**1,143,066**	1,399,176
Non-controlling interests		**(1,251)**	(1,070)
TOTAL EQUITY		**1,141,815**	1,398,106

Approved and authorised for issue by the board of directors on 28 March 2025.

Liang Bo
Director

Kong Lingyin
Director

The notes on pages 108 to 171 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024
(Expressed in Renminbi Yuan)

	Attributable to equity shareholders of the Company							
	Share capital RMB'000	Share premium RMB'000	Exchange reserve 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 1 January 2023	273,526	1,677,279	–	7,905	(365,908)	1,592,802	(1,270)	1,591,532
Changes in equity for 2023:								
Loss for the year	–	–	–	–	(191,685)	(191,685)	(1,664)	(193,349)
Other comprehensive income	–	–	(1,941)	–	–	(1,941)	–	(1,941)
Total comprehensive income for the year	–	–	(1,941)	–	(191,685)	(193,626)	(1,664)	(195,290)
Capital injection from non-controlling shareholders	–	–	–	–	–	–	5,100	5,100
Disposal of a subsidiary	–	–	–	–	–	–	(3,236)	(3,236)
Balance at 31 December 2023	**273,526**	**1,677,279**	**(1,941)**	**7,905**	**(557,593)**	**1,399,176**	**(1,070)**	**1,398,106**
Changes in equity for 2024:								
Loss for the year	**–**	**–**	**–**	**–**	**(237,029)**	**(237,029)**	**(181)**	**(237,210)**
Other comprehensive income	**–**	**–**	**(19,081)**	**–**	**–**	**(19,081)**	**–**	**(19,081)**
Total comprehensive income for the year	**–**	**–**	**(19,081)**	**–**	**(237,029)**	**(256,110)**	**(181)**	**(256,291)**
Balance at 31 December 2024	**273,526**	**1,677,279**	**(21,022)**	**7,905**	**(794,622)**	**1,143,066**	**(1,251)**	**1,141,815**

The notes on pages 108 to 171 form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2024
(Expressed in Renminbi Yuan)

	Note	2024 RMB'000	2023 RMB'000
Operating activities			
Cash used in operations	21(b)	**(229,133)**	(263,973)
Income tax paid		**17**	(3,261)
Net cash used in operating activities		**(229,116)**	(267,234)
Investing activities			
Payment for purchase of property, plant and equipment		**(93,296)**	(104,208)
Proceeds from disposal of property, plant and equipment		**1,542**	880
Placement of time deposits		**(111,884)**	—
Payment for purchase of financial assets measured at FVPL		**(1,519)**	(1,572)
Interest received from bank deposits		**23,963**	41,207
Acquisition of subsidiary, net of cash acquired		**—**	(257,885)
Net cash inflow on disposal of a subsidiary		**—**	(3,236)
Net cash used in investing activities		**(181,194)**	(324,814)
Financing activities			
Proceeds from bank loans	21(c)	**90,144**	196,738
Repayments of bank loans	21(c)	**(39,711)**	—
Capital injection from non-controlling interests		**—**	5,100
Bank borrowing cost paid	21(c)	**(11,044)**	(6,264)
Payment for capital element of lease liabilities	21(c)	**(5,136)**	(4,785)
Payment for interest element of lease liabilities	21(c)	**(471)**	(238)
Net cash generated from financing activities		**33,782**	190,551
Net decrease in cash and cash equivalents		**(376,528)**	(401,497)
Cash and cash equivalents at the beginning of the year	21(a)	**943,216**	1,332,146
Effect of foreign exchange rate changes		**6,061**	12,567
Cash and cash equivalents at the end of the year	21(a)	**572,749**	943,216

The notes on pages 108 to 171 form part of these financial statements.

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 14 December 2010 as a limited liability company. Upon approval by the Company's board meeting held on 11 August 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 and its subsidiaries (together, the "**Group**") are principally engaged in the research and development, manufacturing and sales of testing kits, testing devices, instruments and consumables, and provision of leasing services.

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

2 MATERIAL ACCOUNTING POLICIES

(a) Statement of Compliance

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

The IASB has issued certain amendments to IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2024 comprise the Company and its subsidiaries (together referred to as the "**Group**").

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the assets are stated at their fair value as explained in the accounting policies set out in note 2(f).

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

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

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 3.

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(c) Changes in accounting policies

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

- Amendments to IAS 1, *Presentation of financial statements — Classification of liabilities as current or non-current ("**2020 amendments**")*
- Amendments to IAS 1, *Presentation of financial statements — Non-current liabilities with covenants ("**2022 amendments**")*
- Amendments to IFRS 16, *Leases — Lease liability in a sale and leaseback*
- Amendments to IAS 7, *Statement of cash flows and IFRS 7, Financial instruments: Disclosures — Supplier finance arrangements*

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

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

For each business combination, the Group can elect to measure any non-controlling interests("**NCI**") either at fair value or at the NCI's proportionate share of the subsidiary's net identifiable assets.

NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group are presented on the face of the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Company. Loans from holders of NCI and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 2(o) or (p), depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(d) Subsidiaries and non-controlling interests *(Continued)*

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(k)(ii)).

(e) Goodwill

Goodwill arising on acquisition of businesses is measured at cost less accumulated impairment losses and is tested annually for impairment (see note 2(k)(ii)).

(f) Other investments in securities

The Group's policies for investments in securities, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVPL for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 28(e). These investments are subsequently accounted for as follows, depending on their classification.

(i) Non-equity investments

Non-equity investments are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see note 2(t)(ii)(a)), foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

- FVOCI — recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognised in profit or loss and computed in the same manner as if the financial asset was measured at amortised cost. The difference between the fair value and the amortised cost is recognised in OCI. When the investment is derecognised, the amount accumulated in OCI is recycled from equity to profit or loss.

- FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(f) Other investments in securities *(Continued)*

(ii) Equity investments

An investment in equity securities is classified as FVPL, unless the investment is not held for trading purposes and on initial recognition the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in OCI. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. If such election is made for a particular investment, at the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings and not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income (see note 2(t)(ii)(b)).

(g) Derivative financial instruments

Derivatives financial instruments are initially measured at fair value. Subsequently, they are measured at fair value with changes therein recognised in profit or loss.

(h) Property, plant and equipment

Property, plant and equipment, including buildings, right-of-use assets arising from leases over leasehold properties, plants and equipment (see note 2(j)), are stated at cost less accumulated depreciation and impairment losses (see note 2(k)(ii)).

The cost of self-constructed items of property, plant and equipment comprises its purchase price, the direct costs of construction, capitalised borrowing costs (see note 2(v)) and any other costs directly attributable of bringing the asset to working condition and location for its intended use. Subsequent expenditure relating to an item of property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that the future economic benefits, in excess of the original assessed standard of performance of the existing asset, will flow to the Group or the Company. All other subsequent expenditure is recognised as an expense in profit or loss in the period in which it is incurred.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

Buildings	20–40 years
Office equipment, furniture and fixtures	3–15 years
Motor vehicles	4–10 years
Medical equipment and instruments	3–10 years
Leasehold improvements	3–4 years

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(i) Intangible assets (other than goodwill)

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the resulting asset. Otherwise, it is recognised in profit or loss as incurred. Capitalised development expenditure is subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Other intangible assets, including patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses (see note 2(k)(ii)).

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognised in profit or loss.

The estimated useful lives are for the current and comparative periods are as follows:

— Software	5–10 years
— Trademark	20 years
— Contractual rights and customer relationships	10 years
— Patent and patent applications	10 years

Amortisation methods, useful lives and residual values are reviewed.

(j) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less and leases of low-value assets items such as laptops and office furniture. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and are charged to profit or loss as incurred.

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(j) Leased assets *(Continued)*

***As a lessee** (Continued)*

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see note 2(h) and note 2(k)(ii)).

Refundable rental deposits are accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in non-equity securities carried at amortised cost (see notes 2(f)(i) and 2(k)(i)). Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(k) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses ("**ECL**"s) on financial assets measured at amortised cost (including cash and cash equivalents, trade receivables and other receivables that are held for the collection of contractual cash flows which represent solely payments).

Other financial assets measured at fair value, including equity and debt securities measured at FVPL, are not subject to the ECL assessment.

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(k) Credit losses and impairment of assets *(Continued)*

(i) Credit losses from financial instruments (Continued)

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

— fixed-rate financial assets and trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;

— variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group or the Company is exposed to credit risk.

ECLs are measured on either of the following bases:

— 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date(or a shorter period if the expected life of the instrument is less than 12 months); and

— lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

— financial instruments that are determined to have low credit risk at the reporting date; and

— other financial instruments (including loan commitments issued) for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument(including a loan commitment) has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(k) Credit losses and impairment of assets *(Continued)*

(i) ***Credit losses from financial instruments*** *(Continued)*

Significant increases in credit risk (Continued)

The Group considers a financial asset to be in default when:

— the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or

— the financial asset is 90 days past due.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

— significant financial difficulties of the debtor;

— a breach of contract, such as a default or being more than 90 days past due;

— the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

— it probable that the debtor will enter into bankruptcy or other financial reorganisation; or

— the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset or lease receivable is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group otherwise determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(k) Credit losses and impairment of assets *(Continued)*

(ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("**CGU**"s). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with HKAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 2(k)(i)).

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

(l) Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(m) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost (see note 2(k)(i)).

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and other financial institutions, property pre-sale proceeds held by solicitors that are held for meeting short-term cash commitments, and other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement. Cash and cash equivalents are assessed for ECL (see note 2(k)(i)).

(o) Trade and other payables and contract liabilities

(i) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(ii) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see note 2(t)). A contract liability is also recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 2(m)).

(p) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with note (see note 2(v)).

(q) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(q) Employee benefits *(Continued)*

(ii) Share-based payments

The grant-date fair value of equity-settled share-based payments granted to employees is measured using the binomial lattice model. The amount is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service conditions at the vesting date. The equity amount is recognised in the capital reserve until either the option is exercised (when it is included in the amount recognised in share capital for the shares issued) or the option expires (when it is released directly to retained profits).

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

(r) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

— temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

— temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

— taxable temporary differences arising on the initial recognition of goodwill; and

— those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(r) Income tax *(Continued)*

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(s) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

A provision for warranties is recognised when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under that contract and an allocation of other costs directly related to fulfilling that contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract (see note 2(k)(ii)).

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(t) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods or the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Revenue from contracts with customers

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax or other sales taxes.

(a) Sale of testing kits and testing devices, instruments and consumables

Revenue is recognised when the customer takes possession of and accepts the products, depending on the terms set forth in the customer contracts. Payment terms and conditions vary by customers and are based on the billing schedule established in the contracts or purchase orders with customers, but the Group generally provides credit terms to customers within six months upon customer acceptance. The Group takes advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component as the period of financing is 12 months or less.

(b) Service income

The Group earns revenue by provision of services to its customers through contracts. Revenue from rendering of services is recognised over time by measuring the progress of that performance obligation.

(ii) Revenue from other sources and other income

(a) Interest income

Interest income is recognised using the effective interest method. The "effective interest rate" is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(b) Dividends

Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(t) Revenue and other income *(Continued)*

(ii) Revenue from other sources and other income (Continued)

(c) Government grants

Government grants are recognised in the consolidated statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate the Group for the cost of an asset are recognised as deferred income and subsequently recognised in profit or loss over the useful life of the asset.

(u) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Hong Kong dollars at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Hong Kong dollars at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the exchange reserve, except to the extent that the translation difference is allocated to NCI.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(v) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(w) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(x) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 ACCOUNTING JUDGEMENT AND ESTIMATES

(a) Critical accounting judgement in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following accounting judgement:

Research and development expenses

Development expenses incurred on the Group's pipelines are capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, the Group's intention to complete and the Group's ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the pipeline and the ability to measure reliably the expenditure during the development. Development expenses which do not meet these criteria are expensed when incurred. Management will assess the progress of each of the research and development projects and determine the criteria met for capitalisation. All development expenses were expensed when incurred during the reporting period.

(b) Sources of estimation uncertainty

Note 28(e) contains information about the assumptions and risk factors relating to fair value of financial instruments. Other key sources of estimation uncertainty are as follows:

(i) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and distribution expenses. These estimates are based on the current market condition and historical experience of selling products of similar nature. It could change significantly as a result of competitor actions in response to changes in market conditions. Management reassesses these estimations at the balance sheet dates to ensure inventory is shown at the lower of cost and net realisable value.

3 ACCOUNTING JUDGEMENT AND ESTIMATES *(Continued)*

(b) Sources of estimation uncertainty *(Continued)*

(ii) Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due. The provision matrix is initially based on the Group's historical observed default rates. At the end of the reporting period, the historical observed default rates had been checked to determine whether they need to be updated and the changes on the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables are disclosed in note 28(a).

(iii) Income tax

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The management carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of these transactions is reconsidered periodically to take into account changes in tax legislations. Deferred tax assets are recognised for deductible temporary differences and cumulative tax losses.

As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available against which they can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

(iv) Impairment of non-current assets

If circumstances indicate that the carrying amount of a non-current asset may not be recoverable, the asset may be considered "impaired", and an impairment loss would be recognised in accordance with accounting policy for impairment of non-current assets as described in note 2(k)(ii). The carrying amounts of the Group's non-current assets, including property, plant and equipment and right-of-use assets are reviewed periodically to determine whether there is any indication of impairment. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and the fair value less costs to sell. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. It is difficult to precisely estimate selling price of the Group's non-current assets because quoted market prices for such assets may not be readily available. In determining the value in use, expected future cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to level of revenue, amount of operating costs and applicable discount rate. Management uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of revenue and amount of operating costs.

4 REVENUE AND SEGMENT REPORTING

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

(a) Disaggregation of revenue

	2024 RMB'000	2023 RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products and service lines		
— Sales of testing kits	**121,863**	115,001
— Sales of testing devices, instruments and consumables	**159,157**	83,324
— Others	**18,089**	9,651
	299,109	207,976
Disaggregated by timing of revenue recognition		
— Point in time	**287,726**	202,138
— Over time	**11,383**	5,838
	299,109	207,976
Disaggregated by geographical location of customers		
— The PRC	**201,897**	163,276
— Europe	**58,431**	23,920
— Asia (excluding the PRC)	**21,328**	13,731
— Others	**17,453**	7,049
	299,109	207,976

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

(b) Information about major customers

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

	2024 RMB'000	2023 RMB'000
Customer A	**33,738**	N/A*
Customer B	**N/A***	28,460
	33,738	28,460

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

4 REVENUE AND SEGMENT REPORTING *(Continued)*

(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

	2024			2023		
	The PRC RMB'000	**Australia RMB'000**	**Total RMB'000**	The PRC RMB'000	Australia RMB'000	Total RMB'000
Disaggregated by timing of revenue recognition						
Point in time	**201,949**	**85,777**	**287,726**	163,194	38,944	202,138
Over time	**–**	**11,383**	**11,383**	–	5,838	5,838
Revenue from external customers	**201,949**	**97,160**	**299,109**	163,194	44,782	207,976
Inter-segment revenue	**–**	**51,067**	**51,067**	–	17,361	17,361
Reportable segment revenue	**201,949**	**148,227**	**350,176**	163,194	62,143	225,337
Reportable segment loss before taxation	**(193,583)**	**(32,880)**	**(226,463)**	(162,515)	(25,370)	(187,885)
Interest income from bank deposits	**25,205**	**65**	**25,270**	38,308	201	38,509
Interest expense	**9,149**	**224**	**9,373**	2,566	44	2,610
Depreciation and amortisation for the year	**19,630**	**16,147**	**35,777**	11,396	8,445	19,841
Impairment loss recognised/ (reversed) on trade and other receivables	**19,452**	**(895)**	**18,557**	6,339	(779)	5,560
Reportable segment assets	**1,407,115**	**350,691**	**1,757,806**	1,559,660	354,586	1,914,246
Additions to non-current segment assets during the year	**54,395**	**2,368**	**56,763**	152,217	1,466	153,683
Reportable segment liabilities	**465,988**	**133,443**	**599,431**	420,708	91,127	511,835

4 REVENUE AND SEGMENT REPORTING *(Continued)*

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

	2024	2023
	RMB'000	RMB'000
Revenue		
Reportable segment revenue	**350,176**	225,337
Elimination of inter-segment revenue	**(51,067)**	(17,361)
Consolidated revenue (Note 4(a))	**299,109**	207,976
Profit or loss		
Total reportable segments' loss before taxation	**226,463**	187,885
Elimination of inter-segment transaction	**9,633**	3,759
Unallocated expenses	**4,241**	4,675
Consolidated loss before taxation	**240,337**	196,319
Assets		
Total reportable segments' assets	**1,757,806**	1,914,246
Elimination of inter-segment balance	**(88,525)**	(16,159)
Consolidated total assets	**1,669,281**	1,898,087
Liabilities		
Total reportable segments' liabilities	**599,431**	511,835
Elimination of inter-segment balance	**(71,965)**	(11,854)
Consolidated total liabilities	**527,466**	499,981

5 OTHER NET INCOME

	2024 RMB'000	2023 RMB'000
Government grants (i)	**7,926**	4,559
Interest income from bank deposits	**25,270**	38,509
Net realised and unrealised gains/(losses) on financial assets measured at FVPL	**2,898**	(2,404)
Net foreign exchange gains	**8,657**	11,855
Others	**1,060**	1,724
	45,811	54,243

(i) Government grants comprise primarily subsidies received from the government for encouragement of research and development projects.

6 LOSS BEFORE TAXATION

(a) Finance costs

	2024 RMB'000	2023 RMB'000
Interest on bank loans	**11,090**	6,572
Interest on lease liabilities	**471**	238
Total finance costs on financial liabilities not at FVPL	**11,561**	6,810
Less: borrowing costs capitalised into properties under construction	**(2,189)**	(4,200)
	9,372	2,610

(b) Staff costs

	2024 RMB'000	2023 RMB'000
Salaries, wages and other benefits	**168,940**	139,035
Contributions to defined contribution retirement plan (i)	**16,511**	14,825
	185,451	153,860

6 LOSS BEFORE TAXATION *(Continued)*

(b) Staff costs *(Continued)*

(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

	2024	2023
	RMB'000	RMB'000
Depreciation of property, plant and equipment	**19,365**	8,756
Depreciation of right-of-use assets	**5,562**	5,309
Amortisation of intangible assets	**10,850**	5,776
Total amortisation and depreciation	**35,777**	19,841
Less: depreciation expense of land use rights capitalised into properties under construction	**(91)**	(274)
Amortisation and depreciation charged directly to profit or loss	**35,686**	19,567
Impairment losses on trade and other receivables	**18,557**	5,560
Auditors' remuneration		
— audit services	**3,329**	3,305
— non-audit services	**1,100**	1,249
Research and development expenses (i)	**135,259**	129,566
Cost of inventories (ii)	**140,295**	107,002
Donations	**581**	220

(i) During the year ended 31 December 2024, research and development expenses include staff costs and depreciation expenses of RMB70,307,000 (2023: RMB62,400,000), which amounts are also included in the respective total amounts disclosed separately above.

(ii) During the year ended 31 December 2024, cost of inventories includes staff costs and depreciation expenses of RMB7,297,000 (2023: RMB7,232,000), 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

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

	2024	2023
	RMB'000	RMB'000
Current tax — other overseas countries	**77**	234
Over-provision in respect of prior years	**—**	(1,382)
Deferred tax	**(3,204)**	(1,822)
Total	**(3,127)**	(2,970)

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

	2024	2023
	RMB'000	RMB'000
Loss before taxation	**(240,337)**	(196,319)
Notional tax on profit before taxation, calculated at the rates applicable to profits in the countries concerned (i)	**(64,203)**	(50,999)
Effect of preferential tax rate (ii)	**16,372**	18,823
Effect of additional deduction on research and development expenses	**(18,055)**	(13,020)
Tax effect of other non-deductible expenses	**381**	234
Tax effect of tax losses not recognised	**59,761**	42,980
Tax effect of deductible temporary differences not recognised	**2,617**	394
Over-provision in respect of prior years	**—**	(1,382)
Actual tax expense	**(3,127)**	(2,970)

7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(Continued)*

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

(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 at 25% unless otherwise specified.

Pursuant to the income tax rules and regulations of Australia, the Group's subsidiaries in Australia are subject to the Australian Income Tax at a rate of 30%. No provision for Australian Income Tax was made for the Group's subsidiaries in Australia, as these subsidiaries did not have assessable profits for Australia Income Tax for the year ended 31 December 2024.

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 6 November 2023 and is subject to income tax at 15% for a three-year period.

Under the CIT Law of the PRC and its relevant regulation, an additional 100% of qualified research and development expenses incurred would be allowed to be deducted from the taxable income for the year ended 31 December 2024.

8 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	2024 Total RMB'000
Executive directors					
Dr. Liang Bo	—	2,340	660	47	3,047
Mr. Kong Lingyin	—	693	139	47	879
Ms. Jiang Junchao (i)	—	231	46	16	293
Ms. Yang Ying (ii)	—	346	61	31	438
	—	3,610	906	141	4,657
Non-executive directors					
Mr. Xu Wenbo	—	—	—	—	—
Mr. Zhao Ye (iii)	—	—	—	—	—
Mr. Wang Weipeng	—	—	—	—	—
Mr. Ling Yang (iv)	—	—	—	—	—
	—	—	—	—	—
Independent non-executive directors					
Dr. Kang Xixiong	183	—	—	—	183
Dr. Yang Shubiao (v)	183	—	—	—	183
Mr. Lam Siu Wing (vi)	183	—	—	—	183
	549	—	—	—	549
Supervisors					
Ms. Shi Lijuan (vii)	—	255	45	47	347
Ms. Zong Qiuping (vii)	—	326	58	47	431
Ms. Lin Yi	—	—	—	—	—
	—	581	103	94	778

8 DIRECTORS' EMOLUMENTS *(Continued)*

	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	2023 Total RMB'000
Executive directors					
Dr. Liang Bo	—	2,571	429	46	3,046
Mr. Kong Lingyin	—	1,239	114	46	1,399
Ms. Yang Ying (ii)	—	545	86	46	677
	—	4,355	629	138	5,122
Non-executive directors					
Mr. Xu Wenbo	—	—	—	—	—
Mr. Wang Weipeng	—	—	—	—	—
Mr. Ling Yang (iv)	—	—	—	—	—
Mr. Zhang Jiecheng (viii)	—	—	—	—	—
	—	—	—	—	—
Independent non-executive directors					
Dr. Huang Taosheng (ix)	110	—	—	—	110
Dr. Kang Xixiong	180	—	—	—	180
Mr. Chau Kwok Keung (x)	82	—	—	—	82
Dr. Yang Shubiao (v)	70	—	—	—	70
Mr. Lam Siu Wing (vi)	84	—	—	—	84
	526	—	—	—	526
Supervisors					
Ms. Shi Lijuan (vii)	—	149	21	16	186
Ms. Zong Qiuping (vii)	—	140	31	18	189
Ms. Zhu Tingting (vii)	—	124	19	27	170
Ms. Huang Bing (vii)	—	104	16	22	142
Ms. Lin Yi	—	—	—	—	—
	—	517	87	83	687

8 DIRECTORS' EMOLUMENTS *(Continued)*

Notes:

(i) Ms. Jiang Junchao was appointed as an executive director of the Company on 29 August 2024.

(ii) Ms. Yang Ying resigned as an executive director of the Company on 29 August 2024.

(iii) Mr. Zhao Ye was appointed as a non-executive director of the Company on 21 January 2025.

(iv) Mr. Ling Yang was appointed as a non-executive director of the Company on 10 August 2023.

(v) Dr. Yang Shubiao was appointed as an independent non-executive director of the Company on 10 August 2023.

(vi) Mr. Lam Siu Wing was appointed as an independent non-executive director of the Company on 13 July 2023.

(vii) Ms. Shi Lijuan and Ms. Zong Qiuping were appointed as supervisors of the Company on 14 July 2023, while Ms. Zhu Tingting and Ms. Huang Bing resigned as supervisors of the Company on 14 July 2023.

(viii) Mr. Zhang Jiecheng resigned as a non-executive director of the Company on 11 January 2023.

(ix) Dr. Huang Taosheng resigned as an independent non-executive director of the Company on 10 August 2023.

(x) Mr. Chau Kwok Keung resigned as an independent non-executive director of the Company on 14 June 2023.

During the year ended 31 December 2024, there were no amounts paid or payable by the Group to the directors or any of the highest paid individuals set out in note 9 below as an inducement to join or upon joining the Group or as a compensation for loss of office.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two (2023: two) are directors whose emoluments are disclosed in Note 8. The aggregate of the emoluments in respect of the other three (2023: three) individuals are as follows:

	2024	2023
	RMB'000	RMB'000
Salaries, allowances and benefits in kind	**4,360**	3,455
Discretionary bonuses	**1,351**	1,042
Retirement scheme contributions	**111**	186
	5,822	4,683

(Expressed in Renminbi Yuan unless otherwise indicated)

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS *(Continued)*

The emoluments of the three (2023: three) individuals with the highest emoluments are within the following bands:

	2024 Number of Individuals	2023 Number of Individuals
HKD1,000,001 — HKD1,500,000	**2**	—
HKD1,500,001 — HKD2,000,000	**—**	2
HKD2,000,001 — HKD2,500,000	**—**	1
HKD3,000,000 — HKD4,000,000	**1**	—

10 LOSS PER SHARE

The calculation of basic loss per share for the year ended 31 December 2024 is based on the loss attributable to equity shareholders of the Company of RMB237,029,000 (2023: loss of RMB191,685,000) and the weighted average of 273,526,000 ordinary shares (2023: 273,526,000) in issue.

There were no potential dilutive ordinary shares for the year ended 31 December 2024 and 2023 and therefore dilutive loss per share are the same as the basic loss per share.

11 PROPERTY, PLANT AND EQUIPMENT

	Buildings	Office equipment, furniture and fixtures	Motor vehicles	Medical equipment and instruments	Construction in progress	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:							
At 1 January 2023	–	4,682	1,270	53,878	165,771	7,587	233,188
Additions	–	1,012	912	19,938	120,888	1,213	143,963
Additions through acquisition of subsidiaries	–	132	–	4,706	621	–	5,459
Transfers	–	34	–	4,201	(5,586)	1,351	–
Disposals	–	(8)	(920)	(1,234)	–	–	(2,162)
Exchange adjustment	–	(15)	–	(194)	(19)	(10)	(238)
At 31 December 2023 and 1 January 2024	–	5,837	1,262	81,295	281,675	10,141	380,210
Additions	–	2,644	45	11,402	40,791	250	55,132
Transfers	249,022	37,050	–	–	(286,072)	–	–
Disposals	–	(10)	–	(2,761)	–	–	(2,771)
Exchange adjustment	–	15	–	197	(2)	– *	210
At 31 December 2024	249,022	45,536	1,307	90,133	36,392	10,391	432,781
Accumulated depreciation:							
At 1 January 2023	–	(1,484)	(543)	(17,000)	–	(7,048)	(26,075)
Charge for the year	–	(906)	(407)	(6,429)	–	(1,014)	(8,756)
Written back on disposals	–	8	505	590	–	–	1,103
Exchange adjustment	–	9	–	164	–	10	183
At 31 December 2023 and 1 January 2024	–	(2,373)	(445)	(22,675)	–	(8,052)	(33,545)
Charge for the year	(5,604)	(3,389)	(222)	(10,150)	–	–	(19,365)
Written back on disposals	–	6	–	1,183	–	–	1,189
Exchange adjustment	–	(33)	–	(336)	–	– *	(369)
At 31 December 2024	(5,604)	(5,789)	(667)	(31,978)	–	(8,052)	(52,090)
Net book value:							
At 31 December 2024	243,418	39,747	640	58,155	36,392	2,339	380,691
At 31 December 2023	–	3,464	817	58,620	281,675	2,089	346,665

* This represents an amount less than RMB500.

12 RIGHT-OF-USE ASSETS

The analysis of the net book value of right-of-use assets by class of underlying asset is presented below:

	Office Building RMB'000	Land use rights RMB'000	Total RMB'000
At 1 January 2023	2,037	7,702	9,739
Additions	9,720	—	9,720
Additions through acquisition of subsidiaries	5,817	—	5,817
Charge for the year	(5,035)	(274)	(5,309)
Exchange adjustment	(29)	—	(29)
At 31 December 2023 and 1 January 2024	12,510	7,428	19,938
Additions	1,631	—	1,631
Charge for the year	(5,288)	(274)	(5,562)
Exchange adjustment	(420)	—	(420)
At 31 December 2024	8,433	7,154	15,587

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2024 RMB'000	2023 RMB'000
Depreciation charge of right-of-use assets by class of underlying asset:		
— Land use rights	**274**	274
— Properties leased for own use	**5,288**	5,035
Total amortisation and depreciation	**5,562**	5,309
Interest on lease liabilities (Note 6(a))	**471**	238
Expense relating to short-term leases	**1,488**	1,426

The Group leases office buildings under leases expiring within three years. Some leases include an option to renew the lease when all terms are renegotiated. None of the leases includes variable lease payments.

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 21(d) and 25, respectively.

13 INTANGIBLE ASSETS

	Software RMB'000	Patent and patent applications RMB'000	Contractual rights and customer relationships RMB'000	Trademarks RMB'000	Total RMB'000
Cost:					
At 1 January 2023	56	—	—	—	56
Additions through acquisition of subsidiaries	75	72,624	25,833	26,320	124,852
Exchange adjustment	—	(383)	(136)	(139)	(658)
At 31 December 2023	131	72,241	25,697	26,181	124,250
At 1 January 2024	131	72,241	25,697	26,181	124,250
Exchange adjustment	—	(5,088)	(1,811)	(1,844)	(8,743)
At 31 December 2024	131	67,153	23,886	24,337	115,507
Accumulated amortisation					
At 1 January 2023	(5)	—	—	—	(5)
Charge for the period	(42)	(3,731)	(1,327)	(676)	(5,776)
Exchange adjustment	—	(109)	(39)	(20)	(168)
At 31 December 2023	(47)	(3,840)	(1,366)	(696)	(5,949)
At 1 January 2024	(47)	(3,840)	(1,366)	(696)	(5,949)
Charge for the period	(24)	(7,044)	(2,506)	(1,276)	(10,850)
Exchange adjustment	—	581	207	105	893
At 31 December 2024	(71)	(10,303)	(3,665)	(1,867)	(15,906)
Net book value:					
At 31 December 2024	60	56,850	20,221	22,470	99,601
At 31 December 2023	84	68,401	24,331	25,485	118,301

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

(Expressed in Renminbi Yuan unless otherwise indicated)

14 INVESTMENTS IN SUBSIDIARIES

(a) Information about subsidiaries

The following list contains subsidiaries which affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Company name	Date of incorporation/ establishment	Place of incorporation and business	Particulars of registered and paid-up capital	Proportion of ownership interest		Principal activities
				As at 31 December 2024	As at 31 December 2023	
Suzhou Basecare Medical Device Co., Ltd. ("**Basecare Medical Device**") ("蘇州貝康醫療器械有限公司") (i)(ii)	25 February 2015	The PRC	RMB1,171,883,000/ RMB1,171,883,000	**100%**	100%	Research, development, manufacturing, and sales of testing kits, testing devices and instruments
Suzhou Basecare Intelligent Manufacturing Co., Ltd. ("**Basecare Intelligent Manufacturing**") ("蘇州貝康智能製造有限公司") (i)(ii)	10 April 2019	The PRC	RMB10,000,000/ RMB10,000,000	**100%**	100%	Research, development, manufacturing and sale of testing devices and instruments
Shanghai Basecare Biological Technology Co., Ltd. ("**Basecare Shanghai**") ("上海貝康生物科技有限公司") (i)(ii)	9 July 2021	The PRC	RMB15,000,000/ RMB15,000,000	**100%**	100%	Research and development of software for testing devices and instruments
Suzhou Industrial Park Basecare Biological Industry Co., Ltd. ("**Basecare Industrial Park**") ("蘇州工業園區貝康生物產業有限公司") (i)(ii)	24 June 2021	The PRC	RMB10,000,000/ RMB8,000,000	**80%**	80%	Provision of marketing service
Suzhou Basecare Deyu Biotechnology Co., Ltd. ("**Basecare Deyu**") ("蘇州貝康德譽生物科技有限公司") (i)(ii)	8 March 2023	The PRC	RMB1,000,000/ RMB1,000,000	**80%**	80%	Research and development of testing devices and instruments
BMX Holdco Pte. Ltd. ("**BMX**")	28 June 2022	Singapore	SGD3,199,980.97 & USD5,506,589.2/ SGD3,199,980.97 & USD5,506,589.2	**100%**	100%	Investment holding
Genea Biomedx Pty Ltd.	26 November 2003	Australia	AUD10/ AUD10	**100%**	100%	Research, development, manufacturing and sale of testing devices, instruments and consumables

(Expressed in Renminbi Yuan unless otherwise indicated)

14 INVESTMENTS IN SUBSIDIARIES *(Continued)*

(a) Information about subsidiaries *(Continued)*

Company name	Date of incorporation/ establishment	Place of incorporation and business	Particulars of registered and paid-up capital	Proportion of ownership interest		Principal activities
				As at 31 December 2024	As at 31 December 2023	
Genea IP Holdings Pty Ltd.	18 December 2014	Australia	AUD100/ AUD100	**100%**	100%	Research and development, of testing devices, instruments and consumables
Biomedx Innovations SL	22 November 2019	Spain	EUR3,000/ EUR3,000	**100%**	100%	Provision of marketing service
Genea Biomedx UK Ltd.	30 November 2012	The United Kingdom	GBP1/ GBP1	**100%**	100%	Provision of marketing service
Genea Hong Kong Limited	31 July 2014	Hong Kong	AUD8,274,142/ AUD8,274,142	**100%**	100%	Provision of marketing service
Biomedx Innovations Pty Ltd	18 December 2014	Australia	AUD100/ AUD100	**100%**	100%	Provision of marketing service
Biomedx Innovations	20 July 2021	France	EUR1,000/ EUR1,000	**100%**	100%	Provision of marketing service
Biomedx US LLC	30 November 2023	The United States	USD10/ USD10	**100%**	100%	Provision of marketing service
Biomedx innovations US LLC	17 October 2024	The United States	USD5,000/ USD5,000	**100%**	–	Administration

Notes:

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

(ii) These entities are limited liability companies established in the PRC.

(iii) Basecare GuoXin was deregistered on 13 October 2023. The Company recognised a loss on deregistration of approximately RMB1,732,000 in profit and loss.

14 INVESTMENTS IN SUBSIDIARIES *(Continued)*

(b) The carrying amount of Interest in subsidiaries is listed below:

	2024	2023
	RMB'000	RMB'000
Unlisted, at cost		
Basecare Medical Device	**1,171,883**	971,883
Basecare Intelligent Manufacturing	**10,000**	10,000
Basecare Shanghai	**15,000**	15,000
Basecare Industrial Park	**8,000**	8,000
Basecare Deyu	**800**	800
BMX Holdco Pte. Ltd.	**288,637**	288,637
	1,494,320	1,294,320

15 GOODWILL

	RMB'000
Cost:	
At 1 January 2023	—
Addition through acquisition	148,774
Exchange adjustment	(784)
At 31 December 2023 and 1 January 2024	147,990
Exchange adjustment	(10,420)
At 31 December 2024	137,570

15 GOODWILL *(Continued)*

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's CGUs identified according to country of operation and operating segment as follows:

	2024	2023
	RMB'000	RMB'000
Australia	**137,570**	147,990

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

	At 31 December 2024	At 31 December 2023
Annualised revenue growth rate during the budget period	**14.87%-50.68%**	13.00%-59.22%
Gross profit margin	**52.87%-55.43%**	48.52%-59.04%
Steady growth rate used in the extrapolation after budget period	**1.90%**	1.70%
Pre-tax discount rate	**20.85%**	20.06%

The recoverable amount of the CGU is estimated to exceed the carrying amount of the CGU at 31 December 2024 by RMB37,236,000 (2023: RMB43,252,000).

15 GOODWILL *(Continued)*

Impairment tests for cash-generating units containing goodwill *(Continued)*

The recoverable amount of the CGU would equal its carrying amount if key assumptions were changed to the following rates:

	At 31 December 2024	At 31 December 2023
Steady growth rate used in the extrapolation after budget period	**–0.61%**	–0.80%
Pre-tax discount rate	**22.44%**	21.48%

16 FINANCIAL ASSETS MEASURED AT FVPL

	2024 RMB'000	2023 RMB'000
Non-current assets		
Unlisted fund investment (i)	**5,533**	3,250
Derivative financial instrument (ii)	**11,407**	13,155
Unlisted equity investment (ii)	**20,592**	17,168
	37,532	33,573

(i) On 10 August 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 USD1,500,000 (equivalent to approximately RMB10,783,000). The Fund principally makes equity and equity-related investments in healthcare industry.

As at 31 December 2024, the Group has contributed USD776,000 (equivalent to approximately RMB5,578,000) (31 December 2023: USD585,000 (equivalent to approximately RMB3,997,000)) to the fund, representing 1.1% (31 December 2023: 1.0%) of the total size of the fund. As at 31 December 2024, the Group recognised the fair value changes of RMB764,000 in unrealised gain on financial assets measured at FVPL (2023: unrealised loss of RMB898,000). Details of the remaining fund investment commitment are set within Note 29.

(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 asset measured at FVPL with the fair value change being recognised in unrealised gain or loss on financial assets measured at FVPL (see note 28(e)).

17 OTHER NON-CURRENT ASSETS

	2024 RMB'000	2023 RMB'000
Value-added tax recoverable	**15,386**	14,164
Others	**3,324**	1,871
	18,710	16,035

18 INVENTORIES

	2024 RMB'000	2023 RMB'000
Raw materials	**24,331**	20,588
Finished goods	**18,180**	21,721
Devices and instruments	**31,060**	41,314
Others	**18,833**	10,486
	92,404	94,109

(a) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	2024 RMB'000	2023 RMB'000
Carrying amount of inventories sold	**140,295**	107,002

19 TRADE AND OTHER RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables	**227,024**	196,129
Less: losses allowance on trade receivables	**(61,645)**	(43,088)
Trade receivables, net	**165,379**	153,041
Bill receivables	**2,471**	2,904
Trade and bill receivables, net	**167,850**	155,945
Prepayments to suppliers	**22,117**	12,495
Deposits	**2,523**	2,496
Interest receivables	**2,746**	981
Other receivables	**5,043**	2,049
Trade and other receivables, net	**200,279**	173,966

(a) Ageing analysis of trade and bill receivables

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

	2024 RMB'000	2023 RMB'000
Within 6 months	**161,280**	104,285
6 ~ 12 months	**5,363**	44,341
12 ~ 18 months	**1,207**	4,727
18 ~ 24 months	**—**	2,125
Over 2 years	**—**	467
	167,850	155,945

Trade receivables are generally due within 60 to 360 days from the date of billing. Further details on the Group's credit policy and credit risk arising from trade receivables are set out in Note 28(a).

20 OTHER CURRENT ASSETS

	2024 RMB'000	2023 RMB'000
Value-added tax recoverable	**564**	1,710
Income tax recoverable (Note 26)	**—**	1,172
	564	2,882

21 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

	2024 RMB'000	2023 RMB'000
Cash at banks	**574,111**	887,547
Time deposits with original terms within 3 months	**—**	56,662
Less: Restricted cash	**(1,362)**	(993)
Cash and cash equivalents	**572,749**	943,216
Time deposits with original terms above 3 months	**111,884**	—

21 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION *(Continued)*

(b) Reconciliation of loss before taxation to cash used in operations:

	Note	**2024 RMB'000**	2023 RMB'000
Loss before taxation		**(240,337)**	(196,319)
Adjustments for:			
Depreciation of property, plant and equipment		**19,365**	8,756
Depreciation of right-of-use assets		**5,471**	5,035
Amortisation of intangible assets		**10,850**	5,776
Net losses on disposal of property, plant and equipment and right-of-use assets		**659**	179
Finance costs	6(a)	**9,372**	2,610
Foreign exchange gains	5	**(8,657)**	(11,855)
Interest income	5	**(25,270)**	(38,509)
Net realised and unrealised (gains)/losses on financial assets measured at FVPL	5	**(2,898)**	2,404
Operating loss before changes in working capital		**(231,445)**	(221,923)
Changes in working capital:			
Decrease/(increase) in inventories		**3,941**	(21,152)
Decrease in operating receivables		**26,117**	2,141
Decrease in operating payables		**(52,424)**	(22,393)
Increase/(decrease) in contract liabilities		**24,822**	(1,570)
Increase in other non current liabilities		**277**	1,717
Increase in restricted cash		**(421)**	(793)
Cash used in operations		**(229,133)**	(263,973)

21 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION *(Continued)*

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Bank loans RMB'000 (Note 24)	Interest payables on bank loans RMB'000 (Note 22)	Leases liabilities RMB'000 (Note 25)	Total RMB'000
At 1 January 2024	**270,132**	**410**	**11,785**	**282,327**
Changes from financing cash flows:				
Proceeds from bank loans	**90,144**	**—**	**—**	**90,144**
Repayments of bank loans	**(39,711)**	**—**	**—**	**(39,711)**
Bank borrowing cost paid	**—**	**(11,044)**	**—**	**(11,044)**
Payment for capital element of lease liabilities	**—**	**—**	**(5,136)**	**(5,136)**
Payment for interest element of lease liabilities	**—**	**—**	**(471)**	**(471)**
Total changes from financing cash flows	**50,433**	**(11,044)**	**(5,607)**	**33,782**
Other changes:				
Interest expense	**—**	**8,901**	**471**	**9,372**
Capitalised borrowing costs	**—**	**2,189**	**—**	**2,189**
Increase in lease liabilities from entering into new leases during the year	**—**	**—**	**1,631**	**1,631**
Exchange adjustment	**—**	**—**	**(425)**	**(425)**
Total other changes	**—**	**11,090**	**1,677**	**12,767**
At 31 December 2024	**320,565**	**456**	**7,855**	**328,876**

21 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION *(Continued)*

(c) Reconciliation of liabilities arising from financing activities *(Continued)*

	Bank loans RMB'000 (Note 24)	Interest payables on bank loans RMB'000 (Note 22)	Leases liabilities RMB'000 (Note 25)	Total RMB'000
At 1 January 2023	73,394	102	2,146	75,642
Changes from financing cash flows:				
Proceeds from bank loans	196,738	—	—	196,738
Bank borrowing cost paid	—	(6,264)	—	(6,264)
Payment for capital element of lease liabilities	—	—	(4,785)	(4,785)
Payment for interest element of lease liabilities	—	—	(238)	(238)
Total changes from financing cash flows	196,738	(6,264)	(5,023)	185,451
Other changes:				
Interest expense	—	2,372	238	2,610
Capitalised borrowing costs	—	4,200	—	4,200
Increase in lease liabilities from entering into new leases during the year	—	—	9,720	9,720
Additions through acquisition of subsidiaries	—	—	4,720	4,720
Exchange adjustment	—	—	(16)	(16)
Total other changes	—	6,572	14,662	21,234
At 31 December 2023	270,132	410	11,785	282,327

(d) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	2024 RMB'000	2023 RMB'000
Within operating cash flows	**1,179**	1,498
Within financing cash flows	**5,607**	5,023
	6,786	6,521

All these amounts relate to the lease rentals paid.

22 TRADE AND OTHER PAYABLES

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

	2024 RMB'000	2023 RMB'000
Within 3 months	**21,670**	30,340
3 ~ 6 months	**2,431**	3,631
6 ~ 9 months	**1,228**	4,355
9 ~ 12 months	**157**	37
Over 1 year	**2,135**	2,370
Trade payables	**27,621**	40,733
Payroll payables	**23,698**	20,989
Interest payables	**456**	410
Payables for purchases of property, plant and equipment	**61,487**	88,039
Other payables and accruals	**50,619**	29,556
	163,881	179,727

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

23 CONTRACT LIABILITIES

	2024 RMB'000	2023 RMB'000
Advanced receipts from customers for sales of medical devices and instruments	**1,663**	47

Movements in contract liabilities

	2024 RMB'000	2023 RMB'000
Balance at 1 January	**47**	1,617
Addition	**1,663**	47
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the period	**(47)**	(1,617)
Balance at 31 December	**1,663**	47

24 BANK LOANS

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

	2024 RMB'000	2023 RMB'000
Within 1 year or on demand	**24,358**	10,500
More than 2 years but less than 5 years	**246,799**	130,000
After 5 years	**49,408**	129,632
	320,565	270,132

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

	2024 RMB'000	2023 RMB'000
Secured bank loans (i)	**197,065**	140,132
Unsecured bank loans (ii)	**123,500**	130,000
	320,565	270,132

(i) As at 31 December 2024, the secured bank loans were pledged by the Group's land use right of RMB7,154,000 (2023: RMB7,428,000) and property, plant and equipment of RMB243,418,000 (2023: RMB271,199,000) with an interest at 3.30% — 3.90% per annum (2023: 3.90% — 4.00%).

(ii) As at 31 December 2024, the unsecured bank loans represent the utilised bank facilities of RMB123,500,000 (2023: RMB130,000,000) with an interest at 3.45% per annum (2023: 3.55%) for the acquisition of subsidiaries.

25 LEASE LIABILITIES

As of the end of the reporting period, the lease liabilities were repayable as follows:

	31 December 2024		31 December 2023	
	Present value of the minimum lease payments RMB'000	**Total minimum lease payments RMB'000**	Present value of the minimum lease payments RMB'000	Total minimum lease payments RMB'000
Within 1 year	**4,408**	**4,667**	4,686	5,098
After 1 year but within 2 years	**2,969**	**3,042**	4,371	4,586
After 2 years but within 5 years	**478**	**493**	2,728	2,771
	3,447	**3,535**	7,099	7,357
	7,855	**8,202**	11,785	12,455
Less: total future interest expenses		**(347)**		(670)
Present value of lease liabilities		**7,855**		11,785

26 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents

	2024 RMB'000	2023 RMB'000
Provision for the year	**374**	305
Income tax recoverable	**—**	1,172

26 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

(b) Movements of each component of deferred tax assets and liabilities

The components of deferred tax assets/(liabilities) recognised in the consolidated statements of financial position and the movements during the year are as follows:

	Credit loss allowance RMB'000	**Fair value adjustments in respect of net assets acquired in business combinations** RMB'000	**Employee benefits** RMB'000	**Others** RMB'000	**Total** RMB'000
Deferred tax assets/(liabilities) arising from					
At 1 January 2023	–	–	–	–	–
Additions through acquisition of subsidiaries	39	(37,433)	248	29	(37,117)
Credited/(charged) to profit or loss	15	1,720	115	(28)	1,822
Exchange adjustment	–	248	2	(1)	249
At 31 December 2023 and 1 January 2024	54	(35,465)	365	–	(35,046)
(Charged)/credited to profit or loss	(52)	3,248	8	–	3,204
Exchange adjustment	(2)	2,354	(25)	–	2,327
At 31 December 2024	–	(29,863)	348	–	(29,515)

Reconciliation to the consolidated statement of financial position:

	2024 RMB'000	2023 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	**348**	419
Net deferred tax liabilities recognised in the consolidated statement of financial position	**(29,863)**	(35,465)
	(29,515)	(35,046)

(c) Deferred tax assets not recognised

As at 31 December 2024, the Group has not recognised deferred tax assets of certain entities in respect of their respective cumulative tax losses and temporary differences of RMB1,110,656,000 (2023: RMB795,776,000), as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity.

27 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company	Share capital RMB'000	Share premium RMB'000	Share-based payment reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance at 1 January 2023	273,526	1,677,279	7,905	25,648	1,984,358
Changes in equity for 2023:					
Total comprehensive income for the year	–	–	–	(2,081)	(2,081)
Balance at 31 December 2023 and 1 January 2024	273,526	1,677,279	7,905	23,567	1,982,277
Changes in equity for 2024:					
Total comprehensive income for the year	–	–	–	(41,364)	(41,364)
At 31 December 2024	273,526	1,677,279	7,905	(17,797)	1,940,913

(b) 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 31 December 2023 and 31 December 2024	273,526,000	273,526	1,677,279	1,950,805

(c) Dividends

No dividends were paid or declared by the Company or any of its subsidiaries during the reporting period (2023: Nil).

27 CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(d) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions. The Group made no changes to its capital management objectives, policies or processes during 2023 and 2024.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and other receivables. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are reputable banks or financial institution, for which the Group considered have low credit risks.

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 industry or country in which the customers operate also has an influence on credit risk. As at 31 December 2024 and 2023, 45.7% and 48.1% of the total trade receivables were due from the Group's top five largest customers. Trade receivables are generally due within 60 to 360 days from the date of billing.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates.

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(a) Credit risk *(Continued)*

The Group measures loss allowances for trade receivables at lifetime ECL. The Group determines ECL by using a provision matrix, estimated based on historical credit loss experience, the past default experience of the debtor, general economic conditions of the industry and country in which the debtors operates and an assessment of both the current and the forecast duration of condition as of the end of the reporting period. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The Group measures loss allowances for trade receivables individually or at an amount equal to lifetime ECL which is calculated using a provision matrix. As the Group's historical credit loss experience indicates significantly different loss patterns for different customer segments, the loss allowance based on past due status is further distinguished between the Group's different customer bases. The customer bases consist of the following groups:

Group 1: Customers from the operating segments of: The PRC
Group 2: Customers from the operating segments of: Australia

Trade receivables of RMB227,024,000 (2023: RMB196,129,000) are assessed based on provision matrix within lifetime ECLs.

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(a) Credit risk *(Continued)*

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

	2024		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Group 1 customers			
Current (not past due)	7.9%	121,385	(9,560)
Within 6 months past due	47.7%	46,378	(22,143)
6 ~ 12 months past due	80.9%	13,373	(10,824)
12 ~ 18 months past due	97.9%	4,444	(4,350)
18 ~ 24 months past due	100.0%	6,729	(6,729)
Over 2 years past due	100.0%	3,253	(3,253)
		195,562	(56,859)
Group 2 customers			
Current (not past due)	0.4%	17,073	(69)
Within 6 months past due	4.2%	7,489	(314)
6 ~ 12 months past due	16.2%	2,881	(468)
12 ~ 18 months past due	95.9%	2,036	(1,952)
18 ~ 24 months past due	100.0%	758	(758)
Over 2 years past due	100.0%	1,225	(1,225)
		31,462	(4,786)
		227,024	(61,645)

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(a) Credit risk *(Continued)*

	2023		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Group 1 customers			
Current (not past due)	6.0%	109,070	(6,543)
Within 6 months past due	35.8%	38,893	(13,926)
6 ~ 12 months past due	74.3%	7,899	(5,866)
12 ~ 18 months past due	90.6%	7,894	(7,151)
18 ~ 24 months past due	100.0%	961	(961)
Over 2 years past due	100.0%	2,960	(2,960)
		167,677	(37,407)
Group 2 customers			
Current (not past due)	0.5%	12,400	(61)
Within 6 months past due	10.2%	10,461	(1,064)
6 ~ 12 months past due	62.2%	2,262	(1,408)
12 ~ 18 months past due	84.6%	1,177	(996)
18 ~ 24 months past due	100.0%	1,389	(1,389)
Over 2 years past due	100.0%	763	(763)
		28,452	(5,681)
		196,129	(43,088)

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the Company's shareholders when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities as of the end of the reporting periods of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current as at the end of the reporting period) and the earliest date the Group can be required to pay:

	As at 31 December 2024					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand RMB'000	**More than 1 year but less than 2 years RMB'000**	**More than 2 years but less than 5 years RMB'000**	**More than 5 years RMB'000**	**Total RMB'000**	**Carrying amount RMB'000**
Lease liabilities	**4,667**	**3,042**	**493**	**–**	**8,202**	**7,855**
Trade and other payables	**163,881**	**–**	**–**	**–**	**163,881**	**163,881**
Bank loans	**35,985**	**135,060**	**153,958**	**63,802**	**388,805**	**320,565**
	204,533	**138,102**	**154,451**	**63,802**	**560,888**	**492,301**

	As at 31 December 2023					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying amount RMB'000
Lease liabilities	5,098	4,586	2,771	–	12,455	11,785
Trade and other payables	179,727	–	–	–	179,727	179,727
Bank loans	10,639	10,610	161,860	156,818	339,927	270,132
	195,464	15,196	164,631	156,818	532,109	461,644

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from cash at banks, bank loans and lease liabilities. Instruments bearing interest at variable rates and fixed rates expose the Group to cashflow interest rate risk and fair value interest rate risk respectively. The Group regularly reviews its strategy on interest rate risk management in the light of the prevailing market condition. The Group's interest rate profile as monitored by management is set out in (i) below.

(i) Interest rate profile

The following table details the interest rate profile of the Group's financial assets and liabilities as of the end of the reporting period.

	2024		2023	
	Effective interest rate %	**RMB'000**	Effective interest rate %	RMB'000
Fixed rate instruments:				
Lease liabilities	**3.70% – 4.50%**	**(7,855)**	3.70% – 4.50%	(11,785)
Bank loans	**3.30% – 3.90%**	**(320,565)**	3.55% – 4.00%	(270,132)
Time deposits with banks	**1.85% – 4.45%**	**111,884**	5.30%	56,662
		(216,536)		(225,255)
Variable rate instruments:				
Cash at bank	**0.001% – 2.00%**	**572,749**	0.001% – 2.00%	886,554
		356,213		661,299

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(c) Interest rate risk *(Continued)*

(ii) Sensitivity analysis

The following table details the effect on the Group's loss after tax for the reporting period and accumulated losses as at the end of the reporting period that an increase/decrease of 100 basis points in interest rates would have.

	As at 31 December 2024			As at 31 December 2023		
	Increase/ (decrease) of basis point	**Effect on loss after tax RMB'000**	**Effect on accumulated losses RMB'000**	Increase/ (decrease) of basis point	Effect on loss after tax RMB'000	Effect on accumulated losses RMB'000
Interest rates	**100**	**(3,481)**	**3,481**	100	(6,576)	6,576
	(100)	**3,481**	**(3,481)**	(100)	6,576	(6,576)

The sensitivity analysis above indicates the instantaneous change in the Group's loss after tax and accumulated losses that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's loss after tax and accumulated losses is estimated as an annualised impact on interest expense or income of such a change in interest rates.

(d) Currency risk

The Group is exposed to currency risk primarily from (i) sales and purchases which give rise to receivables, payables that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily EUR and USD and (ii) the cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate, in the PRC subsidiaries, whose functional currency is RMB and overseas subsidiaries, whose functional currency is AUD. The currencies giving rise to this risk are primarily USD and EUR.

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(d) Currency risk *(Continued)*

(i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in CNY, translated using the spot rate at the year end date. Differences resulting from the translation of the financial statements of the entities into the Group's presentation currency are excluded.

	Exposure to foreign currencies (expressed in Renminbi)		
	As at 31 December 2024		
	USD RMB'000	**EUR RMB'000**	**KRW RMB'000**
Cash and cash equivalents	**285,782**	**6,611**	**—**
Trade and other receivables	**12,681**	**16,676**	**—**
Restricted cash	**—**	**376**	**—**
Lease liabilities	**—**	**(879)**	**—**
Trade and other payables	**(1,263)**	**(1,942)**	**—**
Net exposure arising from recognised (liabilities) and assets	**297,200**	**20,842**	**—**

	Exposure to foreign currencies (expressed in Renminbi)		
	As at 31 December 2023		
	USD RMB'000	EUR RMB'000	KRW RMB'000
Cash and cash equivalents	468,849	3,583	—
Trade and other receivables	4,591	15,308	—
Restricted cash	—	785	—
Lease liabilities	—	(1,261)	—
Trade and other payables	(626)	(12,875)	(1,151)
Net exposure arising from recognised (liabilities) and assets	472,814	5,540	(1,151)

(Expressed in Renminbi Yuan unless otherwise indicated)

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(d) Currency risk *(Continued)*

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's loss after tax (and accumulated losses) that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	2024		2023	
	Increase/ (decrease) in foreign exchange rates	**Effect on loss after tax and accumulated losses**	Increase/ (decrease) in foreign exchange rates	Effect on loss after tax and accumulated losses
USD (against CNY)	**10%**	**(29,720)**	10%	(47,281)
	(10)%	**29,720**	(10)%	47,281
EUR (against CNY)	**10%**	**(2,084)**	10%	(554)
	(10)%	**2,084**	(10)%	554
KRW (against CNY)	**10%**	**—**	10%	115
	(10)%	**—**	(10)%	(115)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' loss after tax and equity measured in the respective functional currencies, translated into RMB at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies.

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(e) Fair value measurement

(i) 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 periods 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

Financial assets at fair value through profit or loss

The Group has a team with assistance of external valuers, performing valuations for the financial instruments, including unlisted equity investment and put options which are categorised into Level 3 of the fair value hierarchy. 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 at 31 December 2024 RMB'000	Fair value measurements as at 31 December 2024 categorised into Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurements				
Financial assets:				
Unlisted fund investments	**5,533**	**—**	**5,533**	**—**
Derivative financial instrument	**11,407**	**—**	**—**	**11,407**
Unlisted equity investment	**20,592**	**—**	**—**	**20,592**
	37,532	**—**	**5,533**	**31,999**

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(e) Fair value measurement *(Continued)*

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

Financial assets at fair value through profit or loss (Continued)

	Fair value at 31 December 2023 RMB'000	Fair value measurements as at 31 December 2023 categorised into Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurements				
Financial assets:				
Unlisted fund investments	3,250	—	3,250	—
Derivative financial instrument	13,155	—	—	13,155
Unlisted equity investment	17,168	—	—	17,168
	33,573	—	3,250	30,323

During the year ended 31 December 2024, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. 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.

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.

(Expressed in Renminbi Yuan unless otherwise indicated)

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(e) Fair value measurement *(Continued)*

(i) Financial assets and liabilities measured at fair value (Continued)

Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable inputs	Range	Sensitivity of fair value to the input
Derivative financial instrument	Black-Scholes model	Expected volatility	62.27% (31 December 2023: 44.60%)	1% increase/(decrease) in expected volatility would result in increase/(decrease) in fair value by RMB28,000(31 December 2023: RMB18,000).
Unlisted equity investment	Market method	LoMD	20% (31 December 2023: 20%)	1% increase/(decrease) in discount rate would result in (decrease)/increase in fair value by RMB400,000(31 December 2023: RMB300,000).

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(e) Fair value measurement *(Continued)*

(i) Financial assets and liabilities measured at fair value (Continued)

Information about Level 3 fair value measurements (Continued)

The movements during the period in the balance of these Level 3 financial assets at fair value through profit or loss was as follows:

	2024	2023
	RMB'000	RMB'000
Derivative financial instrument		
At 1 January	**13,155**	14,975
Changes in fair value recognised in profit or loss during the year	**(1,748)**	(1,820)
At 31 December	**11,407**	13,155
Total gains or losses for the year included in profit or loss from continuing operations	**(1,748)**	(1,820)

	2024	2023
	RMB'000	RMB'000
Unlisted equity investment		
At 1 January	**17,168**	17,808
Changes in fair value recognised in profit or loss during the year	**3,424**	(640)
At 31 December	**20,592**	17,168
Total gains or losses for the year included in profit or loss from continuing operations	**3,424**	(640)

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

All financial instruments carried at amortised cost were not materially different from their fair values as at 31 December 2024 and 2023.

29 COMMITMENTS

Capital commitments outstanding at 31 December 2024 and 2023 not provided for in the consolidation financial statements were as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Authorised and contracted for		
— Property, plants and equipment	**56,327**	10,236
— Fund investment (Note 16)	**5,205**	6,648
	61,532	16,884

30 MATERIAL RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control the other party or exercise significant influence in making financial and operating decisions. Parties are also considered to be related if they are subject to common control.

The Group carried out the following transactions with its related parties during the year:

Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 8 and certain of the highest paid employees as disclosed in note 9 is as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Salaries, allowances and benefits in kind	**7,394**	6,570
Discretionary bonuses	**2,151**	1,340
Retirement scheme contributions	**205**	258
	9,750	8,168

31 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	31 December 2024 RMB'000	31 December 2023 RMB'000
Non-current assets			
Property, plant and equipment		**323,530**	288,301
Right-of-use assets		**10,014**	12,008
Interest in subsidiaries	14	**1,494,320**	1,294,320
Financial assets measured at fair value through profit or loss (FVPL)	16	**37,532**	33,573
Other non-current assets		**15,387**	14,164
		1,880,783	1,642,366
Current assets			
Trade and other receivables		**67,175**	6,916
Inventories		**—**	—
Other current assets		**—**	—
Cash and cash equivalents		**399,654**	706,572
Income tax recoverable		**—**	1,172
		466,829	714,660
Current liabilities			
Trade and other payables		**78,852**	99,753
Contract liabilities		**3,659**	—
Lease liabilities		**1,742**	1,667
Bank loans		**24,358**	10,500
Income tax payable		**—**	—
		108,611	111,920
Net current assets		**358,218**	602,740
Total assets less current liabilities		**2,239,001**	2,245,106

31 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION *(Continued)*

	Note	31 December 2024 RMB'000	31 December 2023 RMB'000
Non-current liabilities			
Bank loans		**296,207**	259,632
Deferred Income		**676**	250
Lease liabilities		**1,205**	2,947
NET ASSETS		**1,940,913**	1,982,277
CAPITAL AND RESERVES	27		
Share capital		**273,526**	273,526
Reserves		**1,667,387**	1,708,751
TOTAL EQUITY		**1,940,913**	1,982,277

Approved and authorised for issue by the board of directors on 28 March 2025.

Liang Bo
Director

Kong Lingyin
Director

32 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

There were no material non-adjusting events after the reporting period.

(Expressed in Renminbi Yuan unless otherwise indicated)

33 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2024

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2024 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IAS 21, *The effects of changes in foreign exchange rates — Lack of exchangeability*	1 January 2025
Amendments to IFRS 9, Financial instruments and IFRS 7, *Financial instruments: disclosures — Amendments to the classification and measurement of financial instruments*	1 January 2026
Annual improvements to IFRS Accounting Standards — Volume 11	1 January 2026
IFRS 18, *Presentation and disclosure in financial statements*	1 January 2027
IFRS 19, *Subsidiaries without public accountability: disclosures*	1 January 2027
Amendments to IFRS 10 and IAS 28, *Sale or contribution of assets between an investor and its associate or joint venture*	To be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

Definitions

"Articles of Association"	articles of association of our Company, as amended from time to time
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Basecare Intelligent Manufacturing"	Suzhou Basecare Intelligent Manufacturing Co., Ltd. (蘇州貝康智能製造有限公司), a company established in the PRC with limited liability on April 10, 2019 and a wholly-owned subsidiary of our Company
"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 annual report. Basecare Investment is one of our Controlling Shareholders
"Basecare Medical Device"	Suzhou Basecare Medical Device Co., Ltd. (蘇州貝康醫療器械有限公司), a company established in the PRC with limited liability on February 25, 2015 and a wholly-owned subsidiary of our Company
"BMX"	BMX Holdco Pte. Ltd., a company incorporated in Singapore and a wholly owned subsidiary of the Company as of the date of this annual report
"BMX Acquisition"	the acquisition of BMX and its seven subsidiaries by the Company, which was completed on June 21, 2023
"Board" or "Board of Directors"	the board of directors of the Company
"Board of Supervisors"	the board of supervisors of the Company
"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"	European conformity (conformité européenne)
"Company" or "Basecare Medical"	Suzhou Basecare Medical Corporation Limited (蘇州貝康醫療股份有限公司)
"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"China" or "the PRC"	the People's Republic of China excluding, for the purpose of this annual report, Hong Kong, Macau Special Administrative Region and Taiwan
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules and unless the context requires otherwise, refers to Dr. Liang and/or Basecare Investment
"Core Product"	has the meaning ascribed to it in Chapter 18A of the Listing Rules; for purposes of this annual report, our Core Product refers to our PGT-A kit
"CSRC"	the China Securities Regulatory Commission

"Director(s)"	the director(s) of the Company
"Domestic Shares"	ordinary shares in the share capital of our Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi by domestic investors
"Dr. Liang"	Dr. LIANG Bo (梁波), our founder, executive Director, chairman of the Board, general manager and Controlling Shareholder
"FDA"	The United States Food and Drug Administration
"Global Offering"	the offer of H Shares for subscription as described in the Prospectus
"GMP"	Good Manufacturing Practice, guidelines and regulations from time to time issued pursuant to the PRC Drug Administration Law (《中華人民共和國藥品管理法》) as part of quality assurance which aims to minimize the risks of contamination, cross contamination, confusion and errors during the manufacture process of pharmaceutical products and to ensure that pharmaceutical products subject to these guidelines and regulations are consistently produced and controlled in conformity to quality and standards appropriate for their intended use
"Group", "we" or "us"	the Company and its subsidiaries
"H Shares"	overseas listed shares in the share capital of our Company with a nominal value of RMB1.00 each, which are subscribed for and traded in HK dollars
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"iARMS"	intelligent assisted reproduction management system
"IFRS"	International Financial Reporting Standards
"IVF"	in vitro fertilization, a process where the egg and sperm are incubated together to a fertilized embryo in an in vitro system to achieve pregnancy
"IVM"	*in vitro* maturation, a process where immature eggs are retrieved from the ovaries and then matured in a laboratory environment before being fertilized through IVF procedures
"Jiangsu MPA"	the Jiangsu Medical Products Administration (江蘇省藥品監督管理局)
"Listing" or "IPO"	the listing of the H Shares on the Main Board of the Stock Exchange on the Listing Date
"Listing Date"	February 8, 2021, being the date on which the H Shares were listed on the Main Board
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time

Definitions

"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 C3 to the Listing Rules
"NMPA"	the National Medical Products Administration of China (國家藥品監督管理局) or, where the context so requires, its predecessor, the China Food and Drug Administration (國家食品藥品監督管理總局), or CFDA
"Nomination Committee"	the nomination committee of the Board
"PGT"	pre-implantation genetic testing, a test performed before the implantation of an embryo to screen and diagnose the DNA from embryos for determining genetic abnormalities. These include PGT for aneuploidy (PGT-A), PGT for monogenic defects (PGT-M) and PGT for chromosomal rearrangements (PGT-SR)
"PRC Company Law"	the Company Law of the PRC (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
"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 year ended December 31, 2024
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
"Share(s)"	shares in the share capital of our Company, with a nominal value of RMB1.00 each, comprising our Domestic Shares, Unlisted Foreign Shares and H Shares
"Shareholder(s)"	holder(s) of the Shares
"sq.m"	square meter(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supervisor(s)"	the supervisor(s) of the Company
"TGA"	The Therapeutic Goods Administration of Australia
"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