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**Kindstar Globalgene Technology, Inc.**  
**康聖環球基因技術有限公司**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock code: 9960)**

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

The board (the “**Board**”) of directors (the “**Directors**”) of Kindstar Globalgene Technology, Inc. (the “**Company**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended June 30, 2022 (the “**Reporting Period**”).

In this announcement, “we,” “us,” and “our” refer to the Company and where the context otherwise requires, the Group.

**HIGHLIGHTS**

**Key Financial Data**

The table below sets forth our key financial data for the periods presented, together with the change (expressed in percentages) from the six months ended June 30, 2021 to the corresponding period of 2022.

	<b>For the six months ended</b>		
	<b>2022</b>	<b>2021</b>	<b>Year-on-year change</b>
	<b>RMB'000</b>	<b>RMB'000</b>	
	<b>(unaudited)</b>	<b>(unaudited)</b>	
Revenue	<b>659,482</b>	438,200	50.5
– Non-COVID-19-related testing <sup>(1)</sup>	<b>444,023</b>	427,641	3.8
– COVID-19-related testing	<b>215,459</b>	10,559	1,940.5
Gross profit	<b>298,656</b>	233,753	27.8
Gross margin	<b>45.3%</b>	53.3%	–
Non-COVID-19-related gross margin	<b>54.9%</b>	53.4%	–
Net income (loss)	<b>63,229</b>	(1,499,357)	–
Net margin	<b>9.6%</b>	–	–
Adjusted net income <sup>(2)</sup>	<b>63,229</b>	28,966	118.3
Adjusted net margin <sup>(3)</sup>	<b>9.6%</b>	6.6%	–

*Notes:*

- (1) Includes hematology testing, neurology testing, maternity-related testing, genetic disease and rare disease testing, infectious disease testing, oncology testing, routine testing and others.
- (2) For details of our adjusted net income, see “Management Discussion and Analysis – Non-IFRS Measures: Adjusted Net Income.”
- (3) Equals adjusted net income divided by revenue for the period and multiplied by 100%.

## **Revenue**

For the six months ended June 30, 2022, we recorded a total revenue of RMB659.5 million, representing an increase of RMB221.3 million or 50.5% from RMB438.2 million for the corresponding period in 2021. Among which, revenue generated from the COVID-19-related and non-COVID-19-related testing services were RMB215.5 million and RMB444.0 million, respectively. The increase in revenue was mainly due to (i) the steady growth in non-COVID-19-related testing services as we strived to mitigate the impact of the pandemic on testing business; and (ii) the growth of COVID-19-related testing services due to a sharp increase in demand for nucleic acid testing in certain cities in the PRC, including Wuhan, to cope with the resurgence of the COVID-19 pandemic in the first half of 2022.

## **Gross profit and gross profit margin**

For the six months ended June 30, 2022, we recorded a consolidated gross profit of RMB298.7 million, representing a year-on-year increase of 27.8%, of which the gross profit from COVID-19-related and non-COVID-19-related testing services were RMB55.0 million and RMB243.7 million, respectively. The increase in gross profit was mainly attributable to the increase in revenue. During the Reporting Period, our consolidated gross profit margin decreased by 8 percentage points from 53.3% for the six months ended June 30, 2021 to 45.3% for the Reporting Period, resulting from the significant increase in the proportion of revenue from COVID-19-related testing services, which had a lower gross profit margin compared to specialty esoteric testing services. However, our gross margin for non-COVID-19-related testing services improved by 1.5 percentage points from 53.4% for the six months ended June 30, 2021 to 54.9% in the corresponding period in 2022, benefiting from the continued optimization of our specialty esoteric testing services.

## **Net income and net margin**

For the six months ended June 30, 2022, we recorded a net profit of RMB63.2 million, representing a turnaround from loss to profit compared to the corresponding period in 2021.

For the six months ended June 30, 2022, our adjusted net income amounted to RMB63.2 million, representing an increase of RMB34.2 million or 118.3% as compared with RMB29.0 million for the corresponding period of 2021. Our adjusted net margin increased from 6.6% to 9.6%.

The improvements in the Group's financial results were mainly due to the fact that (i) there was no significant fair value loss on financial liabilities at fair value through profit or loss as compared to the corresponding period in 2021; (ii) higher profits resulting from revenue growth; and (iii) a 13.0% increase in segment results for non-COVID-19-related services compared to the corresponding period. For details, please refer to the operating segment results in note 3 to the interim condensed consolidated financial information.

## **Key Operating Data**

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

	<b>For the six months ended June 30,</b>			
	<b>2022</b>		<b>2021</b>	
	<b>Average price</b>	<b>Testing volume</b>	<b>Average price</b>	<b>Testing volume</b>
	<i>(in RMB)</i>	<i>(in thousands)</i>	<i>(in RMB)</i>	<i>(in thousands)</i>
Hematology testing	<b>703</b>	<b>395</b>	655	410
Neurology testing	<b>1,172</b>	<b>36</b>	979	40
Maternity-related testing	<b>156</b>	<b>160</b>	176	144
Genetic disease and rare disease testing	<b>278</b>	<b>82</b>	267	83
Infectious disease testing	<b>213</b>	<b>120</b>	191	134
Oncology testing	<b>998</b>	<b>7</b>	385	10
Routine testing	<b>67</b>	<b>523</b>	68	538
Others	<b>639</b>	<b>7</b>	631	11
<b>Total</b>	<b><u>331</u></b>	<b><u>1,330</u></b>	<b><u>312</u></b>	<b><u>1,370</u></b>

During the Reporting Period, the volume of our specialty esoteric testing services remained roughly stable compared to the corresponding period last year, while the average price of most of our specialty esoteric testing services increased significantly compared to the corresponding period last year. The average price of hematology testing was RMB703, representing an increase of 7.3% year-on-year; the average price of neurology testing was RMB1,172, representing an increase of 19.7% year-on-year; the average price of genetic and rare disease testing was RMB278, representing an increase of 4.1% year-on-year; the average price of infectious disease testing was RMB213, representing an increase of 11.5% year-on-year; and the average price of oncology testing was RMB998, representing an increase of 159.2% year-on-year. The increase in the average price of specialty esoteric testing services benefited from (i) the increase in the proportion of self-developed and translational high-end specialty esoteric testing items; (ii) the gradual market recognition of some of the higher-priced items and the gradual increase in penetration rate; and (iii) the continuous optimization of product mix.

## **RESULTS REVIEW AND OUTLOOK**

### **Research and Development (“R&D”)**

As a company providing systematic, comprehensive, and advanced specialty esoteric testing services, we have been long committed to advancing technology-driven business development. By actively learning advanced testing technologies, developing new testing projects with significant market demand, and optimizing existing testing programs, we continue to enhance our competitiveness in the field of specialty esoteric testing and to further protect the competitive edge of the Company. In the first half of 2022, we kept on enlarging our R&D and maintain a moderate growth in R&D expenditures. For the six months ended June 30, 2022, we recorded R&D expenditures of RMB44.8 million, representing a year-on-year increase of 5.7%, and 102 new testing projects, representing an increase of 124.4% as compared to the corresponding period in 2021.

Among all the new projects, 59 projects are related to molecular biology testing technology, eight projects are related to flow cytometry testing technology, 15 projects are related to molecular cytogenetics testing technology, seven projects are related to pathology testing technology, five projects are related to mass spectrometry testing technology, eight projects are related to enzyme-linked immunosorbent assay and other general testing technologies.

Among the 59 new projects of molecular biology testing technology, 22 of them are based on digital PCR technology. Being independent from the cyclic threshold of amplification curve, the technical result determination of digital PCR is free from the effects of amplification efficiency with high accuracy and reproducibility and is capable of achieving absolute quantitative analysis with great technical advantages and application prospects.

We have unveiled three large second-generation sequencing panels on the next-generation sequencing (NGS) platform, namely MicroLym-B-cell lymphoma gene test (261 genes), MicroLym-CLL-associated gene mutation (94 genes), and MicroLym-T/NK-cell lymphoma gene test (151 genes). The hematologic tumors genetic test panel that performs mutation detection for major genes associated with various signaling pathways in B-cell lymphoma, chronic lymphocytic leukemia, and T/NK-cell lymphoma, from the perspective of disease diagnosis, prognostic risk stratification, treatment, disease course monitoring, and medication, is the only genetic test panel on the market that combines accuracy and breadth in the testing of hematologic tumors.

As of June 30, 2022, we have been granted 65 patents, including 11 invention patents, 53 utility models and 1 design patent; we have also submitted 30 patents applications, including 18 invention patents and 12 utility models.

### **Specialty Esoteric Testing Services**

In the first half of 2022, our specialty esoteric testing business faced challenges such as regional laboratory shutdowns, restrictions on specimen delivery and fluctuations in hospital outpatient volumes. Despite these challenges, we were able to achieve steady growth by optimizing our delivery plans and improving operational efficiency. We believe that the specialty esoteric testing business will continue to grow at a rapid pace amidst the fast development of China's specialty esoteric testing market as the pandemic disruptions recede and government control programs are optimized.

### **Hematology testing services**

In the first half of 2022, the overall cooperation with hospitals for hematology testing services maintained steady growth, with more than 40 new hospital customers and a significant increase in the number of new Class III hospitals in cooperation with us. We have established diversified cooperation with top hospitals in aspects such as R&D transformation and testing outsourcing to achieve joint growth with them. We have also strengthened our channel and market expansion through co-building up and project conversion, adding more than 10 new hospitals in the first half of the year. In terms of existing tests, the innovative MicroLym lymphoma product series, which is one of our key products, has achieved strong growth, with sales exceeding RMB5 million during the six months ended June 30, 2022, representing an increase of approximately 39% year-on-year, and the number of specimens received for testing exceeding 1,400. The product not only provides accurate testing results, but also enables deep bioinformatics exploration and data modeling, further assisting our hospital customers in scientific research and exploration in the field of lymphoma. In terms of new tests, we have added more than 30 new hematology tests in the first half of 2022, among which, the test for 248 genetic mutations in myeloid blood disorders, our exclusive product, has achieved a breakthrough from zero to rapid growth. The total sales of this product exceeded RMB5 million during the six months ended June 30, 2022, and the number of specimens received for testing exceeded 400 in a single month.

## **Neurology testing services**

In the first half of 2022, we continued to increase our cooperation with hospitals in neurology testing services, adding 35 new hospitals in Hunan, Fujian, Henan, Guangxi, Jiangxi, Shaanxi, Guizhou, Qinghai and other provinces. Despite the impact of the COVID-19 pandemic, our neurology testing service business line achieved a reduction in operating costs and expenses by refining management and adjusting product mix. In terms of testing items, we have further introduced tests for pharmacogenomics, drug concentration, and central nervous system tumors. With the increase in the number of specimens received for high-priced testing, the average unit price per customer of neurology testing services is expected to further increase. In the area of pediatric neurology testing, we formed team with Wuhan Children's Hospital of Tongji Medical College of Huazhong University of Science and Technology and the First Affiliated Hospital of Zhengzhou University, and made use of the ultra-high liquid chromatography mass spectrometry (UPLC-MS/MS) for the first time to test changes in plasma and random urine neurotransmitters on children in China with Tourette syndrome (tic disorders). The testing results were successfully published in the internationally recognized journal, Brain Sciences. In the second half of 2022, we will accelerate the nationwide implementation of our strategy and establishment of multi-center project platforms.

## **Maternity-related testing services**

In the first half of 2022, regarding maternity-related testing services, we optimized our existing product mix and reach cooperation with more hospitals and corporate customers. In prenatal testing, we have gradually developed multi-omics disease diagnostic solutions for gestational syndromes (including gestational diabetes, gestational hypertension, etc.). In terms of reproductive testing, the market demand for our apoplema gene microarray testing, CNV-SEQ prenatal diagnostic testing and pre-implantation genetic testing (PGT) testing, is also rising. In the second half of 2022, we will continue to optimize the product mix for our maternity-related testing services and steadily explore the maternity-related testing market.

## **Genetic disease and rare disease testing services**

In the first half of 2022, in terms of genetic and rare disease testing services, we focused on special diseases, genetic metabolic diseases, endocrine genetic diseases, nutritional disorders and developmental behavior disorders in children and other specialty business. In terms of customers, in addition to several new hospitals and corporate customers, we achieved significant year-on-year growth in revenue from pediatric specialty hospitals, such as Xuzhou Children's Hospital, Fujian Children's Hospital and Xi'an Children's Hospital. In terms of testing items, in addition to testing items that are based on the second generation sequencing platform, such as whole exome testing, CNVseq for genetic diseases, gene microarray testing, genetic lineage testing, endocrine panel and metabolic panel, we have focused on developing single gene testing for rare diseases and to clarify the causative factors. We are also working to expand our mass spectrometry testing items.

## **Oncology testing services**

In terms of oncology testing services, we insist on building a distinctive solid tumor testing service. In the first half of 2022, we further improved our testing products for various cancer types, including solid tumor panel testing, nasopharyngeal cancer testing, and individualized brain tumor testing. In terms of channels, in addition to our regular cooperation with hospitals, we are also looking for partners with deep market insights in various regions to accelerate market integration

and product penetration. In the second half of 2022, we will further strengthen the category of solid tumor test to optimize product design and accelerate the development and translation of specialty tests such as exosomal PD-L1, in order to achieve rapid growth of some specialty solid tumor tests.

### **Infectious disease testing services**

In the first half of 2022, in terms of infectious disease testing services, we added 5 new partner hospitals and achieved 224% year-on-year growth in pathogenic metagenomics and panel testing volume and 33% year-on-year growth in rare virus-related testing volume. However, due to sporadic resurgence of COVID-19 cases in China, most of the infection departments and respiratory departments of hospitals were designated for the COVID-19 pandemic or vacated for reserved capacity, and the corresponding specialty hospitals also served as designated hospitals exclusively for the COVID-19 pandemic, materially affecting our infectious disease testing business line.

### **Testing services for cardiovascularology, ophthalmology and rheumatology**

We embarked on testing services for cardiovascularology, ophthalmology and rheumatology from 2021. As of June 30, 2022, the testing services for cardiovascularology, ophthalmology and rheumatology have all completed testing and have been generating revenue. In the second half of 2022, we will continue to advance the R&D and marketing of our specialty projects with an aim to exceed our goals.

The rheumatoid immunity testing service will focus on providing integrated and accurate diagnostic solutions for early diagnosis, treatment monitoring, and individualized medication guidance for rheumatic immunologic and allergic diseases. In the first half of 2022, we completed the development of 20 specialty projects, involving allergic disease screening series (including quantitative allergen testing for infants and children, quantitative allergen testing for adults with rhinitis and asthma, quantitative allergen testing for atopic dermatitis, and food allergen-specific antibody testing), rheumatoid immunity series (including rheumatoid arthritis antibody testing, individualized gene testing for glucocorticoids, and individualized gene testing for immunity inhibitor), and gut flora sequencing analysis.

Based on the mass spectrometry platform, cardiovascular testing services will comprehensively promote the screening, prevention and concomitant diagnosis of high-risk groups of cardiovascular diseases through the combination of laboratory developed test (LDT) and in vitro diagnostics (IVDs). In the first half of 2022, we completed the R&D in renin-angiotensin-aldosterone system (RAAS) mass spectrometry testing, and the testing of novel metabolic markers such as ceramide and trimethylamine oxide.

Ophthalmology testing services are designed for testing relevant antibodies through self-developed WB methods, and the tests cover ocular immune diseases and infections. As of June 30, 2022, we have successfully developed 37 ophthalmic tests covering xerophthalmia, autoimmune retinopathy, glaucoma, and high myopia, with 14 new partner hospitals.

### **Contract research organizations (“CRO(s)”) and research services**

In the first half of 2022, we obtained new contracts with contract value of more than RMB10 million and the accumulated contract amount was more than RMB35 million. We added 13 new contracts in various areas such as lymphoma, multiple myeloma, CAR-T therapy and infection. We are committed to cooperating with leading domestic innovative pharmaceutical companies, such

as Ascentage Pharma and CStone Pharmaceuticals, to boost the development of innovative drugs in China. In the second half of 2022, we will continue to expand our cooperation with well-known pharmaceutical companies, CROs and research institutes to undertake more testing services and achieve sustainable growth.

### **COVID-19 Nucleic Acid Testing Services**

Since our inception, we have been committed to promoting the development of specialty esoteric testing in China. We insist on providing comprehensive, systematic and advanced testing and treatment solutions, and leading the development of the specialty esoteric testing industry through the technical advantages accumulated over the years. In the first half of 2022, amid the severe pandemic, we steadily developed our specialty esoteric testing business, while actively responding to government requirements and fulfilling our social responsibilities by undertaking universal nucleic acid screening and support tasks at mobile cabin hospitals in more economically developed regions such as Wuhan. Considering the business model of specialty esoteric testing, the geographical layout of laboratories and the competitive landscape, we do not intend to hold nucleic acid testing as a major direction of our business expansion. Nonetheless, we will never hesitate to devote ourselves to the fight against the COVID-19 pandemic when needed, and will actively fulfill our due social responsibilities.

### **Esoteric Testing Reagent**

We actively promote the reagentization of certain esoteric testing projects by leveraging our strengths in technology, R&D and sample volume in the field of esoteric testing. At the current stage, relying on the technology platforms such as PCR, Q-PCR, first-generation sequencing and NGS, we have developed more than 100 kinds of reagents, of which 12 products have been certified with EU certification, ten products have completed the filing of Class I medical device certificate, and two products are in the process of filing the registration certificate of Class III medical device. The product types cover 4 major areas, i.e. NGS, single gene mutation, fusion gene and transplantation. As of June 30, 2022, we have gradually obtained better revenue from reagent sales to customers like Class III hospitals, research institutes and third-party independent testing organizations. With our market position and brand reputation in the hematology-related esoteric testing field, we will prioritize the development of hematology-related esoteric testing reagents and branch out into other clinical disciplines such as cardiovascularology, pulmonology, pediatrics and ophthalmology in the future. In the second half of 2022, we will actively facilitate the establishment of an international sales center for esoteric testing reagents in the United States, with a view to achieving international sales of such reagents.

### **Internet Hospital**

Kindstar Global Huyou Internet Hospital (康聖互友互聯網醫院) received the Internet Hospital Medical Institution License on May 27, 2022, which will significantly increase our presence in the downstream of the industry chain and further expand the market channels. Going forward, we will gradually build an open testing platform, a total disease management platform, an Internet chronic disease management platform and an international and domestic remote platform for diseases diagnosis and consultation in the fields of internal medicine, gynecology, pediatrics and general medicine. Resting upon the Company's esoteric testing business, testing delivery and diagnostic capabilities, the Internet hospital will form a closed loop of online and offline testing business with the domestic online delivery leader, Wuhan Yijianyun Information Technology Co., Ltd. (武漢易檢雲信息技術有限公司), which was acquired last year.

## **Immune Repertoire**

In 2021, we established Kindstar Biotech that specializes in esoteric testing using the immune repertoire technology to align the company with the U.S. industry leader Adaptive. In the first half of 2022, Kindstar Biotech launched LymScan™ series of products for highly sensitive micro-residue detection of lymphatic hematologic tumors. Featuring high specificity and sensitivity, this series of products can better identify and recognize tumor cells, assess the residual level of tumor cells, and assist in clinical diagnosis and assessment of therapeutic efficacy. Furthermore, we have built an automated bioinformation analysis process to develop analysis plans for the diversity of the TCR repertoire, enabling accurate tracking of the dynamics of individual immune repertoire, indicating patient prognosis and recurrence risk. In the second half of 2022, we will collaborate with experts in multiple specialties in the development of testing products of immune repertoire, to further enhance data accumulation and optimize algorithms.

## **Foreign Investment and Internationalization**

We participated in a well-known healthcare fund for US\$12.50 million on May 23, 2022. The fund invests in high-growth innovative healthcare and life science companies that are our important potential strategic partners. We believe that the fund's investment will help enhance our tracking of international cutting-edge technologies and high-quality projects, effectively improve the efficiency of overseas cooperation, project introduction and technology transformation, and thus accelerate the growth of the Company's international presence.

With the easing of the domestic policies on the COVID-19 pandemic, we expect to accelerate the Company's internationalization. We plan to establish a company in North American to promote technology transfer, and globalization of reagents and esoteric testing services. We will also advance to the Southeast Asian market for our business growth in overseas markets.

## **Digitization and Informatization**

For years, we have been focusing on the digitalization and informatization of third-party independent testing laboratories. We firmly believe that through continuous improvement of digitalization and informatization, both logistics efficiency and testing efficiency will be optimized, which is also an important prerequisite for the implementation of our internationalization strategy.

In the first half of 2022, we delivered our self-developed automated reporting system for the minimal residual disease (MRD) test of the immune repertoire, which shortens the report issuance time from an average of 2 hours to an average of 1.5 seconds by using intelligent algorithms and big data technology, greatly improving testing efficiency. In terms of COVID-19 testing, we are the first to launch our self-developed "Nucleic Acid LIS Cloud Platform". The platform applies Internet technology, big data technology, microservices and other technologies to the full nucleic acid testing system, realizing full process operation such as fast information extraction and collection, fast sorting and binning, fast result review, fast result reporting, and laboratory progress tracking. The system also achieves seamless interface with laboratories and the nucleic acid platform of local health commissions, which greatly improves the overall efficiency of the Company's nucleic acid testing, while strengthening the supervision of the whole chain of nucleic acid testing for COVID-19. The platform is popularized in other third-party testing laboratories. In addition, we ramp up efforts in the construction of a big data warehouse for the Group's testing and production. This data warehouse will analyze the production data of the laboratory by using business models and provide data services for production management and data support for business management through report platform display and Business Intelligence (BI) platform analysis.

In the second half of 2022, we will start the construction of “Kindstar Testing Platform 2.0” digital platform, which will empower digital informationization from global deployment, basic platform construction, technology integration and talent cultivation to boost the corporate digital transformation. To build a basic platform, for example, we will provide a standardized data platform for testing, standardize the industry’s basic data standards, unify industry management processes, and improve the utilization of testing instruments, testers, experts, and testing data, to achieve a new model featuring “both network and testing accessible”.

## MANAGEMENT DISCUSSION AND ANALYSIS

The table below sets forth our unaudited condensed consolidated statements of profit or loss for the periods indicated, together with the change (expressed in percentages) from the six months ended June 30, 2022 to the corresponding period of 2021:

	<b>For the six months ended June 30,</b>		Year-on-year change %
	<b>2022 RMB'000 (unaudited)</b>	2021 RMB'000 (unaudited)	
Revenue	<b>659,482</b>	438,200	50.5
Cost of sales	<b>(360,826)</b>	(204,447)	76.5
Gross profit	<b>298,656</b>	233,753	27.8
Other income and gains	<b>49,329</b>	14,867	231.8
Selling and marketing expenses	<b>(165,486)</b>	(135,557)	22.1
Administrative expenses	<b>(38,829)</b>	(28,858)	34.6
Research and development costs	<b>(44,760)</b>	(42,360)	5.7
Other expenses	<b>(25,768)</b>	(11,148)	131.1
Listing expenses	–	(20,824)	(100)
Finance costs	<b>(411)</b>	(1,121)	(63.3)
Profit before fair value loss on financial liabilities at fair value through profit or loss (“FVTPL”) and tax	<b>72,731</b>	8,752	731.0
Fair value loss on financial liabilities at FVTPL	–	(1,507,499)	(100.0)
Profit/(loss) before tax	<b>72,731</b>	(1,498,747)	(104.9)
Income tax expense	<b>(9,502)</b>	(610)	1,457.7
<b>Profit/(Loss) for the period</b>	<b>63,229</b>	(1,499,357)	(104.2)
Attributable to:			
Owners of the parent	<b>62,536</b>	(1,501,702)	(104.2)
Non-controlling interests	<b>693</b>	2,345	(70.4)
<b>Non-IFRS Measure:</b>			
Adjusted net income	<b>63,229</b>	28,966	118.3

## Revenue

Based on the different types of specialties and amount of revenue arising from existing specialty and esoteric testing, we organize our businesses into nine segments, including hematology testing, genetic disease and rare disease testing, infectious disease testing, oncology testing, neurology testing, maternity-related testing, COVID-19-related testing, routine testing and others. Others mainly include services we provide for CROs.

The table below sets forth our segment revenue for the periods presented.

	For the six months ended June 30,			
	2022		2021	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
	(unaudited)		(unaudited)	
Hematology testing	278,768	42.3	268,269	61.2
Neurology testing	42,538	6.5	38,842	8.9
Maternity-related testing	25,269	3.8	25,326	5.8
Genetic disease and rare disease testing	22,697	3.4	22,097	5.0
Infectious disease testing	26,354	4.0	25,626	5.8
Oncology testing	7,245	1.1	3,809	0.9
COVID-19-related testing	215,459	32.7	10,559	2.4
Routine testing	35,114	5.3	36,826	8.4
Others	6,038	0.9	6,846	1.6
<b>Total</b>	<b>659,482</b>	<b>100.0</b>	<b>438,200</b>	<b>100.0</b>

- *Hematology testing.* Our revenue from hematology testing services for the six months ended June 30, 2022 amounted to RMB278.8 million, representing a year-on-year increase of 3.9%. In terms of business regions, in the first half of 2022, places including Shanghai, Beijing and the Northeast China were greatly affected by the COVID-19 pandemic. However, Southwest China, particularly Sichuan, was less affected, and the business scale of hematology testing revenue in the region further expanded. In the first half of 2022, we secured more than 40 new hospital customers and witnessed a significant growth in the number of new cooperative Class III hospitals. Through co-building up and project conversion, we secured more than 10 new hospital customers. In terms of existing testing projects, the innovative MicroLym lymphoma series, which is a key product developed by us, has achieved rapid growth. The sales of this product exceeded RMB5 million for the six months ended June 30, 2022, representing a year-on-year increase of approximately 39%. In terms of new testing projects, we added more than 30 new hematology testing projects in the first half of the year. Among which, the 248 types of genetic mutation projects in the myeloid blood disease, which is our exclusive product, achieved a breakthrough from zero to rapid growth. The total sales of this product exceeded RMB5 million for the six months ended June 30, 2022.
- *Neurology testing.* Our revenue from neurology testing services for the six months ended June 30, 2022 amounted to RMB42.5 million, representing a year-on-year increase of 9.5%. In terms of business regions, Sichuan was less affected by recent resurgence of COVID-19 cases, resulting in a relatively rapid increase in revenue. In the first half of 2022, we continued to strengthen cooperation with hospitals and secured 35 new hospital customers from provinces including Hunan, Fujian, Henan, Guangxi, Jiangxi, Shaanxi, Guizhou, Qinghai and other provinces. Despite the impact of the COVID-19 pandemic, our neurology testing service business line achieved a reduction in operating costs and expenses by refining management and adjusting the product mix. In terms of testing items, we have further added tests for pharmacogenomics, drug concentration, and central nervous system tumors. With the increase in the number of specimens received for high-priced testing, the average price per customer of neurology testing services is expected to further increase.
- *Maternity-related testing.* Our revenue from maternity-related testing services for the six months ended June 30, 2022 amounted to RMB25.3 million, which was basically in line with the corresponding period in 2021. In the first half of 2022, we optimized our existing product mix, and secured certain new hospitals and corporate customers. In prenatal testing, we have gradually developed multi-omics disease diagnostic solutions for gestational syndrome (including gestational diabetes, gestational hypertension, etc.). In the field of reproductive testing, market demands for our miscarriage gene chip testing, CNV-SEQ prenatal diagnosis testing and PGT testing also continue rising.
- *Genetic disease and rare disease testing.* Under the influence of the COVID-19 pandemic, our revenue from genetic disease and rare disease testing services for the six months ended June 30, 2022 amounted to RMB22.7 million, representing a year-on-year increase of 2.7%. In the first half of 2022, we focused on special diseases, genetic metabolic diseases, endocrine genetic diseases, nutritional disorders and developmental behavior disorders in children and other specialty business.
- *Infectious disease testing.* Our revenue from infectious disease testing services for the six months ended June 30, 2022 amounted to RMB26.4 million, representing a year-on-year increase of 2.8%. In the first half of 2022, we added five new partner hospitals and saw 224% year-on-year growth in pathogenic metagenomics and panel testing volume and 33% year-on-year growth in rare virus-related testing volume. However, due to sporadic

resurgence of COVID-19 cases in China, most of the infection departments and respiratory departments of hospitals were designated for the COVID-19 pandemic or vacated for reserved capacity, and the corresponding specialty hospitals also served as designated hospitals exclusively for the COVID-19 pandemic, materially affecting our infectious disease testing business line.

- *Oncology testing.* Our revenue from oncology testing services for the six months ended June 30, 2022 amounted to RMB7.2 million, representing a year-on-year increase of 90.2%. In the first half of 2022, we further improved major cancer testing products, including solid tumor Panel testing, nasopharyngeal cancer testing and brain tumor individualized testing. In addition to direct sales to hospitals, we also look for partners who are deeply involved in the market in various places to accelerate market integration and product penetration.
- *COVID-19-related testing.* For the six months ended June 30, 2022, our revenue from COVID-19-related testing services recorded a significant increase and amounted to RMB215.5 million. The significant increase in revenue from COVID-19 testing was mainly attributable to the resurgence of the pandemic since March 2022, and we have undertaken the universal nucleic acid screening and shelter hospital support missions in some regions.
- *Other revenue.* Other revenue mainly relates to CROs and research services. Due to revenue recognition timing, our other revenue was RMB6.0 million for the six months ended June 30, 2022. In the first half of 2022, we obtained new contracts with contract value of more than RMB10 million and the accumulated contract amount was more than RMB35 million. We added 13 new contracts in various areas such as lymphoma, multiple myeloma, CAR-T therapy and infection. We are committed to cooperating with leading domestic innovative drug companies, such as Ascentage Pharma and CStone Pharmaceuticals, to boost the development of innovative drugs in China. Other revenue also includes revenue from new product lines. For the six months ended June 30, 2022, our revenue from new product lines mainly consisted of the revenue from sales of in vitro diagnostic products reagents and immune repertoire sequencing product.

## Cost of Sales

Our cost of sales consists of staff costs of the personnel related to the performance of our testing services, costs incurred when we outsource certain infrequently performed testing items to third-party institutions or laboratories, raw material costs and others. Others mainly include third-party logistics, depreciation and amortization and rental expenses. The following table sets forth a breakdown of our cost of sales by nature for the periods indicated, both in actual amounts and as a percentage of cost of sales.

	For the six months ended June 30,			
	2022		2021	
	RMB'000	%	RMB'000	%
	(unaudited)		(unaudited)	
Staff costs	69,882	19.4	56,332	27.6
Outsourcing costs	62,270	17.3	49,037	24.0
Raw materials	97,159	26.9	62,204	30.4
Others	131,515	36.4	36,874	18.0
<b>Total</b>	<b>360,826</b>	<b>100.0</b>	<b>204,447</b>	<b>100.0</b>

Our cost of sales increased by 76.5% from RMB204.4 million for the six months ended June 30, 2021 to RMB360.8 million for the corresponding period of 2022. The increase in the cost of sales was primarily due to the significantly increasing of the related labor and outsourcing sampling cost and reagents cost, with a growth in COVID-19-related testing business. Nevertheless, as a third-party independent testing company, we have been dedicated to the cost structure optimization. We achieved partial self-supply of IVD reagents through the acquisition of Wuhan Haixi Life Science Technology Co., Ltd (“**Wuhan Haixi**”) and strengthened our self-testing capabilities through R&D and efficiency improvement.

### Gross Profit, Gross Profit Margin and Segment Results

For the six months ended June 30, 2022, we recorded a consolidated gross profit of RMB298.7 million, representing a year-on-year increase of 27.8%, of which the gross profit from COVID-19-related and non-COVID-19-related testing services were RMB55.0 million and RMB243.7 million, respectively. The increase in gross profit was mainly attributable to the increase in revenue. During the Reporting Period, the proportion of revenue from COVID-19-related testing services increased significantly. Our consolidated gross profit margin decreased by 8 percentage points from 53.3% for the six months ended June 30, 2021 to 45.3% for the Reporting Period, resulting from the lower gross profit margin of COVID-19-related testing services compared to specialty esoteric testing services. However, our gross margin for non-COVID-19-related testing services improved by 1.5 percentage points from 53.4% for the six months ended June 30, 2021 to 54.9% in the corresponding period in 2022, benefiting from the continued optimization of our specialty esoteric testing services.

Our management monitors the results of our operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax from continuing operations. The adjusted profit/loss before tax from continuing operations, or our segment result, is measured consistently with our profit before tax except that other income and gains, administrative expenses, research and development costs, other expenses, finance costs, listing expenses and fair value loss on financial liabilities at FVTPL are excluded from such measurement. The following table sets forth a breakdown of our segment results for the periods indicated, both in actual amounts and as a percentage of segment revenue.

	<b>For the six months ended June 30,</b>			
	<b>2022</b>	<b>% of</b>	<b>2021</b>	<b>% of</b>
	<b>Segment</b>	<b>segment</b>	<b>Segment</b>	<b>segment</b>
	<b>result</b>	<b>revenue</b>	<b>result</b>	<b>revenue</b>
	<b>(RMB'000)</b>		<b>(RMB'000)</b>	
	<b>(unaudited)</b>		<b>(unaudited)</b>	
Hematology testing	87,568	31.4	76,650	28.6
Neurology testing	7,017	16.5	4,460	11.5
Maternity-related testing	1,370	5.4	1,333	5.3
Genetic disease and rare disease testing	2,518	11.1	2,380	10.8
Infectious disease testing	5,478	20.8	5,200	20.3
Oncology testing	810	11.2	407	10.7
COVID-19-related testing	26,686	12.4	3,982	37.7
Routine testing	833	2.4	1,532	4.2
Others	890	14.7	2,252	32.9
<b>Total</b>	<b>133,170</b>	<b>20.2</b>	<b>98,196</b>	<b>22.4</b>

For the six months ended June 30, 2022, the segment results of our non-COVID-19-related testing services was RMB106.5 million, representing an increase of 13.0% as compared to the corresponding period last year. The increase of segment results of our non-COVID-19-related testing services was mainly attributable to (i) our fixed costs were further diluted by revenue growth; and (ii) the improvement in operating efficiency of each segment resulted in an improvement in the overall performance of our non-COVID-19-related testing services.

- For the six months ended June 30, 2022, the segment results of our hematology testing service amounted to RMB87.6 million, representing a year-on-year increase of 14.2%. The segment margin increased to 31.4%, representing a year-on-year increase of 2.8%. The increase was primarily due to the increase in hematology testing revenue during the Reporting Period with the development of economies of scale and the acquisition of Wuhan Haixi which led to a gradual optimization of cost structure of hematology testing. Hematology testing represents the level of operating efficiency and financial returns that can be achieved by segments entering mature stage.
- For the six months ended June 30, 2022, the segment results of our neurology testing service amounted to RMB7.0 million, representing a year-on-year increase of 57.3%. The segment margin increased to 16.5%, representing a year-on-year increase of 5.0%. The rapid growth was mainly attributable to the structure optimization of the neurology testing products which led to continuous improvement of testing ability and reduction of testing costs.
- For the six months ended June 30, 2022, the segment results of our genetic disease and rare disease testing service amounted to RMB2.5 million, representing a year-on-year increase of 5.8%. The segment margin increased to 11.1%, representing a year-on-year increase of 0.3%. The growth was primarily attributable to the structure optimization of our genetic disease and rare disease testing products which led to improvement of market recognition for certain newly launched testing projects and reduction of sales fees.
- For the six months ended June 30, 2022, the segment results of our infectious disease testing service amounted to RMB5.5 million, representing a year-on-year increase of 5.3%. The segment margin increased to 20.8%, representing a year-on-year increase of 0.5%. The growth was primarily attributable to reduction of sales fees.
- For the six months ended June 30, 2022, the segment results of our oncology testing service amounted to RMB0.8 million, representing a year-on-year increase of 99.0%. The segment margin increased to 11.2%, representing a year-on-year increase of 0.5%. The growth of the segment results of our oncology testing service was attributable to the gradual increase of types of oncology testing products and gradual increase of revenue.

### **Other Income and Gains**

- For the six months ended June 30, 2022, our other income and gains increased to RMB49.3 million. The increase was primarily due to the interest income, sales of COVID-19 reagents and government subsidies.

## **Selling and Marketing Expenses**

- For the six months ended June 30, 2022, our selling and marketing expenses amounted to RMB165.5 million, representing an increase of 22.1% as compared to the corresponding period last year. The increase was primarily due to (i) the increased compensation paid to our sales and marketing personnel attributable to an increased merit pay as a result of the increased revenue during the period; and (ii) various subsidiaries were newly consolidated in the current period, which resulted in an increase in marketing and travelling expenses.

## **Administrative Expenses**

- For the six months ended June 30, 2022, our administrative expenses amounted to RMB38.8 million, representing an increase of 34.6% as compared to the corresponding period last year. The increase was primarily due to the increased number of administrative and management personnel.

## **Research and Development Costs**

- For the six months ended June 30, 2022, our research and development costs amounted to RMB44.8 million, representing an increase of 5.7% as compared to the corresponding period last year. The increase was primarily because we maintained reasonable R&D investment and added 102 testing projects.

## **Other Expenses**

- For the six months ended June 30, 2022, our other expenses increased to RMB25.8 million. The increase was primarily due to provision for expected credit loss on trade receivables.

## **Listing Expenses**

- Listing expenses in relation to the listing on the main board of The Stock Exchange of Hong Kong Limited were fully paid in 2021.

## **Finance Costs**

- For the six months ended June 30, 2022, we incurred finance costs of RMB0.4 million, and relevant bank borrowings and other loans for the corresponding period last year were fully paid.

## **Fair Value Loss on Financial Liabilities at FVTPL**

- For the six months ended June 30, 2022, we did not record any fair value loss on financial liabilities at FVTPL as compared to that of RMB1,507.5 million for the corresponding period last year. The change of fair value loss on financial liabilities at FVTPL for the six months ended June 30, 2021 was primarily due to the valuation adjustment resulted from the additional Series D+ and Series E convertible redeemable preferred shares issued during the second half of 2020. After the Company was listed on July 16, 2021 (“**Listing**”), the preferred shares and convertible bonds were converted into ordinary shares. There was no such matter in 2022.

## Income Tax Expense

- For the six months ended June 30, 2022, our income tax expense increased by 1,457.7% to RMB9.5 million as compared to the corresponding period last year. The increase was primarily due to an increase in net profit in the Reporting Period as compared to the corresponding period last year.

## Profit /(Loss) for the Period

- As a result of the above mentioned reasons, we turned around from a loss of RMB1,499 million for the six months ended June 30, 2021 to a profit of RMB63.2 million for the six months ended June 30, 2022.

## Non-IFRS Measures: Adjusted Net Income

To supplement our unaudited condensed consolidated results which are prepared and presented in accordance with IFRS, we also use adjusted net income as additional financial measure, which is not required by or presented in accordance with IFRS. We believe that this non-IFRS measure facilitate comparisons of operating performance from period to period and company to company by eliminating potential impacts of items that our management does not consider to be indicative of our operating performance such as certain non-cash items. We added back fair value loss on financial liabilities at FVTPL, which was caused by an increase in the fair value of our convertible redeemable preferred shares and convertible bonds issued by us. The convertible bonds were converted into convertible redeemable preferred shares in 2020, and further converted, together with our other convertible redeemable preferred shares, into ordinary shares upon Listing on July 16, 2021 (the “Listing Date”), after which we did not recognize any further loss on fair value changes from the convertible redeemable preferred shares. We also added back listing expenses as these are also non-recurring in nature and are not directly related to our operating activities. The use of this non-IFRS measure has limitations as an analytical tool. Investors and shareholders of our Company should not consider them in isolation from, or as a substitute for analysis of, our results of operations or financial conditions as reported under IFRS. In addition, this non-IFRS financial measure may be defined differently from similar terms used by other companies.

The following tables set forth the reconciliations of our non-IFRS financial measure for the six months ended June 30, 2021 and 2022 to the nearest measure prepared in accordance with IFRS:

	For the six months ended June 30,	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Profit/(Loss) for the period	63,229	(1,499,357)
Add/less:		
Fair value loss on financial liabilities at FVTPL	–	1,507,499
Listing expenses	–	20,824
	<hr/>	<hr/>
Net profit/Adjusted net income	<b>63,229</b>	<b>28,966</b>

## Liquidity and Capital Resources

We have maintained a comprehensive treasury policy, detailing specific functions and internal control measures for capital use. These functions and measures include but are not limited to procedures of capital management and liquidity management. We manage and maintain our liquidity through the use of internally generated cash flows from operations and bank borrowings. We regularly review our major funding positions to ensure that we have adequate financial resources in meeting our financial obligations.

For the six months ended June 30, 2022, we funded our working capital and other capital expenditure requirements through a combination of income generated from operations and investments received. The following table sets forth a summary of our cash flows for the periods indicated.

	For the six months ended June 30,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Net cash (used in)/generated from operating activities	(7,788)	25,823
Net cash used in investing activities	(1,264,170)	(173,145)
Net cash used in financing activities	(12,270)	(117,362)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(1,284,228)	(264,684)
Cash and cash equivalents at the beginning of the period	1,796,700	841,227
Effect of foreign exchange rate changes, net	65,276	(7,647)
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	577,748	568,896

### *Cash and cash equivalents*

For the six months ended June 30, 2022, our net cash used in operating activities was RMB7.8 million. The difference between our net cash used in operating activities and our profit before tax primarily resulted from (i) positive adjustments for non-cash items, mainly including adjustment on bank accounting gain, adjustment on depreciation of property, plant and equipment, and adjustment on impairment net of reversal of financial assets under expected credit losses model; and (ii) an increase in other payables and accruals of RMB32.0 million, our trade and bills receivables increased by RMB202.2 million and trade and bills payables increased by RMB90.7 million, both were in line with our business growth.

For the six months ended June 30, 2022, our net cash used in investing activities was RMB1,264.2 million, mainly attributable to (i) the purchase of bank time deposits of RMB1,128.8 million; (ii) the payment for unlisted funds of RMB117.3 million and the purchase of the equity interest in Wuhan Haixi of RMB7.9 million; and (iii) the purchase of property, plant and equipment of RMB59.9 million.

For the six months ended June 30, 2022, our net cash used in financing activities was RMB12.3 million, mainly attributable to (i) the capital contribution of RMB15 million to Wuhan Haixi, (ii) the payment of RMB28.5 million for the repurchase of shares and share purchase pursuant to the Post-IPO RSU Scheme, and (iii) the payment of RMB8.3 million for the lease payments, which were partly offset by proceeds of RMB9.5 million from exercise of share option.

As a result of the foregoing, our cash and cash equivalents, which were primarily held in Renminbi and United States dollars, decreased by 67.8% from RMB1,796.7 million as of December 31,

2021 to RMB577.8 million as of June 30, 2022. We have transactional currency exposures. Such exposures arise from financing activities under currencies other than the units' functional currencies. We currently do not have a foreign currency hedging policy. However, our management monitors foreign exchange exposure and will consider appropriate hedging measures in the future should the need arise.

### ***Indebtedness***

As of June 30, 2022, we did not have any outstanding bank loans and our unutilized banking facilities were RMB199 million.

### **Gearing ratio**

As of June 30, 2022, our gearing ratio, being total liabilities divided by total assets and multiplied by 100%, was 17.5%.

### **Capital Expenditures**

Our principal capital expenditures relate primarily to the purchase of equipment and the renovation of our laboratories. The following table sets forth our capital expenditures for the periods indicated.

	<b>For the six months ended</b>	
	<b>June 30,</b>	
	<b>2022</b>	2021
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(unaudited)</b>	(unaudited)
Purchases of property, plant and equipment	<b>59,848</b>	25,444
Purchases of other intangible assets	<b>5,130</b>	4,530
<b>Total</b>	<b><u>64,978</u></b>	<u>29,974</u>

### **Contingent Liabilities**

As of June 30, 2022, we did not have any material contingent liabilities.

### **Significant Investments and Future Plans for Material Investments or Capital Assets**

As of June 30, 2022, we did not hold any significant investment. In addition, save for the expansion plans as disclosed in the sections headed "Business" and "Future Plans and Use of Proceeds" in the prospectus of our Company dated June 29, 2021 (the "**Prospectus**"), we have no future plans for material investments or capital assets.

### **Material Acquisitions and Disposals**

As disclosed in the announcement of the Company dated December 1, 2021, on November 30, 2021, the Group entered into an equity transfer agreement (the "**Equity Transfer Agreement dated November 30, 2021**") and a capital increase agreement (the "**Capital Increase Agreement dated November 30, 2021**", together with the Equity Transfer Agreement dated November 30, 2021, the "**Agreements dated November 30, 2021**") with respect to the acquisition of equity interest and capital increase in Wuhan Haixi. For details, see note 18 to the Interim Condensed Consolidated Financial Information and the announcement of the Company dated December 1, 2021.

With the sales/net profit targets achieved by Wuhan Haixi, the closing conditions under the Agreements dated November 30, 2021 were met. In January 2022, the consideration for the equity transfer of RMB10,657,900 has been paid to Mr. Huang Shiang and Dr. Li Xiaoqing and the capital of RMB15,000,000 has been injected into Wuhan Haixi. Upon completion of the equity transfer and capital injection, Wuhan Haixi became held as to 51.10% directly by the Group and became a non-wholly owned subsidiary of the Group.

Save as disclosed above, during the six months ended June 30, 2022, we did not conduct any material acquisitions or disposals of subsidiaries, associates and joint ventures.

### **Charges on Group Assets**

As of June 30, 2022, we did not have any charged assets.

### **Interim Dividend**

The Board has resolved not to declare any interim dividend for the six months ended June 30, 2022.

### **Employees**

As of June 30, 2022, we had 3,052 employees in total and most of them were located in Hubei and Sichuan Provinces, Beijing and Shanghai. We conduct new staff training regularly to guide new employees and help them adapt to the new working environment. In addition, we provide online and in-person formal and comprehensive company-level and department-level training to our employees on a quarterly basis in addition to on-the-job training. We also encourage our employees to attend external seminars and workshops to enrich their technical knowledge and develop competencies and skills, and provide training and development programs to our employees and external training sessions from time to time to improve their technical skills and ensure their awareness and compliance with our various policies and procedures.

The remuneration of our employees is determined with reference to market conditions and individual employees' performance, qualification and experience. In line with the performance of us and individual employees, a competitive remuneration package is offered to retain employees, including salaries, discretionary bonuses and benefit plans.

The Company adopted the pre-IPO stock incentive plans on March 14, 2013, December 20, 2015 and December 1, 2016. As of June 30, 2022, options to subscribe for 18,116,592 Shares, representing approximately 1.82% of the total issued share capital of the Company as of the date of this announcement, were outstanding and held by the grantees. On June 22, 2021, the Company also adopted the post-IPO restricted share unit scheme (the "**Post-IPO RSU Scheme**") and post-IPO share option scheme (the "**Post-IPO Option Scheme**"), of which our employees are eligible participants, effective upon the Listing Date. Details of the Post-IPO RSU Scheme and the Post-IPO Option Scheme are set out in the sections headed "Statutory and General Information – E. Post-IPO RSU Scheme" and "Statutory and General Information – F. Post-IPO Option Scheme" in Appendix IV to the Prospectus. As of June 30, 2022, no restricted share unit or option had been granted or agreed to be granted under the Post-IPO RSU Scheme or Post-IPO Option Scheme, respectively.

### **Significant Events After the Reporting Period**

There are no material events subsequent to June 30, 2022 which could have a material impact on our operating and financial performance as of the date of this announcement.

## Use of Proceeds

The Shares were listed on the Main Board on July 16, 2021. A total of 226,405,000 new Shares were issued at HK\$9.78 each for a total of approximately HK\$2,214.0 million. The net proceeds (after deduction of underwriting commissions and other expenses paid and payable by the Company in connection with the Global Offering) raised during our Global Offering amounted to approximately HK\$2,053.6 million. There was no change in the intended use of net proceeds as previously disclosed in the Prospectus and the net proceeds from the Global Offering had been utilized in accordance with the purposes set out in the Prospectus since the Listing Date and up to the date of this announcement.

The following table sets forth the status of the use of net proceeds from the Global Offering<sup>(1)</sup>:

	<b>% of intended use of proceeds %</b>	<b>Intended use of proceeds from the Global Offering HK\$ million</b>	<b>Actual usage up to June 30, 2022 HK\$ million</b>	<b>Unutilized net proceeds as of June 30, 2022 HK\$ million</b>	<b>Timeframe for the unused balance</b>
Sales and marketing of the Group's existing esoteric testing service lines to cover more hospitals	35.0	718.8	141.8	576.9	By June 30, 2023
Research and development of the Group's existing esoteric testing service lines	20.0	410.7	92.7	318.0	By June 30, 2023
Development and commercialization of new lines of esoteric testing services	15.0	308.0	29.6	278.4	By June 30, 2023
Fund the Group's expansion across the industry value chain	5.0	102.7	27.7	75.0	By June 30, 2023
Increase the Group's testing capacity	10.0	205.4	84.4	121.0	By June 30, 2023
Overseas expansion into markets outside of the PRC	5.0	102.7	–	102.7	By June 30, 2023
Working capital and other general corporate purposes	10.0	205.4	36.8	168.6	By June 30, 2023
<b>Total</b>	<b>100.0</b>	<b>2,053.6</b>	<b>413.0</b>	<b>1640.6</b>	<b>By June 30, 2023</b>

*Note:*

(1) The figures in the table are approximate figures.

The remaining balance of the net proceeds have been deposited into short-term deposits with licensed financial institutions in Hong Kong and the PRC.

## ROUNDING

Certain amounts and percentage figures included in this announcement have been subject to rounding adjustments. Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the six months ended 30 June 2022*

	<i>Notes</i>	<b>For the six months ended 30 June 2022 RMB'000 (Unaudited)</b>	<b>For the six months ended 30 June 2021 RMB'000 (Unaudited)</b>
<b>REVENUE</b>	4	<b>659,482</b>	438,200
Cost of sales		<u>(360,826)</u>	<u>(204,447)</u>
<b>Gross profit</b>		<b>298,656</b>	233,753
Other income and gains		<b>49,329</b>	14,867
Selling and marketing expenses		<b>(165,486)</b>	(135,557)
Administrative expenses		<b>(38,829)</b>	(28,858)
Research and development costs		<b>(44,760)</b>	(42,360)
Other expenses		<b>(25,768)</b>	(11,148)
Listing expenses		–	(20,824)
Finance costs		<u>(411)</u>	<u>(1,121)</u>
<b>PROFIT BEFORE FAIR VALUE LOSS ON FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (“FVTPL”) AND TAX</b>		<b>72,731</b>	8,752
Fair value loss on financial liabilities at FVTPL		<u>–</u>	<u>(1,507,499)</u>
<b>PROFIT/(LOSS) BEFORE TAX</b>	5	<b>72,731</b>	(1,498,747)
Income tax expense	6	<u>(9,502)</u>	<u>(610)</u>
<b>PROFIT/(LOSS) FOR THE PERIOD</b>		<b><u>63,229</u></b>	<b><u>(1,499,357)</u></b>
Attributable to:			
Owners of the parent		<b>62,536</b>	(1,501,702)
Non-controlling interests		<u>693</u>	<u>2,345</u>
		<b><u>63,229</u></b>	<b><u>(1,499,357)</u></b>

		<b>For the six months ended 30 June 2022 RMB'000 (Unaudited)</b>	For the six months ended 30 June 2021 RMB'000 (Unaudited)
<b>OTHER COMPREHENSIVE INCOME/(EXPENSE)</b>			
Other comprehensive (expense)/income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of the financial statements of subsidiaries		<u>(58,448)</u>	<u>2,915</u>
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of the financial statements of the Company		<u>123,719</u>	<u>6,983</u>
Other comprehensive income for the period, net of tax		<u>65,271</u>	<u>9,898</u>
Total comprehensive income/(expense) for the period, net of tax		<u><b>128,500</b></u>	<u><b>(1,489,459)</b></u>
Attributable to:			
Owners of the parent		127,807	(1,491,804)
Non-controlling interests		<u>693</u>	<u>2,345</u>
		<u><b>128,500</b></u>	<u><b>(1,489,459)</b></u>
<b>EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
Basic (RMB)			
– For profit/(loss) for the period	8	<u><b>0.07</b></u>	<u>(10.33)</u>
Diluted (RMB)			
– For profit/(loss) for the period	8	<u><b>0.06</b></u>	<u>(10.33)</u>

# UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2022

	<i>Notes</i>	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	364,687	354,902
Right-of-use assets		22,202	17,676
Prepayments, deposits and other receivables	11	31,775	16,636
Other intangible assets		34,328	25,602
Time deposits	12	30,000	60,000
Investments in associates		4,972	5,764
Deferred tax assets		51,336	48,021
Financial assets at FVTPL	13	203,505	88,500
Goodwill		10,439	2,190
<b>Total non-current assets</b>		<b>753,244</b>	<b>619,291</b>
<b>CURRENT ASSETS</b>			
Inventories		51,178	50,812
Trade and bills receivables	10	541,318	339,144
Prepayments, deposits and other receivables	12	52,071	34,486
Amounts due from related parties		1,055	–
Financial assets at FVTPL	13	51,187	74,371
Pledged deposits		–	–
Profit tax receivables		–	–
Time deposits (more than 3 months)	12	1,432,953	274,155
Cash and cash equivalents		577,748	1,796,700
<b>Total current assets</b>		<b>2,707,510</b>	<b>2,569,668</b>
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	14	225,488	134,820
Other payables and accruals	15	310,934	278,966
Contract liabilities		4,471	6,024
Profit tax payable		16,643	2,061
Amounts due to related parties		10,475	6,380
Lease liabilities		10,673	8,360
Deferred tax liabilities		2,422	547
Contingent Consideration		12,721	15,255
<b>Total current liabilities</b>		<b>593,827</b>	<b>452,413</b>
<b>NET CURRENT ASSETS</b>		<b>2,113,683</b>	<b>2,117,255</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>2,866,927</b>	<b>2,736,546</b>

		<b>30 June 2022</b>	31 December 2021
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred income		<b>1,882</b>	1,906
Lease liabilities		<b>10,380</b>	9,832
		<hr/>	<hr/>
<b>Total non-current liabilities</b>		<b>12,262</b>	11,738
		<hr/>	<hr/>
<b>Net assets</b>		<b>2,854,665</b>	2,724,808
		<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	<i>16</i>	<b>1,599</b>	1,466
Treasury shares	<i>16</i>	<b>13</b>	1
Reserves		<b>2,827,176</b>	2,718,748
		<hr/>	<hr/>
		<b>2,828,788</b>	2,720,215
Non-controlling interests		<b>25,877</b>	4,593
		<hr/>	<hr/>
<b>Total equity</b>		<b>2,854,665</b>	2,724,808
		<hr/> <hr/>	<hr/> <hr/>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 24 August 2007 and its shares have been listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 16 July 2021. The registered address of the office of the Company is P.O. Box 472, 2nd Floor, Harbour Place, 103 South, Church Street, George Town, Grand Cayman KY1-1106, Grand Cayman.

The Company is an investment holding company. During the reporting periods, the major subsidiaries of the Company were principally engaged in the provision of clinical testing services in the People’s Republic of China (the “**PRC**”).

### 2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard (“**IAS**”) 34 “Interim Financial Reporting”. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2021.

### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of the following revised International Financial Reporting Standards (“**IFRSs**”) for the first time for the current period’s financial information.

Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to IAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
Annual Improvements to IFRSs 2018-2020	<i>Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41</i>
Amendments to IFRS 16	<i>Covid-19-Related Rent Concessions</i>

The new or amended IFRSs that are effective from 1 January 2022 did not have any significant impact on the Group’s accounting policies.

## 3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organized into business units based on their products and services and has nine reportable operating segments as follows:

- (a) Hematology testing segment includes testing services related to blood diseases.
- (b) Genetic diseases and rare diseases segment includes testing services from the rare disease.
- (c) Infectious diseases segment includes testing services from the infection department.
- (d) Oncology segment includes testing related to oncology diseases.
- (e) Neurology segment includes testing services related to neurological diseases undertaken by the Group.
- (f) Maternity-related diseases segment includes testing services related to maternity.
- (g) COVID-19 related testing segment includes testing services related to COVID-19.
- (h) Routine testing segment conducts routine tests for the doctors’ daily diagnoses.

(i) The “others” segment provides testing services for R&D projects and others and miscellaneous service.

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax from continuing operations. The adjusted profit/loss before tax from continuing operations is measured consistently with the Group’s profit before tax except that other income and gains, administrative expenses, research and development costs, other expenses, finance costs, listing expense and fair value loss on financial liabilities at FVTPL are excluded from such measurement. No analysis of segment assets and liabilities is presented as management does not regularly review such information for the purposes of resource allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

**For the six months ended 30 June 2022  
(Unaudited)**

Segments	Hematology testing <i>RMB'000</i>	Genetic diseases and rare diseases <i>RMB'000</i>	Infectious diseases <i>RMB'000</i>	Oncology <i>RMB'000</i>	Neurology <i>RMB'000</i>	Maternity-related diseases <i>RMB'000</i>	COVID-19 related testing <i>RMB'000</i>	Routine testing <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Segment revenue:</b>										
Sales to external customers	278,768	22,697	26,354	7,245	42,538	25,269	215,459	35,114	6,038	659,482
<b>Segment results:</b>	<u>87,568</u>	<u>2,518</u>	<u>5,478</u>	<u>810</u>	<u>7,017</u>	<u>1,370</u>	<u>26,686</u>	<u>833</u>	<u>890</u>	<u>133,170</u>
<b>Reconciliation:</b>										
Other income and gains										49,329
Administrative expenses										(38,829)
Research and development costs										(44,760)
Other expenses										(25,768)
Finance costs										(411)
<b>Group’s profit before tax</b>										<u>72,731</u>

**For the six months ended 30 June 2021  
(Unaudited)**

Segments	Hematology testing <i>RMB'000</i>	Genetic diseases and rare diseases <i>RMB'000</i>	Infectious diseases <i>RMB'000</i>	Oncology <i>RMB'000</i>	Neurology <i>RMB'000</i>	Maternity-related diseases <i>RMB'000</i>	COVID-19 related testing <i>RMB'000</i>	Routine testing <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Segment revenue:</b>										
Sales to external customers	268,269	22,097	25,626	3,809	38,842	25,326	10,559	36,826	6,846	438,200
<b>Segment results:</b>	<u>76,650</u>	<u>2,380</u>	<u>5,200</u>	<u>407</u>	<u>4,460</u>	<u>1,333</u>	<u>3,982</u>	<u>1,532</u>	<u>2,252</u>	<u>98,196</u>
<b>Reconciliation:</b>										
Other income and gains										14,867
Administrative expenses										(28,858)
Research and development costs										(42,360)
Other expenses										(11,148)
Finance costs										(1,121)
Listing expenses										(20,824)
Fair value loss on financial liabilities at FVTPL										(1,507,499)
<b>Group’s loss before tax</b>										<u>(1,498,747)</u>

## Geographical information

Since nearly all of the Group's non-current assets were located in Mainland China, no geographical segment information is presented in accordance with IFRS 8 Operating Segments.

## Information about major customers

No information about major customers is presented as there was no single customer from which over 10% or more of the Group's revenue was derived during the reporting periods.

## 4. REVENUE

An analysis of revenue is as follows:

### Revenue from contracts with customers

#### (i) Disaggregated revenue information

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
<b>Types of services</b>		
Clinical testing service – at a point in time	654,799	433,951
Testing services for R&D projects and others – over time	4,683	4,249
Total revenue from contracts with customers	<u>659,482</u>	<u>438,200</u>

#### (ii) Performance obligations

##### *Clinical Testing Service*

The performance obligation is satisfied upon delivery of the testing report and the payment is generally due within 30 days from the date of billing, except for individual customers, where payment in advance is normally required.

##### *Testing services for R&D projects and others*

Under testing services for R&D projects and others, revenue is recognised at the amount to which the Group has the right to invoice for services performed. Therefore, under practical expedient allowed by IFRS 15, the Group does not disclose the value of unsatisfied performance obligation.

## 5. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	Notes	For the six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Cost of inventories sold		10,120	3,561
Cost of services provided		360,826	204,447
Depreciation of property, plant and equipment	9	22,463	18,228
Depreciation of right-of-use assets		6,214	7,845
Amortisation of other intangible assets		2,501	1,091
Research and development costs		44,760	42,360
Auditor's remuneration		650	391
Listing expenses		–	20,824
Employee benefit expense (including director's benefit)			
Salaries and other benefits		159,706	122,084
Less: Amount capitalised		–	(196)
		<b>159,706</b>	<b>121,888</b>
Pension scheme contributions, social welfare and other welfare		22,795	13,588
Less: Amount capitalised		–	(28)
		<b>22,795</b>	<b>13,560</b>
Lease payments not included in the measurement of lease liabilities		2,728	6,607
Bank interest income		(23,102)	(2,068)
Finance costs		411	1,121
Foreign exchange gains, net		(45)	(84)
Fair value losses on convertible redeemable preferred shares		–	1,507,499
Interest income from wealth management assets		(510)	(1,734)
Fair value gains on prior investment		(1,626)	–
Fair value gains on financial assets at FVTPL		(815)	(722)
Fair value gains on contingent consideration		(2,534)	–
Fair value losses on financial assets at FVTPL		2,319	–
Losses on disposal of items of property, plant and equipment		43	24
Impairment losses on financial assets under ECL model	10	12,187	4,147
Write-down of inventories to net realisable value		1,745	1,550
		<b>1,745</b>	<b>1,550</b>

## 6. INCOME TAX

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

### Cayman Islands

Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gains.

### Singapore

No provision for Singapore profits tax has been made as the Group had no operating activity in Singapore during the reporting periods. The subsidiary incorporated in Singapore was subject to income tax at the rate of 17% on the estimated assessable profits arising in Singapore during the reporting periods.

## Hong Kong

No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the reporting periods. The subsidiary which operates in Hong Kong at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the period.

## Mainland China

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the “CIT Law”), the subsidiaries which operate in Mainland China are subject to CIT at a rate of 25% on the taxable income except those which are subject to tax concession as set out below:

		2022	2021
Entity			
Wuhan Kindstar	1	15%	15%
Beijing Hightrust	2	15%	15%
Shanghai SimpleGene	3	15%	15%
Xinjiang Kindstar	4,5	15%	15%
Huaxi Kindstar	4,5	15%	15%
Chengdu Shengyuan	4	15%	15%
Shanghai Xinuo		25%	25%
Wuhan Haixi Life Science Technology Co., Ltd. (“Wuhan Haixi”)	5	15%	15%
Wuhan Haixi Biological Technology Co., Ltd. (“Haixi Biological Technology”)	5	15%	15%

### Note

- (1) In 2016, Wuhan Kindstar was accredited as a “High and New Technology Enterprise” (“HNTTE”) for a period of three years from 2016 to November 2018. Wuhan Kindstar subsequently renewed its HNTTE qualification in 2019 and is entitled to a preferential CIT rate of 15% from 2019 to 2022. This qualification is subject to review by the relevant tax authority in the PRC for every three years.
- (2) In 2014, Beijing Hightrust was accredited as a HNTTE for a period of three years from 2014 to 2016. Beijing Hightrust subsequently renewed its HNTTE qualification in 2017 and 2020, and was entitled to a preferential CIT rate of 15% from 2017 to 2019 and 2020 to 2022, respectively. This qualification is subject to review by the relevant tax authority in the PRC for every three years.
- (3) Shanghai SimpleGene was accredited as a HNTTE in 2019 and therefore Shanghai SimpleGene was entitled to a preferential CIT rate of 15% from Year 2019 to 2022. This qualification is subject to review by the relevant tax authority in the PRC for every three years.
- (4) Under the policies for the Grand Western Development Program, the Group’s subsidiaries incorporated in Western China (Xinjiang Kindstar, Huaxi Kindstar and Chengdu Shengyuan) were subject to corporate tax at 15% in the year 2021. The rate applied to companies located in Western China which engaged in the encouraged industries listed in the Grand Western Development Program. This policies shall be effective during 2019 to 2031.
- (5) Xinjiang Kindstar, Huaxi Kindstar, Wuhan Haixi and Haixi Biological Technology are qualified as small-scaled minimal profit enterprises. Pursuant to Caishui [2019] circular No.13, the first RMB1,000,000 of assessable profits of these subsidiaries may be calculated as 25% and be taxed at the preferential CIT rate of 20%. The assessable profits between RMB1,000,000 and RMB3,000,000 may be calculated as 50% and be taxed at the preferential CIT rate of 20%. The policy is available during 2019 to 2031.

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

	<b>For the six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Current income tax	12,655	1,687
Under/(over) provision in prior years	162	(71)
Deferred income tax	<u>(3,315)</u>	<u>(1,006)</u>
Total tax charge for the period	<u><b>9,502</b></u>	<u><b>610</b></u>

## 7. DIVIDENDS

In December 2020, the board of the Company passed a board resolution to distribute special dividends of US\$25,000,000 (equivalent to RMB163,521,000) to Ever Prospect Global Limited (“**Ever Prospect**”), a company incorporated in BVI and ultimately controlled by Mr. Tu Zhanbing. After netting off with the loans receivable from key management and employee of US\$9,814,706 (equivalent to RMB64,149,900), US\$5,185,294 (equivalent to RMB34,124,000) and US\$10,000,000 (equivalent to RMB65,408,000) were paid to Ever Prospect on 24 November 2020 and 4 January 2021, respectively.

No dividend has been paid or declared by the Company during the six months period ended 30 June 2022.

## 8. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings/(loss) per share amount is based on the profit/(loss) for the period/year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 942,549,783 (2021: 145,363,368) in issue during the period/year.

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, adjusted to reflect the interest on the exercise of certain batch of share options. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period ended 30 June 2022, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The Group had no potentially dilutive ordinary shares in issue during the year ended 31 December 2021.

The calculation of basic profit/(loss) per share is based on:

	<b>For the six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>(Unaudited)</b>	(Unaudited)
Profit/(loss)		
Profit/(loss) attributable to ordinary equity holders of the parent (RMB'000)	62,536	(1,501,702)
<u>Ordinary shares</u>		
Weighted average number of ordinary shares in issue during the period used in the basic profit/(loss) per share calculation	<u>940,198,866</u>	<u>145,363,368</u>
<u>Effect of dilutive potential ordinary shares:</u>		
Share options	<u>71,737,507</u>	<u>–</u>

	<b>For the six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>(Unaudited)</b>	(Unaudited)
Weighted average number of ordinary shares for the purpose of calculating diluted earnings/(loss) per share	<b>1,011,936,373</b>	145,363,368
<b>EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>		
– Basic	<b>0.07</b>	(10.33)
– Dilute	<b>0.06</b>	(10.33)

## 9. PROPERTY, PLANT AND EQUIPMENT

	Buildings <i>RMB'000</i>	Laboratory equipment <i>RMB'000</i>	Transportation equipment <i>RMB'000</i>	Other equipment <i>RMB'000</i>	Leasehold improvements <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
<b>30 June 2022 (Unaudited)</b>							
At 1 January 2022:							
Cost	219,996	212,922	5,738	32,676	93,901	4,824	570,057
Accumulated depreciation	(827)	(142,673)	(3,724)	(18,497)	(49,434)	–	(215,155)
Net carrying amount	<u>219,169</u>	<u>70,249</u>	<u>2,014</u>	<u>14,179</u>	<u>44,467</u>	<u>4,824</u>	<u>354,902</u>
At 1 January 2022, net of accumulated depreciation							
Cost	219,169	70,249	2,014	14,179	44,467	4,824	354,902
Additions	–	21,012	586	3,345	12,815	10	37,768
Transfer	–	–	–	–	4,529	(4,529)	–
Disposals	–	(5,480)	(7)	(208)	–	(148)	(5,843)
Acquisition of a subsidiary	–	39	–	24	260	–	323
Depreciation provided during the period	(2,518)	(11,581)	(294)	(2,573)	(5,497)	–	(22,463)
At 30 June 2022, net of accumulated depreciation	<u>216,651</u>	<u>74,239</u>	<u>2,299</u>	<u>14,767</u>	<u>56,574</u>	<u>157</u>	<u>364,687</u>
At 30 June 2022:							
Cost	219,996	228,176	6,186	35,831	111,640	157	601,986
Accumulated depreciation	(3,345)	(153,937)	(3,887)	(21,064)	(55,066)	–	(237,299)
Net carrying amount	<u>216,651</u>	<u>74,239</u>	<u>2,299</u>	<u>14,767</u>	<u>56,574</u>	<u>157</u>	<u>364,687</u>

	Buildings RMB'000	Laboratory equipment RMB'000	Transportation equipment RMB'000	Other equipment RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
<b>31 December 2021 (Audited)</b>							
At 1 January 2021							
Cost	–	183,494	4,165	31,149	91,871	362	311,041
Accumulated depreciation	–	(128,633)	(3,289)	(17,598)	(39,321)	–	(188,841)
Net carrying amount	–	54,861	876	13,551	52,550	362	122,200
At 1 January 2021, net of accumulated depreciation	–	54,861	876	13,551	52,550	362	122,200
Additions	219,996	37,113	1,573	4,752	1,603	5,025	270,062
Transfer	–	(4)	–	4	411	(411)	–
Disposals	–	(1,890)	–	(200)	–	(152)	(2,242)
Acquisition of a subsidiary	–	–	–	514	15	–	529
Depreciation provided during the year	(827)	(19,831)	(435)	(4,442)	(10,112)	–	(35,647)
At 31 December 2021, net of accumulated depreciation	219,169	70,249	2,014	14,179	44,467	4,824	354,902
At 31 December 2021:							
Cost	219,996	212,922	5,738	32,676	93,901	4,824	570,057
Accumulated depreciation	(827)	(142,673)	(3,724)	(18,497)	(49,434)	–	(215,155)
Net carrying amount	219,169	70,249	2,014	14,179	44,467	4,824	354,902

## 10. TRADE AND BILLS RECEIVABLES

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
Trade receivables	<b>590,818</b>	376,812
Bills receivable	<b>269</b>	66
	<b>591,087</b>	376,878
Allowance for expected credit losses	<b>(49,769)</b>	(37,734)
	<b>541,318</b>	339,144

The Group's trading terms with its customers are mainly on credit, except for individual customers, where payment in advance is normally required. The credit period is generally from three months to nine months. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. The balances of trade receivables are non-interest-bearing.

An ageing analysis of the trade and bills receivables as at the end of each of the reporting periods, based on the billing date and net of allowance for expected credit losses, is as follows:

	<b>30 June 2022</b> <i>RMB'000</i> (Unaudited)	31 December 2021 <i>RMB'000</i> (Audited)
Within 1 year	<b>418,042</b>	224,062
1 year to 2 years	<b>75,108</b>	76,378
2 years to 3 years	<b>32,916</b>	31,942
3 years to 4 years	<b>12,717</b>	5,664
4 years to 5 years	<b>2,127</b>	1,067
Over 5 years	<b>408</b>	31
	<b>541,318</b>	339,144

The movements in the allowance for expected credit losses of trade receivables are as follows:

	<b>30 June 2022</b> <i>RMB'000</i> (Unaudited)	31 December 2021 <i>RMB'000</i> (Audited)
At beginning of period/year	<b>37,734</b>	30,132
Impairment losses, net	<b>12,187</b>	9,825
Write-off	<b>(152)</b>	(2,223)
At end of period/year	<b>49,769</b>	37,734

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customers with similar loss patterns such as ageing, historical denial and past collection experience. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. In addition, trade receivables with significant outstanding and credit-impaired balances are assessed for ECL individually.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix and individually:

	<b>As at 30 June 2022</b>		
	<b>Amount</b> <i>RMB'000</i> (Unaudited)	<b>Expected loss rate</b> %	<b>Impairment</b> <i>RMB'000</i>
Individually assessed:	<b>6,149</b>	<b>100.00</b>	<b>6,149</b>
Measured by provision matrix:			
Within 1 year	<b>432,535</b>	<b>3.31</b>	<b>14,493</b>
1 year to 2 years	<b>82,471</b>	<b>8.93</b>	<b>7,363</b>
2 years to 3 years	<b>43,004</b>	<b>23.46</b>	<b>10,088</b>
3 years to 4 years	<b>19,967</b>	<b>36.31</b>	<b>7,250</b>
4 years to 5 years	<b>5,392</b>	<b>60.55</b>	<b>3,265</b>
Over 5 years	<b>7,718</b>	<b>94.71</b>	<b>7,310</b>
	<b>597,236</b>		<b>55,918</b>

	As at 31 December 2021		Impairment <i>RMB'000</i>
	Amount <i>RMB'000</i> (Audited)	Expected loss rate %	
Individually assessed:	5,659	100.00	5,659
Measured by provision matrix:			
Within 1 year	229,765	2.51	5,769
1 year to 2 years	84,093	9.17	7,715
2 years to 3 years	41,360	22.77	9,419
3 years to 4 years	9,225	38.60	3,561
4 years to 5 years	2,696	60.42	1,629
Over 5 years	4,014	99.20	3,982
	376,812		37,734
	376,812		37,734

## 11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2022 <i>RMB'000</i> (Unaudited)	31 December 2021 <i>RMB'000</i> (Audited)
Deposits and other receivables (current)	38,267	19,542
Prepayments		
– current	8,572	8,024
– non-current*	29,161	7,080
Value-added tax recoverable		
– current	3,169	2,990
– non-current*	2,614	9,556
Prepaid expenses (current)	2,063	3,930
	83,846	51,122
	83,846	51,122

Analysed into:

	30 June 2022 <i>RMB'000</i> (Unaudited)	31 December 2021 <i>RMB'000</i> (Audited)
Current portion	52,071	34,486
Non-current portion	31,775	16,636
	83,846	51,122
	83,846	51,122

The balances are not secured by collateral.

Other receivables had no historical default. The financial assets included in the above balances relate to receivables were categorised in stage 1 at the end of each of the reporting periods. In calculating the expected credit loss rate, the Group considers the historical loss rate and adjusts for forward-looking macroeconomic data. During the reporting periods, the Group estimated that the expected credit loss rate for other receivables and deposits was minimal.

The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Long ageing balances are reviewed regularly by senior management. In view of the fact that the Group's deposits and other receivables relate to a large number of diversified counterparties, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its deposits and other receivable balances.

\* *The amount represents prepayments for construction in progress and acquisition of property, plant and equipment.*

## 12. TIME DEPOSITS

	<b>30 June 2022</b> <i>RMB'000</i> (Unaudited)	31 December 2021 <i>RMB'000</i> (Audited)
Current portion	1,432,953	274,155
Non-current portion	<u>30,000</u>	<u>60,000</u>
	<u><b>1,462,953</b></u>	<u><b>334,155</b></u>

As at 30 June 2022, time deposits represents deposits over one year of the group amounted to RMB30,000,000 carried the fixed interest rate ranged from 3.3% to 3.79% per annum with maturity from July 2022 to January 2024.

## 13. FINANCIAL ASSETS AT FVTPL

	<b>30 June 2022</b> <i>RMB'000</i> (Unaudited)	31 December 2021 <i>RMB'000</i> (Audited)
Current portion		
Wealth management products**	<u>51,187</u>	<u>74,371</u>
Financial assets at FVTPL-current	<u><b>51,187</b></u>	<u><b>74,371</b></u>
Investment in unlisted funds-non current*	<u>203,505</u>	<u>88,500</u>
Financial assets at FVTPL in total	<u><b>203,505</b></u>	<u><b>88,500</b></u>

\* *The investment includes subscription of limited partnership of unlisted funds to allow the Group to further access a wider variety of participants in the clinical testing industry. The unlisted fund was measured at fair value through profit or loss.*

\*\* *During the reporting periods, the Group used surplus capital to purchase structured deposits and money market funds mainly from domestic commercial banks which preserved capital and liquidity. The expected rates of return ranged from 2.0% to 3.7% per annum.*

The Group recorded investment income of RMB1.371 thousand and loss RMB1.504 thousand for the year ended 31 December 2021 and the six months ended 30 June 2022. The returns on all of these financial products are not guaranteed. Those wealth management products are accounted as for financial assets at fair value through profit or loss.

The fair values are based on cash flow discounted using the expected return based on management judgment and the fair value of structured deposits is level 2 of the fair value hierarchy and money market funds is level 3 of the fair value hierarchy.

#### 14. TRADE AND BILLS PAYABLES

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

	<b>30 June 2022</b> <i>RMB'000</i> (Unaudited)	31 December 2021 <i>RMB'000</i> (Audited)
Within 1 year	201,723	119,308
1 year to 2 years	15,816	7,170
Over 2 years	7,949	8,342
	<u>225,488</u>	<u>134,820</u>

The trade payables are non-interest-bearing and are normally settled on terms of 90 days.

#### 15. OTHER PAYABLES AND ACCRUALS

	<b>30 June 2022</b> <i>RMB'000</i> (Unaudited)	31 December 2021 <i>RMB'000</i> (Audited)
Other payables*	38,822	48,039
Accruals	147,344	126,974
Payroll payable	124,768	103,953
	<u>310,934</u>	<u>278,966</u>

\* *Other payables are unsecured, non-interest-bearing and repayable on demand. The fair values of other payables at the end of each of the reporting periods approximated to their corresponding carrying amounts.*

#### 16. SHARE CAPITAL

##### Issued and fully paid

	<b>30 June 2022</b> <i>RMB'000</i> (Unaudited)	31 December 2021 <i>RMB'000</i> (Audited)
Issued and fully paid: 986,158,284 (2021: 901,610,620) ordinary shares	<u>1,599</u>	<u>1,466</u>

## Share Capital

	Number of shares in issue	Share capital (RMB '000)
At 1 January 2021 (Note i)	36,340,842	242
Share split (Note ii)	109,022,526	–
Automatic conversion of Convertible Preferred Shares upon Global Offering	533,850,752	864
Shares issued upon Global Offering (Note iii)	226,405,000	366
Share repurchase and cancellation (Note iv)	(4,008,500)	(6)
	<hr/>	<hr/>
At 31 December 2021 and 1 January 2022	901,610,620	1,466
Shares issued upon exercise of share option (Note 17)	96,868,664	153
Share repurchase (Note iv & Note v)	(12,321,000)	(20)
	<hr/>	<hr/>
At 30 June 2022	<u>986,158,284</u>	<u>1,599</u>

## Treasury Shares

	Number of shares repurchased	Share capital (RMB '000)
At 1 January 2021	–	–
Share repurchased but not yet cancelled (Note iv)	580,500	1
	<hr/>	<hr/>
At 31 December 2021 and 1 January 2022	580,500	1
Share repurchased and cancelled (Note iv)	(580,500)	(1)
Share repurchased for RSU (Note v)	7,922,500	13
	<hr/>	<hr/>
At 30 June 2022	<u>7,922,500</u>	<u>13</u>

### Note:

- i. *The Company was incorporated on 24 August 2008 with authorised share capital of US\$50,000 divided into 50,000,000 ordinary shares with a par value of US\$0.001 each. On 30 January 2012, the Company increased its authorised share capital to US\$200,000 divided into 130,067,668 ordinary shares of a par value of US\$0.001 each. In October and November 2020, Tu Zan-Bing, the key management member of the Company, transferred 17,493,027 options of the Company acquired from the Pre-IPO Share Option Scheme to Ever Prospect, which is controlled by Tu Zan-Bing. On 11 November 2020, Ever Prospect exercised 9,656,036 share options.*
- ii. *Pursuant to a shareholders' resolution passed on 22 June 2021, the authorized share capital of the Company was subdivided on a 1-to-4 basis upon the initial public offering and as a result, the par value was changed from US\$0.001 per each share to US\$0.00025 per each share and the authorized share capital of the Company of US\$500,000 was subdivided into 2,000,000,000 Shares of US\$0.00025 each share (the "Share Subdivision").*
- iii. *On 16 July 2021, the Company issued a total of 226,405,000 ordinary shares of US\$0.000025 each at the price of HK\$9.78 per share by means of Global Offering.*

- iv. Pursuant to the board resolution passed on 5 November 2021, the Company announced to exercise its powers under the repurchase mandate to repurchase shares of the Company. A total of 4,398,500 shares were repurchased by the Company at a total consideration of HK\$14,831,000 (equivalent to approximately RMB12,156,000 (unaudited)) during the period ended 30 June 2022(2021: A total of 4,008,500 shares were repurchased by the Company at a total consideration of HK\$19,795,000 (equivalent to approximately RMB16,281,000) during the year ended 31 December 2021), among which 4,398,500 (2021: 3,428,000) shares had been cancelled and all shares had been cancelled as at 30 June 2022 (2021: the remaining 580,500 shares had not been cancelled as at 31 December 2021).
- v. Pursuant to the board resolution passed on 22 June 2021, as disclosed in the Prospectus, according to the rules of the Post-IPO RSU Scheme, the Company may, among others, transfer to the RSU Trustee the necessary funds and instruct the RSU Trustee to acquire Shares through on-market transactions at the prevailing market price, so as to satisfy the Awards. A total of 7,922,500 shares were repurchased by the Company at a total consideration of HK\$19,197,000 (equivalent to approximately RMB15,974,000 (unaudited)) during the period ended 30 June 2022.

## 17. PRE-IPO STOCK INCENTIVE PLANS

The Company's Pre-IPO Stock Incentive Plans (the "Pre-IPO Scheme") were adopted pursuant to resolutions passed on 14 March 2013, 20 December 2015 and 1 December 2016, respectively, for the primary purpose of providing incentives to directors of the Company and eligible employees of the Group.

Details of Pre-IPO Scheme granted are as follows:

Grant date	Number of options	Expiry date	Exercise price per share	Notes
15 March 2013	4,576,229	14 March 2023	\$0.03	(i)
31 December 2013	8,608,131	14 March 2023	\$0.03	(ii)
31 December 2015	15,813,456	14 March 2023	\$0.06	(ii)
31 December 2016	17,242,524	14 March 2023	\$0.09	(ii)

Notes:

- (i) 25%, 25%, 25% and 25% of the total number of the options granted shall vest on the first, second, third and fourth anniversary of vesting commencement date, respectively.
- (ii) 100% of the total number of the options granted shall vest immediately after grant date.

The number of options and exercise price per share for the options granted on 14 March 2013, 20 December 2015 and 1 December 2016 represented the unadjusted number of options and exercise prices before considering the Share Split and Capitalisation Issue.

The following share options were outstanding during the reporting periods:

	30 June 2022		31 December 2021	
	Weighted average exercise price US\$ per share	Number of options '000	Weighted average exercise price US\$ per share	Number of options '000
At 1 January 2022/1 January 2021	5.95 cent	114,985,256	5.95 cent	114,985,256
Exercised during the period/year	6.20 cent	96,868,664	—	—
At 30 June 2022/31 December 2021	4.60 cent	18,116,592	5.95 cent	114,985,256
Exercisable at the end of the period/year	—	18,116,592	—	114,985,256

The weighted average share price at the date of exercise for share options exercised during the period was HK\$3.90 per share (2021: No share options were exercised).

## 18. BUSINESS COMBINATION

The Group held 30% equity interests in Wuhan Haixi Life Science Technology Co., Ltd. (“**Wuhan Haixi**”) as at 31 December 2021. In November 2021, the Group entered into a equity transfer agreement (“**Equity Transfer Agreement Dated November 30, 2021**”) to further acquire 21.77% equity interest in Wuhan Haixi from Mr. Huang Shiang and an individual shareholder at a total consideration of RMB10,657,900. The Group also entered into a capital increase agreement (“**Capital Increase Agreement dated November 30, 2021**”, together with the Equity Transfer Agreement dated November 30, 2021, the “**Agreements dated November 30, 2021**”) with Wuhan Haixi, pursuant to which the Group agreed to make a capital contribution of RMB15,000,000 in cash into Wuhan Haixi. The closing conditions of the aforementioned acquisition and capital injection include achieving certain sales/net profit target for year 2021 by Wuhan Haixi and obtaining approval by the shareholders of the Company etc.

With the sales/net profit targets achieved by Wuhan Haixi, the closing conditions under the Agreements dated November 30, 2021 were met. The acquisition was completed on 21 January 2022 when the Company obtained control of the operating and financial activities of Wuhan Haixi and obtained approval by the shareholders of the Company. In January 2022, the consideration for the equity transfer of RMB10,657,900 has been paid to Mr. Huang Shiang and an individual shareholder and the capital of RMB15,000,000 has been injected into Wuhan Haixi. Upon completion of the equity transfer and capital injection, Wuhan Haixi became held as to 51.10% by the Group and became a non-wholly owned subsidiary of the Group.

Wuhan Haixi is a limited liability company established under the laws of the PRC on August 18, 2020. Its principal activity is investment holding and holds the entire equity interest in Wuhan Haixi Biological Technology Co., Ltd. (“**Haixi Biological Technology**”). Wuhan Haixi is primarily engaged in the research and development, manufacturing and sales of reagent consumables. The acquisition was made as part of the Group’s strategy to expand into the upstream of esoteric clinical testing service i.e. research, manufacturing and sales of reagents.

The fair values of the identifiable assets and liabilities of Wuhan Haixi as at the date of acquisition were as follows:

	<i>Notes</i>	<b>Fair value recognized on acquisition RMB’000 (unaudited)</b>
Property plant and equipment	9	323
Other intangible assets		7,500
Cash and cash equivalents		2,773
Prepayments, deposits and other receivables		100
Trade and bills receivables		1,944
Inventory		809
Deferred tax liabilities		(1,875)
Profit tax payables		(108)
Trade and bills payables		(308)
Other payables and accruals		(95)
		<hr/>
Total identifiable net assets at fair value		11,063
Fair value of 30% equity interests held by the Group before the acquisition		(3,319)
Non-controlling interests		(5,336)
		<hr/>
		2,408
Goodwill on acquisition		8,249
Fair value gains on prior investment	5	(1,626)
		<hr/>
Satisfied by:		
Cash consideration paid during the period ended 30 June 2022		10,657
		<hr/>
Total cash consideration		10,657
		<hr/> <hr/>

An analysis of cash flows in respect of the acquisition of Wuhan Haixi is as follows:

	<i>RMB'000</i> (unaudited)
Cash consideration paid during the period ended 30 June 2022	(10,657)
Cash and cash equivalents acquired	<u>2,773</u>
Net outflow of cash and cash equivalents included in cash flows from investing activities	<u><u>(7,884)</u></u>

Since the acquisition, Wuhan Haixi contributed RMB934,000 to the Group's revenue and the profit of RMB1,902,000 to the consolidated profits for the year ended 30 June 2022.

Had the combination taken place at the beginning of the year, the revenue from operations of the Group and the profit of the Group for the year would have been RMB934,000 and RMB2,567,000 respectively.

#### **19. EVENTS AFTER THE REPORTING PERIOD**

The Group has no material events after the reporting period.

## OTHER INFORMATION

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

For the six months ended June 30, 2022, the Company repurchased a total of 4,398,500 Shares (the “**Shares Repurchased**”) on the Stock Exchange at an aggregate consideration (including transaction cost) of approximately HK\$14.8 million. The repurchased Shares were subsequently cancelled. The repurchase was effected because the Board considered that a share repurchase in the then conditions demonstrates the Company’s confidence in its own business outlook and prospects and would, in the long term, benefit the Company and create value to the Shareholders.

Particulars of the Shares Repurchased for the six months ended June 30, 2022 are as follows:

Month of repurchase	No. of Shares repurchased	Highest price paid per Share (HK\$)	Lowest price paid per Share (HK\$)	Aggregate consideration (HK\$'000)
January	1,100,500	6.35	5.71	6,800
April	2,773,500	2.81	2.03	6,939
May	524,500	2.21	2.01	1,091
<b>Total</b>	<b>4,398,500</b>	<b>6.35</b>	<b>2.01</b>	<b>14,830</b>

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company listed securities (whether on the Stock Exchange or otherwise) for the six months ended June 30, 2022.

### COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

The Board is of the view that, for the six months ended June 30, 2022, the Company has complied with the code provisions as set out in the CG Code, except for the deviation from code provision C.2.1 as explained below.

Code provision C.2.1 of the CG Code stipulates that the roles of chairman of the Board and chief executive should be separate and should not be performed by the same individual. The roles of chairman of the Board and chief executive officer of the Company are held by Dr. Huang Shiang. In view of Dr. Huang’s experience, personal profile and his roles in the Group, and the fact that Dr. Huang has been a chief executive of the Group since its incorporation, the Board considers it beneficial to the business prospect and operational efficiency of the Group that Dr. Huang acts as the chairman of the Board and continues to act as the chief executive officer of the Company.

While this will constitute a deviation from code provision C.2.1 of the CG Code, the Board believes that this structure will not impair the balance of power and authority between the Board and the management of the Company, given that: (i) decision to be made by the Board requires approval by at least a majority of the Directors; (ii) Dr. Huang and the other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that he acts for the benefit and in the best interests of the Company and will make decisions for the Group accordingly; and (iii) the balance of power and authority is ensured by the operations

of the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of the Company. Moreover, the overall strategic and other key business, financial, and operational policies of the Group are made collectively after thorough discussion at both the Board and senior management levels. The Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of chairman of the Board and chief executive officer is necessary.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as the Group’s code of conduct regarding the Directors’ securities transactions. Having made specific enquiry of all the Directors of the Company, all the Directors confirmed that they have strictly complied with the Model Code for the six months ended June 30, 2022.

The Board has also adopted written guidelines (the “**Employees Written Guidelines**”) no less exacting than the Model Code to regulate all dealings by relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of securities in the Company as referred to in code provision A.6.4 of the CG Code. No incident of non-compliance with the Employees Written Guidelines by the Company’s relevant employees had been noted for the six months ended June 30, 2022.

## **AUDIT COMMITTEE AND REVIEW OF FINANCIAL INFORMATION**

The Board has established the audit committee (the “**Audit Committee**”) with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code. As of the date of this announcement, the Audit Committee consists of three members, namely Dr. Xia Xinping, Mr. Huang Zuie-Chin and Mr. Gu Huaming. Dr. Xia Xinping, being the chairman of the Audit Committee, holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary duties of the Audit Committee include, without limitation, assisting the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of the Group and overseeing the audit process.

The Audit Committee has reviewed the Group’s unaudited interim financial information for the six months ended June 30, 2022. The Audit Committee has also reviewed the accounting principles adopted by the Group and discussed auditing, internal control, risk management and financial reporting matters.

In addition, the Company’s external auditor, Ernst & Young, has performed an independent review of the Group’s interim financial information for the six months ended June 30, 2022 in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. Based on their review, Ernst & Young confirmed that nothing has come to their attention that causes them to believe that the interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting.”

## **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This interim results announcement is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.kindstar.com.cn](http://www.kindstar.com.cn)). The interim report of the Company for the six months ended June 30, 2022 containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and made available on the same websites in due course.

By order of the Board  
**Kindstar Globalgene Technology, Inc.**  
康聖環球基因技術有限公司  
**HUANG Shiang**  
*Chairman*

Hong Kong, August 15, 2022

*As of the date of this announcement, the Board comprises Dr. HUANG Shiang, Mr. TU Zanbing and Ms. CHAI Haijie as executive Directors, Mr. HUANG Zuie-Chin, Mr. PENG Wei and Ms. HUANG Lu as non-executive Directors, and Dr. YAO Shanglong, Dr. XIA Xinping and Mr. GU Huaming as independent non-executive Directors.*