Suzhou Basecare Medical Corporation Limited
蘇州貝康醫療股份有限公司

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

(Stock Code: 2170)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2021

The board of directors (the "**Board**") of Suzhou Basecare Medical Corporation Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (together, the "**Group**") for the year ended December 31, 2021, together with comparative audited figures for the same period of 2020.

In this announcement, "we", "us", and "our" refer to the Company (as defined above) and where the context otherwise requires, the Group (as defined above).

FINANCIAL SUMMARY

	Year ended December 31,		
	2021	2020	2019
	RMB'000	*RMB'000*	*RMB'000*
Revenue	**107,299**	81,109	55,685
Cost of sales	**(56,152)**	(53,395)	(29,432)
Gross profit	**51,147**	27,714	26,253
Loss from operations	**(124,486)**	(53,468)	(8,730)
Loss before taxation	**(125,746)**	(881,518)	(530,570)
Loss for the year	**(144,078)**	(877,959)	(533,997)

	As of December 31,		
	2021	2020	2019
	RMB'000	*RMB'000*	*RMB'000*
Financial Position			
Non-current assets	**98,195**	39,905	36,187
Current assets	**1,702,693**	310,393	114,941
Non-current liabilities	**25,517**	781	1,044,863
Current liabilities	**60,332**	68,182	52,161
Net assets/(liabilities)	**1,715,039**	281,335	(945,896)
Total equity attributable to			
Equity shareholders of the Company	**1,715,466**	281,335	(938,853)
Non-controlling interests	**(427)**	—	(7,043)

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

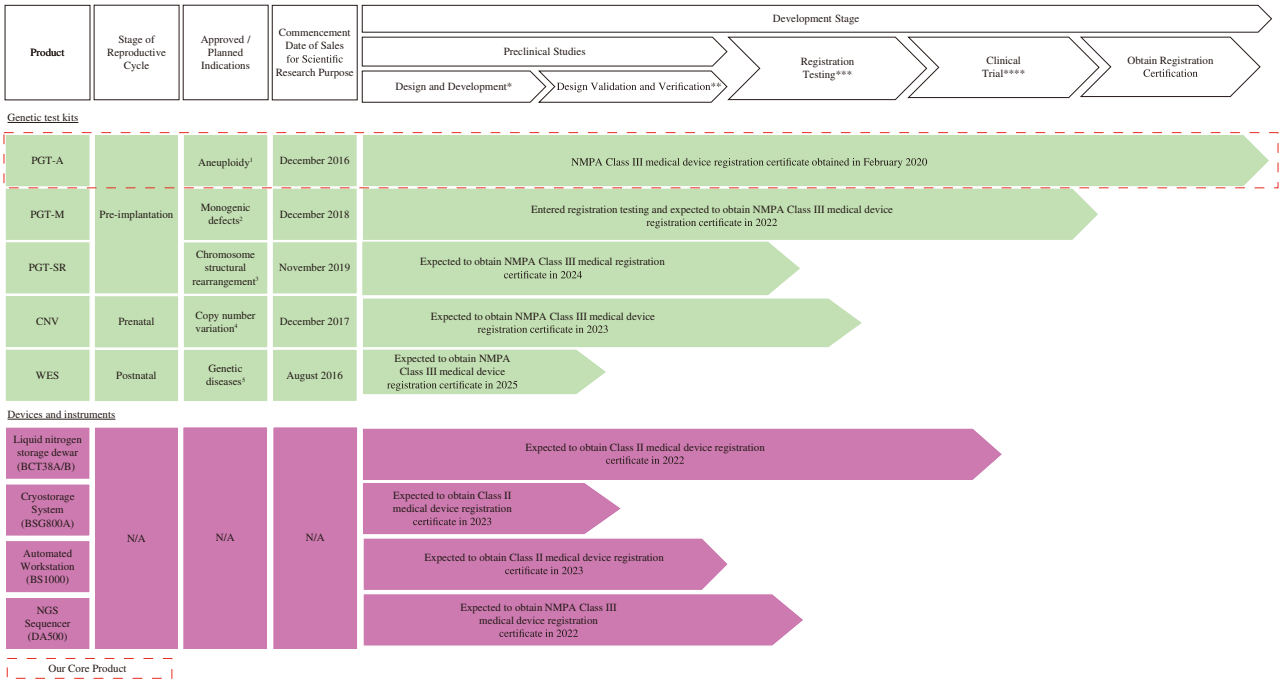
We are an innovative platform of genetic testing solutions for assisted reproduction in China. Our mission is to help more families have healthy babies. Our vision is becoming a leading global genetic technology company.

Our PGT-A kit, which screens for aneuploidy, a chromosomal disorder frequently associated with implantation failure in in vitro fertilization, or IVF, in embryos prior to implantation, is the first third-generation IVF genetic test kit which has been approved by the NMPA, compare to other PGT-A products based on fluorescence in situ hybridization (FISH) and quantitative polymerase chain reaction (qPCR) technologies. The NMPA registration of our PGT-A kit, in February 2020, as a Class III "innovative medical device," marked the birth of a regulated third-generation IVF market in China. For the year ended December 31, 2021, we recorded revenue of RMB33.9 million from sales of our PGT-A kits with gross profit margin of 70.0%.

We are developing two other pre-implantation genetic testing, or PGT, products, namely, PGT-M and PGT-SR kits, which, together with our PGT-A kit, would form a complete test kit lineup to occupy the PGT field, all based on next-generation sequencing, or NGS, technologies. PGT-M looks for single-gene, or monogenic, defects in pre-implantation IVF embryos. We have developed a PGT-M kit with improved sensitivity and specificity. It eliminates the need for patient-specific pre-exam validation, offering a standardized solution with mass clinical appeal that significantly shortens results turnaround time from approximately two months to around two weeks, thereby reducing testing costs for patients as well. To date our PGT-M kit is the first and only product of its kind that has completed the registration testing in China. PGT-SR looks for chromosomal structural rearrangements, including deletions, duplications, inversions and translocations, in pre-implantation IVF embryos. There have been no effective clinical solutions for this test due to the many kinds of potential structural rearrangements occurring on different chromosomes, which requires clinicians to design non-standardized, bespoke tests, making mass clinical application difficult. Our PGT-SR kit may become the first standardized commercial product of its kind in China with potential for mass clinical application, at affordable prices. Our PGT-SR kit has high mass-market potential, offering one test with broad disease detectability and eliminating the need for patient-specific pre-exam validation, which translates to faster result turnaround time from three to six months to just two weeks and significantly lower costs for patients. We expect to obtain NMPA registration approval for PGT-M and PGT-SR kits in 2022 and 2024, respectively, which we anticipate would further our dominance in the third-generation IVF genetic test kit market in China, well ahead of potential competition.

Leveraging our core strength in PGT, we have positioned ourselves to become an innovative platform in China's broader reproductive genetics market. We have extended our reach beyond the pre-implantation stage to the prenatal and postnatal stages, and are developing one kit in each stage, which makes us a company in China with a genetic test kit pipeline that covers the full reproductive cycle. Beyond test kits, we have developed a number of innovative devices and instruments that can improve work flow in molecular genetic laboratories using our kits.

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



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

** Includes analytical performance evaluations and stability study

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

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

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

2. For carriers of thalassemia

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

4. For patients who have experienced miscarriage

5. For carriers of over 200 genetic diseases

Manufacturing

We manufacture and assemble all of our in-house developed products in our 1,364 square-meter manufacturing facility in Suzhou. Our manufacturing facility is designed in compliance with GMP requirements of China with an annual production capacity of 400,000 reactions. We are accredited in accordance with ISO13485:2016 quality standard, an international quality control standard for the medical device industry. We have two ISO Class 7 cleaning rooms that are in compliance with ISO14644-1 cleaning grades standard, an international cleaning grades classification standard. We have commenced optimizing our production process to prepare us for commercial-scale manufacturing of our PGT-A kits after we had obtained a Class III medical device registration certificate from the NMPA. Our production lines are designed to be highly automated.

Commercialization

We sold a significant portion of products directly to hospitals and reproductive clinics. To a lesser extent, we also sold our genetic test kits to distributors, who in turn sold our products to hospitals and reproductive clinics. We maintain a dedicated in-house sales and marketing team with a focus on serving key customers, such as third-generation IVF licensed hospitals and reproductive clinics, which are a major component of our customer base. Our in-house sales and marketing team is also responsible for the promotion of our products to hospitals and reproductive clinics through academic marketing activities, to interact with KOLs as well as other industry professionals. As of the date of this announcement, we entered into cooperation agreements with 55 hospitals.

With the first NMPA-approved PGT kit in China, we believe that we enjoy firstmover advantages in building and solidifying our sales channels and customer base. We plan to focus our commercialization strategy on key hospitals and reproductive clinics. We will leverage the relationships we have built with these hospitals and clinics for PGT-A to extend the breadth and depth of our coverage. We aim to increase our coverage and penetration of hospitals and reproductive clinics licensed to conduct PGT, and develop stronger relationships with them to enhance customer stickiness and lay the foundation to offer other

products to them in the future. We plan to work toward full coverage of licensed hospitals and reproductive clinics in China. Moreover, we plan to expand our share of wallet in these hospitals and clinics by offering comprehensive solutions, with new products that target other medical specialties, such as the neonatal and pediatrics units, in these institutions. We also plan to partner with licensed third-party medical testing laboratories to extend our ability to reach a larger patient base in China.

Impact of the Covid-19 Outbreak

In December 2019, a respiratory illness known as COVID-19 caused by a novel strain of coronavirus emerged and has spread globally since then. We have employed various measures to mitigate any impact the COVID-19 outbreak may have on our operations in China or the development of our products, including offering personal protection equipment such as masks to our employees, regularly checking the body temperature of our employees and closely monitoring their health conditions.

As of the date of this announcement, the COVID-19 outbreak did not have a material and adverse impact on our business, financial condition and results of operations. Moreover, we currently do not expect the COVID-19 outbreak to have any material long-term impact on our operations or cause us to deviate from our overall development plans.

It is uncertain when and whether COVID-19 could be contained globally. We cannot guarantee you, however, that the COVID-19 outbreak will not further escalate or have a material adverse effect on our results of operations, financial position or prospects.

Important Events after the End of the Reporting Period

The H Share Full Circulation

On August 20, 2021, the Company submitted an application in relation to H share full circulation to the CSRC in order to convert 192,592,582 Domestic Shares and Unlisted Foreign Shares into H Shares. On February 24, 2022, the Company received the official approval from the CSRC regarding the implementation of the H share full circulation programme. On March 3, 2022, the approval for the listing of and permission to deal in 192,592,582 H Shares, representing the maximum total number of Domestic Shares and Unlisted Foreign Shares of the Company to be converted under the full circulation programme, was granted by the Stock Exchange.

For details of any of the foregoing, please refer to the Company's prior announcements published on the websites of the Stock Exchange and the Company on August 20, 2021, February 24, 2022 and March 6, 2022.

Settlement of Acquisition of Cellpro Biotech

In March 2022, we settled the consideration of RMB85 million in relation to the acquisition of 51% equity interest in Zhejiang Cellpro Biotech Corporation Limited ("**Cellpro Biotech**"). For details of the acquisition of Cellpro Biotech, please refer to "Financial Review — Significant Investments, Material Acquisitions and Disposals" in this announcement and our announcement dated November 3, 2021.

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

FUTURE AND OUTLOOK

Our mission is to develop and launch innovative genetic testing solutions that are specifically designed for the Chinese population and that address unmet clinical needs in China. Our vision is to help more families have healthy babies. Our vision is becoming a leading global genetic technology company.

To accomplish that vision, we intend to implement the following business strategies: (i) continue to capture and solidify sales channels and customer base for PGT-A; (ii) rapidly commercialize product portfolio to occupy full reproductive cycle; (iii) develop next generation automated and intelligent hardware to upgrade industry infrastructure; and (iv) maintain technological leadership by leveraging advancements of global leaders.

To be specific, we have below short-term business plan:

- To increase our market coverage. The Company currently has established presence in 55 reproductive centers nationwide and cultivated business relationship with nearly 70% of the leading customers;

- To enhance the in-depth penetration into leading customers to achieve a gradual improvement from the existing rate of 6%;

- To enrich the Company's product pipeline, intensify efforts in pre-pregnancy eugenics screening, and expand the detection indications of PGT;

- To promote national academic conferences and public welfare projects, and further enhance the credibility of the Company's brand and the awareness and acceptance of the third-generation IVF genetic testing kit among the public; and

- To promote the upgrading of hardware equipment in reproductive center laboratories, focus on industrial chain layout of embryo cryopreservation equipment, and provide intelligent and automated integrated solutions for clinical trials to improve the Company's competitiveness.

Cautionary Statement required under Rule 18A.08(3) of the Listing Rules: We cannot guarantee that we will ultimately develop or market our Core Product successfully.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	**2021**	2020
		RMB'000	*RMB'000*
Continuing Operations			
Revenue	*2*	**107,299**	81,109
Cost of sales		**(56,152)**	(53,395)
Gross profit		**51,147**	27,714
Other incomes	*3*	**32,787**	2,790
Other losses		**(20,073)**	(7,631)
Selling and distribution costs		**(62,524)**	(16,616)
Administrative expenses		**(52,112)**	(25,244)
Research and development expenses		**(73,711)**	(34,481)
Loss from operations		**(124,486)**	(53,468)
Finance costs		**(1,260)**	(1,472)
Share of profit of associates		**—**	250
Changes in the carrying amount of financial instruments issued to investors		**—**	(826,828)
Loss before taxation	*4*	**(125,746)**	(881,518)
Income tax	*5*	**(18,332)**	7,394
Loss for the year from continuing operations		**(144,078)**	(874,124)
Discontinued operations			
Loss for the year from discontinued operations		**—**	(3,835)
Loss for the year		**(144,078)**	(877,959)
Other comprehensive income		**—**	—
Total comprehensive income for the year		**(144,078)**	(877,959)

	Note	2021 *RMB'000*	2020 *RMB'000*
Loss for the year attributable to equity shareholders of the Company:			
— from continuing operations		**(143,651)**	(874,124)
— from discontinued operations		**—**	(2,928)
Loss for the year attributable to equity shareholders of the Company		**(143,651)**	(877,052)
Loss for the year attributable to non-controlling interests:			
— from continuing operations		**(427)**	—
— from discontinued operations		**—**	(907)
Loss for the year attributable to non-controlling interests		**(427)**	(907)
Loss for the year		**(144,078)**	(877,959)
Other comprehensive income		**—**	—
Total comprehensive income for the year		**(144,078)**	(877,959)
Total comprehensive income for the year attributable to:			
Equity shareholders of the Company		**(143,651)**	(877,052)
Non-controlling interests		**(427)**	(907)
Total comprehensive income for the year		**(144,078)**	(877,959)
Loss per share	*6*		
Basic and diluted (RMB)		**(0.5)**	(5.1)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	December 31, 2021 *RMB'000*	December 31, 2020 *RMB'000*
Non-current assets			
Property, plant and equipment		**41,640**	18,618
Right-of-use assets		**12,563**	1,440
Other non-current assets	*7*	**42,477**	—
Deferred tax assets		**1,515**	19,847
		98,195	39,905
Current assets			
Inventories	*8*	**33,308**	6,334
Trade and other receivables	*9*	**125,247**	87,483
Other current assets		**5,214**	24,255
Restricted cash		**15,730**	—
Cash and cash equivalents		**1,523,194**	192,321
		1,702,693	310,393
Current liabilities			
Trade and other payables	*10*	**37,283**	37,494
Bank loans		**20,000**	30,000
Lease liabilities		**3,049**	688
		60,332	68,182
Net current assets		**1,642,361**	242,211
Total assets less current liabilities		**1,740,556**	282,116
Non-current liabilities			
Bank loans		**23,645**	—
Lease liabilities		**1,872**	781
		25,517	781
NET ASSETS		**1,715,039**	281,335

	Note	**December 31, 2021**	December 31, 2020
		RMB'000	*RMB'000*
CAPITAL AND RESERVES			
Share capital		**273,526**	200,000
Reserves		**1,441,940**	81,335
Total equity attributable to equity shareholders of the Company		**1,715,466**	281,335
Non-controlling interests		**(427)**	—
TOTAL EQUITY		**1,715,039**	281,335

Notes:

1. General Information

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

The Company is an investment holding company. The Company and its subsidiaries (together, the "**Group**") are principally engaged in provision of genetic testing solution for assisted reproduction and sale of genetic testing devices and instruments in the PRC.

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

(a) Statement of Compliance

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

The IASB has issued certain amendments to IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended December 31, 2021 comprise the Company and its subsidiaries.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the assets are stated at their fair value.

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

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

(c) Changes in accounting policies

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

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, *Interest rate benchmark reform — phase 2*

- Amendments to IFRS 16, *Covid-19-related rent concessions beyond June 30, 2021*

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

2. Revenue

The Group derives revenue from the provision of genetic testing solutions and sales of genetic testing devices and instruments.

(a) Disaggregation of revenue

	2021	2020
	RMB'000	*RMB'000*
Continuing operations		
Revenue from contracts with customers within the scope of IFRS 15		
Genetic testing solutions		
— Sales of testing kits	**91,867**	62,596
— Provision of testing services	**—**	6,331
Sales of testing devices and instruments	**15,432**	12,182
	107,299	81,109

During the year ended December 31, 2021 and 2020, the Group recognised its revenue from contract with customers at point in time.

The Group has applied the practical expedient in paragraph 121 of IFRS 15 to its sales contracts of products and services such that the Group does not include information about revenue that the Group will be entitled to when it satisfied the remaining performance obligations for sales of products and provision of services that had an original expected duration of one year or less.

(b) Information about major customers

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

	2021	2020
	RMB'000	*RMB'000*
Continuing operations		
Customer A	**15,922**	9,689
Customer B	**14,904**	N/A*
Customer C	**N/A***	8,673
	30,826	18,362

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

(c) Geographic information

All of the non-current assets of the Group are physically located in the PRC. The geographical location of customers is based on the location at which the customers operate, and the revenue of the Group is almost all derived from operations in the PRC during the Reporting Period.

(d) Segment reporting

IFRS 8, *Operating Segments*, requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the Group's chief operating decision maker for the purpose of resources allocation and performance assessment. On this basis, the Group has determined that it only has one operating segment which is the provision of genetic testing solutions and sales of genetic testing devices and instruments during the Reporting Period.

3. Other income

	2021 *RMB'000*	2020 *RMB'000*
Continuing operations		
Government grants [(i)]	**12,148**	1,499
Interest income from bank deposits	**18,203**	520
Net realised gains on financial assets measured at fair value through profit or loss	**—**	103
Others	**2,436**	668
	32,787	2,790

(i) Government grants primarily comprise subsidies received from the government for encouragement of research and development projects and compensation on the incentives for the Group's successful initial public offering.

4. Loss before taxation

(a) Finance costs

	2021 *RMB'000*	2020 *RMB'000*
Continuing operations		
Interest on bank loans	**1,041**	1,376
Interest on lease liabilities	**237**	96
Total finance costs on financial liabilities not at FVPL	**1,278**	1,472
Less: borrowing costs capitalised into properties under construction	**(18)**	—
	1,260	1,472

(b) Staff costs

	2021	2020
	RMB'000	*RMB'000*
Continuing operations		
Salaries, wages and other benefits	**65,619**	34,557
Contributions to defined contribution retirement plan [(i)]	**6,357**	221
Equity-settled share-based payment expenses	**7,905**	—
	79,881	34,778

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

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

(c) Other items

	2021	2020
	RMB'000	*RMB'000*
Continuing operations		
Depreciation of property, plant and equipment	**2,886**	4,963
Depreciation of right-of-use assets	**2,921**	1,592
Total amortisation and depreciation	**5,807**	6,555
Less: depreciation expense of land use rights capitalised into properties under construction	**(221)**	—
Amortisation and depreciation charged directly to profit or loss	**5,586**	6,555
Impairment losses on trade and other receivables	**8,885**	61
Auditors' remuneration	**1,712**	361
Research and development expenses [(i)]	**73,711**	34,481
Cost of inventories [(ii)]	**54,472**	42,338
Net foreign exchange losses	**10,307**	8,553
Donations	**9,698**	—

(i) During the year ended December 31, 2021, research and development expenses include staff costs and depreciation expenses of RMB30,867,000 (2020: RMB14,641,000), which amounts are also included in the respective total amounts disclosed separately above.

(ii) During the year ended December 31, 2021, cost of inventories includes staff costs and depreciation expenses of RMB2,880,000 (2020: RMB1,835,000), which amounts are also included in the respective total amounts disclosed separately above.

5. Income tax in the consolidated statement of profit or loss and other comprehensive income

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

	2021	2020
	RMB'000	*RMB'000*
Continuing operations		
Current tax — PRC Tax	**—**	—
Deferred tax	**18,332**	(7,394)
Total	**18,332**	(7,394)

6. Loss per share

The calculation of basic loss per share for the year ended December 31, 2021 is based on the loss for the year attributable to shareholders of the Company of RMB143,651,000 (2020: RMB877,052,000) and the weighted average number of ordinary shares of 265,322,593 in issue during the year (2020:171,909,908). The weighted average number of ordinary shares in issue before the conversion into a joint stock limited liability company was determined by assuming that the paid-in capital had been fully converted into share capital at the same conversion ratio as upon transformation into a joint stock limited liability company in August 2020.

There were no potential dilutive ordinary shares for the year ended December 31, 2021 and 2020, and therefore dilutive loss per share are the same as the basic loss per share.

7. Other non-current assets

	2021	2020
	RMB'000	*RMB'000*
Prepayment for equity investment	**42,477**	—

On November 3, 2021, the Company entered into an investment agreement with Cellpro Biotech and its current shareholders, pursuant to which the Company agreed to acquire 51% of the equity interest in Cellpro Biotech at a consideration of RMB85 million. Upon completion of the acquisition, Cellpro Biotech will become a non-wholly owned subsidiary of the Company. As at December 31, 2021, the amount represented the prepayment for the above acquisition, and the transfer of the equity interests had not been completed.

8. Inventories

	2021	2020
	RMB'000	*RMB'000*
Raw materials	**8,061**	1,420
Finished goods	**6,612**	2,753
Devices and instruments	**18,228**	1,899
Others	**407**	262
	33,308	6,334

9. Trade and other receivables

	2021	2020
	RMB'000	*RMB'000*
Trade receivables		
Trade receivables from third parties	**71,348**	55,430
Trade receivables from related parties	**49,800**	20,793
Less: losses allowance on trade receivables	**(9,297)**	(412)
Trade receivables, net	**111,851**	75,811
Other receivables due from related parties	**—**	5,100
Prepayments to suppliers	**9,315**	3,610
Deposits	**883**	942
Other receivables	**3,198**	2,020
Trade and other receivables, net	**125,247**	87,483

Ageing analysis of trade receivables

As of the end of the Reporting Period, the ageing analysis of the Group's trade receivables, based on the invoice date and net of losses allowance, is as follows:

	2021	2020
	RMB'000	*RMB'000*
Within 6 months	**65,266**	52,389
6–12 months	**28,072**	18,684
12–18 months	**14,462**	4,715
18–24 months	**4,051**	23
Over 2 years	**—**	—
	111,851	75,811

Trade receivables are generally due within 60 to 240 days from the date of billing.

10. Trade and other payables

	2021	2020
	RMB'000	*RMB'000*
Trade payables[(i)]	**10,700**	11,131
Amount due to related parties	**10,695**	—
Payroll payables	**12,261**	3,841
Payables for marketing expenses	**596**	1,726
Accrued listing expenses	**—**	15,435
Interest payables	**47**	22
Other payables and accruals	**2,984**	5,339
	37,283	37,494

(i) As of the end of the Reporting Period, the ageing analysis of the Group's trade payables, based on the invoice date, is as follows:

	2021	2020
	RMB'000	*RMB'000*
Within 3 months	**8,133**	4,159
3–6 months	**309**	4,626
6–9 months	**996**	1,706
9–12 months	**1,262**	—
Over 1 year	**—**	640
	10,700	11,131

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

11. Dividends

No dividends were paid or declared by the Company or any of its subsidiaries during the Reporting Period (2020: Nil).

FINANCIAL REVIEW

Revenue

During the Reporting Period, we generated revenue from the provision of genetic testing solutions and sales of genetic testing devices and instruments.

Our revenue increased by 32.3% from RMB81.1 million for the year ended December 31, 2020 to RMB107.3 million for the year ended December 31, 2021. This increase mainly attributed to the increasing revenue of PGT kits and distributed products, mainly for NIPT kits. Revenue from sales of our PGT kits increased by 40.9% from RMB32.5 million for the year ended December 31, 2020 to RMB45.8 million for the year ended December 31, 2021, revenue from sales of our NIPT kits increased by 66.1% from RMB17.4 million to RMB28.9 million, and revenue from sales of our instruments and equipment increased by 26.2% from RMB12.2 million to RMB15.4 million.

Cost of Sales

Our cost of sales consists of (i) material costs, representing purchase costs of the distributed products and raw material cost for our self-developed products, (ii) staff costs, (iii) depreciation expenses, which primarily include depreciation of property, plant and equipment and right-of-use assets, (iv) testing service fees, which primarily include outsourcing service fees we paid to third-party medical laboratories for certain sequencing services, and (v) others, which primarily include insurance premiums for policies we purchased to insure subjects who were tested by our PGT-A kit, logistics expenses and equipment maintenance expenses.

Our cost of sales increased by 5.2% from RMB53.4 million for the year ended December 31, 2020 to RMB56.2 million for the year ended December 31, 2021, primarily due to the increases of our revenue.

Gross Profit and Gross Profit Margin

As a result of the aforementioned factors, the gross profit of the Group significantly increased from RMB27.7 million for the year ended December 31, 2020 to RMB51.1 million for the year ended December 31, 2021. Gross profit margin is calculated as gross profit divided by revenue. The overall gross profit margin of the Group increased from 34.2% for the year ended December 31, 2020 to 47.7% for the year ended December 31, 2021, primarily due to the increases of the gross profit margin of our PGT-A kits from 46.0% to 70.0%, and the rising sales portion of distributed products with high gross profit margin.

Other Income

Our other income significantly increased from RMB2.8 million for the year ended December 31, 2020 to RMB32.8 million for the year ended December 31, 2021, primarily due to receiving government grants amounted RMB12.1 million for encouragement of our R&D projects, compensation on the incurred rental expenditure and incentives for the Group's successful listing on the Stock Exchange, and increased interest income from bank deposits.

Selling and Distribution Costs

Our selling and distribution costs increased from RMB16.6 million for the year ended December 31, 2020 to RMB62.5 million for the year ended December 31, 2021, primarily due to an increase of RMB18.6 million in overall expenses in relation to the rising number of our marketing employees, an increase of RMB22.8 million in relation to the rising expenses in business promotion and publicity, agency service and holding academic conferences and forums.

Administrative Expenses

Our administrative expenses increased from RMB25.2 million for the year ended December 31, 2020 to RMB52.1 million for the year ended December 31, 2021, primarily due to an increase of RMB17.3 million in recruitment expenses and remuneration resulted by the expansion of our management employees and equity-settled share-based payments of our management team.

Research and Development Expenses

The following table sets forth the components of our research and development expenses for the year indicated.

	For the year ended December 31,			
	2021		2020	
	RMB'000		*RMB'000*	
Staff costs	**29,199**	**27.2%**	12,730	15.7%
Clinical trial expenses	**20,183**	**18.8%**	8,032	9.9%
Technical service fees	**4,983**	**4.6%**	4,877	6.0%
Consumables expenses	**15,784**	**14.7%**	6,237	7.7%
Depreciation expenses	**1,668**	**1.6%**	1,911	2.4%
Others	**1,894**	**1.8%**	694	0.8%
Total	**73,711**	**68.7%**	34,481	42.5%

Our research and development expenses increased from RMB34.5 million for the year ended December 31, 2020 to RMB73.7 million for the year ended December 31, 2021, primarily due to an increase of RMB16.5 million in staff costs resulted by the expansion of R&D headcounts, an increase of RMB12.2 million in clinical trial expenses for procurement of clinical verification services, and an increase of RMB9.5 million in procurement of experiment consumables.

Finance Costs

Our financial costs consist of (i) interest on interest-bearing bank loans, and (ii) interest on lease liabilities. We recorded finance costs of RMB1.5 million and RMB1.3 million for the years ended December 31, 2020 and 2021, respectively.

Income Tax

We recorded income tax credit of RMB7.4 million and income tax expenses of RMB18.3 million for the years ended December 31, 2020 and 2021, respectively. The increases in income tax expenses were primarily resulted by the movement of deferred tax.

Inventories

Our inventories primarily consist of raw materials, finished goods and devices and instruments. We generally purchase raw materials mainly for our in-house products based on the orders received. We maintain a finished goods inventory for our PGT-A, PGT-M, PGT-SR, CNV kits and distributed kits. We also maintain a device and instrument inventory that we distribute.

Our inventories increased from RMB6.3 million as of December 31, 2020 to RMB33.3 million as of December 31, 2021, primarily due to the advance in stocking of raw materials caused by the extension of the lead time of imported raw materials, and the voluntary increase of instruments inventories based on the expectation that the demands for instruments will rise.

Trade and Other Receivables

Our trade and other receivables increased from RMB87.5 million as of December 31, 2020 to RMB125.2 million as of December 31, 2021, primarily due to the increases of revenue and longer settlement period of our clients without critical credit terms changed.

Foreign Exchange Risk

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

Trade and Other Payables

Our trade payables decreased from RMB11.1 million as of December 31, 2020 to RMB10.7 million as of December 31, 2021, to which there is no material change.

Our other payables increased from RMB26.4 million as of December 31, 2020 to RMB26.6 million as of December 31, 2021, primarily attributable to the increase in payroll payables and the decrease of listing expenses.

Financial Resources, Liquidity and Capital Structure

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

Our net current assets increased significantly from RMB242.2 million as of December 31, 2020 to RMB1,642.4 million as of December 31, 2021, primarily due to net proceeds received from the Global Offering.

As of December 31, 2021, we had unsecured bank loans of RMB20 million with a floating interest rate of 4.20% to 4.35% per annum. The unsecured bank loans of RMB20 million were guaranteed by a subsidiary of our Group. As of the same date, we had secured bank loans of RMB23.6 million with a fixed interest rate of 4.50% per annum. The secured bank loans were pledged by the Group's land use right.

During the Reporting Period, we did not have any financial instruments for hedging purposes.

Due to the Global Offering, we have received net proceeds of approximately HK$1,898.7 million (after deduction of underwriting fees, commissions and relevant expenses). The Company intends to apply such net proceeds in accordance with the purposes as set out in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated January 27, 2021 and further revised and disclosed in the announcement of the Company dated November 3, 2021.

Significant Investments, Material Acquisitions and Disposals

As disclosed in the announcement of the Company dated November 3, 2021, Cellpro Biotech, Xue Zhigang (薛志剛), Ningbo Huoke Investment Management Partnership (Limited Partnership) (寧波霍克投資管理合夥企業（有限合夥)) and Hu Xiling (胡西陵) (the "**Sellers**") and the Company entered into an investment agreement, pursuant to which the Company agreed to acquire, and the Sellers agreed to sell, 51% of the equity interest in Cellpro Biotech at a consideration of RMB85 million. Upon completion of the acquisition, Cellpro Biotech will become a non-wholly owned subsidiary of the Company. Cellpro Biotech is a company mainly focusing on the research and development, production, sales and technical services of assisted reproductive technology diagnosis and treatment products. As of December 31, 2021, the transfer of the equity interests had not been completed.

Save disclosed above, during the Reporting Period, we did not make any significant investments or material acquisitions or disposals of subsidiaries, associates and joint ventures.

Future Plans for Material Investments or Capital Assets

As disclosed in the announcement of the Company dated March 4, 2021, the Company acquired the land use right of a piece of land of a total site area of 21,626.14 sq.m. to the east of Xingtang Street and north of Jiangyun Road, Suzhou Industrial Park, Jiangsu, PRC to be used for the construction of the headquarters of the Company.

The construction area of the headquarters of our Company is approximately 71,517 square meters. The construction of the headquarters is expected to top out in September 2022 and complete in April 2023.

Save for the above, the Group had no other material capital expenditure plan as of the date of this announcement.

Contingent Liabilities

As of December 31, 2021, we did not have any contingent liabilities.

Capital Commitments

Capital commitments outstanding as of December 31, 2021 and 2020 not provided for in the consolidation financial statements were as follows:

	As of December 31,	
	2021	2020
	RMB'000	*RMB'000*
Authorised and contracted for		
— Property, plants, and equipment	**75,546**	—
— Equity investment	**42,523**	—
	118,069	—

Charge on Assets

Save for the secured bank loans of RMB23.6 million pledged by the Group's land use right, there was no charge on assets of the Group as of December 31, 2021.

Gearing Ratio

Gearing ratio is calculated by using interest-bearing borrowings and lease liabilities less cash and cash equivalents, divided by total equity and multiplied by 100%. As of December 31, 2021, the Company was in a net cash position and thus, gearing ratio is not applicable.

Employees and Remuneration

As of December 31, 2021, the Group had 373 employees. The total staff cost incurred by the Group for the year ended December 31, 2021 was approximately RMB79.9 million, as compared to approximately RMB34.8 million for the year ended December 31, 2020. The remuneration package of our employees includes salary, bonus and equity-settled share-based payment, which are generally determined by their qualifications, industry experience, position and performance. We make contributions to social insurance and housing provident funds as required by the PRC laws and regulations.

OTHER INFORMATION

Corporate Governance Practices

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and enhance its corporate value. The Company has adopted the CG Code as its own code of corporate governance since the Listing Date. The Company has complied with all applicable code provisions as set out in the CG Code during the period from the Listing Date to December 31, 2021, except for a deviation from the code provision A.2.1 of the CG Code (which has been re-numbered as code provision C.2.1 of part 2 of the CG Code since January 1, 2022), the roles of chairman and general manager of the Company are not separate and are both performed by Dr. Liang.

The Board believes that vesting the roles of both chairman of the Board and general manager of the Company in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and the general manager of the Company at a time when it is appropriate by taking into account the circumstances of the Group as a whole.

Directors' and Supervisors' securities Transactions

The Company has adopted the Model Code as its own code of conduct regarding Directors' and Supervisors' securities transactions since the Listing Date. Having made specific enquiry of all Directors and Supervisors, each of the Directors and Supervisors has confirmed that he/she has complied with the Model Code during the period from the Listing Date to December 31, 2021.

No incident of non-compliance of the Model Code was noted by the Company during the period from the Listing Date to December 31, 2021.

Company's Compliance with relevant Laws and Regulations

During the Reporting Period and up to the date of this announcement, the Group had complied with the laws, regulations and regulatory requirements of the places where the Group operates in all material respects, including the requirements under the Companies Ordinance, the Listing Rules, the SFO and the CG Code for, among other things, the disclosure of information and corporate governance. During the Reporting Period and up to the date of this announcement, none of the Group and the Directors, Supervisors and senior management of the Company were subject to any investigation initiated or administrative penalties imposed by the CSRC, banned from entering the market, identified as inappropriate candidates, publicly condemned by stock exchanges, subject to mandatory measures, transferred to judicial organs or held criminally responsible, and none were involved in any other litigation, arbitration or administrative proceedings which would have a material adverse impact on our business, financial condition or results of operations.

Use of Proceeds from the Global Offering

The net proceeds received by the Company from its initial Global Offering (including the partial exercise of the over-allotment option) amounted to HK$$1,898.7 million (equivalent to RMB1,584.1 million) (after deducting the underwriting commissions and relevant expenses). The table below sets out the planned applications of the net proceeds:

Use of proceeds	Planned applications *(HK$ million)*	Percentage of total net proceeds *(%)*	Actual amount of proceeds utilized as of December 31, 2021	Percentage of proceeds from the Global Offering expected to be used in 2022	Expected timeframe for unutilized net proceeds
Core Product					
• Ongoing sales and marketing activities of our PGT-A kit and planned commercialization in China	379.74	20%	65.33	Approximately 2.5% to 3.2%	Within the next three to five years
• Optimizing the production process of our PGT-A kit, and procuring and installing new automated operational equipment and instruments to increase our production efficiency for PGT-A kit	189.87	10%	1.07	Approximately 2.0% to 2.3%	Within the next three to five years
Clinical trial, registration filing and commercialization of our PGT-M kit					
• Clinical trial and registration filing of our PGT-M kit	189.87	10%	8.26	Approximately 1.0% to 1.2%	Within the next three to five years
• Commercialization, sales and marketing activities of our other genetic test kit products	189.87	10%	Nil	Approximately 0.5% to 0.8%	Within the next three to five years
Development, clinical trials and registration filings of PGT-SR kit, CNV kit and WES kit					
• Development, clinical trials and registration filings of our PGT-SR kit, CNV kit and WES kit	246.83	13%	14.08	Approximately 2.0% to 2.3%	Within the next three to five years
• Research, development and manufacturing of our genetic testing devices and instruments	322.78	17%	27.43	Approximately 1.0% to 1.2%	Within the next three to five years
Improving our research and development capabilities and enhancing our technologies	189.87	10%	79.14	Approximately 3.0% to 3.5%	Within the next three to five years
Working capital and general corporate purposes	189.87	10%	108.82	Approximately 3.0% to 3.1%	Within the next three to five years
Total	**1,898.7**	**100%**	**304.13**	**Approximately 15.0% to 17.6%**	

The expected timeline for utilizing the net proceeds from the Global Offering is based on the best estimation of future market conditions made by the Company and subject to changes in accordance with our actual business operation. Save for the change of use as disclosed in the announcement of the Company dated November 3, 2021, the net proceeds will be applied in the manner as set out in the section headed "Future Plans and Use of Proceeds" of the Prospectus and there is no other change in the intended use of net proceeds.

Final Dividends

The Directors do not recommend the payment of a final dividend for the Reporting Period (2020: nil).

Annual General Meeting (the "AGM")

The AGM of the Company will be held on June 8, 2022. The notice and circular of the AGM will be sent to the Shareholders in due course.

Closure of Register of Members

For the purpose of determining the Shareholders who are entitled to attend and vote at the AGM, the register of members of the Company will be closed from June 3, 2022 to June 8, 2022 both days inclusive. In order to qualify for attending and voting at the AGM, all transfer documents should be lodged for registration with Company's H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on June 2, 2022.

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

Save for the Company's initial public offering (including the partial exercise of the over-allotment option), there is no other issue of Shares by the Company, and neither the Company nor any of its subsidiaries had purchased, sold or redeemed any other listed securities of the Company during the period from the Listing Date and up to December 31, 2021.

Scope of Work of the Auditor

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2021 as set out herein have been compared by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

Audit Committee

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

The Audit Committee has reviewed together with the management the accounting principles and policies adopted by the Company and the annual results for the year ended December 31, 2021.

Publication of Annual Results and Annual Report

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.basecare.cn). The annual report for the year ended December 31, 2021 containing all the information in accordance with the requirements under the Listing Rules will be despatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

APPRECIATION

The Board would like to express its sincere gratitude to the Shareholders, management team, employees, business partners and customers of the Group for their support and contribution to the Group.

By Order of the Board
Suzhou Basecare Medical Corporation Limited
Dr. Liang Bo
Chairman and General Manager

Suzhou, PRC, March 30, 2022

As of the date of this announcement, the Board comprises Dr. LIANG Bo, Mr. KONG Lingyin and Mr. RUI Maoshe as executive Directors; Mr. XU Wenbo, Mr. ZHANG Jiecheng and Mr. WANG Weipeng as non-executive Directors; and Dr. KANG Xixiong, Dr. HUANG Taosheng and Mr. CHAU Kwok Keung as independent non-executive Directors.

"Audit Committee"	the audit committee of the Board
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Basecare Investment"	Suzhou Basecare Investment Management Enterprise (Limited Partnership) (蘇州貝康投資管理企業（有限合夥)), a limited partnership established on May 23, 2016, through which, certain former employees, employees and advisors of our Group were indirectly beneficially interested in approximately 13.19% of the equity interests in our Company as of the date of this announcement. Basecare Investment is one of our Controlling Shareholders
"CG Code"	the CG Code as set out in Appendix 14 to the Listing Rules
"China" or "the PRC"	the People's Republic of China excluding, for the purpose of this announcement, Hong Kong, Macau Special Administrative Region and Taiwan
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules and unless the context requires otherwise, refers to Dr. Liang and/or Basecare Investment
"Core Product"	has the meaning ascribed to it in Chapter 18A of the Listing Rules; for purposes of this announcement, our Core Product refers to our PGT-A kit
"CSRC"	the China Securities Regulatory Commission
"Director(s)"	the director(s) of the Company
"Domestic Shares"	ordinary shares in the share capital of our Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi by domestic investors
"Dr. Liang"	Dr. LIANG Bo (梁波), our founder, executive Director, chairman of the Board, general manager and Controlling Shareholder
"Global Offering"	the offer of H Shares for subscription as described in the Prospectus

"GMP"	Good Manufacturing Practice, guidelines and regulations from time to time issued pursuant to the PRC Drug Administration Law (《中華人民共和國藥品管理法》) as part of quality assurance which aims to minimize the risks of contamination, cross contamination, confusion and errors during the manufacture process of pharmaceutical products and to ensure that pharmaceutical products subject to these guidelines and regulations are consistently produced and controlled in conformity to quality and standards appropriate for their intended use
"H Shares"	overseas listed shares in the share capital of our Company with a nominal value of RMB1.00 each, which are subscribed for and traded in HK dollars
"H Share Registrar"	Computershare Hong Kong Investor Services Limited
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IFRS"	International Financial Reporting Standards
"Listing"	the listing of the H Shares on the Main Board of the Stock Exchange on the Listing Date
"Listing Date"	February 8, 2021, being the date on which the H Shares were listed on the Main Board
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
"Main Board"	the Main Board of the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"NMPA"	the National Medical Products Administration of China (國家藥品監督管理局) or, where the context so requires, its predecessor, the China Food and Drug Administration (國家食品藥品監督管理總局), or CFDA
"Prospectus"	the prospectus issued by the Company dated January 27, 2021

"Reporting Period"	the year ended December 31, 2021
"RMB"	Renminbi Yuan, the lawful currency of China
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
"Shareholder(s)"	holder(s) of the Shares
"Share(s)"	shares in the share capital of our Company, with a nominal value of RMB1.00 each, comprising our Domestic Shares, Unlisted Foreign Shares and H Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supervisor(s)"	the supervisor(s) of the Company
"Unlisted Foreign Shares"	unlisted ordinary Share(s) issued by the Company, with a nominal value of RMB1.00 each, which are subscribed for in a currency other than RMB