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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)

PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION RESIGNATION OF EXECUTIVE DIRECTOR PROPOSED APPOINTMENT OF EXECUTIVE DIRECTOR AND PROPOSED CHANGE IN USE OF PROCEEDS

PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION

The board (the “**Board**”) of directors (the “**Directors**”) of Suzhou Basecare Medical Corporation Limited (the “**Company**”) is pleased to announce that, in order to bring the Articles of Association of the Company (the “**Articles of Association**”) in line with the relevant requirements of the applicable laws of the PRC and the Rules (“**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the Board proposes to seek approval of the shareholders of the Company (the “**Shareholders**”) by special resolution at the 2022 first extraordinary general meeting of the Company (the “**EGM**”) to amend the existing Articles of Association. Details of the proposed amendment is set out below:

Article Before Amendment	Article After Amendment
Article 74 Where the Company shall convene a shareholders’ annual general meeting, the Company shall send out a written notice 20 days before the meeting (exclusive the date sending a notice and the date convening a meeting), and while convening a extraordinary shareholders’ general meeting, the Company shall send out a written notice 15 days or 10 working days before the meeting (which is longer, exclusive the date sending a notice and the date convening a meeting). If the laws, regulations and securities regulators of the place where shares of the Company are listed provide otherwise, such provisions shall prevail.	Article 74 Where the Company shall convene a shareholders’ annual general meeting, the Company shall send out a written notice 20 <u>21</u> days before the meeting (exclusive the date sending a notice and the date convening a meeting), and while convening a extraordinary shareholders’ general meeting, the Company shall send out a written notice 15 days or 10 working days before the meeting (which is longer, exclusive the date sending a notice and the date convening a meeting). If the laws, regulations and securities regulators of the place where shares of the Company are listed provide otherwise, such provisions shall prevail.

An extraordinary general meeting of shareholders may not decide any matters not stated in the notice.	An extraordinary general meeting of shareholders may not decide any matters not stated in the notice.
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Save for the above amendment to the Articles of Association, other provisions of the Articles of Association remain unchanged. The above proposed amendment shall be subject to the final registered content as approved by the regulatory authority. The proposed amendment to the Articles of Association will come into force upon approval at the EGM of the Company. A circular containing details of the proposed amendment to the Articles of Association will be despatched to the Shareholders in due course.

RESIGNATION OF EXECUTIVE DIRECTOR

The Board hereby announces that, Mr. RUI Maoshe (芮茂社) (“**Mr. Rui**”) has tendered his resignation as an executive Director of the Company with effect from April 30, 2022 due to the Group’s internal re-designation and Mr. Rui’s intention to devote more time to his role as our chief operating officer.

Mr. Rui confirms that there is no disagreement with the Board, and there are no other matters relating to his resignation that need to be brought to the attention of the Stock Exchange and the Shareholders.

The Board would like to take this opportunity to thank Mr. Rui for his valuable contributions to the Company during his term of office as an executive Director.

PROPOSED APPOINTMENT OF EXECUTIVE DIRECTOR

The Board is pleased to announce that Ms. YANG Ying (楊瑩) (“**Ms. Yang**”) has been nominated as an executive Director to fill the casual vacancy of Mr. Rui. The appointment of Ms. Yang as an executive Director will be proposed for consideration and, if thought fit, approval by the Shareholders at the EGM. Biographical details of Ms. Yang are set out as follows:

Ms. YANG Ying (楊瑩), aged 40, has been serving as our chief quality officer since joining our Company in September 2018. She is primarily responsible for establishing and maintaining our quality management system and leading quality control department of our Group.

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

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

We have taken, and will continue to take, steps to promote gender diversity at all levels of our Company. The proposed appointment of Ms. Yang as an executive Director can further enhance the gender diversity of our Board.

If Ms. Yang is appointed as an executive Director at the EGM, the Company will enter into a service contract with Ms. Yang in relation to her appointment as an executive Director for a term commencing from the date of approval of his appointment at the EGM and expiring on the conclusion of the first session of the Board, this term of office is determinable by either party serving on the other not less than three months' written notice, and subject to retirement and re-appointment in accordance with the Company's Articles of Association and the Listing Rules. Ms. Yang will not receive any director's fee or remuneration for serving as an executive Director from the Company.

Save as disclosed above, Ms. Yang has confirmed that, as of the date of this announcement, she:(i) did not hold any position in the Company or any other subsidiaries of the Company, did not hold any directorship or positions of supervisor in any other listed companies in Hong Kong or overseas in the last three years; (ii) did not have any relationship with any Directors, supervisors, senior management, substantial or controlling shareholders (as defined in the Listing Rules) of the Company; and (iii) did not have any interests in the shares or underlying shares of the Company or any of its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The appointment of Ms. Yang as an executive Director is subject to the approval of the Shareholders by way of ordinary resolution at the EGM. A circular containing, among other things, details of the above proposal will be despatched to the Shareholders in due course.

Save as disclosed above, Ms. Yang has confirmed that there is no other matter relating to the proposed appointment that needs to be brought to the attention of the Shareholders, and there is no other information that needs to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

PROPOSED CHANGE IN USE OF PROCEEDS

The Company successfully listed its H shares on the Main Board of the Stock Exchange on February 8, 2021 (the “**Listing**”) and obtained proceeds of HK\$1,898.7 million from the global offering in association with the Listing (the “**Proceeds**”). As disclosed in the prospectus of the Company, the Group planned to use the Proceeds for the purposes of (i) core product; (ii) clinical trial, registration filing and commercialization of PGT-M kit; (iii) development, clinical trials and registration filings of PGT-SR kit, CNV kit and WES kit; (iv) improving our research and development capabilities and enhancing technologies of the Company; and (v) working capital and general corporate purposes. At the 2021 second extraordinary meeting of the Company held on December 18, 2021, the Shareholders resolved to change the use of Proceed.

The Board hereby announces that, in order to better utilize the Proceeds, the Board proposes to seek approval of the Shareholders by ordinary resolution at the EGM to change the use of Proceeds. An analysis of the utilization of the Proceeds as of the date of this announcement and the proposed change of allocation of unutilized Proceeds are summarized as follows:

Original use of the Proceeds	Original planned applications HK\$ in million	Original		Planned applications (after the proposed change) HK\$ in million	Percentage of total Proceeds (after the proposed change)	Utilized amount of the Proceeds as of the date of this announcement HK\$ in million	Unutilized amount of the Proceeds as of the date of this announcement HK\$ in million
		percentage of total Proceeds	Changed use of the Proceeds				
1 Core Product — PGT-A kit	569.61	30%	Same as original	379.74	20%	110.89	458.72
1.1 Ongoing sales and marketing activities of our PGT-A kit and planned commercialization in China, in order to expand our sales channels, continue market coverage expansion, conduct patient education and clinical knowledge of physicians and increase the penetration rate of our PGT-A kit	379.74	20%	Same as original	151.90	8%	105.57	274.17
1.1.1 Organizing science and technology promotion campaigns in hospitals to improve patient awareness and clinical knowledge of physicians in the field of IVF technology and PGT-A, as well as assisting hospitals to develop educational videos and materials to promote IVF technology and PGT-A	189.87	10%	Same as original	113.92	6%	98.92	90.95

Original use of the Proceeds		Original planned applications HK\$ in million	Original percentage of total Proceeds	Changed use of the Proceeds	Planned applications (after the proposed change) HK\$ in million	Percentage of total Proceeds (after the proposed change)	Utilized amount of the Proceeds as of the date of this announcement HK\$ in million	Unutilized amount of the Proceeds as of the date of this announcement HK\$ in million
1.1.2	Hosting and sponsoring domestic and international medical conferences relating to assisted reproduction procedures with experts and KOLs, particularly those with topics relating to IVF technology and PGT-A, in order to enhance our influence in this market	113.92	6%	Same as original	37.97	2%	6.43	107.49
1.1.3	Assisting physicians to participate in national training course in genetic testing and obtain genetic counseling certification, in order to increase the number of physicians with ability to provide genetic consulting, which is expected to accelerate the penetration of our PGT-A kits; or to participate in advanced studies overseas in world-leading assisted reproduction medical institutions to communicate knowledge of IVF and PGT-A	75.95	4%	Deleted	—	—	0.22	75.73
1.2	Optimizing the production process of our PGT-A kit by upgrading our existing manufacturing machinery and equipment, as well as procuring and installing new automated operational equipment and instruments to increase our production efficiency for PGT-A kit	189.87	10%	Optimizing the production process of our PGT-A kit by upgrading our existing manufacturing machinery and equipment, as well as procuring and installing new automated operational equipment and instruments to increase our production efficiency for PGT-A kit, <u>and optimizing and upgrading our PGT-A kit</u>	227.84	12%	5.32	184.55
2	Clinical trial, registration filing and commercialization of PGT-M kit	379.74	20%	Clinical trial, registration filing and commercialization of PGT-M kit	189.97	10%	20.94	358.80
2.1	Clinical trial and registration filing of our PGT-M kit	189.87	10%	Clinical trial and registration filing of our PGT-M kit <u>(including the relevant labor and consumables costs)</u>	132.91	7%	10.99	178.88
2.2	Commercialization, sales and marketing activities of our PGT-M kit	189.87	10%	Same as original	56.96	3%	9.95	179.92

Original use of the Proceeds		Original planned applications <i>HK\$ in million</i>	Original percentage of total Proceeds	Changed use of the Proceeds	Planned applications (after the proposed change) <i>HK\$ in million</i>	Percentage of total Proceeds (after the proposed change)	Utilized amount of the Proceeds as of the date of this announcement <i>HK\$ in million</i>	Unutilized amount of the Proceeds as of the date of this announcement <i>HK\$ in million</i>
3	Development, clinical trials and registration filings of our other products	569.61	30%	Development, clinical trials, <u>and registration filings and commercialization of our other products</u>	569.61	30%	77.47	492.14
3.1	Development, clinical trials and registration filings of our other genetic test kit products	246.83	13%	Development, clinical trials, <u>and registration filings and commercialization of our other genetic test kit products</u>	227.84	12%	24.29	222.54
3.1.1	<i>Development, clinical trials and registration filings of our PGT-SR product</i>	75.95	4%	<i>Development, clinical trials, <u>and registration filings and commercialization of our PGT-SR product</u></i>	56.96	3%	5.50	70.45
3.1.2	<i>Development, clinical trials and registration filings of our CNV kit</i>	75.95	4%	<i>Development, clinical trials, <u>and registration filings and commercialization of our CNV kit</u></i>	37.97	2%	9.57	66.38
3.1.3	<i>Development, clinical trials and registration filings of our WES kit</i>	94.94	5%	<i>Development, clinical trials, <u>and registration filings and commercialization of our WES kit</u></i>	75.95	4%	9.22	85.72
3.1.4	—	—	—	<i><u>Development, clinical trials, registration filings and commercialization of other genetic test kit products</u></i>	56.96	3%	—	—
3.2	Research, development and manufacturing of our genetic testing devices and instruments	322.78	17%	Research, development, <u>and manufacturing and commercialization of our genetic testing devices and instruments</u>	341.77	18%	53.17	269.61
3.2.1	<i>Research and development of a proprietary NGS sequencer with higher throughput, more accurate testing results and lower cost, for our reagent products</i>	151.90	8%	<i>Research and development <u>and commercialization of a proprietary NGS sequencer with higher throughput, more accurate testing results and lower cost, for our reagent products</u></i>	113.92	6%	27.46	124.44

Original use of the Proceeds		Original planned applications HK\$ in million	Original percentage of total Proceeds	Changed use of the Proceeds	Planned applications (after the proposed change) HK\$ in million	Percentage of total Proceeds (after the proposed change)	Utilized amount of the Proceeds as of the date of this announcement HK\$ in million	Unutilized amount of the Proceeds as of the date of this announcement HK\$ in million
3.2.2	Research, development and registration fillings of our automated workstation (BS1000)	75.95	4%	Research, development, and registration fillings and commercialization of our automated workstation (BS1000)	56.96	3%	14.02	61.93
3.2.3	Research, development and manufacturing of our liquid nitrogen storage dewar (BCT38A) and cryostorage system (BSG800)	94.94	5%	Research, development, and manufacturing and commercialization of our liquid nitrogen storage dewar (BCT38A) and cryostorage system (BSG800)	75.95	4%	11.70	83.24
3.2.4	—	—	—	Research, development, registration fillings and commercialization of other genetic testing devices and instruments	94.94	5%	—	—
4	Improving our research and development capabilities and enhancing our technologies, including (i) introducing and acquiring new technologies in businesses upstream and downstream of genetic testing and expanding our product portfolio through investments, acquisition, in-licensing or other collaboration arrangements; (ii) recruiting talent in genetic testing, particularly senior R&D personnel with a high level of influence in the industry and with extensive international R&D and product development experience; (iii) funding our collaborations with academic and research institutions on joint research projects	189.87	10%	Same as original	284.81	15%	142.66	47.21
5	—	—	—	Constructing and decorating of our R&D center and expanding the manufacturing plant for our test kit products, testing devices and instruments	189.87	10%	—	—
6	Working capital and general corporate purposes	189.87	10%	Same as original	284.81	15%	131.98	57.89

The Board has been constantly evaluating the Group's business objective and may change or modify plans against the changing market conditions to ascertain the business growth of the Group. The Board has been also taking a cautious approach continually when considering using the Proceeds, and closely monitoring the changes of the market conditions from time to time. The reasons for the above changes in the proposed applications of the Proceeds and reallocation of the unutilized amount of the Proceeds are as follows:

1. As the first mover with the first NMPA-approved PGT product in China, we have been enjoying unique advantages in establishing and expanding our commercialization network for our registered product rapidly since the Listing. The commercialization of our products, especially the improvement of the coverage and penetration of key customers, namely, hospitals and reproductive clinics licensed to conduct PGT, have been progressed fast and smoothly. In addition, due mainly to the impact of the continuous COVID-19 pandemic, many domestic and international medical conferences and academic seminars relating to assisted reproduction procedures we planned to host or sponsor in order to promote the commercialization of our PGT-A and PGT-M products were canceled. The Board has re-assessed the fund needs of our PGT-A and PGT-M kits after taking into consideration the aforementioned factors and is of the view that part of the Proceeds originally allocated to such products can be re-allocated to other purposes.
2. In order to maintain technological leadership in the industry and capturing commercial opportunities in the China's PGT market firmly, we plan to further extend our product portfolio through both in-house R&D and external acquisitions and investments. Therefore, the Board proposes to allocate more proceeds to (i) the R&D, clinical trials and registration filings, manufacturing and commercialization of other early-stage or planned product candidates, and (ii) improving our research and development capabilities and enhancing our technologies. The Company has been prudently assess investment opportunities to expand its product portfolio through investments, acquisition, in-licensing or other collaboration arrangements with regard to these technologies.
3. Considering the growing market demands of our products and the rapid expansion of our R&D team in line with the development stage of our Group, the Board proposes to use 10% of the Proceeds for the purpose of constructing and decorating of our R&D center and expanding the manufacturing plant for our test kit products, testing devices and instruments
4. Considering our rapid development after the Listing, the Board also considered that it would be appropriate to reallocate additional unutilized Proceeds for the use of working capital and other general corporate purposes.

The Board has considered that the development direction of the Group is still in line with the disclosures in the Prospectus in spite of the change in use of the unutilized Proceeds as stated above. The Board is not aware that there are material changes in the nature of the businesses of the Group. The Board is of the view that the above change in the use of the Proceeds is fair and reasonable as this would allow the Group to deploy its financial resources more effectively to enhance the research and development capacity and pipeline of the Group, would not have any material adverse effect on the existing business and operations of the Group, and is therefore in the best interests of the Group and the Shareholders as a whole.

The proposed change in use of Proceeds is subject to the approval of the Shareholders by way of ordinary resolution at the EGM. A circular containing, among other things, details of the above proposal will be despatched to the Shareholders in due course.

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.