



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

**2024**  
Interim Report



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## Definitions

“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“Company, “our Company” or “the Company”	Kindstar Globalgene Technology, Inc. (康聖環球基因技術有限公司), an exempted company with limited liability incorporated under the laws of the Cayman Islands, the shares of which are listed on the Main Board (stock code: 9960)
“COVID-19”	coronavirus disease 2019, a disease caused by a novel virus designated as severe acute respiratory syndrome coronavirus 2
“CRO”	Contract Research Organizations
“Director(s)”	the director(s) of the Company
“Global Offering”	the global offering of the Shares in connection with the Listing
“Group,” “our Group,” “the Group” or “we”	the Company and its subsidiaries (including the PRC Consolidated Entities)
“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, amendments and the related interpretations issued by the International Accounting Standards Board
“Kindstar Global Wuhan”	Kindstar Global (Wuhan) Medical Esoteric Technology Co., Ltd. (康聖環球(武漢)醫學特檢技術有限公司), a limited liability company established in the PRC and a PRC Consolidated Entity
“Kindstar Zhenyuan”	Wuhan Kindstar Zhenyuan Medical Laboratory Co., Ltd. (武漢康聖真源醫學檢驗有限公司), a limited liability company established under the laws of the PRC and a PRC Consolidated Entity
“Latest Practicable Date”	September 23, 2024, being the latest practicable date for the purpose of ascertaining certain information contained in this report prior to its publication

“Listing”	the listing of the Shares on the Main Board on the Listing Date
“Listing Date”	July 16, 2021, on which dealings in the Shares first commenced on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“Post-IPO Option Scheme”	the post-IPO share option scheme adopted by the Company on June 22, 2021
“Post-IPO RSU Scheme”	the post-IPO restricted share unit scheme adopted by the Company on June 22, 2021
“PRC”	the People’s Republic of China, but for the purpose of this report and for geographical reference only and except where the context requires otherwise, references in this report to the “PRC” do not include Hong Kong, the Macau Special Administrative Region and Taiwan
“PRC Consolidated Entity(ies)”	entity(ies) whose financial results have been consolidated and accounted for as subsidiaries of the Company by virtue of variable interest entity structure
“Pre-IPO Stock Incentive Plans”	the pre-IPO stock incentive plans adopted by the Company on March 14, 2013, December 20, 2015 and December 1, 2016
“Prospectus”	the prospectus of the Company dated June 29, 2021
“Reporting Period”	the six months ended June 30, 2024
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the share capital of the Company with a par value of US\$0.00025 each
“Shareholder(s)”	holder(s) of Share(s)

## Definitions

“Share Subdivision”	the share subdivision referred to in “Appendix IV – Statutory and General Information – A. Further Information about Our Company and Our Subsidiaries – 4. Written Resolutions Passed by Our Shareholders on June 22, 2021” in the Prospectus where, upon completion of the conversion of the preference shares, our Directors be authorized to subdivide each of our issued and unissued shares of par value US\$0.001 each into four Shares of par value US\$0.00025 each, such that following the Share Subdivision, the authorized share capital of the Company shall be US\$500,000 divided into 2,000,000,000 Shares of par value US\$0.00025 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US\$”	United States dollars, the lawful currency of the United States
“Wuhan Haixi”	Wuhan Haixi Life Science Technology Co., Ltd (武漢海希生命科技有限公司), a limited liability company established under the laws of the PRC
“Wuhan Kindstar”	Wuhan Kindstar Medical Laboratory Co., Ltd. (武漢康聖達醫學檢驗所有限公司), a limited liability company established under the laws of the PRC and a PRC Consolidated Entity
“%”	per cent

In this report, the terms “associate,” “close associate,” “connected person,” “connected transaction,” “continuing connected transaction,” “controlling shareholder,” “core connected person,” “subsidiary” and “substantial shareholder” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

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

## Board of Directors

### Executive Directors

Dr. Huang Shiang (*Chairman and Chief Executive Officer*)  
Mr. Tu Zanbing  
Ms. Chai Haijie

### Non-executive Directors

Mr. Huang Zuie-Chin  
Mr. Peng Wei  
Ms. Huang Lu

### Independent Non-executive Directors

Dr. Yao Shanglong  
Dr. Xia Xinping  
Mr. Gu Huaming

## Audit Committee

Dr. Xia Xinping (*Chairman*)  
Mr. Huang Zuie-Chin  
Mr. Gu Huaming

## Remuneration Committee

Mr. Gu Huaming (*Chairman*)  
Dr. Xia Xinping  
Mr. Tu Zanbing

## Nomination Committee

Dr. Huang Shiang (*Chairman*)  
Dr. Yao Shanglong  
Dr. Xia Xinping

## Joint Company Secretaries

Ms. Chai Haijie  
Ms. Lee Mei Yi

## Authorized Representatives

Ms. Chai Haijie  
Ms. Lee Mei Yi

## Hong Kong Legal Advisors

Jingtian & Gongcheng LLP  
Suites 3203-3207  
32/F., Edinburgh Tower  
The Landmark  
15 Queen's Road Central  
Hong Kong

## Auditor

Ernst & Young  
*Certified Public Accountants*  
*Registered Public Interest Entity Auditor*  
27/F One Taikoo Place  
979 King's Road  
Quarry Bay  
Hong Kong

## Registered Office

P.O. Box 472, 2nd Floor  
Harbour Place, 103 South Church Street  
George Town, Grand Cayman KY1-1106  
Cayman Islands



## Corporate Information

### Head Office and Principal Place of Business in the PRC

Biolake D2-1, 666 Gaoxin Road  
East Lake High Tech Zone  
Wuhan, Hubei  
PRC

### Principal Place of Business in Hong Kong

5/F, Manulife Place  
348 Kwun Tong Road  
Kowloon  
Hong Kong

### Company's Website

[www.kindstar.com.cn](http://www.kindstar.com.cn)

### Principal Share Registrar

International Corporation Services Limited  
Harbour Place  
2nd Floor  
103 South Church Street  
P.O. Box 472  
George Town  
Grand Cayman KY1-1106  
Cayman Islands

### Hong Kong Share Registrar

Tricor Investor Services Limited  
17/F  
Far East Finance Centre  
16 Harcourt Road  
Hong Kong

### Principal Banks

Standard Chartered Bank (HK) Limited  
China Merchants Bank Wuhan Branch  
CITIC Bank Optics Guanggu Free Trade Zone Branch

### Stock Code

9960

### Business Review and Outlook

In the first half of 2024, China continuously strengthened the supervision of healthcare industries, resulting in a more compliant, healthy and sustainable third-party medical testing sector. The industry has entered a phase of standardized development, presenting new challenges to the operational strategy and business model of enterprises. As a leading enterprise in the third-party medical testing industry, the Company has been adopting various means to actively grab a larger share of the esoteric testing market by improving its service system, expanding further key specialties, promoting the admissions by contracting, as well as reaching agreement on the construction of precise platforms with large-scale hospitals. This demonstrates strong resilience across various business segments.

### Multi-Specialty Esoteric Testing Business

#### Steady Progress in Specialty Esoteric Testing Business

Over the years, the Group has not only focused on its existing areas of strength, which include six major specialty esoteric testing business lines in hematology, neurology, genetic diseases and rare diseases, infectious diseases, solid tumor and maternity, but also identified and addressed the clinical needs of other specialties that have not been fully explored. By leveraging our accumulated experience and technological advantages in specialty esoteric testing business, we have expanded our scope of service and ways of cooperation. Currently, we have made rapid progress in the fields of ophthalmology, cardiovascular diseases, rheumatology, etc. We have established a systematic testing item manual and conducted R&D cooperation with leading hospitals in these specialties to provide testing solutions for clinical specialized doctors.

In the first half of 2024, the six major existing specialty esoteric testing businesses sought progress while maintaining stability. During the Reporting Period, there was a steady growth in the number of hospitals that cooperated with us for hematology testing services. We acquired more than 124 new hospital customers. In the field of neurology, we aim to deepen our collaboration with Southern Medical University, and continue to achieve the self-research, self-production and self-use of the neuroimmune-related reagent products through the conversion of scientific research achievements of the hospital. At the current stage, we completed the R&D and application of more than 70 relevant antibodies of diseases such as autoimmune encephalitis, central nerve demyelination, paraneoplastic syndromes, peripheral neuropathy, etc. In the field of infection, our self-developed targeted pathogen sequencing showed greater advantages in terms of timing, throughput, accuracy, flexibility, detection sensitivity, etc., and had a huge market potential in various infectious diseases. During the period, we successfully developed the pathogen screening and scientific research business in disease control and prevention centers of various provinces and municipalities, with an increase of over 50%. In the field of oncology, the MRD monitoring solution for solid tumors was optimized continuously, and the projects developed based on the two strategies of tumor informed and tumor agnostic were widely recognised by the market. Facing the huge demand for oncology clinical testing in China, with the continuous innovation and iteration of testing technology, we believe that early screening and diagnosis of oncology, companion diagnosis, recurrence monitoring and other fields will be huge development opportunities.



## Business Review and Outlook

Expanding into more specialty esoteric testing fields is one of our strategic development directions, as well as the potential to give full play to the synergies of the esoteric testing industry. In the first half of 2024, in terms of ophthalmic testing, we became the first institution in China to attempt to monitor drug concentrations of adalimumab in the treatment of uveitis. Additionally, we secured 10 new Class IIIA hospital customers, effectively extending our coverage to capital-level cities and their neighboring cities in 13 provinces nationwide. In terms of rheumatology testing, the Group maintains clinical collaborations with more than 200 hospitals for testing, with 7 projects obtaining the certification of autoimmune clinical testing center under National Clinical Research Center for Dermatologic and Immunologic Diseases and 6 projects passed with full score in external quality assessment with leading Class IIIA hospitals in China. In 2023, we engaged in a patent transfer with Shenzhen Children's Hospital and have since provided the hospital with more comprehensive and innovative molecular examination methods for clinical diagnosis. This has greatly contributed to guiding individualized and precise treatment for pediatric patients. In terms of cardiovascular testing, our business experienced rapid growth. In the first half of 2024, we introduced more than 100 new metabolite and gene detection indicators, as well as obtained 12 new approved Class I registration certificates for mass spectrometry testing items. In the second half of the year, the cardiovascular business will continue to be oriented towards clinical translation and application, and expand the coverage of specialties through continuous investment.

### **R&D Investment to Promote Innovation-Driven Development**

In the first half of 2024, we maintained proper R&D investment, continued to promote the iteration and optimization of products and launched more high valued-added new products to keep our leadership in the field of specialty esoteric testing service. We actively explored the precision medicine-related science and technology, clinical application and research and other aspects, with a commitment to making original contributions to basic scientific problems of biomedicine and translational research of serious diseases. During the period, the Group had 69 new R&D detection items in total, including 22 items related to molecular biology detection technology, 23 items related to flow cytometry detection technology, 10 items related to cytogenetic detection technology, and 9 items related to pathological detection technology.

In terms of R&D, we completed a number of key projects during the period, firstly developing automatic analysis procedures related to bioinformatics based on the NGS technology platform, including the hematological tumor-related CNV, the establishment of CN-LOH interpretation database and the R&D of prediction software for whole genome ROH triploid, and obtaining the authorization of invention patent "ROH data analysis system based on chromosomal microarray (基於染色體微陣列的ROH數據分析系統)". In addition, the Group completed a number of key projects, including the lymphoma ctDNA testing, the quantitative detection of fusion gene and gene mutation based on the digital PCR technology, and new immunization projects. In the first half of 2024, the Group successfully built the current most advanced molecular cytogenetics technology platform, namely, "Bionano" optical genome mapping technology platform, to provide assistance to the diagnosis or treatment of hematological tumors, solid tumors and hereditary diseases, etc.

### **Highlighted Potential of the Products for Immune Repertoire**

In the first half of 2024, the business of our core product, Lymscan, had expanded to over 150 institutions in 25 provinces, representing a year-on-year increase of approximately 69% in revenue as compared to that in the first half of 2023. The market coverage and customers served thereof achieved a steady increase, and the repurchase rate of the MRD project significantly increased. We are currently cooperating with a number of well-known domestic enterprises and institutions, to explore and refine the applications of Fantekang, a product for immune reconstitution and monitoring, as well as KB-SEQ, a product for health monitoring, respectively.

### **Promote Channels Expansion through Cooperative Construction**

In the first half of 2024, we established strong connections with our customers through comprehensive, multi-disciplinary, multi-omics, and multi-platform collaboration. During the Reporting Period, the Group has reached agreement on the construction of precise diagnosis platforms with a number of hospitals based on the development of the specialty esoteric testing businesses of the Company as well as the customers' needs, and carried out cooperation with large-scale Class IIIA hospitals in terms of multi-center scientific research projects, strengthened the promotion of relevant popular products and new projects, and focused on specific diseases to increase market share. Meanwhile, the Group has also carried out cooperative construction with a number of well-known institutions in projects such as pathogen detection, organoid projects in the cell platform, Alzheimer's disease serological marker detection, autoimmune disease detection and early heart failure detection, and actively created systematic diagnostic templates for specialties and diseases, as well as promotion methods such as regionalization and nationwide multi-center linkage.

In terms of new specialties, we also actively promoted cooperation through scientific research cooperation, cooperative construction, etc. In the first half of 2024, the mass spectrometry platform has been carried out cooperative construction with a number of hospitals, which has significantly promoted the testing level of the partnering hospitals and also increased the Group's market share in the field of mass spectrometry and metabolite detection. In the first half of the year, in terms of the organoids, as an important testing technology platform in the future, the Group also completed scientific research cooperation and reached agreement on the construction of platforms with a number of top hospitals, which significantly promoted our technical strength in clinical application in the field of organoids and established a pioneer advantage in the market.

### **Esoteric Testing Reagents**

In the first half of 2024, the Company has improved and updated its esoteric testing reagent products. Over ten types of reagents were transferred to production through R&D, demonstrating outstanding performance in China. Our main product NGS performed 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 diagnosis, treatment, prognosis, and medication. NGS not only offers wide coverage, but also avoids the impact of redundant data on disease analysis and enables more accurate clinical diagnosis and treatment. Furthermore, the Company's fusion gene reagent kits based on our years of experience in clinical diagnosis service can cover more than 95% of fusion gene indicators in the current market. Also, we have introduced numerous optimizations on the basis of that to enhance usability and ensure more accurate interpretation of results.

As of the first half of 2024, the Group's coverage and capabilities of hematologic tumors testing products are at the forefront in China. We completed the validation of over 2,000 square meters GMP plant, including microbiology, purified water, clean rooms, etc., which met the registration requirements of the National Medical Products Administration for Class III medical devices. While meeting the requirements of in-house reagent production, we can also fully undertake the entrusted production of third-party molecular reagents.



## Business Review and Outlook

### Scientific Research Services and Contract Research Organizations (“CRO(s)”)

In 2023, leveraging its professional R&D and bioinformatics analysis capabilities, the Group commenced to provide comprehensive and extensive multi-omics scientific research services to researchers, hospitals, scientific research institutions and biopharmaceutical companies in the biological field at home and abroad. The Group is equipped not only with ultra-high-throughput second-generation gene sequencing platforms manufactured by Illumina and MGI, but also became the first batch of Revio platform sequencing service providers to obtain official certification from PacBio in the Asia Pacific at the end of last year. This achievement has enabled all-round coverage in the fields of third-generation sequencing, NGS, single-cell sequencing, MAS-Seq (the third generation single cell), and STOmics. These advancements aim to create more possibilities for scientific and technological services as well as precision medicine. In the first half of 2024, the sector of scientific research services of the Group has cooperated with nearly 100 hospitals, research institutions and enterprises, and its foreign operation has expanded to multiple countries, with overall revenue achieving diversified growth.

In the first half of 2024, the Group received over 90 pilot business consultancies, totaling five new contracts and supplemental agreements, involving various treatment fields such as CML/AML/MM/lymphoma, with the value of new contracts amounting to approximately RMB3 million, the value of existing contract amounting to over RMB44 million, and the partners covered well-known pharmaceutical companies and R&D institutions for cell therapy at home and abroad. In the second half of 2024, we will increase the investment in the construction of CRO system and focus on allocation of special software, talents and policies for CRO business based on the integration of the existing internal superior resources, to push forward the substantial growth in the experimental business.

### External Investment and M&A

In the first half of 2023, the Group agreed to acquire a total of approximately 11.38% equity interest in Beijing Bofurui Gene Diagnostic Technology Co., Ltd. (北京博富瑞基因診斷技術有限公司) (hereinafter referred to as “**Bofurui**”) at a total consideration of RMB31,876,000. Bofurui is a leading enterprise in the field of transplantation esoteric testing and professional services in China, and features its leading professional technology and stable sustainability. The acquisition will further improve the Group’s strategic system of “comprehensive, systematic and advanced” specialty esoteric testing, and enhance the penetration rate, influence and customer service efficiency of the Company’s core testing technology in the transplantation market through industry synergy.

As of June 30, 2024, the Company had sufficient cash reserves with approximately RMB1.99 billion of cash, cash equivalents and time deposits. In 2024, under the strategic guidance of sound operations and long-term development, we will prudently use funds on hand, actively seek M&A opportunities, in order to swiftly obtain new testing technologies and specialty testing services. Furthermore, we are committed to continuing the implementation of technological progress and innovation, improving the quality and efficiency of testing services, and better adapting to market changes, to meet customers’ needs, and promote the healthy development of the entire industry.

### **Digitalization, Informatization and Artificial Intelligence**

Through deep learning, the artificial intelligence in medical testing and report interpretation is rapidly emerging. The Group is also committed to the automation of its various business line processes and the construction of intelligent laboratories and devoted to the integration of information and business, so as to improve diagnostic efficiency and accuracy and inject new vitality into precision medicine.

In the first half of 2024, the Group's in-house pharmacogenomics AI reporting system was launched online and put into practical use, realizing the full automation of pharmacogenomics projects from reads-processing, results interpretation to automatic report generation, and efficiently handling batch splitting and sample analysis of the reads at the same time, to achieve seamless conversion from raw data to structured reports. Converting from artificial interpretation, which originally took hours, to an automated and intelligent process that can be completed in just a few seconds greatly improved the speed and accuracy of interpretation.

In the first half of 2024, the Group built the world's first AI-SEQ intelligent analysis and interpretation system for hematologic tumors. Based on over 20 years of clinical reports, we have established an independent tumor database consisting of more than 300,000 variation sites, which is integrated with more than 30 international and domestic authoritative professional databases at the current stage and a disease literature database consisting of more than 50,000 pieces of data. With this comprehensive database, we are able to screen out effective information that can provide diagnosis, prognosis, and drug target genes among a huge number of variation sites, providing a more professional and efficient clinical service.

Looking ahead to the second half of 2024, the domestic specialty esoteric testing field is expected to see broader development prospects but also needs to address various technical, market, regulatory and other challenges. In the existing business areas, we will continue to be committed to channel expansion, participate in the construction of precision centers in Class IIIA hospitals, respond to the national medical policy simultaneously, and actively participate in the construction of regional centers. In the interim, the Group will closely monitor integration opportunities within the specialty esoteric testing industry's supply chain and seek to expand its business modules and optimize resource allocation through strategic M&A. In terms of upstream and downstream integrations, we will vigorously launch the Internet hospital business and explore out-of-hospital chronic disease management model for esoteric patients. Additionally, we will continue to prioritize technological innovation, and be devoted to establishing ourselves as a comprehensive solution provider offering products, LDT services, precision center co-construction, and internet healthcare.

# Management Discussion and Analysis

## Management Discussion and Analysis

### Financial review

The following table 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, 2023 to the corresponding period of 2024:

	For the six months ended June 30,		
	2024 <i>RMB'000</i> (unaudited)	2023 <i>RMB'000</i> (unaudited)	Year-on-year change %
Revenue	<b>473,335</b>	492,760	(3.9)
Cost of sales	<b>(247,545)</b>	(248,840)	(0.5)
Gross profit	<b>225,790</b>	243,920	(7.4)
Other income and gains	<b>54,889</b>	81,179	(32.4)
Selling and marketing expenses	<b>(147,923)</b>	(159,588)	(7.3)
Administrative expenses	<b>(46,767)</b>	(49,250)	(5.0)
Research and development costs	<b>(48,401)</b>	(52,784)	(8.3)
Other expenses	<b>(17,840)</b>	(13,528)	31.9
Finance costs	<b>(4,679)</b>	(3,249)	44.0
Profit before tax	<b>15,069</b>	46,700	(67.7)
Income tax expense	<b>(4,541)</b>	(3,212)	41.4
<b>Profit for the period</b>	<b>10,528</b>	43,488	(75.8)
Attributable to:			
Owners of the parent	<b>11,895</b>	43,982	(73.0)
Non-controlling interests	<b>(1,367)</b>	(494)	(176.7)

## Management Discussion and Analysis

### Revenue

We organize our businesses into ten segments, including hematology testing, neurology testing, maternity-related testing, genetic disease and rare disease testing, infectious disease testing, oncology testing, COVID-19-related testing, routine testing, CRO and scientific research services and others.

The table below sets forth our main segment revenue and segment revenue proportion by operating segment for the periods presented.

	For the six months ended June 30,			
	2024		2023	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
	(unaudited)		(unaudited)	
Hematology testing	<b>297,919</b>	<b>62.9</b>	296,858	60.2
Neurology testing	<b>49,154</b>	<b>10.4</b>	48,960	10.0
Maternity-related testing	<b>25,003</b>	<b>5.3</b>	26,002	5.3
Genetic disease and rare disease testing	<b>23,635</b>	<b>5.0</b>	23,082	4.7
Infectious disease testing	<b>23,659</b>	<b>5.0</b>	28,928	5.9
Oncology testing	<b>10,972</b>	<b>2.3</b>	25,147	5.1
COVID-19-related testing	–	–	7,929	1.6
Routine testing	<b>21,064</b>	<b>4.5</b>	28,753	5.8
Scientific research services and CRO	<b>8,224</b>	<b>1.7</b>	6,553	1.3

### Revenue from testing services

For the six months ended June 30, 2024, in addition to COVID-19-related testing, the esoteric testing products represented by hematology, genetic disease and rare disease testing were on the rise with their revenue proportion increased, demonstrating our advantages in the field of esoteric testing. Among which, the revenue from hematology testing amounted to approximately RMB297.9 million, representing a year-on-year increase of approximately 0.4%. During the Reporting Period, it had 2 precision centers in terms of hematology testing in collaboration with leading hospitals in China, jointly built 10 platforms with them, and established expert networks, aiming to create integrated diagnosis and treatment solutions with professional and cutting-edge services. The revenue from neurology testing amounted to approximately RMB49.1 million, representing a year-on-year increase of approximately 0.4%. We attract customers by establishing a consultation platform, providing online counselling and consultation, as well as promoting value-added services such as clinical Q&A for key projects. The revenue from genetic disease and rare disease testing amounted to approximately RMB23.6 million, representing a year-on-year increase of approximately 2.4%. The revenue from infectious disease testing amounted to approximately RMB23.6 million, representing a year-on-year decrease of 18.2%. The revenue from oncology testing amounted to approximately RMB10.9 million, representing a year-on-year decrease of approximately 56.4%. The decrease in revenue from infectious disease and oncology related testing was due to the change in its agency revenue settlement model.

# Management Discussion and Analysis

## Scientific research services and CRO

This segment mainly includes the sales of CROs and scientific research services. CROs and scientific research services achieved steady growth in the first half of the year, for the six months ended June 30, 2024, we recorded revenue from scientific research services and CRO of approximately RMB8.2 million, representing a year-on-year increase of approximately 25.5%.

## Cost of Sales

Our cost of sales consists of staff costs related to the personnel who performed our testing services, costs incurred by 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,			
	2024		2023	
	RMB'000	%	RMB'000	%
	(unaudited)		(unaudited)	
Staff costs	<b>73,583</b>	<b>29.7</b>	79,775	32.0
Outsourcing costs	<b>42,052</b>	<b>17.0</b>	37,090	11.8
Raw materials	<b>78,117</b>	<b>31.6</b>	78,806	34.8
Others	<b>53,793</b>	<b>21.7</b>	53,169	21.4
<b>Total</b>	<b>247,545</b>	<b>100.0</b>	248,840	100.0

For the six months ended June 30, 2024, our cost of sales decreased by 0.4% from approximately RMB248.8 million for the same period in 2023 to approximately RMB247.5 million. The decrease in cost was mainly due to the decrease in revenue of approximately RMB19.4 million or 3.9%, directly resulting in the decrease in costs.

## Gross Profit, Gross Profit Margin and Segment Results

For the six months ended June 30, 2024, we recorded a consolidated gross profit of approximately RMB225.8 million, representing a year-on-year decrease of approximately 7.4%, with a consolidated gross profit margin of approximately 47.7%, representing a year-on-year decrease of 1.8 percentage points. The above changes in our gross profit and gross profit margin compared with the corresponding period were primarily due to the decrease of RMB19 million in the revenue and the new product business which was undergoing a period of investment in product research and development and channel construction, coupled with that the Group has added new laboratories in Shanghai and Guangzhou in terms of investment in fixed assets in order to expand its testing capacity and specialty tests as compared to the first half of last year, which together resulted in the decrease of 1.8% in our gross profit margin from 49.5% for the corresponding period in 2023 to 47.7%.

## Management Discussion and Analysis

Our management monitors the results of our operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment result 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 excluding other income and gains, administrative expenses, research and development expenses, other expenses, finance costs, listing expenses and fair value loss on financial liabilities at FVTPL. The following table sets forth a breakdown of our principal segment results for the periods indicated, both in actual amounts and as a percentage of segment revenue.

	For the six months ended June 30,			
	2024	% of	2023	% of
	Segment results (RMB'000) (unaudited)	segment revenue	Segment results (RMB'000) (unaudited)	segment revenue
Hematology testing	<b>69,082</b>	<b>23.2</b>	67,636	22.8
Neurology testing	<b>7,316</b>	<b>14.9</b>	6,727	13.7
Maternity-related testing	<b>727</b>	<b>2.9</b>	168	0.6
Genetic disease and rare disease testing	<b>3,045</b>	<b>12.9</b>	2,810	12.2
Infectious disease testing	<b>2,835</b>	<b>12.0</b>	4,204	14.5
Oncology testing	<b>1,702</b>	<b>15.5</b>	3,111	12.4
COVID-19-related testing	<b>-</b>	<b>-</b>	271	3.4
Routine testing	<b>156</b>	<b>0.7</b>	264	0.9
CROs and scientific research services	<b>1,533</b>	<b>18.6</b>	836	12.8

For the six months ended June 30, 2024, the segment results of mature products such as hematology and neurology continued to improve, mainly due to the increase in the rate of our principal segments results driven by proactively strengthening internal management efficiency and implementing cost control measures, coupled with digital transformation, to respond to the current market environment.

The segment results of CROs and scientific research services achieved significant growth, increased from RMB0.8 million for the same period in 2023 to RMB1.5 million in the current period, with profit margin increased by 5.8 percentage points, mainly due to the steady growth in the revenue of CROs and scientific research services.



# Management Discussion and Analysis

## Other Income and Gains

- For the six months ended June 30, 2024, our other income and gains amounted to approximately RMB54.9 million, representing a decrease of approximately 32.4% as compared to the corresponding period in 2023. The decrease was primarily because we received government subsidies of RMB20.0 million in the same period last year, which was a non-recurring income, and we did not receive similar government subsidies in this year, resulting in a decrease in profit accordingly.

## Selling and Marketing Expenses

- For the six months ended June 30, 2024, our selling and marketing expenses amounted to approximately RMB147.9 million, representing a decrease of approximately 7.3% as compared to the corresponding period in 2023. The selling and marketing expenses as a percentage of revenue decreased by 1.2% to 31.2% in this period from 32.4% for the same period last year. The decrease was mainly attributable to: (i) the enhancement of the efficiency of its marketing operations through optimization of its internal marketing structure and personnel; (ii) the adjustment of its marketing strategies and optimization of its sales channels; and (iii) the establishment of a regional co-construction center to provide services for reducing selling expenses.

## Administrative Expenses

- For the six months ended June 30, 2024, our administrative expenses amounted to approximately RMB46.8 million, representing a decrease of approximately 5.0% as compared to the corresponding period in 2023. The decrease was primarily due to the organizational structure optimization and office cost control conducted by us.

## Research and Development Costs

- For the six months ended June 30, 2024, our research and development costs amounted to approximately RMB48.4 million, accounting for 10.2% of revenue. To maintain corporate competitiveness and continue to promote layout of new specialty and new test technology, we still remain a high level of investment in research and development.

## Other Expenses

- For the six months ended June 30, 2024, our other expenses amounted to approximately RMB17.8 million, representing an increase of approximately 31.9% as compared to the corresponding period in 2023. The increase was primarily due to the expected credit losses for bad debts based on the expected credit losses for accounts receivable.

## Finance Costs

- For the six months ended June 30, 2024, our finance costs amounted to approximately RMB4.7 million, which was primarily associated with bank borrowings.

# Management Discussion and Analysis

## Income Tax Expense

- For the six months ended June 30, 2024, our income tax expense increased by approximately 41.4% to approximately RMB4.5 million as compared to the corresponding period in 2023.

## Profit for the Period

- In view of the above, our profit for the six months ended June 30, 2024 amounted to approximately RMB10.5 million, representing a decrease of approximately 75.8% as compared to the corresponding period in 2023.

## 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, bank borrowings and proceeds from the global offering (the “**Global Offering**”) of the ordinary shares of the Company (the “**Share(s)**”) in connection with the listing of the Shares on the Main Board of the Stock Exchange. 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, 2024, we funded our working capital and other capital expenditure requirements through a combination of income generated from operations, investments received and the proceeds from the Global Offering. The following table sets forth a summary of our cash flows for the periods indicated.

	For the six months ended June 30,	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Net cash flows used in operating activities	<b>(70,250)</b>	(7,630)
Net cash flows (used in)/from investing activities	<b>(969,483)</b>	509,198
Net cash flows from/(used in) financing activities	<b>133,581</b>	(9,188)
Net (decrease)/increase in cash and cash equivalents	<b>(906,151)</b>	492,380
Cash and cash equivalents at the beginning of the period	<b>1,472,799</b>	680,359
Effect of foreign exchange rate changes, net	<b>24,498</b>	31,924
Cash and cash equivalents at the end of the period	<b>591,146</b>	1,204,663

# Management Discussion and Analysis

## **Cash and cash equivalents**

For the six months ended June 30, 2024, our net cash used in operating activities was approximately RMB70.3 million, mainly attributable to: (i) positive adjustments to non-cash items, mainly including adjustments to bank financial income, depreciation of property, plant and equipment, adjustments to fair value of financial assets and contingent consideration; and (ii) increase by RMB22.9 million in other receivables and prepayments, our trade and bills receivables increased by RMB33.1 million and trade and bills payables decreased by RMB34.3 million during the Reporting Period.

For the six months ended June 30, 2024, our net cash used in investing activities was approximately RMB969.5 million, mainly attributable to: (i) the maturity of bank time deposits of RMB340.0 million and the purchase of bank time deposits of RMB1,171 million; and (ii) the acquisition of property, plant, machinery, equipment and investment in unlisted funds.

For the six months ended June 30, 2024, our net cash from financing activities was approximately RMB133.6 million, which was mainly attributable to: (i) a new bank loan of RMB178.0 million; (ii) a total payment of RMB14.3 million for the repurchase of shares and the purchase of shares under the Post-IPO RSU Scheme (as defined below); and (iii) the payment of RMB11.9 million for the lease payments.

As a result of the foregoing, our cash and cash equivalents, which were primarily held in Renminbi and United States dollars, decreased by approximately 50.9% from approximately RMB1,204.7 million as of June 30, 2023 to approximately RMB591.1 million as of June 30, 2024, mainly due to the fact that we invested certain idle funds in time deposits in order to enhance the value-added ability of funds.

During the Reporting Period, we conducted business in China, and most of our transactions were settled in Renminbi. Our presentation and functional currency are Renminbi. We were not exposed to significant foreign exchange risk since we did not have any significant financial assets or liabilities denominated in currencies other than Renminbi, except that cash at banks deposited in the United States dollars or Hong Kong dollars primarily from investors as capital contributions. The foreign exchange risk exposure of the Group mainly comes from the risk of exchange of United States dollars to Renminbi and Hong Kong dollars. We managed our foreign exchange risk by regularly reviewing net foreign exchange exposures, and conducted risk management. The hedging activities period of the Group shall not exceed twelve months. The management of the Group continued to pay attention to the market environment and the Group's own foreign exchange risk profile, and to consider taking appropriate hedging measures when necessary.

## **Indebtedness**

As of June 30, 2024, as we had utilized a credit limit of approximately RMB322.9 million for bank borrowings, our unutilized banking facilities were approximately RMB387.1 million. As of June 30, 2024, the total amount of the Group's borrowings was approximately RMB316.1 million, all of which were RMB interest-bearing bank borrowings, of which the borrowings at fixed interest rates amounted to approximately RMB246.1 million and the borrowings at floating interest rates amounted to approximately RMB70.0 million.

# Management Discussion and Analysis

## Gearing Ratio

The Group monitored capital on the basis of the gearing ratio. That ratio is calculated by dividing the total borrowings as shown in the consolidated statement of financial position by the share capital and reserves attributable to the equity holder of the Company. As of June 30, 2024, the total borrowings are approximately RMB316.0 million and the total share capital and treasury shares and reserves attributable to owners of the Company are approximately RMB2,894.8 million, and therefore the gearing ratio is 10.9%.

## 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.

	For the six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Purchases of property, plant and equipment	95,216	55,564
Purchases of other intangible assets	14,162	2,948
<b>Total</b>	<b>109,378</b>	<b>58,512</b>

## Contingent Liabilities

As of June 30, 2024, we did not have any material contingent liabilities.

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

As of June 30, 2024, 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

For the six months ended June 30, 2024, we did not conduct any material acquisitions or disposals of subsidiaries, associates or joint ventures.

## Charges on Group Assets

As of June 30, 2024, we did not have any charged assets.

# Management Discussion and Analysis

## Interim Dividend

The Board has resolved not to declare any interim dividend for the six months ended June 30, 2024.

## Employees

As of June 30, 2024, we had 3,193 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, respectively. As of June 30, 2024, options to subscribe for 4,267,180 Shares, representing approximately 0.44% of the total issued share capital of the Company (excluding treasury shares) as of the Latest Practicable Date, 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 July 16, 2021 on which dealings in the shares of the Company first commenced on the Stock Exchange. 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, 2024, 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, 2024 and up to the Latest Practicable Date which could have a material impact on our operating and financial performance.

## Change in Directors' Biographical Details Under Rule 13.51B(1) of the Listing Rules

Mr. Huang Zuie-Chin was appointed as a non-executive director of Lee's Pharmaceutical Holdings Limited 李氏大藥廠控股有限公司\*, a company listed on the Stock Exchange (stock code: 950), with effect from July 2, 2024. Save as disclosed herein, as of the Latest Practicable Date, there was no information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## Pre-IPO Stock Incentive Plans

The Pre-IPO Stock Incentive Plans were adopted pursuant to the Board resolutions passed on March 14, 2013, December 20, 2015 and December 1, 2016. The purposes of the Pre-IPO Stock Incentive Plans are to attract and retain the best available personnel, to provide additional incentives to the Group's employees, the Directors and persons (other than an employee or a Director) who are engaged by the Company or any related party to render consulting or advisory services ("**Consultants**"), and to promote the success of the Group's business.

The administrator is authorized under the Pre-IPO Stock Incentive Plans to award any type of arrangement to an employee, Director or Consultant that is not inconsistent with the provisions of the Pre-IPO Stock Incentive Plans and that by its terms involves or might involve the issuance of (i) Shares, (ii) cash or (iii) an option or similar right with a fixed or variable price related to the fair market value of the Shares and with an exercise or conversion privilege related to the passage of time, the occurrence of one or more events, or the satisfaction of performance criteria or other conditions (the "**Pre-IPO Award(s)**").

Any Pre-IPO Award granted under the Pre-IPO Stock Incentive Plans shall be exercisable at such times and under such conditions as determined by the administrator under the terms of the Pre-IPO Stock Incentive Plans and specified in the Pre-IPO Award agreement. A Pre-IPO Award shall be deemed to be exercised when written notice of such exercise has been given to the Company in accordance with the terms of the Pre-IPO Award by the person entitled to exercise the Pre-IPO Award and full payment for the Shares with respect to which the Pre-IPO Award is exercised.

The Pre-IPO Stock Incentive Plans do not stipulate: (i) the maximum entitlement of each participant under the scheme; (ii) the amount (if any) on application or acceptance of the Pre-IPO Awards and the period within which payments or calls must or may be made or loans for such purposes must be repaid; and (iii) the vesting period of the Pre-IPO Awards granted under the scheme. The administrator would consider, resolve for and approve the aforesaid particulars in accordance with the terms of the Pre-IPO Stock Incentive Plans.

Subject to the termination provisions under the Pre-IPO Stock Incentive Plans, each of the Pre-IPO Stock Incentive Plans shall be valid and effective for the period of ten years commencing on their respective adoption date. No Pre-IPO Award may be granted after the termination of the relevant Pre-IPO Stock Incentive Plan.

As disclosed in the Prospectus, the Company did not and will not grant further options under the Pre-IPO Stock Incentive Plans after the Global Offering.

The principal terms of the Pre-IPO Stock Incentive Plans are summarized in the section headed "Statutory and General Information – D. Pre-IPO Stock Incentive Plans" in Appendix IV to the Prospectus.

\* For identification purpose only

## Other Information

As of the Latest Practicable Date, the total number of Shares which may be issued pursuant to all outstanding Pre-IPO Awards (i.e. outstanding Options held by grantees) is 4,267,180 Shares, representing approximately 0.44% of the total issued share capital of the Company (excluding treasury shares) as of the same date. Details of such outstanding Options are set out below:

Name or category of grantee	Grant date	Vesting and exercise period	Exercise price (US\$/Share before the Share Subdivision)	Number of Shares underlying the Options as of January 1, 2024	Number of Options granted during the Reporting Period	Number of Options exercised during the Reporting Period	Number of Options cancelled during the Reporting Period	Number of Options lapsed during the Reporting Period	Number of Shares underlying the Options as of June 30, 2024	Weighted average closing price of the Shares immediately before the date on which the Options were exercised
<b>Other employees of the Group (Note 3)</b>										
In aggregate	March 15, 2013	(Note 1)	0.03	-	-	-	-	-	-	See note 4
	December 31, 2013	(Note 2)	0.03	-	-	-	-	-	-	See note 4
	December 31, 2014	(Note 2)	0.03	12,000	-	-	-	-	12,000	See note 4
	December 31, 2015	(Note 2)	0.06	507,424	-	-	-	-	507,424	See note 4
	December 31, 2016	(Note 2)	0.09	4,522,348	-	814,592	-	-	3,707,756	See note 4
	December 31, 2016	(Note 2)	0.06-0.09	-	-	-	-	-	-	See note 4
	December 31, 2017	(Note 2)	0.03	-	-	-	-	-	-	See note 4
<b>Sub-total</b>				<b>5,041,772</b>	<b>-</b>	<b>814,592</b>	<b>-</b>	<b>-</b>	<b>4,227,180</b>	
<b>Consultants</b>										
In aggregate	March 15, 2013	(Note 1)	0.03	-	-	-	-	-	-	See note 5
	December 31, 2013	(Note 2)	0.03	-	-	-	-	-	-	See note 5
	December 31, 2015	(Note 2)	0.06	19,156	-	-	-	-	19,156	See note 5
	December 31, 2016	(Note 2)	0.09	20,844	-	-	-	-	20,844	See note 5
<b>Sub-total</b>				<b>40,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40,000</b>	
<b>Total</b>				<b>5,081,772</b>	<b>-</b>	<b>814,592</b>	<b>-</b>	<b>-</b>	<b>4,267,180</b>	

### Notes:

- (1) 25%, 25%, 25% and 25% of the total number of the Options granted shall vest and become exercisable on the first, second, third and fourth anniversary of January 1, 2012, which was deemed as the vesting commencement date.
- (2) 100% of the total number of the Options granted shall vest and become exercisable immediately after grant date.
- (3) This includes former employees who were our employees on the date of grant, all of whom are independent third parties of the Company.
- (4) In the first half of 2024, 814,592 Options were exercised by the other employees of the Group. The weighted average closing price of these Shares before the relevant dates on which the Options were exercised during the six months ended June 30, 2024 is HK\$1.62.
- (5) In the first half of 2024, no Option was exercised by the Consultants.

## Post-IPO RSU Scheme

The Post-IPO RSU Scheme was adopted pursuant to the shareholders' resolutions passed on June 22, 2021. The Company may appoint a trustee (the "**RSU Trustee**") to administer the Post-IPO RSU Scheme with respect to the grant of any RSU Award (as defined below), by way of restricted share unit(s) ("**RSU(s)**"), which may vest in the form of Shares (the "**Award Shares**") or the actual selling price of the Award Shares in cash in accordance with the Post-IPO RSU Scheme. The purpose of the Post-IPO RSU Scheme is to align the interests of Eligible Persons (as defined below) thereto with those of the Group through ownership of Shares, dividends and other distributions paid on Shares and/or the increase in value of the Shares, and to encourage and retain such Eligible Persons to make contributions to the long-term growth and profits of the Group.

Any individual, being an employee, director (including executive Directors, non-executive Directors and independent non-executive Directors) or officer, consultant, advisor, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of any member of the Group or any affiliate (an "**Eligible Person**" and, collectively "**Eligible Persons**") who the Board or its delegate(s) considers, in its sole discretion, to have contributed or will contribute to the Group is eligible to receive an award granted by the Board (an "**Award**"), by way of RSUs, which may vest in the form of Award Shares or the actual selling price of the Award Shares of RSUs in cash in accordance with the Post-IPO RSU Scheme. However, no individual who is resident in a place where the grant, acceptance or vesting of an RSU Award pursuant to the Post-IPO RSU Scheme is not permitted under the laws and regulations of such place or where, in the view of the Board or its delegate(s), compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such individual, shall be entitled to participate in the Post-IPO RSU Scheme.

An RSU Award gives a selected participant a conditional right, when the RSU vests, to obtain the Award Share or, if in the absolute discretion of the Board or its delegate(s), it is not practicable for the selected participant to receive the RSU Award in Shares, the cash equivalent from the sale of the Award Shares. An RSU Award includes all cash income from dividends in respect of those Shares from the date on which the RSU Award is granted (the "**Grant Date**") to the date on which the RSU Award vests (the "**Vesting Date**"). For the avoidance of doubt, the Board at its discretion may from time to time determine that any dividends declared and paid by our Company in relation to the Award Shares be paid to the selected participant even though the Award Shares have not yet vested.

The aggregate number of Shares underlying all grants made pursuant to the Post-IPO RSU Scheme (excluding RSU Awards which have been forfeited in accordance with the Post-IPO RSU Scheme) will not exceed 8% of the issued share capital of the Company as of the date of approval of the Post-IPO RSU Scheme, being 54,337,129 Shares, without Shareholders' approval (the "**Post-IPO RSU Scheme Limit**"), representing approximately 5.55% of the total issued share capital of the Company (excluding treasury shares) as of the Latest Practicable Date.

Save as restricted by the Post-IPO RSU Scheme Limit or as otherwise restricted by the Listing Rules, for any 12-month period, the aggregate number of Shares granted to any participant shall not exceed 1% of the total number of the issued Shares at the relevant time, without Shareholders' approval.





## Other Information

The Board or the committee of the Board or person(s) to which the Board delegated its authority may from time to time while the Post-IPO RSU Scheme is in force and subject to all applicable laws, determine such vesting criteria and conditions or periods for the RSU Award to be vested under the Post-IPO RSU Scheme. No payment is required for the acceptance of an RSU Award.

For the purposes of satisfying the grant of an RSU Award, the Company shall 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 (i.e. the Company will not issue and allot Shares to the RSU Trustee for the aforesaid purpose) (please refer to the announcement of the Company dated March 27, 2024 for details). Where the RSU Trustee has received instructions from the Company to acquire shares through on-market transactions, the RSU Trustee shall acquire such number of Shares as instructed by the Company on-market at the prevailing market price as soon as reasonably practicable after receiving the necessary funds from the Company.

As at June 30, 2024, the remaining life of the Post-IPO RSU Scheme is approximately seven years and one month.

The principal terms of the Post-IPO RSU Scheme are summarized in the section headed “Statutory and General Information – E. Post-IPO RSU Scheme” in Appendix IV to the Prospectus.

As of June 30, 2024, no restricted share unit had been granted or agreed to be granted under the Post-IPO RSU Scheme.

## Post-IPO Option Scheme

The Post-IPO Option Scheme was adopted pursuant to the Shareholders’ resolutions passed on June 22, 2021 in compliance with Chapter 17 of the Listing Rules. The purpose of the Post-IPO Option Scheme is to reward employees for their past contribution to the success of the Company, and to provide incentives to them to further contribute to the Company.

Any individual, being an employee, director or officer of any member of our Group who the Board may in its absolute discretion select may be granted an Option to subscribe for such number of Shares as the Board may determine at the Subscription Price (as defined below).

The maximum number of Shares in respect of which Options may be granted under the Post-IPO Option Scheme when aggregated with the maximum number of Shares in respect of which Options may be granted under any other option scheme over Shares shall not exceed 10% of the issued share capital of the Company as of the date of approval of the Post-IPO Option Scheme (or of the refreshing of the 10% limit) by the Shareholders, being 16,980,353 Shares (adjusted to 67,921,412 Shares upon the Share Subdivision), which represents approximately 6.94% of the total number of Shares in issue (excluding treasury shares) as at the Latest Practicable Date. Options lapsed in accordance with the terms of the Post-IPO Option Scheme shall not be counted for the purpose of calculating the 10% limit. Within the aforesaid 10% limit (or alternatively subject to the approval of Shareholders in a general meeting), the maximum number of Shares to be issued upon exercise of all outstanding Options under the Post-IPO Option Scheme may be increased by increments as determined by the Board, provided that the total number of Shares to be issued upon exercise of all outstanding Options under the Post-IPO Option Scheme and all other schemes of the Company granted and yet to be exercised does not exceed 30% of all the Shares in issue from time to time. No Option may be granted under the Post-IPO Option Scheme if this will result in the limit being exceeded.

Except with the approval of Shareholders in a general meeting with the prospective grantee and his associates abstaining from voting, no Option may be granted to any one person such that the total number of Shares issued and to be issued upon exercise of Options and any other Option over the Shares (including exercised, canceled and outstanding Options) granted and to be granted to such person in any 12-month period up to the date of the latest grant exceeds 1% of the Shares in issue from time to time.

An offer of the grant of an Option made to any grantee must be accepted within 28 days from the date of the offer made (provided such offer shall be open for acceptance after the effective period of the Post-IPO Option Scheme) and further requiring the employee to hold the Option on the terms on which it is to be granted and to be bound by the provisions of the Post-IPO Option Scheme.

Subject as provided in the Post-IPO Option Scheme and any conditions specified by the Board, an Option may, subject to the terms and conditions (including the specified period within which the Options must be exercised) upon which such option is granted, be exercised in whole or in part by the grantee giving notice in writing to our Company in such form as the Board may from time to time determine stating that the option is thereby exercised and the number of Shares in respect of which it is exercised.

Subject to such terms and conditions as our Board may determine, there is no minimum period for which an Option must be held before it can be exercised (i.e. there is no requirements of vesting period) and no performance target needs to be achieved by the grantee before the Options can be exercised.

An Option shall be deemed to have been granted and accepted and to have taken effect when the duplicate letter comprising acceptance of the offer of the grant of the Option duly signed by the grantee together with a payment to the Company and/or any of its subsidiaries of HK\$1 (or the equivalent of HK\$1 in the local currency of any jurisdiction where the company and/or its subsidiaries operate, as the Board may in its absolute discretion determine) by way of consideration for the grant thereof is received by the Company within the time period specified in the offer of the grant of the Option. Such remittance shall not be refundable.

The amount payable for each Share to be subscribed for under an Option (“**Subscription Price**”) in the event of the Option being exercised shall be determined by the Board at its absolute discretion, but shall be not less than the greater of: (i) the closing price of a Share as stated in the daily quotations sheet issued by the Stock Exchange on the date of the offer made; (ii) the average closing price of our Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and (iii) the nominal value of a Share on the date of grant.

The Post-IPO Option Scheme shall be valid and effective for a period of 10 years commencing on the date when the Post-IPO Option Scheme becomes unconditional, after which period no further Options will be granted pursuant to the provisions of the Post-IPO Option Scheme, but the provisions of the Post-IPO Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any Options granted prior thereto or otherwise as may be required in accordance with the provisions of the Post-IPO Option Scheme. As at June 30, 2024, the remaining life of the Post-IPO Option Scheme is approximately seven years.

Further details of the principal terms of the Post-IPO Option Scheme are summarized in the section headed “Statutory and General Information – F. Post-IPO Option Scheme” in Appendix IV to the Prospectus.

## Other Information

As of June 30, 2024, no Option had been granted or agreed to be granted under the Post-IPO Option Scheme. As such, the number of Options available for grant under the Post-IPO Option scheme at the beginning and the end of the six months ended June 30, 2024 was the same as the maximum number of Shares in respect of which Options may be granted under the Post-IPO Option Scheme as described above.

The total number of Shares that may be issued in respect of Options granted under all schemes of the Company during the Reporting Period (i.e. nil) divided by the weighted average number of Shares in issue for the Reporting Period was zero.

## Disclosure of Interests

### Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As of June 30, 2024, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations within the meaning of Part XV of the SFO which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or are deemed to have taken under such provisions of the SFO); or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

#### (i) Interests in the Company

Name of Director or chief executive	Capacity/Nature of interest	Number of Shares interested	Approximate % of shareholding
Dr. Huang Shiang <sup>(1)(2)</sup>	Settlor of a trust and interest of spouse	145,363,368(L)	14.83
	Beneficial interest	1,062,500(L)	0.11
Mr. Tu Zanbing <sup>(3)</sup>	Interest in controlled corporation	38,624,144(L)	3.94
	Beneficial interest	25,737,720(L)	2.63
Ms. Chai Haijie	Beneficial interest	10,166,456(L)	1.04
Mr. Huang Zuie-Chin <sup>(4)</sup>	Interest in controlled corporation	72,539,632(L)	7.40
	Beneficial Interest	580,000(L)	0.06

## Notes:

- (1) Perfect Tactic Group Limited ("**Perfect Tactic**") is a company incorporated in the BVI held as to 99.8% and 0.2% by Infinite Prosperity Holdings LLC ("**Infinite Prosperity**") and Kindstar Rui An Medical Technology Company Limited (康聖瑞安醫學技術有限公司) ("**Kindstar Rui An**"), respectively. Infinite Prosperity is wholly owned by Jackson Hole Trust Company ("**Jackson Hole**"), the trustee to the Shiang Huang Family Trust which was established by Dr. Huang as settlor. Kindstar Rui An is indirectly wholly owned by Dr. Huang. Accordingly, Dr. Huang is deemed to be interested in the total number of Shares held by Perfect Tactic. Dr. Huang, being the spouse of Ms. Guo Gui-Rong, is deemed to be interested in the total number of Shares Ms. Guo Gui-Rong holds or is interested in.
- (2) According to the voting proxy arrangements dated April 28, 2021, January 1, 2017 and November 2, 2020, Ms. Guo Gui-Rong has effective control over the voting rights attached to the Shares held by each of Perfect Tactic, Mr. Chen Zhong ("**Mr. Chen**") and Ever Prospect Global Limited ("**Ever Prospect**"), which is wholly owned by Mr. Tu Zanbing. Accordingly, Ms. Guo Gui-Rong is deemed to be interested in (i) the 48,361,508 Shares held by Perfect Tactic, (ii) 3,468,800 Shares held by Mr. Chen, and (iii) 38,624,144 Shares held by Ever Prospect. Dr. Huang, being the spouse of Ms. Guo Gui-Rong, is deemed to be interested in the total number of Shares Ms. Guo Gui-Rong holds or is interested in.
- (3) Ever Prospect is wholly owned by Mr. Tu. Accordingly, Mr. Tu is deemed to be interested in the 38,624,144 Shares held by Ever Prospect. According to the voting proxy arrangement dated November 2, 2020, Ms. Guo Gui-Rong has effective control over the voting rights attached to the Shares held by Ever Prospect.
- (4) The general partner of Ningbo Meishan Bonded Port Zone Xinyue Kangsheng Equity Investment Limited Liability Partnership (寧波梅山保稅港區新岳康聖股權投資合夥企業(有限合夥)) ("**Ningbo Xinyue**") is Ningbo Meishan Bonded Port Zone Ruixi Equity Investment Management Partnership (Limited Partnership) (寧波梅山保稅港區瑞義股權投資管理合夥企業(有限合夥)) ("**Ningbo Ruixi**"), while the general partner of Wuhan Ruifu Medical Health Equity Investment Limited Liability Partnership (武漢瑞伏醫療健康股權投資合夥企業(有限合夥)) ("**Wuhan Ruifu**") is Ningbo Meishan Bonded Port Zone Ruifu Bojian Investment Management Co., Ltd. (寧波梅山保稅港區瑞伏博健投資管理有限公司) ("**Ningbo Ruifu**"). The general partner of Ningbo Ruixi is Ningbo Ruifu. Accordingly, Ningbo Ruifu is deemed to be interested in the 41,829,140 Shares held by Wuhan Ruifu and the 30,710,492 Shares held by Ningbo Xinyue. Ningbo Ruifu is ultimately controlled by Mr. Huang. Accordingly, Mr. Huang Zuie-Chin is deemed to be interested in (i) the 41,829,140 Shares held by Wuhan Ruifu and (ii) the 30,710,492 Shares held by Ningbo Xinyue.

## (ii) Interests in associated corporations

Name of Director or chief executive	Name of associate corporation	Amount of registered capital held (RMB)	Approximate % of interest
Dr. Huang Shiang	Wuhan Kindstar	6,644,000	96.29
	Kindstar Global Wuhan	10,000,000	99.01
	Wuhan Haixi	10,000,000	9.90
Mr. Tu Zanbing	Wuhan Kindstar	256,000	3.71
	Kindstar Global Wuhan	100,000	0.99
	Shanghai XINUO Medical Laboratory Co., Ltd. (上海希諾醫學檢驗實驗室有限公司)	475,000	9.50
	Kindstar Zhenyuan	1,000,000	10.00

## Other Information

Save as disclosed above, as of June 30, 2024, no Directors or chief executives of the Company had or was deemed to have an interest or short position in the Shares, underlying shares or debentures of the Company or its associated corporations, within the meaning of Part XV of the SFO, which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or are deemed to have taken under such provisions of the SFO); or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

## Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares of the Company

As of June 30, 2024, to the best knowledge of the Directors, the following persons, other than Directors and chief executives of the Company, had interests or short positions in the Shares or underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to section 336 of the SFO, to be recorded in the register referred to therein:

Name of substantial shareholder	Capacity/Nature of interest	Number of Shares interested	Approximate % of shareholding
Ms. Guo Gui-Rong	Beneficial interest	3,971,020(L)	0.41
	Interest held through voting powers entrusted by other persons <sup>(1)</sup>	90,454,452(L)	9.23
	Settlor of a trust <sup>(2)</sup> and interest of spouse	52,000,396(L)	5.30
Dr. Huang Shiang <sup>(3)(4)</sup>	Settlor of a trust and interest of spouse	145,363,368(L)	14.83
	Beneficial interest	1,062,500(L)	0.11
Mr. Huang Bo <sup>(2)(3)</sup>	Interest in controlled corporation	99,299,404(L)	10.13
Perfect Tactic <sup>(1)(3)</sup>	Beneficial interest	48,361,508(L)	4.93
Jackson Hole <sup>(2)(3)</sup>	Beneficial interest	50,937,896(L)	5.20
	Interest in controlled corporation	48,361,508(L)	4.93
Infinite Prosperity <sup>(3)</sup>	Interest in controlled corporation	48,361,508(L)	4.93
Mr. Huang Zuie-Chin <sup>(5)</sup>	Interest in controlled corporation	72,539,632(L)	7.40
	Beneficial interest	580,000(L)	0.06

## Other Information

Name of substantial shareholder	Capacity/Nature of interest	Number of Shares interested	Approximate % of shareholding
Ningbo Ruifu <sup>(5)</sup>	Interest in controlled corporation	72,539,632(L)	7.40
Madam Chan Tan Ching Fen <sup>(6)</sup>	Founder of a discretionary trust who influence how the trustee exercises his discretion	91,068,160(L)	9.29
Ghalibo (PTC) Limited (“ <b>Ghalibo</b> ”) <sup>(6)</sup>	Trustee	91,068,160(L)	9.29
Morningside Holdings (Asia) Limited (“ <b>Morningside Holdings</b> ”) <sup>(6)</sup>	Interest in controlled corporation	91,068,160(L)	9.29
Healthcare Asia (Holdings) Inc. (“ <b>HCA Holdings</b> ”) <sup>(6)</sup>	Interest in controlled corporation	91,068,160(L)	9.29
Healthcare Asia (China) Inc. (“ <b>HCA China</b> ”) <sup>(6)</sup>	Interest in controlled corporation	91,068,160(L)	9.29
Healthcare Asia Laboratories Inc. (“ <b>HCA Laboratories</b> ”) <sup>(6)</sup>	Interest in controlled corporation	91,068,160(L)	9.29
HCA Health Investments Inc. (“ <b>HCA Investments</b> ”) <sup>(6)</sup>	Beneficial interest	91,068,160(L)	9.29
CPE Holdings International Limited (“ <b>CPE International</b> ”) <sup>(7)</sup>	Interest in controlled corporation	80,367,640(L)	8.20
CPE Holdings Limited (“ <b>CPE Holdings</b> ”) <sup>(7)</sup>	Interest in controlled corporation	80,367,640(L)	8.20
CPE Funds III Limited (“ <b>CPE Funds III</b> ”) <sup>(7)</sup>	Interest in controlled corporation	80,367,640(L)	8.20
CPEChina Fund III, L.P. (“ <b>CPEChina</b> ”) <sup>(7)</sup>	Interest in controlled corporation	80,367,640(L)	8.20
CK Lab Tech Investment Limited (“ <b>CK Lab Tech</b> ”) <sup>(7)</sup>	Beneficial interest	80,367,640(L)	8.20
Mr. Tu Zanbing	Interest in controlled corporation <sup>(1)(8)</sup> Beneficial interest	38,624,144(L) 25,737,720(L)	3.94 2.63

## Other Information

### Notes:

- (1) According to voting proxy arrangements dated April 28, 2021, January 1, 2017 and November 2, 2020, Ms. Guo has effective control over the voting rights attached to the Shares held by each of Perfect Tactic, Mr. Chen and Ever Prospect. Accordingly, Ms. Guo Gui-Rong is deemed to be interested in (i) the 48,361,508 Shares held by Perfect Tactic, (ii) the 3,468,800 Shares held by Mr. Chen and (iii) the 38,624,144 Shares held by Ever Prospect.
- (2) Jackson Hole is the trustee of Gui-Rong Guo Trust, a family trust established by Ms. Guo (as the settlor) with her and her family members being the beneficiaries. Under the trust deed of the Gui-Rong Guo Trust, for so long as the Jackson Hole holds or controls any Shares, all voting rights attaching to such Shares shall be in effect exercised by Mr. Huang Bo, Dr. Huang Shiang and Ms. Guo Gui-Rong's son, as investment advisor to the Gui-Rong Guo Trust. Accordingly, each of Ms. Guo Gui-Rong and Mr. Huang Bo is deemed to be interested in the total number of Shares held by Jackson Hole.
- (3) Perfect Tactic is a company incorporated in the BVI held as to 99.8% and 0.2% by Infinite Prosperity and Kindstar Rui An, respectively. Infinite Prosperity is wholly owned by Jackson Hole. Jackson Hole is the trustee to the Shiang Huang Family Trust which was established by Dr. Huang as settlor. The Shiang Huang Family Trust is a discretionary trust and the beneficiaries of which includes Dr. Huang and his family members who are his associates, and their lineal descendants. Under the trust deed of the Shiang Huang Family Trust, for so long as the Jackson Hole Trust Company holds or controls any shares in Perfect Tactic, all voting rights with respect to investment decisions attaching thereto will be exercised by Mr. Huang Bo as investment advisor to the Shiang Huang Family Trust. Accordingly, each of Infinite Prosperity, Jackson Hole, Mr. Huang Bo and Dr. Huang is deemed to be interested in the total number of Shares held by Perfect Tactic.
- (4) Dr. Huang, being the spouse of Ms. Guo Gui-Rong, is also deemed to be interested in the total number of the Shares Ms. Guo Gui-Rong holds or is interested in.
- (5) The general partner of Ningbo Xinyue is Ningbo Ruixi, while the general partner of Wuhan Ruifu is Ningbo Ruifu. The general partner of Ningbo Ruixi is Ningbo Ruifu. Accordingly, Ningbo Ruifu is deemed to be interested in the 41,829,140 Shares held by Wuhan Ruifu and the 30,710,492 Shares held by Ningbo Xinyue. Ningbo Ruifu is ultimately controlled by Mr. Huang. Accordingly, Mr. Huang Zuie-Chin is deemed to be interested in (i) the 41,829,140 Shares held by Wuhan Ruifu and (ii) the 30,710,492 Shares held by Ningbo Xinyue.
- (6) HCA Investments is a limited liability company incorporated in the BVI and wholly owned by HCA Laboratories, which is wholly owned by HCA China. HCA China is wholly owned by HCA Holdings, which is wholly owned by Morningside Holdings. Morningside is wholly owned by Ghalibo, the trustee of a family trust established by Madam Chan Tan Ching Fen. Accordingly, each of HCA Investments, HCA Laboratories, HCA China, HCA Holdings, Morningside Holdings, Ghalibo and Madam Chan Tan Ching Fen is deemed to be interested in the total number of Shares held by HCA Investments.
- (7) CK Lab Tech is a company incorporated in the BVI held as to approximately 85.1% by CPEChina and 14.9% by CPE Global Opportunities Fund, L.P. The general partner of CPEChina is CPE Funds III, which is wholly owned by CPE Holdings. CPE Holdings is wholly owned by CPE International, which is owned by a number of shareholders that are natural persons none of whom controls CPE International. Accordingly, each of CPEChina, CPE Fund III, CPE Holdings and CPE International is deemed to be interested in the total number of Shares held by CK Lab Tech.
- (8) Ever Prospect is wholly owned by Mr. Tu. Accordingly, Mr. Tu is deemed to be interested in the 38,624,144 Shares held by Ever Prospect.

Save as disclosed above, as of June 30, 2024, to the best knowledge of the Directors, no other persons (not being Directors or chief executives of the Company) had interests or short positions in the Shares or underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to section 336 of the SFO, to be recorded in the register referred to therein.

## Purchase, Sale or Redemption of the Company's Listed Securities

For the six months ended June 30, 2024, the Company repurchased a total of 7,973,000 Shares (the “**Shares Repurchased**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) at an aggregate consideration (including transaction cost) of approximately HK\$12.6 million. 6,257,000 of the Shares Repurchased were subsequently cancelled and the remaining 1,716,000 of the Shares Repurchased are held as treasury shares. The repurchase of shares was effected because the Board considered that a share repurchase in the then conditions demonstrated 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, 2024 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	859,500	1.77	1.51	1,414
March	120,500	1.48	1.43	178
April	2,216,500	1.6	1.44	3,390
May	2,876,500	1.67	1.52	4,618
June	190,000	1.67	1.55	3,024
<b>Total</b>	<b>7,973,000</b>	<b>1.77</b>	<b>1.43</b>	<b>12,624</b>

Note: Total consideration that is inclusive of transaction fees such as brokerage fee, stamp duty and transaction levy.

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, 2024. As at June 30, 2024, the Company had 1,716,000 treasury shares (as defined under the Listing Rules) which are intended to be used for purposes such as employee incentives, sale or transfer to obtain liquid funds, etc. subject to the actual decision-making by the Board.



## Other Information

### Use of Proceeds from the Global Offering

The Shares were listed on the Stock Exchange on July 16, 2021. The net proceeds from the Global Offering (after deduction of underwriting commissions and other expenses paid and payable by the Company in connection with the Global Offering) amounted to approximately HK\$2,053.6 million. The net proceeds from the Global Offering (adjusted on a pro-rata basis based on the actual net proceeds) have been and will continue to be utilized in accordance with the intended use of the proceeds as set out in the Prospectus. The following table sets forth the status of the use of net proceeds from the Global Offering<sup>(1)</sup>:

Intended use of proceeds	Percentage of intended use of proceeds	Intended use of proceeds from the Global Offering	Unutilized net proceeds as of January 1, 2024	Actual	Unutilized net proceeds as of June 30, 2024	Timeframe for utilisation of the unused balance
				Amount of use for the six months ended June 30, 2024		
	(%)	(In HK\$ millions)	(In HK\$ millions)	(In HK\$ millions)	(In HK\$ millions)	

#### Sales and marketing of our existing esoteric testing service lines to cover more hospitals, especially Class III hospitals

Sales, marketing and expansion of hematology testing business	15	308.0	200.4	117.8	190.2	By June 30, 2025
Sales, marketing and expansion of genetic diseases and rare diseases and maternity-related testing business	10	205.4	162.7	44.7	160.7	By June 30, 2025
Sales, marketing and expansion of oncology, infectious disease and neurology testing businesses	10	205.4	137.1	73.4	132.0	By June 30, 2025

#### Research and development of our existing esoteric testing service lines

Research and development of hematology testing	6.7	136.9	33.0	109.5	27.4	By June 30, 2025
Research and development of genetic diseases and rare diseases and maternity-related testing	6.7	136.9	18.0	119.6	17.3	By June 30, 2025
Research and development of neurology, infectious disease, oncology and routine testing	6.7	136.9	120.7	73.1	63.8	By June 30, 2025

Intended use of proceeds	Percentage of intended use of proceeds (%)	Intended use of proceeds from the Global Offering (In HK\$ millions)	Unutilized net proceeds as of January 1, 2024 (In HK\$ millions)	Actual Amount of use for the six months ended June 30, 2024 (In HK\$ millions)	Unutilized net proceeds as of June 30, 2024 (In HK\$ millions)	Timeframe for utilisation of the unused balance
<b>Development and commercialization of new lines of esoteric testing services</b>	15	308.0	237.4	110.7	197.2	By June 30, 2025
<b>Expansion across the industry value chain by acquiring attractive technology or testing-related companies that are complementary and synergistic to our existing businesses</b>	5	102.7	76.0	84.9	17.8	By June 30, 2025
<b>Increasing our testing capacity</b>	10	205.4	33.8	196.5	8.9	By June 30, 2025
<b>Overseas expansion into markets outside of China</b>	5	102.7	102.7	–	102.7	By June 30, 2025
<b>Working capital and other general corporate purposes</b>	10	205.4	142.7	109.2	96.2	–
<b>Total</b>	<b>100.0</b>	<b>2,053.6</b>	<b>1,264.5</b>	<b>1,039.4</b>	<b>1,014.3</b>	

Note:

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

We currently have no intention to change the use of the unutilized net proceeds and have been actively monitoring the market environment for appropriate timing to implement our plans. It is currently expected that the unutilized net proceeds will be fully utilized by June 30, 2025, subject to changes in market conditions and policies and the timing when appropriate opportunities arise in the industry. To the extent that the net proceeds from the Global Offering are not immediately applied for the above purposes and to the extent permitted by the relevant law and regulations, we intend to deposit the net proceeds only into short-term deposits with licensed financial institutions in Hong Kong or the People's Republic of China. We will make an appropriate announcement if there is any change to the above proposed uses of proceeds or if any amount of the proceeds will be used for general corporate purpose.

### Compliance with the CG 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 Company has applied the principles as set out in the CG Code contained in Appendix C1 of the Listing Rules.

The Board is of the view that, during the Reporting Period and as of the Latest Practicable Date, 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 officer 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 the chief executive officer of the Group since its incorporation, the Board considers it beneficial to the business outlook 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 they act 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

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as the Group's code of conduct regarding the Directors' securities transactions. Having made specific enquiry of all the Directors, all the Directors confirmed that they have strictly complied with the Model Code during the Reporting Period.

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 C.1.3 of the CG Code). No incident of non-compliance with the Employees Written Guidelines by the Company's relevant employees had been noted during the Reporting Period after making reasonable enquiry.

## Audit Committee and Review of Financial Information

The Board has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code. As at the Latest Practicable Date, the Audit Committee consists of three members, namely Dr. Xia Xiping, Mr. Huang Zuie-Chin and Mr. Gu Huaming. Dr. Xia Xiping, 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, 2024. 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, 2024 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."



# Independent Review Report

## To the board of directors of Kindstar Globalgene Technology, Inc.

(Incorporated in Cayman Islands with limited liability)

## Introduction

We have reviewed the interim financial information set out on pages 37 to 74, which comprises the condensed consolidated statement of financial position of Kindstar Globalgene Technology, Inc. (the “Company”) and its subsidiaries (the “Group”) as at 30 June 2024 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* (“IAS 34”) issued by the International Accounting Standards Board (“IASB”). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

### Ernst & Young

*Certified Public Accountants*

Hong Kong

28 August 2024

# Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2024

	Notes	For the six months ended 30 June 2024 RMB'000 (Unaudited)	For the six months ended 30 June 2023 RMB'000 (Unaudited)
<b>REVENUE</b>	4	<b>473,335</b>	492,760
Cost of sales		<b>(247,545)</b>	(248,840)
<b>Gross profit</b>		<b>225,790</b>	243,920
Other income and gains		<b>54,889</b>	81,179
Selling and marketing expenses		<b>(147,923)</b>	(159,588)
Administrative expenses		<b>(46,767)</b>	(49,250)
Research and development costs		<b>(48,401)</b>	(52,784)
Other expenses		<b>(17,840)</b>	(13,528)
Finance costs		<b>(4,679)</b>	(3,249)
<b>PROFIT BEFORE TAX</b>		<b>15,069</b>	46,700
Income tax expense	6	<b>(4,541)</b>	(3,212)
<b>PROFIT FOR THE PERIOD</b>		<b>10,528</b>	43,488
Attributable to:			
Owners of the parent		<b>11,895</b>	43,982
Non-controlling interests		<b>(1,367)</b>	(494)
		<b>10,528</b>	43,488

# Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2024

	<i>Notes</i>	<b>For the six months ended 30 June 2024 RMB'000 (Unaudited)</b>	For the six months ended 30 June 2023 RMB'000 (Unaudited)
<b>OTHER COMPREHENSIVE INCOME</b>			
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		<b>25,141</b>	53,239
Other comprehensive income for the period, net of tax		<b>25,141</b>	53,239
Total comprehensive income for the period, net of tax		<b>35,669</b>	96,727
Attributable to:			
Owners of the parent		<b>37,036</b>	97,221
Non-controlling interests		<b>(1,367)</b>	(494)
		<b>35,669</b>	96,727
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
Basic (RMB)			
– For profit for the period	7	<b>1.25 cent</b>	4.31 cents
Diluted (RMB)			
– For profit for the period	7	<b>1.24 cent</b>	4.25 cents

# Interim Condensed Consolidated Statement of Financial Position

30 June 2024

	<i>Notes</i>	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	<i>9</i>	<b>583,633</b>	437,033
Right-of-use assets		<b>47,633</b>	41,269
Prepayments, deposits and other receivables	<i>11</i>	<b>30,217</b>	90,679
Other intangible assets		<b>31,243</b>	31,335
Time deposits	<i>12</i>	<b>440,000</b>	10,000
Investments in associates		<b>5,673</b>	5,950
Deferred tax assets		<b>62,383</b>	54,385
Financial assets at FVTPL	<i>13</i>	<b>337,163</b>	280,482
Goodwill		<b>9,497</b>	9,497
<b>Total non-current assets</b>		<b>1,547,442</b>	960,630
<b>CURRENT ASSETS</b>			
Inventories		<b>50,497</b>	48,701
Trade and bills receivables	<i>10</i>	<b>588,410</b>	566,561
Prepayments, deposits and other receivables	<i>11</i>	<b>74,535</b>	44,832
Amounts due from related parties	<i>20</i>	<b>21,708</b>	13,480
Time deposits (more than 3 months)	<i>12</i>	<b>954,902</b>	552,450
Pledged deposits		<b>638</b>	9,756
Cash and cash equivalents		<b>591,146</b>	1,472,799
<b>Total current assets</b>		<b>2,281,836</b>	2,708,579



# Interim Condensed Consolidated Statement of Financial Position

30 June 2024

	<i>Notes</i>	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	14	<b>180,635</b>	221,740
Other payables and accruals	15	<b>311,088</b>	313,685
Contract liabilities		<b>8,856</b>	11,924
Interest-bearing bank borrowings	16	<b>247,051</b>	152,900
Profit tax payable		<b>12,985</b>	1,322
Amounts due to related parties	20	<b>30,006</b>	23,374
Lease liabilities		<b>18,445</b>	12,132
Deferred tax liabilities		<b>4,265</b>	5,772
Contingent Consideration		-	922
<b>Total current liabilities</b>		<b>813,331</b>	743,771
<b>NET CURRENT ASSETS</b>		<b>1,468,505</b>	1,964,808
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>3,015,947</b>	2,925,438
<b>NON-CURRENT LIABILITIES</b>			
Deferred income		<b>889</b>	1,201
Interest-bearing bank borrowings	16	<b>69,000</b>	-
Lease liabilities		<b>29,435</b>	29,256
<b>Total non-current liabilities</b>		<b>99,324</b>	30,457
<b>Net assets</b>		<b>2,916,623</b>	2,894,981
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital and treasury shares	17	<b>1,527</b>	1,543
Reserves		<b>2,893,224</b>	2,870,449
		<b>2,894,751</b>	2,871,992
Non-controlling interests		<b>21,872</b>	22,989
<b>Total equity</b>		<b>2,916,623</b>	2,894,981

## Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

	Share capital <i>RMB'000</i> (note 15)	Capital reserve <i>RMB'000</i>	Attributable to owners of the parent			Accumulated losses <i>RMB'000</i>	Total <i>RMB'000</i>	Non- controlling interests <i>RMB'000</i>	Total equity <i>RMB'000</i>
			Other capital reserve* <i>RMB'000</i>	Share-based payment reserve <i>RMB'000</i>	Exchange fluctuation reserve <i>RMB'000</i>				
At 1 January 2024 (Audited)	1,543	6,023,532	(190,779)	108,571	190,475	(3,261,350)	2,871,992	22,989	2,894,981
Profit for the period	-	-	-	-	-	11,895	11,895	(1,367)	10,528
Other comprehensive income for the period:									
Exchange differences on translation of the financial statements of the Company	-	-	-	-	25,141	-	25,141	-	25,141
Total comprehensive income for the period	-	-	-	-	25,141	11,895	37,036	(1,367)	35,669
Shares issued upon exercise of share option	2	144	-	(146)	-	-	-	-	-
Repurchase of shares	(18)	(14,259)	-	-	-	-	(14,277)	-	(14,277)
Capital injection into a subsidiary by non-controlling shareholders	-	-	-	-	-	-	-	250	250
At 30 June 2024 (Unaudited)	1,527	6,009,417	(190,779)	108,425	215,616	(3,249,455)	2,894,751	21,872	2,916,623

# Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

	Share capital RMB'000 (note 15)	Capital reserve RMB'000	Attributable to owners of the parent			Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
			Other capital reserve*	Share option reserve	Exchange fluctuation reserve				
			RMB'000	RMB'000	RMB'000				
At 1 January 2023 (Audited)	1,556	6,050,437	(190,779)	109,663	161,804	(3,302,636)	2,830,045	27,211	2,857,256
Profit for the period	-	-	-	-	-	43,982	43,982	(494)	43,488
Other comprehensive income for the period:									
Exchange differences on translation of the financial statements of the Company	-	-	-	-	53,239	-	53,239	-	53,239
Total comprehensive income for the period	-	-	-	-	53,239	43,982	97,221	(494)	96,727
Shares issued upon exercise of share option	7	332	-	(339)	-	-	-	-	-
Repurchase of shares	(15)	(14,202)	-	-	-	-	(14,217)	-	(14,217)
Capital injection into a subsidiary by non-controlling shareholders	-	-	-	-	-	-	-	243	243
Acquisition of subsidiary	-	-	-	-	-	-	-	487	487
At 30 June 2023 (Unaudited)	1,548	6,036,567	(190,779)	109,324	215,043	(3,258,654)	2,913,049	27,447	2,940,496

\* The other capital reserve of the Group represents the difference between the aggregate value of the net assets of the non-controlling interests acquired and the consideration paid by the Group for the acquisition of the non-controlling interests.

# Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	<i>Notes</i>	<b>For the six months ended 30 June 2024 RMB'000 (Unaudited)</b>	<b>For the six months ended 30 June 2023 RMB'000 (Unaudited)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax:		<b>15,069</b>	46,700
Adjustments for:			
Bank interest income	<i>5</i>	<b>(42,222)</b>	(36,883)
Other income from financial assets at FVPTL	<i>5</i>	<b>(3,497)</b>	(1,514)
Foreign exchange losses, net	<i>5</i>	<b>521</b>	2,088
Finance costs	<i>5</i>	<b>4,679</b>	3,249
Share of profits and losses of associates		<b>277</b>	348
Fair value changes on financial assets at FVTPL	<i>5</i>	<b>966</b>	(5,649)
Fair value gains on contingent consideration	<i>5</i>	<b>(922)</b>	(4,844)
Losses on disposal of property, plant and equipment and other intangible assets	<i>5</i>	<b>362</b>	110
Depreciation of property, plant and equipment	<i>8</i>	<b>21,219</b>	25,191
Depreciation of right-of-use assets		<b>10,991</b>	7,120
Amortisation of other intangible assets		<b>2,808</b>	2,441
Impairment losses, net of reversal:			
– Inventories	<i>5</i>	<b>777</b>	875
– Financial assets under expected credit losses (“ECL”) model	<i>10</i>	<b>11,310</b>	2,020
		<b>22,338</b>	41,252
(Increase)/decrease in inventories		<b>(2,573)</b>	6,282
(Increase)/decrease in trade and bills receivables		<b>(33,159)</b>	43,386
Increase in prepayments, deposits and other receivables		<b>(22,900)</b>	(16,681)
Decrease in trade and bills payables		<b>(34,309)</b>	(66,580)
Increase/(decrease) in other payables and accruals		<b>869</b>	(7,694)
Decrease in contract liabilities		<b>(3,068)</b>	(780)
(Decrease)/increase in deferred income		<b>(312)</b>	252
Decrease in pledged deposits		<b>9,118</b>	1,441
Cash generated (used in)/from operations		<b>(67,867)</b>	878
Income tax paid		<b>(2,383)</b>	(8,508)
Net cash flows used in operating activities		<b>(70,250)</b>	(7,630)

# Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	Notes	For the six months ended 30 June 2024 RMB'000 (Unaudited)	For the six months ended 30 June 2023 RMB'000 (Unaudited)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received		20,464	36,883
Other income from financial assets at FVPTL		–	2,711
Purchases of property, plant and equipment		(95,216)	(55,564)
Purchases of other intangible assets		(14,162)	(2,948)
Disposal of wealth management products		–	48,000
Purchase of time deposits with original maturity of more than three months		(1,171,098)	(36,129)
Disposal of time deposits with original maturity of more than three months		339,970	517,174
Proceeds from disposal of property, plant and equipment		8,340	3,772
Proceeds from disposal of other intangible assets		306	–
Investment in unlisted funds		(58,087)	(5,648)
Acquisition of a subsidiary		–	947
Net cash flows (used in)/from investing activities		(969,483)	509,198
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
New bank loans		178,000	14,900
Repayment of bank loans		(14,900)	–
Interest paid		(3,629)	(2,374)
Lease payments		(11,863)	(7,740)
Payment for repurchase of shares		(14,277)	(14,217)
Contribution from non-controlling shareholders		250	243
Net cash flows from/(used in) financing activities		133,581	(9,188)
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at beginning of period		1,472,799	680,359
Effect of foreign exchange rate changes, net		24,498	31,924
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		<b>591,146</b>	<b>1,204,663</b>

# Notes to 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 2023.

## 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 2023, except for the adoption of the following new and revised International Financial Reporting Standards (“IFRSs”) for the first time for the current period’s financial information.

Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current (the “2020 Amendments”)</i>
Amendments to IAS 1	<i>Non-current Liabilities with Covenants (the “2022 Amendments”)</i>
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i>

The new or amended IFRSs that are effective from 1 January 2024 did not have any significant impact on the Group’s accounting policies.

## Notes to Interim Condensed Consolidated Financial Information

### 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) CROs and R&D project segment includes research and develop services.
- (j) The "others" segment provides other miscellaneous testing services.

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 before tax from continuing operations. The adjusted profit 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 and finance costs 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.

## Notes to Interim Condensed Consolidated Financial Information

### 3. OPERATING SEGMENT INFORMATION *(continued)*

For the six months ended 30 June 2024

(Unaudited)

Segments	Hematology Testing RMB'000	Genetic diseases and rare diseases RMB'000	Infectious diseases RMB'000	Oncology RMB'000	Neurology RMB'000	Maternity- related diseases RMB'000	Routine testing RMB'000	CROs and R&D project RMB'000	Others RMB'000	Total RMB'000
<b>Segment revenue:</b>										
Sales to external customers	297,919	23,635	23,659	10,972	49,154	25,003	21,064	8,224	13,705	473,335
<b>Segment results:</b>	69,082	3,045	2,835	1,702	7,316	727	156	1,533	(8,529)	77,867
Reconciliation:										
Other income and gains										54,889
Administrative expenses										(46,767)
Research and development costs										(48,401)
Other expenses										(17,840)
Finance costs										(4,679)
<b>Group's profit before tax</b>										<b>15,069</b>



# Notes to Interim Condensed Consolidated Financial Information

## 3. OPERATING SEGMENT INFORMATION *(continued)*

For the six months ended 30 June 2023

(Unaudited)

Segments	Hematology Testing RMB'000	Genetic diseases and rare diseases RMB'000	Infectious diseases RMB'000	Oncology RMB'000	Neurology RMB'000	Maternity-related diseases RMB'000	COVID-19 related testing RMB'000	Routine testing RMB'000	CROs and R&D project RMB'000	Others RMB'000	Total RMB'000
<b>Segment revenue:</b>											
Sales to external customers	296,858	23,082	28,928	25,147	48,960	26,002	7,929	28,753	6,553	548	492,760
<b>Segment results:</b>	67,636	2,810	4,204	3,111	6,727	168	271	264	836	(1,695)	84,332
Reconciliation:											
Other income and gains											81,179
Administrative expenses											(49,250)
Research and development costs											(52,784)
Other expenses											(13,528)
Finance costs											(3,249)
<b>Group's profit before tax</b>											<b>46,700</b>

### 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.

# Notes to Interim Condensed Consolidated Financial Information

## 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	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Types of services</b>		
Clinical testing service – at a point in time	<b>465,111</b>	486,207
Testing services for R&D projects and others – over time	<b>8,224</b>	6,553
Total revenue from contracts with customers	<b>473,335</b>	492,760

#### (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.

## Notes to Interim Condensed Consolidated Financial Information

### 5. PROFIT BEFORE TAX

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

	Notes	For the six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Cost of inventories sold		–	4,107
Cost of services provided		<b>247,545</b>	248,840
Depreciation of property, plant and equipment	9	<b>21,219</b>	25,191
Depreciation of right-of-use assets		<b>10,991</b>	7,120
Amortisation of other intangible assets		<b>2,808</b>	2,441
Research and development costs		<b>48,401</b>	52,784
Auditor's remuneration		<b>500</b>	500
Employee benefit expense (including director's benefit)			
Salaries and other benefits		<b>154,570</b>	164,627
Pension scheme contributions, social welfare and other welfare		<b>22,580</b>	21,939
Lease payments not included in the measurement of lease liabilities		<b>7,336</b>	5,416
Bank interest income		<b>(42,222)</b>	(36,883)
Finance costs		<b>4,679</b>	3,249
Foreign exchange losses, net		<b>521</b>	2,088
Other income from financial assets at FVPTL		<b>(3,497)</b>	(1,514)
Fair value changes on financial assets at FVTPL		<b>966</b>	(5,649)
Fair value gains on contingent consideration		<b>(922)</b>	(4,844)
Losses on disposal of items of property, plant and equipment		<b>362</b>	110
Impairment losses on financial assets under ECL model	10	<b>11,310</b>	2,020
Write-down of inventories to net realisable value		<b>777</b>	875

## Notes to Interim Condensed Consolidated Financial Information

### 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 is subject to income tax 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:

	Notes	2024	2023
Entity			
Wuhan Kindstar	1	15%	15%
Beijing Hightrust	2	15%	15%
Shanghai SimpleGene	3	15%	15%
Xinjiang Kindstar	4	15%	15%
Huaxi kindstar	4	15%	15%
Chengdu Shengyuan	4	15%	15%
Wenjiang Kangshenyou	4, 5	15%	15%
SinoPath	6	15%	15%

# Notes to Interim Condensed Consolidated Financial Information

## 6. INCOME TAX (continued)

### Mainland China (continued)

Notes:

- (1) In 2016, Wuhan Kindstar was accredited as a "High and New Technology Enterprise" ("HNTE") for a period of three years from 2016 to November 2018. Wuhan Kindstar subsequently renewed its HNTE qualification in 2019 and is entitled to a preferential CIT rate of 15% from 2016 to 2019, 2019 to 2022 and 2022 to 2025. 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 HNTE for a period of three years from 2014 to 2016. Beijing Hightrust subsequently renewed its HNTE qualification in 2017 and 2020 and was entitled to a preferential CIT rate of 15% from 2017 to 2020, 2020 to 2023 and 2023 to 2026 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 HNTE in 2019 and therefore Shanghai SimpleGene was entitled to a preferential CIT rate of 15% from Year 2019 to 2022 and 2022 to 2025. 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, Chengdu Shengyuan and Wenjiang Kangshenyong) 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. These policies shall be effective during 2019 to 2031.
- (5) Wenjiang Kangshenyong is 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.
- (6) SinoPath was accredited as a HNTE in 2022 and therefore SinoPath was entitled to a preferential CIT rate of 15% from Year 2022 to 2024. This qualification is subject to review by the relevant tax authority in the PRC for every three years.

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

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Current income tax	11,822	8,736
Under provision in prior years	2,224	903
Deferred income tax	(9,505)	(6,427)
<b>Total tax charge for the period</b>	<b>4,541</b>	<b>3,212</b>

## Notes to Interim Condensed Consolidated Financial Information

### 7. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 950,752,346 (2023: 954,884,630) in issue during the period.

The calculation of the diluted earnings per share amounts is based on the profit for the period 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 2023 and 2024, 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 calculation of basic profit per share is based on:

	For the six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Profit		
Profit attributable to ordinary equity holders of the parent (RMB'000)	<b>11,895</b>	43,982
Ordinary shares		
Weighted average number of ordinary shares in issue during the period used in the basic profit per share calculation	<b>950,752,346</b>	954,884,630
Effect of dilutive potential ordinary shares:		
Share options	<b>4,725,148</b>	13,561,209
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<b>955,477,494</b>	968,445,839
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>		
– Basic	<b>1.25 cent</b>	4.31 cent
– Dilute	<b>1.24 cent</b>	4.25 cent

## Notes to Interim Condensed Consolidated Financial Information

### 8. DIVIDENDS

The final dividend in respect of 2023 of HK\$0.0284 per share, totaling approximately HK\$28,000,000 was approved at the Annual General Meeting on 5 June 2024 and was paid in cash on 29 August 2024.

The Board of Directors has resolved not to declare an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: nil)

### 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 2024 (Unaudited)</b>							
At 1 January 2024							
Cost	232,959	310,068	6,657	42,430	131,182	32,798	756,094
Accumulated depreciation	(11,241)	(200,454)	(4,429)	(27,125)	(75,812)	-	(319,061)
Net carrying amount	221,718	109,614	2,228	15,305	55,370	32,798	437,033
At 1 January 2024, net of accumulated depreciation							
Additions	80	8,729	-	788	5,273	161,651	176,521
Transfer	178,223	-	-	-	4,534	(182,757)	-
Disposals	-	(5,717)	-	(160)	(2,825)	-	(8,702)
Acquisition of a subsidiary	-	-	-	-	-	-	-
Depreciation provided during the period	(3,818)	(8,806)	(330)	(2,881)	(5,384)	-	(21,219)
At 30 June 2024, net of accumulated depreciation	396,203	103,820	1,898	13,052	56,968	11,692	583,633
At 30 June 2024:							
Cost	411,262	311,955	6,657	43,058	138,164	11,692	922,788
Accumulated depreciation	(15,059)	(208,135)	(4,759)	(30,006)	(81,196)	-	(339,155)
Net carrying amount	396,203	103,820	1,898	13,052	56,968	11,692	583,633

## Notes to Interim Condensed Consolidated Financial Information

### 9. PROPERTY, PLANT AND EQUIPMENT *(continued)*

	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 2023 (Unaudited)</b>							
At 1 January 2023							
Cost	232,154	254,046	6,551	36,585	114,655	5,096	649,087
Accumulated depreciation	(5,931)	(177,131)	(3,922)	(22,398)	(60,987)	-	(270,369)
Net carrying amount	226,223	76,915	2,629	14,187	53,668	5,096	378,718
At 1 January 2023, net of accumulated depreciation							
Additions	-	42,976	267	3,214	1,606	35,095	83,158
Transfer	-	-	-	-	1,706	(1,706)	-
Disposals	-	(3,420)	(11)	(31)	(420)	-	(3,882)
Acquisition of a subsidiary	-	-	-	-	-	-	-
Depreciation provided during the period	(2,653)	(13,671)	(367)	(2,502)	(5,998)	-	(25,191)
At 30 June 2023, net of accumulated depreciation	223,570	102,800	2,518	14,868	50,562	38,485	432,803
At 30 June 2023:							
Cost	232,154	291,941	6,600	39,353	117,547	38,485	726,080
Accumulated depreciation	(8,584)	(189,141)	(4,082)	(24,485)	(66,985)	-	(293,277)
Net carrying amount	223,570	102,800	2,518	14,868	50,562	38,485	432,803



# Notes to Interim Condensed Consolidated Financial Information

## 10. TRADE AND BILLS RECEIVABLES

	<b>30 June 2024</b> <i>RMB'000</i> <b>(Unaudited)</b>	31 December 2023 <i>RMB'000</i> <b>(Audited)</b>
Trade receivables	<b>660,318</b>	627,476
Bills receivable	<b>635</b>	354
<b>Total</b>	<b>660,953</b>	627,830
Allowance for expected credit losses	<b>(72,543)</b>	(61,269)
<b>Total</b>	<b>588,410</b>	566,561

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 minimize 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 2024</b> <i>RMB'000</i> <b>(Unaudited)</b>	31 December 2023 <i>RMB'000</i> <b>(Audited)</b>
Within 1 year	<b>229,235</b>	210,202
1 year to 2 years	<b>221,334</b>	278,199
2 years to 3 years	<b>92,056</b>	31,306
3 years to 4 years	<b>26,376</b>	24,826
4 years to 5 years	<b>14,023</b>	17,590
Over 5 years	<b>5,386</b>	4,438
<b>Total</b>	<b>588,410</b>	566,561

## Notes to Interim Condensed Consolidated Financial Information

### 10. TRADE AND BILLS RECEIVABLES *(continued)*

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

	30 June 2024 <i>RMB'000</i> (Unaudited)	31 December 2023 <i>RMB'000</i> (Audited)
At beginning of periods	61,269	63,390
Impairment losses, net	11,310	1,238
Amount written off as uncollectible	(36)	(3,359)
At end of periods	<b>72,543</b>	61,269

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:

	As at 30 June 2024		Impairment <i>RMB'000</i> (Unaudited)
	Amount <i>RMB'000</i> (Unaudited)	Expected loss rate %	
Individually assessed:	42,205	55.03	23,226
Measured by provision matrix:			
Within 1 year	232,935	1.86	4,336
1 year to 2 years	226,651	3.07	6,967
2 years to 3 years	95,591	8.71	8,324
3 years to 4 years	29,854	29.28	8,740
4 years to 5 years	16,335	37.96	6,200
Over 5 years	16,747	88.08	14,750
Total	<b>660,318</b>		<b>72,543</b>

# Notes to Interim Condensed Consolidated Financial Information

## 10. TRADE AND BILLS RECEIVABLES *(continued)*

	As at 31 December 2023		
	Amount <i>RMB'000</i> (Audited)	Expected loss rate %	Impairment <i>RMB'000</i> (Audited)
Individually assessed:	36,476	45.62	16,641
Measured by provision matrix:			
Within 1 year	213,558	1.74	3,711
1 year to 2 years	284,467	3.73	10,615
2 years to 3 years	32,416	19.44	6,301
3 years to 4 years	30,442	30.43	9,265
4 years to 5 years	19,306	38.43	7,420
Over 5 years	10,811	67.67	7,316
<b>Total</b>	<b>627,476</b>		<b>61,269</b>

## 11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2024 <i>RMB'000</i> (Unaudited)	31 December 2023 <i>RMB'000</i> (Audited)
Deposits and other receivables (current)	<b>59,469</b>	33,082
Prepayments		
– current	<b>12,301</b>	8,422
– non-current	<b>15,320</b>	85,485
Value-added tax recoverable		
– current	<b>2,419</b>	1,457
– non-current**	<b>14,897</b>	5,194
Prepaid expenses (current)	<b>347</b>	1,871
<b>Total</b>	<b>104,753</b>	<b>135,511</b>

## Notes to Interim Condensed Consolidated Financial Information

### 11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (continued)

Analysed into:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Current portion	74,536	44,832
Non-current portion*	30,217	90,679
<b>Total</b>	<b>104,753</b>	<b>135,511</b>

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 mainly represents prepayments for construction in progress and acquisition of property, plant and equipment.

\*\* The amount mainly represents value-added tax balance expected not to be recoverable in next twelve months.

### 12. TIME DEPOSITS

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Time deposits – current (more than 3 months)	954,902	552,450
Time deposits – non-current (more than 1 year)	440,000	10,000
<b>Total</b>	<b>1,394,902</b>	<b>562,450</b>

As at 30 June 2024, time deposits represents deposits over one year of the group amounted to RMB440,000,000 carried the fixed interest rate ranged from 2.45% to 3.38% per annum with maturity from July 2025 to May 2027.

Current time deposits represent deposits over 3 months but less than one year. As at 30 June 2024, RMB954,902,000 of non-current time deposits carried fixed interest rates ranging from 1.90% to 5.95% per annum.

## Notes to Interim Condensed Consolidated Financial Information

### 13. FINANCIAL ASSETS AT FVTPL

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Investment in unlisted funds*	337,163	280,482
<b>Financial assets at FVTPL – non current</b>	<b>337,163</b>	280,482

\* 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.

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:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within 1 year	115,357	163,476
1 year to 2 years	45,309	52,277
Over 2 years	12,450	5,987
Total	<b>180,635</b>	221,740

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

### 15. OTHER PAYABLES AND ACCRUALS

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Accruals	129,391	136,056
Payroll payable	137,368	141,056
Other payables*	44,329	36,573
Total	<b>311,088</b>	313,685

\* 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.

## Notes to Interim Condensed Consolidated Financial Information

### 16. INTEREST-BEARING BANK BORROWINGS

	As at 31 December 2023		
	Effective interest rate per annum %	Maturity	RMB'000
Current Bank borrowings – credit*	2.75-3	2024	152,900

	As at 30 June 2024		
	Effective interest rate per annum %	Maturity	RMB'000
Current Bank borrowings – credit*	<b>2.75-3.45</b>	<b>2024-2025</b>	<b>246,000</b>
Non-current Bank borrowings – secured and guaranteed	<b>3.75</b>	<b>2024-2034</b>	<b>70,000</b>
			<b>316,000</b>

Analysed into:

	30 June 2024 RMB'000	31 December 2023 RMB'000
Bank borrowings repayable:		
Within one year	<b>247,000</b>	152,900
In the second year	<b>1,000</b>	–
In the third to fifth year, inclusive	<b>21,000</b>	–
Beyond five years	<b>47,000</b>	–
	<b>316,000</b>	152,900

\* In November 2023 and January 2024, Wuhan Kindstar, a subsidiary of the Company, entered into one-year credit loan agreements of RMB162,900,000 with Wuhan Branch of China Merchants Bank. In January 2024, Wuhan Kindstar repaid the loans amounted to RMB14,900,000. During March 2024 to June 2024, Wuhan Kindstar entered into one-year credit loan agreements of RMB78,000,000 with Wuhan Branch of Shanghai Pudong Development Bank.

In December 2023, Kindstar Zhenyuan, another subsidiary of the company, entered into an one-year credit loan agreement of RMB10,000,000 with Wuhan Bio-City Branch of China Merchants Bank. In February 2024, Kindstar Zhenyuan entered into an one-year credit loan agreement of RMB10,000,000 with Wuhan Free Trade Zone Branch of Industrial Bank.

In February 2024, Kindstar Shanghai, a subsidiary of the Company, entered into a ten-year bank loans agreement of RMB70,000,000 with Nanshi Branch of Shanghai Pudong Development Bank, which was guaranteed by Wuhan Kindstar and Sinopath and was secured by mortgages over the Kindstar Shanghai's buildings, which had a net carrying value at the end of the reporting period of approximately RMB154,472,000.

# Notes to Interim Condensed Consolidated Financial Information

## 17. SHARE CAPITAL/TREASURY SHARES

### Issued and fully paid

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Issued and fully paid:		
980,468,696 (2023: 986,308,104) ordinary shares	<b>1,588</b>	1,599

### Treasury Shares

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Shares repurchased:		
35,751,500 (2023: 32,003,000) treasury shares (notes)	<b>61</b>	55

#### Notes:

- i. Pursuant to the board resolution passed on 5 November 2021, the Company announced to exercise its power under the repurchase mandate to repurchase shares of the Company. A total of 7,973,000 shares were repurchased by the Company at a total consideration of HK\$12,624,000 (equivalent to approximately RMB11,475,000) during the six months ended 30 June 2024, among which 6,257,000 shares had been cancelled and the remaining 1,716,000 of the Shares Repurchased are held as treasury shares.
- ii. 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 2,289,500 shares were repurchased by the Company at a total consideration of HK\$3,666,000 (equivalent to approximately RMB3,333,000) during the six months ended 30 June 2024. As at 30 June 2024, an aggregate of 34,035,500 ordinary shares were repurchased for purpose of the Post-IPO RSU Scheme, which were recorded as treasury shares in the consolidated statement of financial position as at 30 June 2024.

## 18. STOCK INCENTIVE PLANS

### i. 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	31 December 2023	\$0.03	(ii)
31 December 2015	15,813,456	31 December 2025	\$0.06	(ii)
31 December 2016	17,242,524	31 December 2026	\$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. All options has been exercised before 14 March 2023.

(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.



## Notes to Interim Condensed Consolidated Financial Information

### 18. STOCK INCENTIVE PLANS *(continued)*

#### i. Pre-IPO Stock Incentive Plans *(continued)*

The following share options were outstanding during the reporting periods:

	30 June 2024		31 December 2023	
	Weighted average exercise price <i>US\$ per share</i>	Number of options <i>'000</i>	Weighted average exercise price <i>US\$ per share</i>	Number of options <i>'000</i>
At the beginning of period/year	0.17	5,081,772	0.14	14,987,592
Exercised during the period/year	0.18	814,592	0.12	9,777,820
Forfeited during the period/year	–	–	0.06	128,000
At the end of period	0.17	4,227,180	0.17	5,081,772
Exercisable at the end of the period/year		4,227,180		5,081,772

The weighted average share price at the date of exercise for share options exercised during the period was HK\$1.59 per share (2023: HK\$1.93 per share).

#### ii. Post-IPO RSU Scheme

None shares had been granted under the post-IPO RSU scheme during the reporting period.

### 19. COMMITMENTS

The Group had the following capital commitments at 30 June 2024 and 31 December 2023:

	30 June 2024 <i>RMB'000</i> (Unaudited)	31 December 2023 <i>RMB'000</i> (Audited)
Contracted, but not provided for:		
Property, plant and equipment	15,385	92,947
Fund investments	194,700	28,084
Equity investments	31,876	114,330
Total	241,961	235,361

# Notes to Interim Condensed Consolidated Financial Information

## 20. RELATED PARTY TRANSACTIONS

### (a) Name and relationship

Name of related parties	Relationship with the Group
湖北瑞江康聖產業投資基金合夥企業(有限合夥) Hubei Rivercity Kindstar Industry Investment Fund Partnership (Limited Partnership) ("Rivercity Kindstar Fund")	(Note i)
Panacea Venture Healthcare Fund II. ("Panacea Venture") 武漢蒲雲醫學檢驗實驗室有限公司 Wuhan Puyun Medical Laboratory Co., Ltd. ("Wuhan Puyun")	(Note ii) Associate
武漢德谷醫學檢驗實驗室有限公司 Wuhan Degu Medical Laboratory Co., Ltd. ("Wuhan Degu")	Associate
武漢康聖艾樂醫學檢驗實驗室有限公司 Wuhan Kindstar. Aile Medical Laboratory Co., Ltd. ("Kindstar Aile")	Entity controlled by Rivercity Kindstar Fund
武漢邁諾生物醫學科技有限公司 Wuhan Mainuo Medical Biotechnology Co., Ltd. ("Mainuo Medical")	Entity controlled by Rivercity Kindstar Fund
武漢英視特生物科技有限公司 Wuhan Insicht Biotechnology Co., Ltd. ("Wuhan Insicht")	Entity controlled by Rivercity Kindstar Fund
武漢紐凱生物科技有限公司 Wuhan Niukai Biotechnology Co., Ltd. ("Wuhan Niukai")	Entity controlled by Rivercity Kindstar Fund
武漢康聖澤輝醫學檢驗實驗室有限公司 Wuhan Kingstar Zehui Medical Laboratory Co., Ltd. ("Kindstar Zehui")	Entity controlled by Rivercity Kindstar Fund
武漢趨勢信息技術有限公司 Wuhan Trend Information Technology Co., Ltd. ("Wuhan Trend")	Entity controlled by Rivercity Kindstar Fund
武漢沐恩醫學科技有限公司 Wuhan Immuno Medical Tech Co., Ltd. ("Wuhan Immuno")	Entity controlled by Rivercity Kindstar Fund
武漢康聖原啓醫學檢驗有限公司 Wuhan Kingstar Yuanqi Medical Laboratory Co., Ltd. ("Kindstar Yuanqi")	Entity controlled by Rivercity Kindstar Fund
武漢拓道醫學科技有限公司 Wuhan Tuodao Medical Technology Co., Ltd. ("Tuodao Medical")	Entity joint controlled by Rivercity Kindstar Fund and a senior management
武漢益特醫療技術諮詢有限公司 Wuhan Medical Esoteric Test Technology Consulting Co., Ltd. ("Wuhan Yite")	Entity controlled by Rivercity Kindstar Fund
武漢康聖易呼醫學檢驗實驗室有限公司 Wuhan Kindstar Yihu Medical Laboratory Co., Ltd. ("Kindstar Yihu")	Entity controlled by Rivercity Kindstar Fund
武漢譜絡生物醫學科技有限公司 Wuhan Puluo Medical Biotechnology Co., Ltd. ("Puluo Biomedical")	Entity controlled by a senior management
武漢海傑科技有限公司 Wuhan Haijie Technology Co., Ltd. ("Wuhan Haijie")	Entity controlled by Rivercity Kindstar Fund
湖北聖壹醫學檢驗實驗室有限公司 Hubei ShengYi Medical Laboratory Co., Ltd. ("Hubei ShengYi")	

# Notes to Interim Condensed Consolidated Financial Information

## 20. RELATED PARTY TRANSACTIONS *(continued)*

### (a) Name and relationship *(continued)*

Name of related parties	Relationship with the Group
譜絡(武漢)醫學生物科技有限公司 Puluo (Wuhan) Medical Biotechnology Co., Ltd. ("Puluo Wuhan")	Entity controlled by Rivercity Kindstar Fund
天津康津醫學科技有限公司 Tianjin Kangjin Medical Technology Co., Ltd. ("Tianjin Kangjin")	Entity controlled by Rivercity Kindstar Fund
武漢拓道醫學生物科技有限公司 Wuhan Tuodao Medical Biotechnology Co., Ltd. ("Tuodao Biomedical")	Entity controlled by Rivercity Kindstar Fund
武漢因特檢醫學科技有限公司 Wuhan Intejian Medical Technology Co., Ltd. ("Wuhan Intejian")	Entity controlled by Rivercity Kindstar Fund
因特檢(武漢)醫學生物科技有限公司 Intejian (Wuhan) Medical Biotechnology Co., Ltd. ("Intejian Medical")	Entity controlled by Rivercity Kindstar Fund
英視特(武漢)生物有限公司 Insicht (Wuhan) Biotechnology Co., Ltd. ("Insicht WuHan")	Entity controlled by Rivercity Kindstar Fund
邁諾(武漢)醫學生物科技有限公司 Mainuo (Wuhan) Medical Biotechnology Co., Ltd. ("Wuhan Mainuo")	Entity controlled by Rivercity Kindstar Fund

Notes:

- (i) In September 2021, the Group entered into a partnership agreement with third parties Ezhou Changda Asset Management Co., Ltd. (鄂州市昌達資產經營有限公司) and Hubei Gedian Development Zone Construction Investment Co., Ltd. (湖北省葛店開發區建設投資有限公司) and Wuhan Booth Investment Co., Ltd. (武漢布斯投資資訊有限公司) (as the limited partner) for the formation of Rivercity Kindstar Fund. The total capital contribution by all partners of Rivercity Kindstar Fund shall be RMB300,000,000, of which RMB177,000,000 shall be contributed by the Group. Pursuant to the partnership agreement, an investment decision committee is formed as the highest investment decision-making body of Rivercity Kindstar Fund, which comprises four members, including two representatives nominated jointly by the Group and Wuhan Booth Investment Co., Ltd., one of whom is Mr. Huang Zuie-Chin, a non-executive director of the Company.
- (ii) In 2022, the Company entered into a partnership subscription agreement to subscribe limited partnership in Panacea Venture for total consideration of up to US\$12,500,000, representing 4.97% of total partnership at the time of the subscription. Mr. Huang Zuie-Chin, a non-executive director of the Company, is the founding managing partner of Panacea Venture.

## Notes to Interim Condensed Consolidated Financial Information

### 20. RELATED PARTY TRANSACTIONS (continued)

#### (b) Significant related party transactions

In addition to the transactions detailed elsewhere in the Interim Financial Information, the Group had the following material related party transactions during the reporting periods:

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Purchases of testing/agent services</b>		
Tuodao Medical (note i)	4,276	1,906
Puluo Biomedical (note i)	3,747	3,085
Wuhan Immuno (note i)	3,210	1,277
Wuhan Puyun (note i)	2,095	3,882
Mainuo Medical (note i)	1,964	–
Wuhan Yite (note i)	1,905	2,948
Wuhan Intejian (note i)	1,464	–
Kindstar Zehui (note i)	1,338	3,256
Wuhan Insicht (note i)	1,131	1,752
Wuhan Niukai (note i)	1,029	2,467
Hubei ShengYi (note i)	646	–
Wuhan Degu (note i)	248	182
Kindstar Yihu (note i)	151	2,882
Wuhan Mainuo (note i)	101	–
Puluo Wuhan (note i)	85	–
Kindstar Yuanqi (note i)	79	658
Intejian Medical (note i)	12	–
Kindstar Aile	–	3,900
	<b>23,481</b>	<b>28,195</b>
<b>Purchases of IT services</b>		
Wuhan Trend (note v)	642	358
<b>Investment in</b>		
Panacea Venture (note ii)	9,413	5,648
<b>Purchases of reagents</b>		
Wuhan Yite (note iii)	1,208	1,064
Mainuo Medical (note iii)	778	102
Kindstar Aile (note iii)	94	–
	<b>2,079</b>	<b>1,166</b>
<b>Rental services to</b>		
Puluo Wuhan (note iv)	1,839	–
Puluo Biomedical (note iv)	672	–
Wuhan Insicht (note iv)	606	–
Wuhan Immuno (note iv)	–	187
	<b>3,116</b>	<b>187</b>
<b>Purchases of equipment</b>		
Puluo Biomedical	–	600
<b>Loans to</b>		
Wuhan Haijie	–	1,000

## Notes to Interim Condensed Consolidated Financial Information

### 20. RELATED PARTY TRANSACTIONS *(continued)*

#### (b) Significant related party transactions *(continued)*

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Sales of reagents</b>		
Wuhan Puyun (note vi)	143	–
Wuhan Insight (note vi)	92	–
Wuhan Degu (note vi)	42	102
Hubei ShengYi (note vi)	18	–
Wuhan Immuno (note vi)	6	9
	<b>302</b>	111
<b>Sales of testing/agent services</b>		
Wuhan Puyun (note vii)	2,642	1,000
Wuhan Insight (note vii)	1,085	61
Wuhan Degu (note vii)	667	233
Wuhan Immuno (note vii)	376	7
Wuhan Intejian (note vii)	125	33
Kindstar Aile	–	160
Puluo Wuhan	–	45
Kindstar Yihu	–	21
	<b>4,895</b>	1,560

*Notes:*

- (i) During the period, the Group purchased testing/agent services from Tuodao Medical, Puluo Biomedical, Wuhan Immuno, Wuhan Puyun, Mainuo Medical, Wuhan Yite, Wuhan Intejian, Kindstar Zehui, Wuhan Insight, Wuhan Niukai, Hubei ShengYi, Wuhan Degu, Kindstar Yihu, Wuhan Mainuo, Puluo Wuhan, Kindstar Yuanqi, Intejian Medical and Kindstar Aile.
- (ii) In 2022, the Company entered into subscription agreement with Panacea Venture to subscribe limited partnership in a fund (acting by Panacea Venture, general partner of the fund) for total consideration of up to US\$12,500,000 million. The Company had paid investment of US\$1,325,000 (equivalent to RMB9,413,000) during the six months ended 30 June 2024.
- (iii) During the period, the Group purchased reagents from Wuhan Yite, Kindstar Aile, Mainuo Medical.
- (iv) During the period, Puluo Wuhan, Wuhan Insight and Puluo Biomedical provided rental services to the Group.
- (v) During the period, the Group purchased IT service from Wuhan Trend.
- (vi) During the period, the Group sold reagents to Wuhan Puyun, Wuhan Insight, Wuhan Degu, Hubei ShengYi, Wuhan Immuno.
- (vii) During the period, the Group sold testing/agent services to Wuhan Puyun, Wuhan Insight, Wuhan Degu and Wuhan Intejian.

The purchase price was made according to published prices and conditions agreed by the Group and the related parties.

### 20. RELATED PARTY TRANSACTIONS *(continued)*

#### (c) Other transactions with related parties

Mr. Huang Shiang, the legal person of Wuhan Kindstar, provided guarantee in his personal name for the bank loan and credit line granted by China Merchants Bank to Wuhan Kindstar and Wuhan Zhenyuan, with a total amount of RMB200 million and RMB10 million, respectively. The security agreement does not involve collateral and pledge. The agreement stipulates that if the guaranteed person fails to repay in time, China Merchants Bank has the right to directly freeze/deduct the funds of any individual account of Mr. Huang Shiang in China Merchants Bank or entrust other financial institutions to freeze and deduct the funds of his account opened under this institution with guarantee period from 12 October 2023 to 11 October 2024.

Mr. Huang Shiang also provided guarantee in his personal name for bank loans and credit line granted to Wuhan Kindstar with a total amount of RMB90 million with guarantee period from 4 January 2024 to 31 December 2026 in Shanghai Pudong Development Bank. In addition, Mr. Huang Shiang provided guarantee in his personal name for bank loans and credit line granted to Kindstar Zhenyuan, with a total amount of RMB20 million with guarantee period from 28 February 2024 to 28 February 2029 in Industrial Bank. At the same time, Mr. Huang Shiang provided guarantee in his personal name for bank loans and credit line granted to Haixi Biological Technology, with a total amount of RMB20 million with guarantee period from 24 June 2024 in China Merchants Bank.

## Notes to Interim Condensed Consolidated Financial Information

### 20. RELATED PARTY TRANSACTIONS *(continued)*

#### (d) Outstanding balances with related parties

As disclosed in the statements of financial position, the Group had outstanding balances with related parties at 30 June 2024 and 31 December 2023.

#### The Group

	30 June 2024 <i>RMB'000</i> (Unaudited)	31 December 2023 <i>RMB'000</i> (Audited)
<i>Due from related parties</i> (Note i)		
Other receivables (trade in nature)		
Wuhan Insight	4,523	4,811
Wuhan Yite	3,759	3,061
Panacea Venture Healthcare Fund II.	3,497	–
Wuhan Degu	2,865	1,082
Wuhan Puyun	2,787	2,334
Puluo Wuhan	1,987	–
Wuhan Immuno	1,366	344
Kindstar Aile	160	184
Kindstar Yuanqi	247	4
Wuhan Niukai	188	218
Hubei ShengYi	138	–
Wuhan Yingtejian	125	125
Mainuo Medical	51	39
Kindstar Yihu	13	27
Puluo Biomedical	2	1,235
Kindstar Zehui	–	13
Puluo Medical	–	3
<b>Total amounts due from related parties</b>	<b>21,708</b>	13,480

## Notes to Interim Condensed Consolidated Financial Information

### 20. RELATED PARTY TRANSACTIONS *(continued)*

#### (d) Outstanding balances with related parties *(continued)*

##### The Group *(continued)*

	30 June 2024 <i>RMB'000</i> (Unaudited)	31 December 2023 <i>RMB'000</i> (Audited)
<i>Due to related parties</i> (Note i)		
Other payables (trade in nature)		
Tuodao Medical	5,567	4,194
Puluo Biomedical	4,750	2,189
Wuhan Puyun	4,694	3,983
Insicht Wuhan	4,138	–
Wuhan Insicht	2,421	1,746
Wuhan Yingtejian	2,170	1,069
Kindstar Yihu	2,163	1,024
Kindstar Yuanqi	1,809	1,313
Mainuo Medical	1,165	841
Wuhan Trend	441	5
Tianjin Kangjin	183	183
Puluo Medical	145	195
Hubei ShengYi	137	–
Kindstar Aile	101	840
Wuhan Niukai	92	188
Intejian Medical	21	16
Tuodao Biomedical	7	–
Kindstar Zehui	2	–
Wuhan Degu	–	4,577
Wuhan Immuno	–	522
Wuhan Yite	–	489
<b>Total amounts due to related parties</b>	<b>30,006</b>	<b>23,374</b>

*Note:*

- (i) *The Group's balances due from and due to the related companies are unsecured, interest-free and repayable on demand, except for the loans to key management and employees.*



## Notes to Interim Condensed Consolidated Financial Information

### 20. RELATED PARTY TRANSACTIONS *(continued)*

#### (e) Compensation of key management personnel of the Group

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Salaries, allowances and benefits in kind	851	1,116
Pension scheme contributions	178	40
<b>Total</b>	<b>1,029</b>	<b>1,156</b>

### 21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	As at 30 June 2024		As at 31 December 2023	
	Carrying amount RMB'000 (unaudited)	Fair value RMB'000 (unaudited)	Carrying amount RMB'000 (audited)	Fair value RMB'000 (audited)
<b>Financial assets</b>				
Investment in unlisted funds	337,163	337,163	280,482	280,482
<b>Financial liabilities</b>				
Contingent consideration	–	–	922	922

## 21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

The Group's finance department headed by the financial controller is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each of the reporting periods, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The directors review the results of the fair value measurement of financial instruments periodically for financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values.

The Group invests in unlisted investments, which represent wealth management products issued by banks in Mainland China and unlisted funds subscribed by limited partnership allowing the Group to further access a wider variety of participants in the clinical testing industry.

The Group has estimated the fair value of wealth management products by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks. The Group has estimated the unlisted funds by using market method, comparable company method and net asset value of underlying investment method.

The fair values of lease liabilities have been calculated by discount the expected future cash flows using rate currently available for instruments with similar terms, credit risk and remaining maturities. The fair values have been assessed to be approximate to their carrying amounts.

## Notes to Interim Condensed Consolidated Financial Information

### 21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

#### Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

#### As at 30 June 2024 (Unaudited)

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
<b>Financial assets</b>				
Investment in unlisted funds	–	–	337,163	337,163

#### As at 31 December 2023 (Audited)

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
<b>Financial assets</b>				
Investment in unlisted funds	–	–	280,482	280,482
<b>Financial liabilities</b>				
Contingent consideration	–	–	922	922

During the reporting periods, there was no transfers of fair value measurements between Level 1 and Level 2 for both financial assets and financial liabilities.

### 22. EVENTS AFTER THE REPORTING PERIOD

Kindstar Global Wuhan entered into an equity transfer agreement and a supplemental equity transfer agreement, pursuant to which Kindstar Global Wuhan has agreed to conditionally acquire a total of approximately 11.38% equity interest in Beijing Bofurui Gene Diagnostic Technology Co., Ltd. at a total consideration of RMB31,876,000.