SUMMARY

This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. You should read this document in its entirety before you decided to **[REDACTED]** *in the* **[REDACTED]**. *We are applying for the* **[REDACTED]** *of our* **[REDACTED]** *on the Main Board of the Stock Exchange under Rule 8.05(3) of the Listing Rules. There are risks associated with any* **[REDACTED]**. *Some of the particular risks in* **[REDACTED]** *in the* **[REDACTED]** *are set out in "Risk Factors." You should read that section carefully before you decide to* **[REDACTED]** *in the* **[REDACTED]**.

OUR MISSION AND VISION

Our mission is to help people live healthier and happier lives by enabling precision health. Our vision is to be a comprehensive solutions provider to empower stakeholders in the entire value chain of molecular diagnostics.

OVERVIEW

We are a leading genetic testing solutions provider in China with a focus on using molecular diagnostics technologies to enable precision health. We are one of the most comprehensive providers of next-generation sequencing ("**NGS**") based genetic testing solutions in China, according to CIC. We pride ourselves on our ability to serve all major genetic testing applications that cover different population groups, tumor types and stages in the disease lifecycle. This includes providing clinically valuable genetic testing results that enable full cycle health management for cancer and other patients, as well as health screening and risk assessment for individuals, genetic testing of pathogenic microbes, such as COVID-19 and other pathogens, and research and development genetic testing primarily for biopharmaceutical companies and research institutes. We believe our comprehensive portfolio enables synergies between testing applications that enhance our business and drive sustainable growth.

Since our inception in 2014, we have devoted ourselves to developing our core competency in liquid biopsy technologies with integrated biotechnology and information technology ("**BT+IT**") capabilities, and building world-class laboratories, which is underpinned by our proprietary fully-fledged molecular diagnostics technology platform (i.e., LIUDUS™) and an end-to-end IT infrastructure that serves as the backbone of our digital, automated and intelligent laboratory operations. Supported by our technology platform and capabilities, our business grew rapidly during the Track Record Period. We developed a robust portfolio of end-to-end genetic testing solutions to address real-world needs in healthcare and medical research, and revenue from our full cycle genetic testing solutions increased by 96.5% from RMB44.6 million in 2020 to RMB87.7 million in 2021, and further increased significantly to RMB93.0 million in 2022. Moreover, we were able to promptly respond to the government's disease control initiatives and nucleic acid testing for COVID-19 ("**COVID-19 testing**") demands during the COVID-19 pandemic by leveraging our fully-integrated BT+IT capabilities. Our revenue from pathogenic genetic testing solutions, which primarily consisted of COVID-19 testing services during the Track Record Period, increased from RMB34.1 million in 2020 to RMB359.4 million in 2021, and further to RMB1,533.8 million in 2022, accounting for 34.1%, 73.8% and 91.5% of our total revenue in the respective years.

We see tremendous growth opportunities in the genetic testing industry even though demand for COVID-19 tests has decreased significantly since December 2022. Leveraging our accumulated technology and capabilities since our inception, we are driving full speed ahead to expand our genetic testing solutions portfolio and extend our reach in the genetic testing industry, supported by the brand recognition garnered and high throughput laboratory operating experience accumulated through our COVID-19 testing services. We believe our market-leading liquid biopsy technologies, fully-integrated BT+IT capabilities, and our strong relationships with key stakeholders, such as hospitals, biopharmaceutical companies, research institutes and governmental agencies, will enable us to capture opportunities in the thriving genetic testing industry in China.

Our Market Opportunities

Genetic testing plays an integral role in precision health, which is revolutionizing healthcare by using genetic insights to identify genomic underpinnings of diseases, develop transformative therapies, and refine disease diagnosis, treatment and prevention. In the past, genetic testing primarily relied on invasive, costly and hard-to-repeat sampling techniques and traditional assays that can only analyze a single biomarker at a time. Such limitations are recently being overcome by significant progress in advanced molecular diagnostics technologies, notably, liquid biopsy and NGS, which enable minimally invasive, easily repeatable and rapid analysis of a broad spectrum of genetic changes across thousands of genes. Furthermore, the vast accumulation of real-world genomic and clinical data over the past decades, accompanied by fast-evolving bioinformatics tools to analyze and interpret big data, has significantly improved the accuracy and clinical utility of genetic testing.

Advances in genetic testing are changing the treatment landscape for many diseases, especially cancer. Cancer is a leading cause of morbidity and mortality worldwide, with a global cancer incidence of 19.8 million and around 10.0 million global cancer deaths in 2021 alone. No two patients' cancers are exactly the same. Due to such heterogeneity, generic "one-size-fits-all" cancer treatments are often ineffective, expensive and subject patients to severe side effects. Driven by advances in genomic profiling and precision medicine, a new paradigm of precision oncology — providing the proper treatment to the right patient at the right time — has been introduced to improve survival rates and reduce disease burden simultaneously. With the gradual adoption of this new paradigm, CIC expects not only rapid growth in the market for novel genetic tests, but also demand for services, such as laboratory upgrades, data analysis and management, and IT framework, to enable the implementation of these tests. As such, the oncology management genetic testing market in China is at an inflection point poised for rapid growth. According to CIC, China's oncology management genetic testing market was valued at RMB4.4 billion in 2021 and is projected to reach RMB70.7 billion in 2030, growing at a CAGR of 36.2% from 2021 to 2030.

In addition to cancer treatment, advances in genetic testing are driving the development of innovative health risk assessment testing and pathogenic microbe genetic testing. In line with the PRC government's policies for effective screening and early health risk identification to reduce overall disease burden, molecular diagnostics can be used to inform a number of health risks and control infectious diseases.

Recognizing the vast potential of genetic testing, we are committed to developing innovative, high performance and user-friendly solutions that meet industry needs, with a dual-track approach using both laboratory developed test ("**LDT**") services and *in vitro* diagnostic ("**IVD**") products. Supported by our core competency in liquid biopsy technologies and fully-integrated BT+IT capabilities, we have established a portfolio of over 40 high-performance genetic testing solutions, including 27 LDT services, four LDT services under development, one NMPA-approved Class III IVD kit and nine IVD product candidates that cover every stage of cancer care, from health risk assessment, early detection to therapy selection and post-treatment monitoring. More notably, in October 2021, we obtained NMPA approval for HapOnco® LungCDx EGFR/ALK NGS Testing Kit, our NGS-based therapy selection IVD product for NSCLC with an industry-leading mutation limit of detection ("**LoD**"), among all 13 NMPA-approved therapy selection IVD products for NSCLC as of December 31, 2022.

Beyond our genetic testing solutions portfolio, we are also expanding our business to include software and hardware platforms and laboratory management solutions to serve the needs of key stakeholders. Over the years, we have developed and enhanced these infrastructures and capabilities to run our own operations. As we serve our customers through genetic testing services, we have gained insights into their operating challenges and believe that productization of our solutions platform will benefit many in our industry.

Our Competencies

We believe that our ability to capture market opportunities is supported by the following competencies.

Fully-integrated BT+IT capabilities. We have developed and accumulated industry-leading BT+IT capabilities, which are underpinned by our extensive library of proprietary molecular technologies and in-house developed bioinformatics capabilities, as well as our proprietary laboratory information management system ("**LIMS**") (i.e., HapLab) and proprietary cloud platform (i.e., HapYun), which form the end-to-end IT infrastructure serving as the backbone of our digital, automated and intelligent laboratory operations. Leveraging our fully-integrated BT+IT capabilities, we are able to handle samples, analyze data, implement workflows and manage our laboratories with quality, efficiency and data security assurance.

Proprietary LIUDUS™ platform. We drive our pipeline development by leveraging our proprietary molecular diagnostics technology platform, LIUDUS™, which combines our proprietary wet lab molecular technologies and dry lab bioinformatics tools with our deep understanding of disease biology to overcome current challenges in liquid biopsy technology, such as detecting low-abundance cancer-derived biomarkers, including circulating tumor DNA ("**ctDNA**"), and identifying low-frequency cancer mutations with greater sensitivity and specificity. These technologies and expertise underlie the proprietary assays, sequencing workflow and data analytics software we developed for our LDTs and IVDs, enabling us to bring clinically actionable insights that have the potential to meaningfully impact patient lives. Our liquid biopsy technologies have been validated by over 65 papers and scientific conference presentations, and some were published in renowned scientific journals, such as *Gut, Advanced Science* and *Nature Communications*. As of the Latest Practicable Date, we owned 95 patents and patent applications, including 23 granted patents, 70 patent applications and two published PCT applications.

Robust portfolio of end-to-end genetic testing solutions. We have developed client-oriented genetic testing solutions to serve all major genetic testing applications, population groups, tumor types and stages in the disease lifecycle. We have adopted a dual-track approach in our solutions, including both LDT services and IVD products. As of the Latest Practicable Date, we have established a portfolio of over 40 high-performance genetic testing solutions, including 31 LDT services, with 27 commercialized, and a total of ten IVD product and product candidates that cover tumors, hereditary diseases, and other pathogenic and infectious diseases. Designed to provide clinically valuable information that assists physicians in diagnosing and treating patients and provide proactive solutions that empower individuals to lead healthy lives, we have developed a robust full cycle genetic testing solutions portfolio comprising both clinical and non-clinical genetic testing solutions. Our clinical genetic testing solutions consist of 22 LDTs, including 18 commercialized and four under development, as well as eight IVD product and product candidates, including one NMPA-approved Class III IVD product and seven IVD candidates. Comprising nine commercialized LDTs, our non-clinical genetic testing solutions contain both comprehensive solutions that cover broad-spectrum hereditary diseases and specialized solutions covering cardiovascular and cerebrovascular diseases, hereditary cancers, perinatal screening, as well as assessment for immunity, pediatric health and alcohol metabolism. Leveraging our fully-integrated BT+IT capabilities, we are expanding our business to pathogenic microbe genetic testing solutions including COVID-19 testing services and further expanding our portfolio to include two IVD product candidates under development for detecting four of the most contagious pathogens that cause gastrointestinal infections with high disease burden worldwide. In addition, we provide a range of research and development genetic testing services from the initial genotypic screening of subjects to the analysis of clinical and genomic data, primarily to biopharmaceutical companies and research institutes to facilitate their drug development and scientific research endeavors in molecular genetics.

Solid customer network. We have established a comprehensive network of partnerships with different stakeholders in the genetic testing industry, including hospitals, governmental agencies, biopharmaceutical companies and research institutes. This wide coverage has enabled us to develop a high-quality customer base, which drives our future growth and expansion. More importantly, the relationships we have forged with major stakeholders allow us to develop more well-rounded and clinically-significant solutions by having a finger on the pulse of industry and technological developments and unmet needs. Leveraging our vast and expanding network of business partners, our testing volume and sales revenue witnessed tremendous growth in recent years.

OUR GENETIC TESTING SOLUTIONS

Harnessing our fully-integrated BT+IT capabilities, we have developed a robust portfolio of end-to-end genetic testing solutions to serve all major genetic testing applications that cover different population groups, tumor types and stages in the disease lifecycle. Our genetic testing solutions, especially COVID-19 testing services, contributed significantly to our revenue during the Track Record Period. The following table sets forth a breakdown of our revenue by business line for the years indicated.

	For the year ended December 31,					
	2020		2021		2022	
	(RMB'000, except for percentages)					
Full cycle genetic testing solutions	44,643	44.6%	87,715	18.0%	92,998	5.5%
Pathogenic microbe genetic testing solutions[(1)]	34,058	34.1%	359,355	73.8%	1,533,825	91.5%
Research and development genetic testing solutions	21,257	21.3%	39,781	8.2%	49,389	3.0%
Total	**99,958**	**100.0%**	**486,851**	**100.0%**	**1,676,212**	**100.0%**

(1) During the Track Record Period, all of our revenue from pathogenic microbe genetic testing solutions were generated from our COVID-19 testing services.

The following table sets forth a breakdown of our gross profit and gross profit margin by business line for the years indicated.

	For the year ended December 31,					
	2020		2021		2022	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Full cycle genetic testing solutions	28,859	64.6	60,897	69.4	71,385	76.8
Pathogenic microbe genetic testing solutions	20,563	60.4	171,256	47.7	502,532	32.8
Research and development genetic testing solutions	(2,397)	(11.3)	2,035	5.1	918	1.9
Total	**47,025**	**47.0**	**234,188**	**48.1**	**574,835**	**34.3**

The following table sets forth key details of our genetic testing solutions portfolio as of the Latest Practicable Date:

		Indication	Targeted population in China	Application Scenario: Screening[1]	Application Scenario: Therapy selection	Application Scenario: Monitoring[2]
Full Cycle Genetic Testing Solutions	Clinical Genetic Testing Solutions[3]	Pan-/Multi-cancer	**Screening** • Population over 40 years old or with family history of cancers **Monitoring** • Post-treatment cancer patients **Therapy selection** • Late-stage solid tumor patients	◐ ▲	◐ ▲	▲
		Lung Cancer	**Screening** • Population aged between 40 and 80 years old, with a 20 or more pack-year history; environmental exposure to high-risk substances; family history of lung cancer; or personal history of malignant tumors **Monitoring** • Post-treatment lung cancer patients **Therapy selection** • Late-stage lung cancer patients	◐ ▲	● ▲	▲
		Gastrointestinal Cancers	**Monitoring** • Post-treatment cancer patients **Therapy selection** • Late-stage gastrointestinal cancer patients		▲	▲
		Gynecologic Cancers	**Therapy selection** • Late-stage gynecologic cancer patients		▲	
		Urological Cancers	**Screening** • Population over 50 years old **Therapy selection** • Late-stage urological cancer patients	◐ ▲	▲	
		Glioma	**Therapy selection** • Late-stage glioma patients		▲	
		Hepatobiliary and Pancreatic Cancers	**Monitoring** • Post-surgery cancer patients **Therapy selection** • Late-stage hepatobiliary and pancreatic cancer patients		▲	▲
		Thyroid Cancers	**Therapy selection** • Late-stage thyroid cancer patients		▲	
	Non-clinical Genetic Testing Solutions[4]	Health Risk Assessment	Healthy individuals	▲		
Pathogenic Microbe Genetic Testing Solutions		Gastrointestinal Pathogen Genetic Testing	• *Clostridium difficile* susceptible population • Norovirus GI/GII, rotavirus group A and adenovirus types F40/41 susceptible population	◐		
		COVID-19 Testing	Individuals with high-risk exposure to COVID-19	▲[5]		

Key: ◐ Planned IVD registration ▲ LDT/Testing service ● IVD registered

Notes:

(1) Includes early detection, health risk assessment and pathogenic microbe screening or detection.

(2) Refers to post-treatment monitoring, including MRD detection.

(3) Clinical genetic testing solutions refer to our LDT services and IVD product and product candidates for early detection, therapy selection and post-treatment monitoring in cancer care.

(4) Non-clinical genetic testing solutions refer to our LDT services for health risk assessment.

(5) Our COVID-19 testing services provide individuals with nucleic acid testing, which uses NMPA-approved COVID-19 testing kits and is not considered as an LDT service.

- *Full Cycle Genetic Testing Solutions.* We were one of the top ten NGS-based oncology genetic testing companies in China in terms of 2021 revenue, according to CIC. With expertise in liquid biopsy technologies, we started our business in therapy selection assays, recognizing the vast unmet needs of patients that are unresponsive or intolerant to treatments. Over the years, we have expanded our solutions to include early detection and minimal residual disease ("**MRD**") detection for cancer patients and health risk assessment for individuals to effectively cover the entire disease lifecycle. As of the Latest Practicable Date, our full cycle genetic testing solutions consists of 22 LDTs for clinical genetic testing, including oncology early detection, therapy selection and MRD detection, and nine LDTs for non-clinical genetic testing that covers health risk assessment.

    - *Early detection.* Cancer is easier to treat and causes less pain and suffering to patients when detected at an earlier stage. Our early detection portfolio is represented by our HaploX PulmoScope Pulmonary Nodule Diagnosis, HaploX UrineScope Urological Tumor Screening and HaploX AiScreening™ Pan-cancer Early Screening, which leverage our proprietary LIUDUS™ platform to identify malignant pulmonary nodules, detect urological cancers, as well as diagnosing early-stage cancer and determining cancer origin, respectively. These tests have overcome major technological challenges in liquid biopsy, enabling the detection of low-frequency mutations in tumor-derived circulating biomarkers like ctDNA, which is usually present in low abundance compared to cell-free DNA ("**cfDNA**") derived from normal cells.

    - *Therapy selection.* We have developed a comprehensive portfolio of assays that can assist physicians and patients in therapy selection for a wide range of cancers, including lung, gastrointestinal, hepatobiliary and pancreatic, urological, gynecologic, breast and thyroid cancers, as well as glioma. Our assays aim to address the varying needs of clinical decision makers, from large-sized gene panel and WES assays for guiding diagnosis and therapy selection of most types of solid tumors to assays with focused gene panels tailored for specific tumor types and treatment modalities. Our robust therapy selection assay portfolio comprises a total of 15 LDTs, each designed to address a specific set of unmet needs in the therapy selection space. Our therapy selection assay portfolio is highlighted by: our HapOnco® WESPlus® NGS Assay, which is one of the few NGS assays in China with genomic coverage beyond the exome, covering critical cancer-associated mutations in non-protein-coding regions, according to CIC; HapOnco® StarPanel™ NGS Assay, a large-sized gene panel that can accurately detect clinically important genomic alterations in 680 carefully selected genes implicated in cancer development and treatment response; and HapOnco® IO Safety NGS Test, which is one of China's first NGS assays for guiding the safe and effective use of immuno-oncology therapy ("**IO therapy**") through covering both positive and negative IO biomarkers. We have also obtained an approval from the NMPA for our self developed lung cancer early detection IVD product in 2021, which had an industry-leading mutation LoD as low as 0.5% variant allele frequency ("**VAF**") from tissue samples with low-input DNA, among all 13 therapy selection IVD products approved by the NMPA for NSCLC as of December 31, 2022.

- *MRD detection.* MRD refers to residual tumor cells after surgery or treatment, which can be present even after the tumor becomes undetectable by imaging or clinical examinations. As these residual cells have the potential to cause cancer relapse, MRD is an important indicator to assess treatment efficacy and predict recurrence. Our MRD detection portfolio is headlined by our HapOnco® mClear MRD Test, which is a non-invasive personalized ctDNA-based NGS assay with a combined tumor-informed and tumor-naïve approach for assessing MRD in solid tumor patients, and our HapOnco® mClean MRD Test, which detects ultra-low-frequency MRD to inform recurrence risks in lung, gastrointestinal, and hepatobiliary and pancreatic cancer patients who are unamenable to tumor-informed MRD testing and guide therapy selection.

- *Health risk assessment.* Non-clinical genetic testing solutions, which we conduct to a lesser extent, are provided to individuals to assess the risk of common chronic, immune-mediated or other hereditary diseases. We have designed a comprehensive portfolio to serve the needs of different individuals, with two NGS assays, HaploX TruthGen and HaploX ZenGen Genetic Tests, for broad-spectrum hereditary health risk assessment via WES and large gene panel approach, as well as seven specialized genetic testing solutions covering cardiovascular and cerebrovascular diseases, hereditary diseases, perinatal screening, and assessment for immunity, pediatric health and alcohol metabolism.

- *Pathogenic Microbe Genetic Testing Solutions.* We have leveraged our fully-integrated BT+IT capabilities to develop pathogenic microbe genetic testing solutions, most notably in response to the COVID-19 pandemic. This business line has become a strong revenue driver during the Track Record Period, which has supported our synergistic growth of other business lines and helped solidify our reputation in the genetic testing industry. In addition to our COVID-19 testing services for hospitals, governmental agencies, companies and individuals, we are also developing two IVD product candidates for our pathogenic microbe genetic testing solutions portfolio, namely our HapMic CDInfection PCR Testing Kit and HapMic DiarrClear PCR Testing Kit. These two IVD product candidates together cover four highly contagious pathogens associated with gastrointestinal infections to facilitate early disease management and infection control.

- *Research and Development Genetic Testing Solutions.* We provide a range of services, from the initial genotypic screening of subjects to the analysis of clinical and genomic data, primarily to biopharmaceutical companies and research institutes to facilitate their drug development and scientific research endeavors in molecular genetics. As of the Latest Practicable Date, we provided our research and development genetic testing services to over around 700 biopharmaceutical companies, research institutes and other institutions.

OUR COMPETITIVE STRENGTHS

We believe the following competitive strengths have contributed to our success and differentiated us from our competitors: (i) we are a leading omni-scenario genetic testing solutions provider in China underpinned by our core competency in liquid biopsy technologies with fully-integrated BT+IT capabilities; (ii) our proprietary LIUDUS™ platform that serves as the bedrock of our liquid biopsy capabilities and high-precision genetic tests with robust sensitivity and specificity; (iii) our closed-loop technology-driven genetic testing platform serving all major stages of cancer management; (iv) our industry-leading research and development platform backed by deep expertise in molecular technologies, bioinformatics and IT; (v) our comprehensive base of high-quality customers and partnerships that support our sustainable growth; and (vi) our experienced management led by a multi-disciplinary founding team with strong shareholder support.

OUR STRATEGIES

We intend to capitalize on our competitive strengths by pursuing the following development strategies: (i) extend the breadth and depth of our genetic testing solutions; (ii) continue to optimize and enhance our technology platforms; (iii) continue to enhance our network and collaboration with key stakeholders; (iv) selectively pursue strategic investments in emerging markets and acquisition or in-licensing opportunities; and (v) continue to attract and retain talent.

OUR LIUDUS™ PLATFORM

We have established a robust proprietary molecular diagnostics technology platform, LIUDUS™ (Low-input, Ultra-deep, Ultra-sensitive), which serves as the foundation of our liquid biopsy capability and a significant portion of our genetic testing solutions portfolio. LIUDUS™ comprises two core technological areas, namely, molecular technologies and bioinformatics, that function in tandem to enable ultra-sensitive detection of low-frequency mutations via ultra-deep sequencing from low-input DNA.

Our proprietary molecular technologies represent a major pillar of LIUDUS™, which enables us to optimize all key steps in the wet lab NGS workflow and have been applied in all our NGS-based assays. Headlined by our patented CUBE-ctDNA technology, a breakthrough single-molecule barcoding technology for ultra-deep sequencing; and Effentration™, our proprietary technology for effective cfDNA extraction, our liquid biopsy capability is recognized by our reception of the Guangdong Patent Gold Award from the People's Government of Guangdong Province in 2022 for our technological invention for enriching ctDNA for NGS analysis.

Bioinformatics represents the other major pillar of LIUDUS™, featuring a robust bioinformatics workflow built with in-house developed software, machine learning models and data libraries that form the underlying data processing infrastructure to support the entire cycle of NGS data analysis, enabling ultra-sensitive and specific mutation detection for providing clinically actionable information to physicians and patients. Our rich library of in-house developed bioinformatics tools include our Fastp, an all-in-one sequencing data preprocessor with over 6,000 citations as of the Latest Practicable Date; Gencore, an efficient tool for removing redundant sequencing information and sequencing errors; and MutScan and GeneFuse, two high-performance tools for detecting and visualizing low-frequency mutations and gene fusions, respectively. Leveraging our extensive real-world data, we also established mutation knowledge data libraries to facilitate automated mutation interpretation.

RESEARCH AND DEVELOPMENT

We believe that our continued research and development efforts are the key driver of our business growth and competitiveness. Primarily driven by unmet needs in precision health, with a mission of developing and commercializing innovative genetic testing solutions for cancer and other diseases and optimizing health risk management, our research and development efforts are shaped around three strategies: (i) driving the development of molecular biology and liquid biopsy technologies; (ii) incorporating and applying new biomarkers and advances in cancer biology into our genetic testing solutions; and (iii) fine-tuning our algorithms and bioinformatics tools. Our in-house research and development team comprises scientists at the forefront of oncology genomics research and is divided into three departments, including assay development, assay validation and clinical affairs. We follow a clinically driven R&D model to develop innovative genetic testing solutions to address unmet clinical needs in China, targeting to encompass the full lifecycle of cancer care and various application settings. Our R&D process is primarily divided into the following steps: (i) identification of unmet clinical needs; and (ii) product research and development, which comprises (a) test design; (b) workflow development and optimization; and (c) performance validation.

TESTING FACILITIES

As of the Latest Practicable Date, we had five certified laboratories located in Guangdong, Jiangxi and Tianjin, China, with a GFA of approximately 10,836 square meters in total. Our laboratories are capable of performing both NGS-based and PCR-based genetic testing through various sample types, such as tissue, blood, saliva, urine, hydrothorax and ascites, and cerebrospinal fluid, covering a wide range of cancers and infectious diseases in clinical, non-clinical and research and development settings. We strategically positioned our laboratories around major population and healthcare hubs in China, such as Shenzhen, Jiangxi and Tianjin, to cover southern, eastern and northern China, respectively. Our laboratories are equipped with advanced testing capabilities, as evidenced by various qualifications and credentials we have earned over the years. Notably, our laboratories have passed over 131 NCCL EQA tests since our inception in various aspects such as gene mutation, NGS-based testing and bioinformatics, which is one of the most authoritative accreditations in the industry, according to CIC. For details, see "Business — Testing Facilities."

SALES AND MARKETING

Given the broad range of healthcare environments that our genetic testing solutions cover, we have developed a flexible and multi-channel sales and marketing strategy to cover various service lines and commercialization pathways. We primarily rely on our in-house sales and marketing team to market and sell our genetic testing solutions. We have established a dedicated and professional in-house sales and marketing team of 305 members as of the Latest Practicable Date to provide customized support. We also engage certain third-party sales representatives to market and sell our genetic testing solutions mainly in tier-2 and tier-3 cities, so as to enhance our market penetration and operational efficiency. In addition to traditional offline sales channels, we are also expanding our online sales channels. We developed our own WeChat mini program and cooperate with leading third-party e-commerce platforms, which allows us to provide our non-clinical genetic testing solutions directly to individuals.

OUR CUSTOMERS

During the Track Record Period, our customers primarily consisted of (i) hospitals, who procured our COVID-19 testing services; (ii) governmental agencies, who procured our COVID-19 testing services and/or non-clinical genetic testing solutions; (iii) biopharmaceutical companies and research institutes, who procured our research and development genetic testing solutions; (iv) companies who procured our COVID-19 testing services and/or non-clinical genetic testing solutions; and (v) individuals, including patients who procured our clinical and non-clinical genetic testing solutions and COVID-19 tests. For the years ended December 31, 2020, 2021 and 2022, the aggregate revenue generated from our five largest customers amounted to RMB32.2 million, RMB134.6 million and RMB601.5 million, respectively, representing 32.2%, 27.6% and 35.9% of our total revenue, respectively.

SUPPLIERS AND PROCUREMENT

We procure a variety of raw materials, mainly consumables and equipment used for our testing services. We consider several factors in evaluating and selecting suppliers, including but not limited to the supplier's background, reputation, industry experience, and, most importantly, the quality and price of their supplies. All new suppliers must go through our internal supplier admission process before entering into supply agreements with us. Some of them are subject to an on-site inspection conducted by us on their production plants on an as-needed basis to evaluate the production processes and quality management and test the raw material and packaging material samples. For the years ended December 31, 2020, 2021 and 2022, purchases from our five largest suppliers in aggregate amounted to RMB21.4 million, RMB82.1 million and RMB593.0 million, respectively, representing 24.3%, 28.9% and 45.6% of our total purchases, respectively.

INTELLECTUAL PROPERTY

We recognize the importance of intellectual property rights to our business and are committed to developing and protecting our intellectual property rights. As of the Latest Practicable Date, we owned 95 patents and patent applications, including 23 granted patents, 70 patent applications and two published PCT applications. We also owned 170 trademarks and trademark applications, 117 software copyrights and software copyright applications and 13 domain names in China. For details, please see "Business — Intellectual Property."

OUR CONTROLLING SHAREHOLDERS

Upon completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised), Dr. Xu, Dr. Chen, Ms. Wen and Mr. Fang, as parties acting in concert, will be entitled to control the exercise of the voting rights attaching to approximately **[REDACTED]**% of our total issued **[REDACTED]**. Accordingly, Dr. Xu, Dr. Chen, Ms. Wen and Mr. Fang, and their respective holding companies (namely, XU Future, XU Beyond, Dark Forest, Antropy, WY Rosy, WY Daisy, Wisdom FW and Wisdom FZ), will continue to be a group of Controlling Shareholders for the purpose of the Listing Rules upon **[REDACTED]**. For details, see "Relationship with the Controlling Shareholders".

PRE-[REDACTED] INVESTMENTS

We have received several rounds of Pre-**[REDACTED]** Investments since the establishment of our Group. Our Pre-**[REDACTED]** Investors include investors focusing on investment in medical and healthcare industry. For details, see "History, Reorganization and Corporate Structure — Pre-**[REDACTED]** Investments".

SUMMARY OF KEY FINANCIAL INFORMATION

The summary of the key financial information set forth below have been derived from and should be read in conjunction with our combined financial statements, including the accompanying notes, set forth in the Accountants' Report in Appendix I to this document, as well as the information set forth in the section headed "Financial Information."

Summary of Combined Statements of Profit or Loss

The following table sets forth a summary of our combined statement of profit or loss in absolute amounts and as percentages of total revenue for the years indicated. Our historical results presented below are not necessarily indicative of the results that may be expected for any future period.

	For the year ended December 31,					
	2020		2021		2022	
	(RMB'000)	*%*	*(RMB'000)*	*%*	*(RMB'000)*	*%*
Revenue	99,958	100.0	486,851	100.0	1,676,212	100.0
Cost of sales	(52,933)	(53.0)	(252,663)	(51.9)	(1,101,377)	(65.7)
Gross profit	47,025	47.0	234,188	48.1	574,835	34.3
(Loss)/Profit before tax	(65,944)	(66.0)	57,877	11.9	208,252	12.4
(Loss)/Profit for the year	**(65,971)**	**(66.0)**	**66,794**	**13.7**	**157,824**	**9.4**
Attributable to:						
Owners of the parent	(65,543)	(65.6)	63,286	13.0	144,913	8.6
Non-controlling interests	(428)	(0.4)	3,508	0.7	12,911	0.8

Non-HKFRS Measures

We believe the presentation of our adjusted net profit or loss as a non-HKFRS measure provides useful information to investors in facilitating a comparison of our operating performance from period to period by eliminating impact of items which our management considers non-indicative of our operating performance during the Track Record Period. These include (i) **[REDACTED]** expenses incurred in relation to activities relating to the **[REDACTED]**, which were non-recurring in nature; (ii) accretion of redeemable shares, which were non-cash in nature and were measured at amortized cost using the effective rate method; (iii) fair value changes on convertible loans; and (iv) gain on modification of redeemable preferred shares, which were non-cash in nature, and were designated as financial liabilities at FVTPL upon initial recognition.

As of the Latest Practicable Date, all our convertible loans had been converted into redeemable preferred shares. The redeemable preferred shares will be converted into **[REDACTED]** upon **[REDACTED]**, at which time we expect to record them as equity, and after which we do not expect to recognize any further accretion of the redeemable preferred shares.

The following table shows reconciliation from our net profit or loss to adjusted net profit or loss for the years indicated.

	For the year ended December 31,		
	2020	**2021**	**2022**
		RMB'000	
(Loss)/Profit for the year	**(65,971)**	**66,794**	**157,824**
Add:			
Accretion of redeemable preferred shares	30,180	37,241	52,798
Fair value changes on convertible loans	–	6,419	11,521
[REDACTED] expenses	–	638	8,148
Less:			
Gain on modification of redeemable preferred shares	–	–	4,398
Adjusted net (loss)/profit for the year	**(35,791)**	**111,092**	**225,893**

Summary of Combined Statements of Financial Position

The following table sets forth a summary of our combined statement of financial position as of the dates indicated.

	As of December 31,		
	2020	**2021**	**2022**
		RMB'000	
Total non-current assets	35,468	64,759	114,912
Total current assets	112,092	481,863	1,035,722
Total current liabilities	(81,749)	(175,830)	(810,203)
Net current assets	30,343	306,033	225,519
Total assets less current liabilities	65,811	370,792	340,431
Total non-current liabilities	(375,716)	(593,021)	(358,715)
Net liabilities	(309,905)	(222,229)	(18,284)

We recorded net current assets of RMB30.3 million, RMB306.0 million and RMB225.5 million as of December 31, 2020, 2021 and 2022, respectively, primarily attributable to (i) our large balance of cash and cash equivalents resulting from our increased revenue and the proceeds we received from our pre-**[REDACTED]** investments; and (ii) our substantial trade receivables resulting from the substantial volume of COVID-19 testing services provided to governmental agencies.

We recorded net liabilities of RMB309.9 million, RMB222.2 million and RMB18.3 million as of December 31, 2020, 2021 and 2022, respectively, primarily due to the redeemable preferred shares of RMB340.7 million, RMB507.2 million and RMB707.2 million that we recorded as of the respective years. Upon the completion of the **[REDACTED]**, all of our redeemable preferred shares will be automatically converted into ordinary Shares, and the carrying amount of the financial liabilities will be transferred to share capital and capital reserve, which will significantly improve our net liabilities position.

Summary of Combined Statements of Cash Flow

The following table sets forth a summary of our cash flows for the years indicated.

	For the year ended December 31,		
	2020	**2021**	**2022**
		RMB'000	
Net cash flows (used in)/generated from operating activities	(11,219)	(17,803)	70,908
Net cash flows used in investing activities	(26,445)	(37,045)	(96,811)
Net cash flows generated from financing activities	23,518	174,069	113,959
Net (decrease)/increase in cash and cash equivalents	(14,146)	119,221	88,056
Cash and cash equivalents at beginning of year	26,213	12,067	131,288
Cash and cash equivalents at the end of year	**12,067**	**131,288**	**219,344**

For a detailed discussion of the historical changes in certain key items in our combined statements of cash flows, see "Financial Information — Liquidity and Capital Resources."

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios as of the dates or for the years indicated.

	As of/For the year ended December 31,		
	2020	**2021**	**2022**
Gross profit margin	47.0%	48.1%	34.3%
Net (loss)/profit margin	(66.0)%	13.7%	9.4%
Adjusted net (loss)/profit margin	(35.8)%	22.8%	13.5%
Current ratio	1.4	2.7	1.3
Quick ratio	1.3	2.6	1.2

For a detailed discussion of the key financial ratios and their calculation, see "Financial Information — Key Financial Ratios."

BUSINESS SUSTAINABILITY

Impact of COVID-19 Pandemic and Our Business Focus

We are dedicated to developing and providing innovative genetic testing solutions to address real-world needs in healthcare and medical research. Since our inception, we have focused on building up capabilities across molecular biology and fully-integrated BT+IT capabilities to drive our genetic testing solutions.

Leveraging our robust genetic testing capabilities, we were able to rapidly develop the necessary screening system required to address the urgent needs of the pandemic. As a testament to our strong technological capabilities and operational infrastructure, we became one of the qualified third-party COVID-19 testing agencies appointed by the Shenzhen branch of NHC and successfully secured service contracts with various local governmental agencies and corporations to provide COVID-19 testing services. Depending on the scale of the COVID-19 testing, we provide both mixed tube and single tube COVID-19 testing services. Mixed tube testing is generally provided in response to large-scale COVID-19 screenings and each mixed testing tube may contain five to 20 swab samples while single testing tube contains one individual's swab sample.

As advised by CIC, the guiding price set by local governments for COVID-19 testing per individual or sample in China decreased from RMB80 (single tube) and RMB20 (mixed tube) in early 2021 to RMB13 (single tube) and RMB3 (mixed tube) in January 2023. Despite the decreasing price trend, the volume of testing increased significantly during the Track Record Period, and as a result, our revenue generated from COVID-19 testing services amounted to revenue of RMB34.1 million, RMB359.4 million and RMB1,533.8 million in 2020, 2021 and 2022, respectively, contributed to approximately 34.1%, 73.8% and 91.5% of our total revenue for the respective years.

While our COVID-related revenue increased, our non-COVID-19 business was in part affected by the COVID-19 pandemic. According to CIC, during the pandemic, many hospitals in China have allocated their resources to the prevention and treatment of COVID-19, thus the level of patient visits to the hospital has reduced and many non-COVID-19 genetic testing have been delayed or canceled. Despite such negative impact, we continued to expand our portfolio of non-COVID-19 genetic testing solutions and have successfully expanded our genetic testing solutions portfolio from 11 to 27 commercialized LDT services from 2020 to 2022 and we finished the registration testing of our HapMic CDInfection PCR Testing Kit in February 2022 and commenced a multi-center clinical trial in April 2022. As such, our revenue from our full cycle genetic testing solutions increased from RMB44.6 million in 2020 to RMB87.7 million in 2021 and further increased to RMB93.0 million in 2022.

Starting from December 2022, the PRC government announced a series of policies, including the Notice on COVID-19 Pandemic Prevention and Control Scheme (10th Version) in January 2023, to ease restrictions on the COVID-19 pandemic, which led to a significant decrease in demand for COVID-19 tests in China. Pursuant to the scheme, large-scale testing was no longer mandatory and *ad-hoc* single-tube testing is still recommended for high-risk populations such as the elderly and other immune-compromised individuals as well as fever outpatients. The average monthly COVID-19 testing volumes in terms of tubes decreased approximately 67.8% from 2,341.6 thousand for the two months ended February 28, 2022 to 754.8 thousand for the two months ended February 28, 2023. We expect that there would thus be a significant decrease in our revenue and gross profit from pathogenic microbe genetic testing solutions going forward in 2023. However, by

providing our COVID-19 testing services, we have gained valuable experience in scaling up our testing operations, and handling time-sensitive large throughput testing ensuring stringent quality control protocol, which have further enhanced our BT+IT capabilities. Moreover, we believe such COVID-19 pandemic, to a certain extent, increased the awareness of genetic testing and will support the future growth of the genetic testing industry. We also believe that demand for our non-COVID-19 genetic testing services will increase as the market recovers from the pandemic. As such, we believe that our implementation of a number of strategies, as set out in detail below, will and can maintain our sustainable business growth post-pandemic.

Historical Growth of our Genetic Testing Solutions

Although COVID-19 testing services were a significant contributor to our revenue during the Track Record Period, our business focus has been, and has continued to be, developing comprehensive genetic testing solutions for oncology and beyond. As such, during the Track Record Period, we continued to drive our portfolio development, hone our liquid biopsy technologies and BT+IT capabilities, and strengthen our sales network. Specifically, the growth and development of our genetic testing solutions portfolio are exemplified in the following respects:

- *Deepened coverage of full cycle genetic testing.* We have deepened our coverage of full cycle genetic testing in terms of disease lifecycle, disease type, target population and business model. We commercialized our first LDT for clinical genetic testing in 2017 and have developed, as of the Latest Practicable Date, 31 LDTs for clinical genetic tests covering both cancer and non-cancer diseases, such as various hereditary diseases, as well as non-clinical genetic tests covering hereditary health and cancer predisposition. We also obtained NMPA approval for our NGS-based therapy selection IVD product in 2021. As of the Latest Practicable Date, we had 31 LDT services, with 27 commercialized, and ten IVD product and product candidates in our pipeline.

    - *Disease lifecycle.* Starting with genetic testing solutions for cancer therapy selection, we have also developed genetic testing solutions to cover the entire disease lifecycle, from health risk assessment, early detection and therapy selection to post-treatment monitoring including MRD detection.

    - *Indication coverage.* We have expanded our portfolio to include cancer and non-cancer diseases, such as various hereditary diseases. Within cancer, we have a comprehensive portfolio of both pan-cancer genetic testing, as well as targeted panels for lung cancer, breast cancer, urinary cancer and immunotherapy, among others.

    - *Target population.* To serve all major genetic testing application that cover different population groups, tumor types and stages in the disease lifecycle, we have developed a robust portfolio of end-to-end genetic testing solutions. By providing clinically valuable genetic testing results, our portfolio of clinical genetic testing solutions covers cancer and other patients through out the entire disease lifecycle to enable full cycle health management, while our non-clinical genetic testing covers individuals to enable disease prevention and early screening.

- *Business model.* To maintain business flexibility by adopting a dual-track approach in our solutions including LDT services and IVD products, we have also developed and obtained approval from the NMPA for a therapy selection IVD product for NSCLC (i.e., HapOnco® LungCDx EGFR/ALK NGS Testing Kit), making us one of only 12 companies with an NMPA-approved NGS-based IVD kit targeting NSCLC in China as of the Latest Practicable Date. This helps us establish and maintain long-term relationships with hospitals for our full cycle genetic testing solutions business, as proof of our overall research and development capabilities and service quality.

Our full cycle genetic testing solutions recorded revenue growth from RMB44.6 million in 2020 to RMB87.7 million in 2021, which was primarily driven by the expansion of our portfolio, increasing sales penetration and market acceptance, and our efforts in brand building. Despite the outbreak, prevention and control of the COVID-19 pandemic in 2022, revenue generated from full cycle genetic testing solutions still further increased to RMB93.0 million in 2022. Notably, our full cycle genetic testing solutions demonstrated strong and increasing gross profit margins of 64.6%, 69.4% and 76.8% in 2020, 2021 and 2022, respectively.

- *Evolved business lines and applications.* We began our business with a focus on genetic testing for cancer therapy selection and management, which are used in clinical settings by physicians and patients. Leveraging our molecular diagnostics platform, in 2017, we began to offer services to address genetic testing needs in drug research and development. Our revenue from research and development genetic testing services increased by 87.1% from RMB21.3 million in 2020 to RMB39.8 million in 2021, and further increased to RMB49.4 million in 2022.

  In addition, we built up our pathogenic microbe genetic testing solutions, which was prompted by the government's disease control initiatives that required the provision of large-scale COVID-19 tests during the pandemic. Our ability to rapidly establish and expand this new business line has strengthened our reputation and foothold in the genetic testing industry, and expanded our business network, especially with government agencies. Importantly, this business line has also provided us with solidified capital base to support the ongoing development of our full cycle genetic testing solutions portfolio and our innovation platform.

- *Solidified business partnerships.* We believe that building strong business relationships and the reputation of our brand are the foundation to our long-term commercial success. As such, we have dedicated ourselves to cultivating a network of collaborators, including leading hospitals, physicians, KOLs, governmental agencies, research institutes and biopharmaceutical companies. As of the Latest Practicable Date, we had served patients from over 500 hospitals in China (including over 400 Class IIIA hospitals), increasing from over 200 in 2019 and worked with over 240 principal investigators ("**PIs**") in China. We have also collaborated with around 700 biopharmaceutical companies, research institutes and other institutions, increasing from over 400 in 2019. Through our non-clinical and pathogenic microbe genetic testing services, we have also built a strong network of government partnerships, having 150 governmental agencies across China developed through our COVID-19 testing services.

- *Reinforced research and development credentials.* We have continued our efforts to remain at the forefront of the genetic testing industry. As of the Latest Practicable Date, we had published over 200 research papers in renowned scientific journals, such as Advanced Science and Nature Communications. As of the Latest Practicable Date, we participated in 74 scientific conference presentations and contributed to 57 scientific papers, including in top journals such as *Nature Biotechnology, Gut* and *Advanced Science*, and owned 95 patents and patent applications, including 23 granted patents, 70 patent applications and two published PCT applications. These credentials demonstrate our R&D capabilities and help promote our genetic testing solutions to clients.

- *Established technology platforms.* We are developing our core competency in liquid biopsy technologies with fully-integrated BT+IT capabilities, and building world-class laboratories, which is underpinned by our proprietary molecular diagnostics technology platform (i.e., LIUDUS™), as well as our proprietary LIMS system (i.e., HapLab) and proprietary cloud platform (i.e., HapYun), which form the end-to-end IT infrastructure serving as the backbone of our digital, automated and intelligent laboratory operations.

- *Committed talent pool.* Our business requires strong technological and corporate expertise. Through our past efforts, we have built a committed and well-balanced team in the past few years, with a total of 724 employees, including a 136-member R&D team, 305-member sales and marketing team and 199-member testing and operation team and 84 other members as of the Latest Practicable Date to support our growth compared with over 250 as of December 31, 2019. In particular, our operations team has matured rapidly through the COVID-19 experience, which allowed them to acquire and develop important practical skills and hone their execution abilities. Going forward, we will continue to grow our research and development team by implementing talent acquisition programs to attract and retain qualified employees, including the offering of competitive compensation packages for doctoral graduates with degrees in molecular biology, biomedical and genetic engineering, bioinformatics, and other related fields.

We believe our focus on core competencies and key aspects of business operations, such as building our technology platform, pipeline, business network and team, have laid a solid foundation for our long-term growth and profitability. Despite the decrease in demand for COVID-19 testing since December 2022, which will impact our revenue and profitability, we believe China's gradual recovery from the COVID-19 pandemic brings tremendous growth opportunities in the genetic testing industry. Leveraging the foundation we have built, we remain steadfastly focused on expanding our genetic testing solutions portfolio and extending our reach in the genetic testing industry.

Our Strategies to Deliver Sustainable Revenue Growth and Profitability

We believe the genetic testing market in China is poised for rapid growth, driven by technological advances, rising disease incidence within an aging population and growing awareness and adoption of precision medicine. By 2030, the genetic testing market in China is expected to reach RMB148.1 billion at a CAGR of 22.2% from 2021, according to CIC.

In particular, each major segment of the genetic testing market in which we participate has tremendous growth potential. For instance, the overall oncology management genetic testing market in China is expected to grow at a CAGR of 36.2% from 2021 to reach RMB70.7 billion by 2030, according to CIC. In addition, recent healthcare reforms in China have centered around disease prevention and early detection, as well as increasing access to these procedures through healthcare resource reallocation. More efforts have been made to enable cancer management services, especially in relation to early detection and post-treatment monitoring, at regional hospitals and local community health centers, so as to relieve the pressure on major public hospitals. As such, within the oncology management genetic testing industry in China, the genetic testing market size, in terms of total expenditure of cancer early detection is expected to grow at a CAGR of 60.5% from RMB0.4 billion in 2021 to reach RMB28.0 billion in 2030, while that of MRD detection is expected to grow at a CAGR of 53.9% from RMB0.4 billion in 2021 to reach RMB17.6 billion in 2030, according to CIC. For further details of the markets in which we participate, see "Industry Overview."

As a leading omni-scenario genetic testing solutions provider in this rapidly growing industry, we believe that our deep expertise in molecular biology, BT+IT capabilities, comprehensive portfolio of genetic testing solutions, and strong business network will enable us to capture future growth opportunities. We will continue to implement a number of strategies in order to capitalize on market opportunities, expand our business, and enhance our profitability:

- *Growing sales for full cycle genetic testing solutions.* In the near term, we plan to increase the penetration of our full cycle genetic testing solutions by expanding our coverage of various institutional stakeholders, including hospitals, health checkup centers and insurance companies with geographic coverage, including central and northern China. As of the Latest Practicable Date, we have successfully expanded our coverage of hospitals to over 500 and entered framework service agreements with various stakeholders including community clinics, health checkup centers and insurance companies. We also plan to diversify our sales and marketing activities to drive the rapid adoption of our full cycle genetic testing solutions. We will enhance the patients awareness of genetic testing and deepen our brand recognition through participating in and sponsoring medical conferences organized by top-tier hospitals or medical associations, as well as organizing roadshows to visit in renowned hospitals, in China as of the Latest Practicable Date. We developed our own WeChat mini program in July 2022, now with around 32,600 viewers. We are also cooperating with leading third-party e-commerce platforms to promote our full cycle genetic testing solutions for the individuals. In addition, we will explore further collaboration with third-party sales representatives.

- *Forging new partnerships in research and development genetic testing solutions.* We have developed genetic testing solutions to serve the needs of biopharmaceutical companies and research institutes in drug development and scientific research. In particular, leveraging our enlarged testing capabilities, timely and accurate sample handling experiences and stringent quality control systems, we have entered into various sequencing service agreements with various biopharmaceutical companies, with a total contract amount of RMB34.3 million after the Track Record Period and up to the Latest Practicable Date, which we expect to contribute to our revenue in 2023. We will continue to explore opportunities to cooperate with industry-leading biopharmaceutical companies and research institutes to facilitate their drug development and scientific research endeavors in molecular genetics.

- *Developing strong pipeline of genetic tests.* In the near term, we will continue to develop and expand our LDT and IVD portfolio. As of the Latest Practicable Date, we had a pipeline of four LDTs under development and nine IVD product candidates which we expect to commercialize over the next five years. Our continuous efforts to convert our LDT services that we consider have great market potentials into IVD products will require us to invest significant resources, in part through deploying approximately **[REDACTED]** of our **[REDACTED]** from the **[REDACTED]**, to develop and commercialize our pipeline candidates which we anticipate will become important contributors to our future business growth. The key candidates in our pipeline include:

  - *HapOnco® WESPlus® NGS Testing Kit.* We expect to complete registration testing of HapOnco® WESPlus® NGS Testing Kit in the second half of 2023 and commence clinical trial of this testing kit for IVD registration in the first half of 2024. According to CIC, it is positioned to be one of the few broad therapy selection IVDs in China with an "exome-plus" genomic coverage, which includes a wide range of critical cancer-associated non-protein-coding regions, such as gene fusions, which account for about 20% of cancer cases globally. We expect high demand for this product candidate as it is expected to improve the likelihood of identifying important cancer-causing mutations that cannot be detected by typical multi-gene panel sequencing and WES assays.

  - *HapOnco® PharmCDx NGS Testing Kit.* We completed the registration testing of HapOnco® PharmCDx NGS Testing Kit in December 2022 and expect to commence clinical trial of this testing kit for IVD registration in the second half of 2023. Leveraging the advanced liquid biopsy capabilities of our proprietary LIUDUS™ platform, HapOnco® PharmCDx NGS Testing Kit is positioned to be one of the few broad therapy selection IVDs in China that is applicable to both tissue and liquid biopsies. Coupled with its sensitivity with a mutation LoD of 0.3%, high demand is expected for this product candidate.

- *HaploX PulmoScope Pulmonary Nodule Diagnosis Testing Kit.* We expect to commercialize our TCR-based lung cancer early detection genetic test as an LDT service in the second half of 2024. We are also developing this test as an IVD and expect to commence its registration testing in the second half of 2023. Lung cancer incidence in China reached 977.7 thousand cases in 2021 and is expected to grow at a CAGR of 2.9% to reach 1,267.1 thousand cases in 2030, according to CIC. It has the highest incidence among all tumor types in China, and is a major cause of cancer deaths, where approximately 67.5% of Chinese lung cancer patients were diagnosed with late-stage disease (stages III and IV) in 2021. As such, the total addressable population for lung cancer early detection in China reached 144.8 million in 2021 and is expected to rise to 162.2 million in 2030. Currently, limited by the low resolution of CT images and the difficulty to morphologically distinguishing early-stage malignant nodules from benign nodules, especially for small (≤10 mm) nodules, radiologist-based nodule evaluation has a low accuracy. Our TCR-based pulmonary nodule test is expected to significantly improve diagnostic accuracy, and is thus expected to have high utility and demand.

- *Expanding across the value chain.* In addition to our genetic testing services, we plan to expand our business to include software and hardware platforms and laboratory management solutions to serve the needs of hospitals, biopharmaceutical companies, governments and beyond. Over the years, we have developed and enhanced such infrastructures and capabilities to run our own operations. As we serve our customers through genetic testing services, we have gained insights into their operating challenges, and believe that the productization of our solutions platform will benefit many in our industry. As such, we will leverage our existing software development and laboratory-related technological capabilities to monetize certain internal systems by commoditizing them into services and products for external customers. This includes the provision of AI-driven cloud-empowered software platforms that address unmet clinical needs for efficient, automated and intelligent genetic testing software platforms. We also intend to provide end-to-end NGS laboratory design and management, from blueprint design, equipment sourcing and systems installation to ongoing training and support. In light of our expansive partnership network and high-quality customer base comprising hospitals, research institutes and governmental agencies, we believe that our ability to provide a one-stop solutions platform across the value chain will deepen our business relationships, create customer stickiness and increase our wallet share.

- *Developing new technology platforms to drive business expansion.* Our industry-leading biotechnology and bioinformatics platforms form the foundation of our product and service development and set us apart from our competitors. We will continue to strengthen our core technology competencies to enhance our portfolio and remain competitive. We will also develop new technology platforms, including pathogenic microbial detection technologies and immunology testing technologies. This will enable us to expand into other high-growth markets for similar or related applications and disease types, such as other immune-mediated diseases. For instance, our PCR technology has been adopted in certain of our oncology and pathogenic microbe genetic testing solutions, such as our HapMic CDInfection PCR Testing Kit, for which we completed registration inspection in February 2022 and commenced

clinical trial for IVD registration in April 2022. We plan to submit our IVD registration application to the NMPA in the second half of 2023. Our PCR technology was also adopted in our HapMic DiarrClear PCR Testing Kit, for which we expect to initiate clinical trial for IVD registration in the first half of 2023. With our continued efforts, our new and improved technology platforms will fuel the continuous development of innovative services and products, thereby broadening our pipeline and portfolio and increasing our market opportunities and market share.

- *Extending strategic business collaborations.* We have established a comprehensive network of partnerships with different stakeholders in the genetic testing industry, including hospitals, governmental agencies and research organizations. We believe that institutional relationships enable us to scale our business and drive sales and revenue growth. For example, we worked closely with various hospitals to provide COVID-19 testing services as part of the pandemic response in China, which allowed us to prove our technical expertise, establish brand awareness and mutual trust, and forge strong working relationships with these hospitals. Through such close collaborations, we deepened relationships with existing hospital partners for whom we provide clinical genetic testing services, which translated into significant growth in clinical genetic testing revenue, with an average year-to-year increase of 72.7% from our hospital partners in 2021 and 2022. We also successfully established long-term clinical genetic testing business arrangements with two new hospital partners in September and December 2022, respectively, and entered into negotiations with another two potential hospital partners for similar arrangements. In addition to hospital partners, we also maintain strong relationships with governmental agencies. In 2020, we were appointed by Shangrao government for the ongoing provision of non-clinical genetic testing services for the government employees of government agencies, public organization and community clinics as a result of which we recorded a revenue of approximately RMB20.7 million during the Track Record Period. We believe this proven business model is highly replicable and in demand across China. We are negotiating with the Qingdao local governmental agency to provide similar services. We have also submitted proposals to negotiate similar arrangements with municipal governments in other cities and regions, including Suzhou, Chengdu and the Greater Bay Area. In addition, we have entered into a long-term strategic partnership with a Shenzhen-based biopharmaceutical research institute established by the Chinese University of Hong Kong, which we believe will provide valuable resources and opportunities for cross-border cooperation as well as access and expansion into new potential markets, including overseas markets. Going forward, we will continue to actively seek and engage in further collaborations to develop and maintain these stakeholder relationships.

- *Broadening sales network.* We have built a strong in-house sales and marketing team to expand our customer base. Our specialized team actively seeks multi-faceted and in-depth cooperation with reputable hospitals and physicians, governmental agencies, biopharmaceutical companies and research institutes in China to further expand our market reach. As of Latest Practicable Date, we have penetrated 31 provinces and over 100 cities across China, and we plan to further widen our geographical coverage and deepen penetration of lower-tier cities through our internal sales and marketing efforts and through third party sales agents. We will also expand our own sales and marketing force to over 380 members by the end of 2023. We will increase our collaboration with local community clinic centers and health check-up centers across China to provide oncology management genetic testing services, which is in line with governmental policies to decentralize cancer management, especially in relation to cancer early detection screening and post-treatment monitoring. At the same time, we will also increase our online presence and seek to reach more customers and potential customers directly through our WeChat mini program, as well as by partnering with major e-commerce platforms.

- *Evolving our COVID-19 testing business.* Leveraging our IT infrastructure, we were able to rapidly build up our COVID-19 screening system, HCOVIS, for our COVID-19 testing business, and conducted a total of approximately 72.8 million tubes of COVID-19 tests as of December 31, 2022. Although the PRC government announced a series of policies and measures in December 2022 that had the overall effect of easing COVID-19-related restrictions and testing requirements, continued demand for commercial *ad-hoc* testing is expected to be at a limited level and primarily in terms of single tube (i.e., one tube containing one COVID-19 testing sample) for the near future according to CIC, especially for inpatient care, high-risk populations such as the elderly and other immuno-compromised individuals, and fever outpatients. As the COVID-19 situation continues to evolve and shifts towards becoming endemic, testing may also be normalized with demand at a lower level as part of the public's infectious disease control. Since December 2022 and as of the Latest Practicable Date, we had undertaken the execution of testing services for seven governmental agencies for their routine testing for employees or specific event-based testing exercises, and we expect to continue undertaking such testing services for certain governmental agencies and corporations in the future. In addition, the COVID-19 experience has also heightened governmental emphasis on improving the public health system across China. According to CIC, a continued focus on infrastructure building, including the establishment and upkeep of infectious disease hospitals and research centers for infectious disease prevention and control, is expected in China in the near future. We believe our strong pathogenic microbe genetic testing expertise will enable us to capture and address such demand and opportunities going forward.

- *Leveraging accumulated experience and resources.* In the initial phase of our business, we focused on building up our innovative technology platform, developing a comprehensive service portfolio, accumulating operational experience and optimizing our business model. Through our efforts, we have established a strong foundation for each of our business lines, and a broad network of business partners, through which we have developed a high-quality customer base. We believe that the operational experience, industry resources and customer base that we have accumulated over the years have begun to and will continue to pay off and drive our business growth going forward.

Working Capital Confirmation

During the Track Record Period, we financed our working capital requirements and capital expenditures primarily through cash generated from operating activities, pre-**[REDACTED]** investments and bank borrowings. As of January 31, 2023, we had cash and cash equivalents of RMB158.1 million.

Going forward, we will need cash to fund our daily operations, fulfillment of debt obligations and the expansion of our business. We believe that our liquidity requirements will be satisfied through a combination of cash generated from operating activities, bank borrowings, together with the **[REDACTED]** from the **[REDACTED]** and other funds raised from time to time.

Taking into account our cash and cash equivalents, the financial resources available to us, our cash flows from operations and the estimated **[REDACTED]** from the **[REDACTED]**, our Directors are of the opinion that we have sufficient working capital to cover our operating costs for at least the next 12 months from the date of this document.

DIVIDENDS

No dividend has been paid or declared by the Company during the Track Record Period. Any future declarations and payments of dividends will be at the absolute discretion of our Board and if necessary, subject to the approval by our Shareholders at a general meeting. There can be no assurance that we will be able to declare or distribute any dividend in the amount set out in any plan of the Board or at all. Currently, we do not have any dividend policy or intention to declare or pay any dividends in the near future. As advised by our Cayman Islands counsel, under the Companies Act and the Memorandum and Articles, the Company may declare and pay a dividend out of either profits or share premium account, provided always that in no circumstances may a dividend be declared or paid out of Share premium account if such payment would result in the Company being unable to pay its debts as they fall due in the ordinary course of business. **[REDACTED]** should not purchase our **[REDACTED]** with the expectation of receiving cash dividends.

USE OF [REDACTED]

We estimate that we will receive **[REDACTED]** from the **[REDACTED]** of approximately **[REDACTED]** million, after deducting **[REDACTED]** commissions, fees and estimated expenses payable by us in connection with the **[REDACTED]**, and assuming an **[REDACTED]** of **[REDACTED]** per Share, which is the **[REDACTED]** of the indicative **[REDACTED]** range stated in this document. If the **[REDACTED]** is set at **[REDACTED]** per Share, which is the high end of the indicative **[REDACTED]** range, the **[REDACTED]** from the **[REDACTED]** will increase by approximately **[REDACTED]** million. If the **[REDACTED]** is set at **[REDACTED]** per Share, which is the low end of the indicative **[REDACTED]** range, the **[REDACTED]** from the **[REDACTED]** will decrease by approximately **[REDACTED]** million.

Assuming an **[REDACTED]** at the **[REDACTED]** of the indicative **[REDACTED]** range, we currently intend to apply these **[REDACTED]** for the following purposes, subject to changes in light of our evolving business needs and changing market conditions: (i) approximately **[REDACTED]**, or **[REDACTED]** million, will be used for extending the breadth and depth of our genetic testing solutions; (ii) approximately **[REDACTED]**, or **[REDACTED]** million, will be used to optimize and enhance our technology platforms; (iii) approximately **[REDACTED]**, or **[REDACTED]** million, will be used to expand our coverage of hospitals, biopharmaceutical companies, research institutes and governmental agencies; (iv) approximately **[REDACTED]**, or **[REDACTED]** million, will be used for exploring strategic investments in emerging markets and acquisition or in-licensing opportunities; (v) approximately **[REDACTED]**, or **[REDACTED]** million, will be used for recruiting, training and retaining talent; and (vi) approximately **[REDACTED]**, or **[REDACTED]** million, will be used for our working capital and other general corporate purposes. For details, see "Future Plans and Use of **[REDACTED]**."

RISK FACTORS

Our business faces risks including those set out in the section headed "Risk Factors." As different investors may have different interpretations and criteria when determining the significance of a risk, you should read the "Risk Factors" section in its entirety before you decide to **[REDACTED]** in the **[REDACTED]**. Some of the major risks that we face include: (i) our historical financial and operating, including our revenue and gross profit from COVID-19 testing, may not be indicative of our future performance; (ii) we may be unable to develop and expand our portfolio of genetic solutions on a timely basis, or at all, which may harm our growth opportunities and prospects; (iii) we may be adversely affected by the lack of regulatory supervision of LDT services in China. Future laws and regulations may impose additional requirements and obligations on our provision of LDT services, which may materially and adversely affect our business, financial condition and results of operations; (iv) the approval, filing or other requirements of the CSRC or other PRC government authorities may be required under PRC laws; (v) we may be required to seek regulatory approval, certificates, licenses or permits for, or take other compliance actions in relation to, our NGS-based genetic testing solutions, which may result in adverse effect on our business, financial condition and results of operations; (vi) we face risks arising from the uncertainties with respect to the interpretation and implementation of the Regulation for the Administration of Human Genetic Resources; (vii) if we are unable to obtain and maintain patent protection for our product candidates through intellectual property rights, or if the scope of such intellectual property rights obtained is not sufficiently broad, third parties may compete directly against us; and (viii) if we are sued for infringing intellectual property rights of third parties, such litigation could be costly and time consuming and could prevent or delay us from developing or commercializing our genetic testing solutions.

[REDACTED] EXPENSES

The total **[REDACTED]** expenses to be borne by us are estimated to be approximately **[REDACTED]** (assuming an **[REDACTED]** of **[REDACTED]** per Share, which is the **[REDACTED]** of the indicative **[REDACTED]** range stated in this document and assuming that the **[REDACTED]** is not exercised), accounting for approximately **[REDACTED]** of the **[REDACTED]** from the **[REDACTED]**, of which approximately **[REDACTED]** and **[REDACTED]** have been recognized in our combined statement of profit or loss and other comprehensive income for the two years ended December 31, 2021 and 2022, respectively. **[REDACTED]** is expected to be charged to our combined statement of profit or loss and other comprehensive income, and approximately **[REDACTED]** is directly attributable to the **[REDACTED]** and **[REDACTED]** of our **[REDACTED]** and will be deducted from equity upon the **[REDACTED]**. By nature, our **[REDACTED]** expenses are comprised of (i) **[REDACTED]** of approximately **[REDACTED]**; (ii) fees and expenses of accountants and legal advisers of approximately **[REDACTED]**; and (iii) other fees and expenses of approximately **[REDACTED]**. The **[REDACTED]** expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

[REDACTED] STATISTICS

The statistics in the following table are based on the assumptions that **[REDACTED]** will be issued pursuant to the **[REDACTED]** and the **[REDACTED]** is not exercised:

	Based on an [REDACTED] of [REDACTED] per Share	**Based on an [REDACTED] of [REDACTED] per Share**
[REDACTED] of our **[REDACTED]**[(1)]	**[REDACTED]** million	**[REDACTED]** million
Unaudited **[REDACTED]** net tangible asset value per Share[(2)] . .	**[REDACTED]**	**[REDACTED]**

Notes:

(1) The calculation of **[REDACTED]** is based on **[REDACTED]** expected to be in issue immediately upon completion of the **[REDACTED]**.

(2) The unaudited **[REDACTED]** net tangible assets per Share is arrived on the basis that **[REDACTED]** were in issue assuming that the **[REDACTED]** had been completed on December 31, 2022. In addition, the number of Shares used for the computation of unaudited **[REDACTED]** net tangible assets per Share also takes no account of any Shares which may be fall to be issued upon the exercise of the **[REDACTED]**. For the purpose of this unaudited **[REDACTED]** statement of adjusted net tangible assets attributable to owners of the Company, the balances stated in RMB are converted into HK$ at the rate of RMB1.00 to HK$[1.1400].

RECENT DEVELOPMENTS

Regulatory Changes on Overseas Listing

The CSRC promulgated Trial Administrative Measures of the Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "**Overseas Listing Trial Measures**") and five relevant guidelines on February 17, 2023, which will become effective on March 31, 2023. The Overseas Listing Trial Measures comprehensively reform the existing regulatory regime for overseas securities offering and listing by PRC domestic companies, either directly or indirectly, and will regulate them by adopting a filing-based regulatory regime. According to the Overseas Listing Trial Measures, PRC domestic companies that seek to offer and list securities in overseas markets, either through direct or indirect means, need to complete the filing procedure with the CSRC and report relevant information. The Overseas Listing Trial Measures provide that no overseas offering and listing shall be made under any of the following circumstances: (i) such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (ii) the intended securities offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with law; (iii) the domestic company intending to make the securities offering and listing, or its controlling shareholder(s) and the actual controller, have committed relevant crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (iv) the domestic company intending to make the securities offering and listing is currently under investigations for suspicion of criminal offenses or major violations of laws and regulations, and no conclusion has yet been made thereof; or (v) there are material ownership disputes over equity held by the domestic company's controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) and/or actual controller.

The Overseas Listing Trial Measures also provide that if the issuer meets both of the following criteria, the overseas securities offering and listing conducted by such issuer will be deemed as an indirect overseas offering subject to the filing procedure set forth under the Overseas Listing Trial Measures: (i) 50% or more of the issuer's operating revenue, total profit, total assets or net assets as documented in its audited combined financial statements for the most recent fiscal year is accounted for by domestic companies; and (ii) the issuer's business activities are substantially conducted in mainland China, or its principal place(s) of business are located in mainland China, or the senior managers in charge of its business operations and management are mostly Chinese citizens or domiciled in Mainland China. Where an issuer submits an application for an initial public offering to competent overseas regulators, such issuer must file with the CSRC within three business days after such application is submitted. The Overseas Listing Trial Measures also require subsequent reports to be filed with the CSRC on material events, such as change of control or voluntary or forced delisting of the issuer(s) who have completed overseas offerings and listings.

Pursuant to the Notice on Filing Management Arrangements for Overseas Listings of Domestic Companies promulgated by the CSRC on February 17, 2023 and taking effect on the same date, the domestic companies that have submitted the applications for overseas offering and listing but have not been approved by overseas regulatory authorities or overseas stock exchanges at the date of effectiveness of the Overseas Listing Trial Measures can reasonably arrange the timing of filing applications and should complete the filing before listing.

Based on the above, our PRC Legal Advisors confirm that, if the Company submit the application for overseas **[REDACTED]** and **[REDACTED]** before the effective date of the Overseas Listing Trial Measures, which is March 31, 2023, in accordance with the above provisions, the Company shall submit the filing application on or after the effective date of the Overseas Listing Trial Measures and complete the filing prior to the **[REDACTED]**.

Relaxation of China's COVID-19 Control Measures

Since December 2022, many of the restrictive measures previously adopted by the PRC government to control the spread of the COVID-19 virus have eased. While demand for COVID-19 testing has decreased significantly since December 2022, continued demand for commercial *ad-hoc* testing is expected to be at a limited level and primarily in terms of single tube testing for the near future according to CIC, especially for inpatient care, high-risk populations such as the elderly and other immune-compromised individuals as well as fever outpatients. As the COVID-19 situation continues to evolve and shifts towards becoming endemic, testing may also be normalized with demand at a lower level as part of the public's infectious disease control. As a result, the average monthly COVID-19 testing volumes in terms of tubes decreased to 754.8 thousand for the two months ended February 28, 2023, representing a decrease of 67.8% as compared to 2,341.6 thousand for the two months ended February 28, 2022. We expect to continue undertaking such testing services for certain governmental agencies and corporations in the future. Nonetheless, we expect revenue contribution from COVID-19 testing will significantly decrease in 2023, which will have a significant effect on our overall revenue and profit.

Since the relaxation of China's COVID-19 control measures in December 2022, we have strategically consolidated our human resources previously allocated to COVID-19 testing services and leveraged their experience in conducting genetic testing to facilitate our non-clinical genetic testing solutions. We are in the course of repurposing certain of our facilities and testing equipment, which were previously used for COVID-19 testing services, for the provision of non-COVID-19 genetic testing services. As the market gradually recovers post-pandemic, we have experienced significant business growth in our full cycle genetic testing solutions and research and development genetic testing solutions. As of the Latest Practicable Date, we had expanded our hospital network and established business relationships with 89 new hospitals since December 31, 2022 in our full cycle genetic testing solutions. After the Track Record Period, we have also successfully secured five new contracts with a contract amount over RMB2.0 million for our research and development genetic testing solutions with a total estimated contract amount of over RMB31.0 million. Furthermore, we have commercialized four new LDT services (i.e., HapOnco® CorePanel™ NGS Assay, HapOnco® Colorectal Cancer BasicPanel™ NGS Assay, HapOnco® Gastrointestinal Cancers mClean MRD Test and HapOnco® Hepatobiliary and Pancreatic Cancers mClean MRD Test) in February and March 2023, to further expand our full cycle genetic testing solutions business.

Save as otherwise disclosed above, our Directors confirm that there has been no material adverse change in our financial or trading position since December 31, 2022 and up to the date of this document.

Material Agreement

Subsequent to the Track Record Period and up to the Latest Practicable Date, we entered into a clinical diagnostics development agreement which we consider to be material to our business.

Clinical Diagnostics Development Agreement

In March 2023, we entered into a clinical diagnostics development agreement with an MNC biotechnology company. Under this agreement, we were granted specific licenses of certain intellectual property rights to manufacture and commercialize IVD instruments and IVD testing reagent kits ("**IVD Products**") using components supplied by it in mainland China throughout the term of the agreement. We will pay our partner a one-time technology access fee and separately for the purchase of components for the IVD Products.