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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Mega Genomics Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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(Incorporated in the Cayman Islands with limited liability)
(Stock code: 6667)

**RENEWAL OF CONTINUING CONNECTED
TRANSACTIONS
AND
NOTICE OF EGM**

The notice convening the EGM of Mega Genomics Limited to be held at the meeting room of the Company, 401 Health Work, North Garden Road, Haidian District, Beijing, PRC on Friday, 1 March 2024 at 10:00 a.m. is set out in this circular.

Whether or not you are able to attend the EGM, please complete and sign the enclosed form of proxy for use at the EGM in accordance with the instructions printed thereon and return it to the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the EGM (i.e. not later than 10:00 a.m. on Wednesday, 28 February 2024 (Hong Kong time)) or the adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the EGM if they so wish.

This circular together with the form of proxy are also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (www.megagenomics.cn).

* *For identification purpose only*

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“2024 Dr. Yu Genetic Testing Service Framework Agreement”	the framework agreement entered into by the Company and Dr. Yu on 5 January 2024;
“2024 Meinian OneHealth Genetic Testing Service Framework Agreement”	the framework agreement entered into by Mega Genomics Beijing and Meinian OneHealth on 5 January 2024;
“Agreements”	the 2024 Meinian OneHealth Genetic Testing Service Framework Agreement and the 2024 Dr. Yu Genetic Testing Service Framework Agreement;
“Alibaba Holding”	Alibaba Group Holding Limited (阿里巴巴集團控股有限公司), a company incorporated in the Cayman Islands, with its American depositary shares, each representing eight ordinary shares, listed on the New York Stock Exchange (Stock Symbol: BABA), and its ordinary shares listed on the Main Board of the Stock Exchange (Stock Code: 9988);
“Articles of Association”	the articles of association of the Company currently in force;
“Board”	the board of Directors;
“China” or “PRC”	The People’s Republic of China, for the purpose of this circular, excluding Hong Kong and Macau Special Administrative Regions of the PRC and Taiwan;
“Company”	Mega Genomics Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange;
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Dr. Yu Rong, Ms. Guo Meiling, Meinian OneHealth, YURONG TECHNOLOGY LIMITED, Tianjin Hongzhi Kangjian Management Consulting Partnership, Infinite Galaxy Health Limited and Mei Nian Investment Limited;

DEFINITIONS

“Director(s)”	the director(s) of the Company;
“Dr. Yu”	Dr. Yu Rong (俞榕), one of the founders of the Group, an executive Director and honorary co-chairperson of the Company and one of the Controlling Shareholders;
“Dr. Yu Genetic Testing Service Framework Agreement”	the framework agreement entered into by the Company and Dr. Yu on 30 May 2022;
“EGM”	the EGM of the Company to be held at the meeting room of the Company, 401 Health Work, North Garden Road, Haidian District, Beijing, PRC on Friday, 1 March 2024 at 10:00 a.m., to consider and, if appropriate, to approve the resolutions contained in the notice of the meeting which is set out on pages EGM-1 to EGM-3 of this circular, or any adjournment thereof;
“Group”	the Company and its subsidiaries (from time to time);
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors to advise the Independent Shareholders in respect of the 2024 Meinian OneHealth Genetic Testing Service Framework Agreement, the 2024 Dr. Yu Genetic Testing Service Framework Agreement and the transactions contemplated thereunder;
“Independent Financial Adviser”	SBI China Capital Hong Kong Securities Limited;
“Independent Shareholder(s)”	Shareholder(s) other than the Controlling Shareholders and their associates;
“independent third party(ies)”	has the meaning ascribed to it under the Listing Rules;
“Latest Practicable Date”	7 February 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular;

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time;
“Mega Genomics Beijing”	Mega Genomics (Beijing) Co., Ltd. (美因健康科技(北京)有限公司), a limited liability company incorporated in the PRC on 5 January 2016 and is treated as a wholly subsidiary of the Company;
“Meinian OneHealth”	Meinian OneHealth Healthcare Holdings Co., Ltd. (美年大健康产业控股股份有限公司), a limited liability company incorporated in the PRC on 22 January 1991, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 002044), one of the Controlling Shareholders of the Company;
“Meinian OneHealth Genetic Testing Service Framework Agreement”	the framework agreement entered into by Mega Genomics Beijing and Meinian OneHealth on 1 January 2021;
“normal commercial terms or better”	has the meaning ascribed to it under the Listing Rules;
“PRC Consolidated Entity(ies)”	the entities the Company controls through the contractual arrangements, namely Mega Genomics Beijing and its subsidiaries, the financial results of which have been consolidated and accounted for as subsidiaries of the Company by virtue of the contractual arrangements;
“SFO”	the Securities and Futures Ordinance (Cap. 571);
“Share(s)”	ordinary share(s) of USD0.0001 each in the issued capital of the Company or if there has been a subsequent sub-division, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company;
“Shareholder(s)”	holder(s) of Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

DEFINITIONS

“Takeovers Code”

The Code on Takeovers and Mergers approved by the Securities and Futures Commission as amended from time to time;

“%”

per cent.

LETTER FROM THE BOARD



Mega Genomics Limited

美因基因有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 6667)

Executive Directors:

Dr. Yu Rong

Ms. Lin Lin (*Chairperson*)

Ms. Jiang Jing

Non-executive Director:

Ms. Guo Meiling

Independent Non-executive Directors:

Dr. Zhang Ying

Mr. Jia Qingfeng

Dr. Xie Dan

Registered Office:

Third Floor, Century Yard

Cricket Square, P.O. Box 902

Grand Cayman, KY1-1103

Cayman Islands

*Head Office and Principal Place of
Business in the PRC:*

401 Health Work

North Garden Road

Haidian District

Beijing, PRC

*Principal Place of Business in
Hong Kong*

5/F, Manulife Place

348 Kwun Tong Road

Kowloon, Hong Kong

Dear Sir/Madam,

**RENEWAL OF CONTINUING CONNECTED
TRANSACTIONS
AND
NOTICE OF EGM**

1. INTRODUCTION

Reference is made to the announcements of the Company dated 5 January 2024 and 11 January 2024.

The purpose of this circular is to provide the Shareholders with, among other things, (i) details of the Agreements, the respective proposal annual caps of the Agreements and the transactions contemplated thereunder; (ii) the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders on the Agreements; (iii) the recommendation of the Independent Board Committee regarding the Agreements; and (iv) a notice of the EGM to consider and, if thought fit, to approve the Agreements, the respective proposal annual caps of the Agreements and the transactions contemplated thereunder.

LETTER FROM THE BOARD

2. THE 2024 MEINIAN ONEHEALTH GENETIC TESTING SERVICE FRAMEWORK AGREEMENT

Reference is made to the prospectus of the Company dated 10 June 2022 in relation to, among other things, the Meinian OneHealth Genetic Testing Service Framework Agreement. As the Meinian OneHealth Genetic Testing Service Framework Agreement expired on 31 December 2023, Mega Genomics Beijing, a subsidiary of the Company, has entered into the 2024 Meinian OneHealth Genetic Testing Service Framework Agreement with Meinian OneHealth on 5 January 2024.

Principal Terms

The principal terms of the 2024 Meinian OneHealth Genetic Testing Service Framework Agreement are as follows:

Date	:	5 January 2024
Parties	:	(i) Mega Genomics Beijing; and (ii) Meinian OneHealth
Term	:	From 1 January 2024 to 31 December 2026
Nature of transaction	:	Mega Genomics Beijing and its subsidiaries agree to provide genetic testing service to the Meinian OneHealth and its associates, and Meinian OneHealth and its associates agrees to sell genetic test service provided by the Group to its customers.
Pricing policy	:	The service fee to be charged by the Group will be on normal commercial terms as determined based on arm's length negotiations between the parties with reference to (i) the production cost and gross profit requirements of the Group; (ii) the government prescribed price and the prevailing service fee of a similar service provider in the market; and (iii) the sales to the buyer's end customers. The Group will evaluate its clients and set prices based on various factors including procurement quantity, government prescribed price, market competition, industry dynamics, the costs and expenses of the products and the overall development plan of the Group and ensure the profit margin is comparable to those offered by the Group to independent third parties. Specifically, the service fee for testing services charged by the Group is determined based on the costs and an average profit margin of approximately no more than 40%. The 40% average profit margin is calculated by dividing the historical annual profit of the Company's products by the annual revenue of the aforesaid products. The price offered to independent third-party customers by the Company are not less favorable to that of connected persons. After deducting same production costs and corresponding expenses, the profit margin of the products offered by the Group to independent third parties are not less favourable than that of connected persons.

LETTER FROM THE BOARD

The prices of products under the 2024 Meinian OneHealth Genetic Testing Service Framework Agreement typically ranged from RMB tens to thousands, depending on the types of products. The prices of lower-end products are less than RMB100, the prices of mid-range products are less than RMB1,000, and the prices of high-end customized products are less than RMB10,000. These prices are determined based on market conditions, product costs, market competition, and other relevant factors. The Company has established review and approval procedures to ensure that the prices offered to independent third parties are not less favorable than those of connected persons.

Routine reviews of agreements under the 2024 Meinian OneHealth Genetic Testing Service Framework Agreement are conducted by the finance department, legal department, and other relevant departments of the Company. Any deviation in product prices or profit margins are brought to the Company's management and/or the Board for approval. Simultaneously, the Company conducts regular or irregular evaluations to assess whether settlement prices, payment durations, and other commercial terms can meet market demand based on market conditions, cost of products, market competition and other factors. Additionally, the sales department is required to negotiate in accordance with the terms of the 2024 Meinian OneHealth Genetic Testing Service Framework Agreement during negotiation process of the underlying contracts.

As such, the Directors consider that the above methods and procedures can ensure that the transactions will be conducted on normal commercial terms and not prejudicial to the interests of the issuer and its minority shareholders.

Payment : Meinian OneHealth and its associates shall settle the consideration payable to Mega Genomics Beijing each month based on the actual sales of each service.

Historical Amount

The historical amounts under the Meinian OneHealth Genetic Testing Service Framework Agreement entered into on 1 January 2021 for the two financial years ended 31 December 2021 and 2022 and for the six months ended 30 June 2023 and the historical transaction amounts with Meinian OneHealth from 1 January 2024 to the Latest Practicable Date are set out as follows:

	For the year ended		For the	From
	31 December	2022	six months	1 January
	2021	2022	ended	2024 to
	RMB million	RMB million	30 June	the Latest
			2023	Practicable
			RMB million	Date
				RMB million
Historical amount	94.7	89.6	62.5	3.04

LETTER FROM THE BOARD

Annual Caps and Basis for Determining the Annual Caps

The proposed annual caps for the transactions contemplated under the 2024 Meinian OneHealth Genetic Testing Service Framework Agreement for the three financial years ending 31 December 2024, 2025 and 2026 are set out as follows:

	For the year ended 31 December		
	2024	2025	2026
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Annual cap	150.0	195.0	253.5

The above proposed annual caps are set based on the following factors: (i) the historical transaction amount between the Group and Meinian OneHealth together with its associates, including the estimated transaction amount during the year ended 31 December 2023 of not less than RMB90 million; (ii) the expected need of Meinian OneHealth together with its associates for the genetic testing services; (iii) an annual expected business growth rate of approximately 30% of the Group and Meinian OneHealth together with its associates in the future, details of which are set out in the below paragraph; (iv) the estimate increase of order amount of approximately RMB50 million in the year ended 31 December 2024 brought by the expansion of the Group's product matrix by continuously launching new products and created diversified sample collection methods so as to provide customers with better services and convenient; and (v) a buffer of 10% to allow for the increase in demand of services by Meinian OneHealth and its associates as anticipated by the management. The Directors are of the view that having the 10% buffer can enable the Group to continue to carry out the transactions in case the proposed annual cap becomes insufficient whereby the Group may be required to halt the transactions and to devote a considerable amount of time to revise the annual cap which will be subject to the approval requirements under the listing rules. Any disruption of or delay in transactions may lead to adverse impacts on the Group's business operation and reputation.

The proposed annual caps also take into consideration (i) the industry average growth rates and (ii) the estimated average revenue growth rates of the consumer genetic testing services industry. Specifically, (i) according to Frost & Sullivan, the compound annual growth rate for consumer genetic testing industry is approximately 40% from 2020 to 2030; (ii) the Group actively expanded its product matrix by continuously launching new products and created diversified sample collection methods so as to provide customers with better services and convenient experiences. At the same time, as the Company continues to explore and develop third party channels, the proposed annual caps are calculated based on an estimated comprehensive average growth rate of approximately 30%.

LETTER FROM THE BOARD

3. THE 2024 DR. YU GENETIC TESTING SERVICE FRAMEWORK AGREEMENT

Reference is made to the prospectus of the Company dated 10 June 2022 in relation to, among other things, the Dr. Yu Genetic Testing Service Framework Agreement. To enhance the efficiency of managing connected transactions of the Group, the Company terminated the Dr. Yu Genetic Testing Service Framework Agreement and entered into the 2024 Dr. Yu Genetic Testing Service Framework Agreement with Dr. Yu on 5 January 2024.

Principal Terms

The principal terms of the 2024 Dr. Yu Genetic Testing Service Framework Agreement are as follows:

Date	:	5 January 2024
Parties	:	(i) The Company; and (ii) Dr. Yu
Term	:	From 1 January 2024 to 31 December 2026
Nature of transaction	:	The Group agree to provide genetic testing and related service to Dr. Yu and his associates. The commercial terms under the 2024 Dr. Yu Genetic Testing Service Framework Agreement are largely in line with those under the 2024 Meinian OneHealth Genetic Testing Service Framework Agreement.
Pricing policy	:	The service fee to be charged by the Group will be on normal commercial terms as determined based on arm's length negotiations between the parties with reference to (i) the production cost and gross profit requirements of our Group; (ii) the government prescribed price and the prevailing service fee of a similar service provider in the market or prevailing market rates; and (iii) the sales to the end customers of Dr. Yu's associates. The Group will evaluate its clients and set prices based on various factors including procurement quantity, government prescribed price, market competition, industry dynamics, the costs and expenses of the products and the overall development plan of the Group and ensure the profit margin is comparable to those offered by the Group to independent third parties. Specifically, the service fee for testing services charged by the Group is determined based on the costs and an average profit margin of approximately no more than 40%. The 40% average profit margin is calculated by dividing the historical annual profit of the Company's products by the annual revenue of the aforesaid products. The price offered to independent third-party customers by the Company are not less favorable to that of connected persons. After deducting same production costs and corresponding expenses, the profit margin of the products offered by the Group to independent third parties are not less favourable than that of connected persons.

LETTER FROM THE BOARD

The prices of products under the 2024 Dr. Yu Genetic Testing Service Framework Agreement typically ranged from RMB tens to thousands, depending on the types of products. The prices of lower-end products are less than RMB100, the prices of mid-range products are less than RMB1,000, and the prices of high-end customized products are less than RMB10,000. These prices are determined based on market conditions, product costs, market competition, and other relevant factors. The Company has established review and approval procedures to ensure that the prices offered to independent third parties are not less favorable than those of connected persons.

Routine reviews of agreements under the 2024 Dr. Yu Genetic Testing Service Framework Agreement are conducted by the finance department, legal department, and other relevant departments of the Company. Any deviation in product prices or profit margins are brought to the Company's management and/or the Board for approval. Simultaneously, the Company conducts regular or irregular evaluations to assess whether settlement prices, payment durations, and other commercial terms can meet market demand based on market conditions, cost of products, market competition and other factors. Additionally, the sales department is required to negotiate in accordance with the terms of the 2024 Dr. Yu Genetic Testing Service Framework Agreement during negotiation process of the underlying contracts.

As such, the Directors consider that the above methods and procedures can ensure that the transactions will be conducted on normal commercial terms and not prejudicial to the interests of the issuer and its minority shareholders.

Payment : Dr. Yu and his associates shall settle the consideration payable to the Company each month based on the actual sales of each service.

Historical Amount

The historical amounts of service fees incurred by Dr. Yu's associates to the Group for the two financial years ended 31 December 2021 and 2022 and for the six months ended 30 June 2023 and the historical transaction amounts with Dr. Yu from 1 January 2024 to the Latest Practicable Date are set out as follows:

	For the year ended		For the	From
	31 December		six months	1 January
	2021	2022	ended	2024 to
			30 June	the Latest
			2023	Practicable
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	Date
				<i>RMB million</i>
Historical amount	18.5 ^{Note}	11.8	8.6	0.56

LETTER FROM THE BOARD

Note: For reconciliation purpose, the Company wishes to clarify that the announcement of the Company dated 5 January 2024 inadvertently stated “26.7”, which includes an 8.2 million lease income that was recognized as other income and gains from a lease agreement terminated before the listing of the Company.

Annual Caps and Basis for Determining the Annual Caps

The proposed annual caps for the transactions contemplated under the 2024 Dr. Yu Genetic Testing Service Framework Agreement for the three financial years ending 31 December 2024, 2025 and 2026 are set out as follows:

	For the year ended 31 December		
	2024	2025	2026
	RMB million	RMB million	RMB million
Annual cap	18.0	23.4	30.4

The above proposed annual caps are set based on the following factors: (i) the historical transaction amount between the Group and Dr. Yu together with his associates, including the estimated transaction amount during the year ended 31 December 2023 of not less than RMB22 million^{Note}; (ii) the expected need of Dr. Yu together with his associates for the genetic testing and related services; (iii) an annual expected business growth rate of approximately 30% of the Group and Dr. Yu together with his associates in the future, details of which are set out in the below paragraph; (iv) the estimate increase of order amount of approximately RMB5 million in the year ended 31 December 2024 brought by the expansion of the Group’s product matrix by continuously launching new products and created diversified sample collection methods so as to provide customers with better services and convenient; and (v) a buffer of 10% to allow for the increase in demand of services by Dr. Yu and his associates as anticipated by the management. The Directors are of the view that having the 10% buffer can enable the Group to continue to carry out the transactions in case the proposed annual cap becomes insufficient whereby the Group may be required to halt the transactions and to devote a considerable amount of time to revise the annual cap which will be subject to the approval requirements under the listing rules. Any disruption of or delay in transactions may lead to adverse impacts on the Group’s business operation and reputation.

The proposed annual caps also take into consideration (i) the industry average growth rates and (ii) the estimated average revenue growth rates of the consumer genetic testing services industry. Specifically, (i) according to Frost & Sullivan, the compound annual growth rate for consumer genetic testing industry is approximately 40% from 2020 to 2030; (ii) the Group actively expanded its product matrix by continuously launching new products and created diversified sample collection methods so as to provide customers with better services

Note: According to the recently available unaudited management account of the Group, the estimated transaction amount for the year of 2023 is higher than the proposed annual caps in 2024. The proposed annual cap for 2024 remain unchanged as the Company understood that certain customers are anticipated to experience a short-term decrease in transaction amounts in 2024.

LETTER FROM THE BOARD

and convenient experiences. At the same time, as the Company continues to explore and develop third party channels, the proposed annual caps are calculated based on an estimated comprehensive average growth rate of approximately 30%.

4. RELATIONSHIP WITH THE CUSTOMERS

The revenue generated from the independent third-party customers experienced a decline, which can be attributed to the following reasons:

1. The government's regulation of nucleic acid testing product prices in 2022 led to a significant decrease in the unit price compared to 2021;
2. Meinian OneHealth and Dr. Yu, in their efforts to expand market share, acquired a substantial number of high-quality health checkup centers in 2022, which resulted in customers who were independent third parties in 2021 becoming connected persons to the Group. The terms of agreements between the Group and those customers have not been changed following the acquisition of Meinian OneHealth or Dr. Yu.

The Company actively explores new pipelines, constantly seeks out new customer channels, and develops relationships with new customers through the following measures:

1. Developing or introducing diversified products to meet the needs of various industries and channels, such as telomere detection tools which can be widely used in the medical beauty industry;
2. Improving the customer experience by launching more user-friendly sampling methods to expand consumer channels and attract more consumers;
3. Developing customized products tailored to the specific needs of consumers, thereby facilitating the continuous expansion of new business partnerships;
4. Launching products across various platforms and implementing marketing strategies, both online and offline, aiming to form a multi-dimensional sales matrix; and
5. Exploring the detection coverage and conversion rate of existing third-party customers, aiming to accelerate the revenue growth of the existing market.

LETTER FROM THE BOARD

The Company believes that the number of independent customers is projected to experience a steady increase from 2024 to 2026, subject to the prevailing circumstances from time to time. For the three financial years ending 31 December 2026, it is expected that revenue generated from independent customers will mainly be generated from general genetic testing products. The expected revenue takes into account the following factors:

1. Historical amount between the Company and relevant counterparties;
2. Growth of revenue which takes into account recent communication with customers; and
3. An annual growth rate of approximately 30%, taking into account the compound annual growth rate of 40% for consumer genetic testing industry from 2020 to 2030 according to Frost & Sullivan.

The number of customers from Meinian OneHealth, Dr. Yu and their respective associates is expected to remain at substantially the same level, reflecting the stable relationship between the Company and Meinian OneHealth and Dr. Yu over the years. The Company believes that the cooperation between the Company and Meinian Health and Dr. Yu is mutually beneficial and win-win. The advantages brought by the cooperation have been reflected in various aspects, including resource leverage, synergies, innovative development, and profit generation. The enduring partnership between the parties contributes positively to their individual long-term development.

As disclosed in the prospectus of the Company dated 10 June 2022, the Group's business relies on, to a certain extent, customers through Meinian OneHealth or Dr. Yu, the Controlling Shareholders of the Company. There has been no significant change to the situation since then and the business relationship between the Company and Meinian OneHealth and Dr. Yu remains stable, which is evidenced by the historical transaction amounts under the Agreements. Based on years of past experience in collaborating with customers associated with Meinian OneHealth and Dr. Yu as well as other institutional customers, the Company has come to possess a deep understanding on their business model and consumers' preference, which can create advantages for the Company over other genetic testing companies that do not have comparable experience in working with these customers or similar insight into the genetic testing market. Based on the above, the Company is of the view that it is unlikely that Meinian OneHealth and Dr. Yu's associates would replace the Company as a service provider in the foreseeable future. The Board is of the view that the risk of the Company's relationships with Meinian OneHealth and Dr. Yu's associates experiencing any material adverse change or termination remains relatively low.

Based on the above, the Board is of the view that entering into the Agreements is in the interest of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

5. INTERNAL CONTROL

The Company will adopt the following internal control and corporate governance measures to closely monitor connected transactions and ensure future compliance with the Listing Rules:

- (1) the Company will adopt and implement a management system on connected transactions and the Board and various internal departments of the Company will be responsible for the control and daily management in respect of the continuing connected transactions;
- (2) the Board and the finance department of the Group will monitor the connected transactions (including but not limited to transaction amounts and annual caps under the relevant agreements) every month;
- (3) the Board and the finance department of the Group will review the proposed price to ensure it is consistent with the pricing terms under the 2024 Meinian OneHealth Genetic Testing Service Framework Agreement and the 2024 Dr. Yu Genetic Testing Service Framework Agreement, and that the terms offered by the connected persons to the Group are no less favorable than those offered by the independent third parties;

Board approval is required for the renewal of the Agreements or modification of material terms in the Agreements, such as prices and payment terms. The finance department and the legal department review each underlying contracts under the Agreements to ensure the compliance with the terms of the Agreements.

- (4) the Company shall engage the auditors of the Company to, and the independent non-executive Directors will, conduct annual review on the continuing connected transactions to ensure that the transactions contemplated thereunder have been conducted pursuant to the requirements of the Listing Rules and have fulfilled the relevant disclosure requirements;
- (5) the Company will comply with the relevant requirements under Chapter 14A of the Listing Rules for the continuing connected transactions;

The Board and relevant departments of the Company systematically monitor ongoing connected transactions in accordance with internal control requirements. The finance department oversees the daily progress of connected transactions in real-time and provides regular reports to the Company's management, ensuring compliance with the requirements in Chapter 14A of the Listing Rules. The finance department will also timely check and update the connected person list and the related party list, report to the Board on any updates to such lists, and share the latest lists to all relevant departments in the Group, based on which the relevant business department will be able to timely identify connected transactions and related party transactions, monitor the transaction status and report to the finance department.

LETTER FROM THE BOARD

During the negotiation process of new framework agreements, the sales department will take charge of communication and negotiation with the counterparty, elucidating terms such as the purpose, content, price, and conditions of the transaction. The finance department and internal control department will actively supervise the commercial terms to ensure fairness, reasonableness, and transparency in the transaction conditions, thereby safeguarding the interests of the Shareholders.

Additionally, the finance and legal departments of the Company will maintain ongoing communication with the Company's legal counsels and/or other professional advisors to ensure that the new framework agreements are approved by the Board and/or the independent Shareholders (if applicable) before the expiry of the Agreements.

- (6) when considering any renewal or revisions to the 2024 Meinian OneHealth Genetic Testing Service Framework Agreement and the 2024 Dr. Yu Genetic Testing Service Framework Agreement, the interested Directors and Shareholders shall abstain from voting on the resolutions to approve such transactions at Board meetings and general meetings (as the case may be).

6. REASONS FOR AND BENEFIT OF ENTERING INTO THE AGREEMENTS

The provision of the genetic testing services under the Meinian OneHealth Genetic Testing Service Framework Agreement reflects the Company's strategy of leveraging Meinian OneHealth's market share to gain direct access to the large consumer pool in China, and to enable the Company to operate and invest at a scale that would allow us to realize further gains in efficiency.

The Company has been providing genetic testing and related service to Dr. Yu's associates for many years given the good working relationship between the parties. It is crucial to maintain a stable and quality provision of the Company's service to the customers with long-term cooperation for the Group's existing and future operation.

Based on the foregoing, the Directors are of the view that the terms of Agreements and the respective proposed annual caps thereunder were determined after arm's length negotiation, and the transactions contemplated thereunder are conducted in the ordinary and usual course of business of the Company and are on normal commercial terms or better, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Dr. Yu Rong and Ms. Guo Meiling, being Directors also holding a directorship in Meinian OneHealth, has abstained from voting on the board resolution approving the Agreements and the transactions contemplated thereunder. Save as disclosed above, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries as of the Latest Practicable Date, none of the Directors has any material interests in the Agreements and the transactions contemplated thereunder or shall abstain from voting in respect of the relevant resolutions.

LETTER FROM THE BOARD

7. INFORMATION OF THE PARTIES TO THE AGREEMENTS

The Group

The Company is an exempted company with limited liability incorporated in the Cayman Islands on 22 April 2021. The Company is a leading genetic testing platform company in China with a focus on consumer genetic testing and cancer screening services.

Mega Genomics Beijing is a limited liability company incorporated under the PRC laws and one of the Company's PRC Consolidated Entities. Mega Genomics Beijing is principally engaged in the provision of consumer genetic testing services and cancer screening services.

Meinian OneHealth

Meinian OneHealth is principally engaged in professional health examination services. It focuses on health examinations, integrating health consultation, health assessment, and health intervention. With big data of health examination as a foundation, Meinian OneHealth provides higher-quality health management services for corporate and individual clients.

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, as of the Latest Practicable Date, Meinian OneHealth is directly and indirectly held by Alibaba Holding as to 13.03% equity interests, Dr. Yu as to 13.83% of the equity interests, Ms. Guo Meiling as to 3.60% equity interests and each of the other shareholders holds less than 5% equity interests in Meinian OneHealth. Dr. Yu is the de facto controller of Meinian OneHealth.

Dr. Yu

Dr. Yu Rong (俞榕) is one of the founders of the Group, an executive Director and honorary co-chairperson of the Company and one of the Controlling Shareholders.

8. LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Dr. Yu and Meinian OneHealth are the Controlling Shareholders. Therefore, the transactions contemplated under the Agreements constitute connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios for the transactions contemplated under the Agreements are more than 5% on an annual basis, the transactions shall be subject to annual review, reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

An Independent Board Committee comprising the independent non-executive Directors has been formed to advise the Independent Shareholders in respect of the Agreements, the respective proposed annual caps and the transactions contemplated thereunder. The Independent Financial Adviser, SBI China Capital Hong Kong Securities Limited, has been appointed to advise the Independent Board Committee and the Independent Shareholders on the same in accordance with the Listing Rules.

LETTER FROM THE BOARD

Waiver from strict compliance with Rule 14A.70(13) and paragraph 43(2) of Appendix D1B to the Listing Rules

In the view of rationales as set out in below table, the Company has applied to the Stock Exchange for a waiver from strict compliance with Rule 14A.70(13) and Appendix D1B paragraph 43(2)(c) to the Listing Rules (the “**Waiver**”), so that only the redacted version of the Agreements will be published on the websites of the Stock Exchange and the Company for a reasonable period of time (not less than 14 days). The Stock Exchange has granted the Waiver to the Company to allow the Company to redact certain confidential materials contained in the Agreements.

Content	Rationale for redaction
Market price and settle price as set out on page 8 to page 9 of the 2024 Meinian OneHealth Genetic Testing Service Framework Agreement;	The Company’s principal products are consumer genetic testing and cancer screening services, catering to a consumer base known for its heightened sensitivity to pricing compared to other industries. The quotations of consumables offered by the Group to the customer is also product prices of the Group. Disclosure of the price not only adversely affect the Company’s prospects for future business expansion but also jeopardize existing customer relationships. The Company considers the confidentiality of pricing as fundamental to its competitive edge, distinguishing it from market competitors. Any disclosure of such information could be a decisive factor for the competitors to vie for the Company’s suppliers and customers. The Company has disclosed the pricing policy, the average profit margin and the price range of the principal products in the circular, which will enable the Shareholders to assess the subject transaction.
Market price and settle price as set out in appendix 1 to the 2024 Dr. Yu Genetic Testing Service Framework Agreement; Description of consumables (耗材說明) as set out on page 9 to page 10 of the 2024 Meinian OneHealth Genetic Testing Service Framework Agreement; Description of consumables (耗材說明) as set out in the appendix 1 to the 2024 Dr. Yu Genetic Testing Service Framework Agreement.	
Registration number as set out on page 8 to page 9 of the 2024 Meinian OneHealth Genetic Testing Service Framework Agreement;	The information of the Company’s suppliers may be accessed by researching the registration certificate number. The information includes the identity and details of the Company’s suppliers, enabling the competitors to vie for the Company’s suppliers. Such disclosure may also expose the cost of the Company’s products.
Registration number as set out in appendix 1 to the 2024 Dr. Yu Genetic Testing Service Framework Agreement.	

LETTER FROM THE BOARD

Content	Rationale for redaction
<p>The bank account as set out on page 4 and page 14 and the personal contact information as set out on page 13 of the 2024 Meinian OneHealth Genetic Testing Service Framework Agreement; The identification number of Dr. Yu as set out on page 1 and the bank account as set out in “V. Settlement – 4. Settlement account information” and “5 Sample verification” and the personal contact information as set out in “2.1 Delivery” in appendix 1 to the 2024 Dr. Yu Genetic Testing Service Framework Agreement.</p>	<p>The bank account details of the Group and the identification number/personal contact information of the Company’s director/employees are personal data of the relevant entities and/or individuals, which are deemed confidential and of minor importance only, with no material influence on the Independent Shareholders’ assessment of the subject transaction.</p>
<p>The method of delivery and quantity of free shipping as set out in “Sample delivery methods” (樣本寄送方式) on page 9 and the method of delivery as set out in section 2.2 “Delivery Precautions” (郵寄注意事項) on page 13 in the appendix to the 2024 Meinian OneHealth Genetic Testing Service Framework Agreement;</p>	<p>The costs of delivery form a substantial portion of the expenses of consumer genetic testing products. The quantity of free shipping has direct impact on the costs and price of the Group’s products. The highly cost-effective delivery method contributes to the Company’s advantage in terms of both the pricing and the speed of the products. The disclosure of the identity of delivery suppliers and the quantity of free shipping may potentially mitigate the Company’s competitiveness in product pricing and speed.</p>
<p>The method of delivery and quantity of free shipping as set out in “Sample Delivery Methods” (樣本寄送方式), “Sample Delivery” (樣本寄送) and section 2.2 “Delivery Precautions” (郵寄注意事項) in the appendix to the 2024 Dr. Yu Genetic Testing Service Framework Agreement.</p>	
<p>The screen cap of the client’s internal system as set out in section 1.2.2 “Verify and modify sample information (before starting sample testing)” (核對修改樣本信息(樣本開始檢測前)) on page 12 in the appendix to the 2024 Meinian OneHealth Genetic Testing Service Framework Agreement;</p>	<p>The redacted picture is a screen cap of the client’s internal system rather than the Company’s. It holds no relevance to the subject of the transaction or the Independent Shareholders’ assessment and is of minor importance only. Disclosure of such information would directly expose the customer’s system interface, revealing the specific information displayed in the interface and compromising client privacy.</p>
<p>The screen cap of the client’s internal system as set out in section 1.2.2 “Verify and modify sample information (before starting sample testing)” (核對修改樣本信息(樣本開始檢測前)) in the appendix to the 2024 Dr. Yu Genetic Testing Service Framework Agreement.</p>	

LETTER FROM THE BOARD

Content	Rationale for redaction
The standard data security clause of Meinian OneHealth	The Company is not allowed to publicly disclose the standard data security clause of Meinian OneHealth without its explicit permission. As a usual and ordinary data security clause, its disclosure has no material value for the Independent Shareholders to evaluate the subject transaction.

9. THE EGM

The notice of the EGM is set out on pages EGM-1 to EGM-3 of this circular.

In accordance with the Listing Rules, any Shareholder with a material interest in the 2024 Meinian OneHealth Genetic Testing Service Framework Agreement and the 2024 Dr. Yu Genetic Testing Service Framework Agreement, and its/his/her associates will be required to abstain from voting on the resolutions approving the 2024 Meinian OneHealth Genetic Testing Service Framework Agreement and the 2024 Dr. Yu Genetic Testing Service Framework Agreement, and transactions contemplated thereunder and the annual caps as separately set out in the 2024 Meinian OneHealth Genetic Testing Service Framework Agreement and the 2024 Dr. Yu Genetic Testing Service Framework Agreement at the EGM.

As at the Latest Practicable Date, the Controlling Shareholders, directly and indirectly, control 82,054,067 Shares, representing 34.48% of the total issued share capital of the Company.

As such, the Controlling Shareholders will abstain from voting on resolutions in the EGM. Save for the Controlling Shareholders, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, no other Shareholder is required to abstain from voting on resolutions in the EGM.

Pursuant to the Listing Rules and the Articles of Association, any vote of Shareholders at a general meeting must be taken by poll except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands. An announcement on the poll results will be published by the Company after the EGM in the manner prescribed under the Listing Rules.

A form of proxy for use at the EGM is enclosed with this circular and such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (www.megagenomics.cn). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority at the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the EGM (i.e. not later than 10:00 a.m. on Wednesday, 28 February 2024) or the adjourned meeting (as the case may be). Completion and delivery of the form of proxy will not preclude you from attending and voting at the EGM if you so wish.

LETTER FROM THE BOARD

Closure of Register of Members

For the purpose of determining the entitlement of the Shareholders to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 27 February 2024 to Friday, 1 March 2024, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the EGM, all Share transfer documents, together with the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Monday, 26 February 2024.

10. RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee as set out on pages 21 to 22 of this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders regarding the proposed resolutions to approve the Agreements, the respective proposed annual caps and the transactions contemplated thereunder; and (ii) the letter from the Independent Financial Adviser as set out on pages 23 to 39 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in respect of the fairness and reasonableness of the terms of the Agreements, the respective proposed annual caps and the transactions contemplated thereunder.

The Directors (including the independent non-executive Directors after considering the advice of the Independent Financial Adviser, but excluding the Directors who have abstained from voting on the relevant resolutions of the Board as disclosed in the section headed "LISTING RULES IMPLICATIONS" above in this circular) consider that each of the Agreements, the transactions contemplated thereunder and the respective proposed annual caps are (i) on normal commercial terms or better and in the ordinary and usual course of the business of the Group; (ii) fair and reasonable; and (iii) in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Agreements, the transactions contemplated thereunder and the respective proposed annual caps.

11. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board
Mega Genomics Limited
LIN Lin
Executive Director and Chairperson

Hong Kong, 8 February 2024

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter of recommendation, prepared for the purpose of incorporation in this circular, from the Independent Board Committee to the Independent Shareholders regarding the Agreements, the transactions contemplated there under and the respective proposed annual caps.



Mega Genomics Limited **美因基因有限公司***

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 6667)

8 February 2024

To the Independent Shareholders

Dear Sir or Madam,

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

We refer to the circular of the Company dated 8 February 2024 (the “**Circular**”). Capitalised terms used herein have the same meaning as those defined in the Circular, unless otherwise defined.

We have been appointed as members of the Independent Board Committee to advise you in connection with the terms of the Agreements, the transactions contemplated thereunder and the respective proposed annual caps, details of which are set out in the “Letter from the Board” in the Circular of which this letter forms part.

We have been appointed as members of the Independent Board Committee to give recommendation to the Independent Shareholders as to whether the Agreements, the transactions contemplated thereunder and the respective proposed annual caps are (i) on normal commercial terms or better and in the ordinary and usual course of business of the Group; (ii) fair and reasonable; (iii) are in the interests of the Company and the Shareholders as a whole, and to give recommendation as to voting at the EGM.

SBI China Capital Hong Kong Securities Limited has been appointed by the Company to advise us and the Independent Shareholders as to whether the Agreements, the transactions contemplated thereunder and the respective proposed annual caps are fair and reasonable so far as the Company and the Shareholders are concerned. Details of its advice, together with the principal factors taken into consideration in arriving at such advice, are set out on pages 23 to 39 of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Your attention is also drawn to the “Letter from the Board” set out on pages 5 to 20 of the Circular and the additional information set out in the appendix to the Circular.

Having considered the terms of the Agreements, the transactions contemplated thereunder and the respective proposed annual caps and the advice given by SBI China Capital Hong Kong Securities Limited, we consider that the terms of the Agreements, the transactions contemplated thereunder and the respective proposed annual caps are (i) on normal commercial terms or better and in the ordinary and usual course of the business of the Group; (ii) fair and reasonable; and (iii) in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Shareholders to vote in favour of the ordinary resolutions as set out in the notice of the EGM attached to the Circular to approve the Agreements, the transactions contemplated thereunder and the respective proposed annual caps.

Yours faithfully,

For and on behalf of the Independent Board Committee
Mega Genomics Limited

Dr. Zhang Ying

*Independent non-executive
Director*

Mr. Jia Qingfeng

*Independent non-executive
Director*

Dr. Xie Dan

*Independent non-executive
Director*

* *For identification purpose only*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is the full text of a letter of advice from SBI China Capital Hong Kong Securities Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, which has been prepared for inclusion in this circular.



8 February 2024

*To: The Independent Board Committee and the Independent Shareholders of
Mega Genomics Limited*

Dear Sir or Madam,

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the entering into of the transactions contemplated under the 2024 Meinian OneHealth Genetic Testing Service Framework Agreement and the transactions contemplated under the 2024 Dr. Yu Genetic Testing Service Framework Agreement (collectively, the “**Transactions**”) are in the ordinary and usual course of business of the Company and are in the interests of the Company and the Shareholders as a whole and the terms of the Transactions are on normal commercial terms and, including the respective annual caps of the Transactions for the three financial years ending 31 December 2024, 2025 and 2026, are fair and reasonable as far as the Company and the Shareholders are concerned. Details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company to the Shareholders dated 8 February 2024 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

Reference is made to the section headed “Connected Transactions” in the prospectus of the Company dated 10 June 2022 (the “**Prospectus**”) in relation to, among other things, the Meinian OneHealth Genetic Testing Service Framework Agreement entered into on 1 January 2021 and the Dr. Yu Genetic Testing Service Framework Agreement entered into on 30 May 2022. As the Meinian OneHealth Genetic Testing Service Framework Agreement expired on 31 December 2023, Mega Genomics Beijing, a subsidiary of the Company, has entered into the 2024 Meinian OneHealth Genetic Testing Service Framework Agreement with Meinian OneHealth on 5 January 2024 to renew the agreement and the annual caps for the three financial years ending 31 December 2024, 2025 and 2026 (the “**Meinian OneHealth Annual Caps**”). The Dr. Yu Genetic Testing Service Framework Agreement is effective for a period of three years from the listing and has not yet expired as at the Latest Practicable Date. To enhance the efficiency of managing connected transactions of the Group, the Company terminated the Dr. Yu Genetic Testing Service Framework Agreement and entered into the 2024 Dr. Yu Genetic Testing Service Framework Agreement with Dr. Yu on 5 January 2024 and proposed the annual caps for the three financial years ending 31 December 2024, 2025 and 2026 (the “**Dr. Yu Annual Caps**”).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at the Latest Practicable Date, Dr. Yu and Meinian OneHealth are the Controlling Shareholders. Therefore, the transactions contemplated under the 2024 Meinian OneHealth Genetic Testing Service Framework Agreement and the 2024 Dr. Yu Genetic Testing Service Framework Agreement constitute connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

An Independent Board Committee, comprising all the independent non-executive Directors, namely Dr. Zhang Ying, Mr. Jia Qingfeng and Dr. Xie Dan, has been established to make recommendation to the Independent Shareholders as to whether the entering into of the Transactions are in the ordinary and usual course of business of the Company and are in the interests of the Company and the Shareholders as a whole and the terms of the Transactions are on normal commercial terms and, including the respective annual caps of the Transactions for the three financial years ending 31 December 2024, 2025 and 2026, are fair and reasonable as far as the Company and the Shareholders are concerned. In our capacity as the independent financial adviser to the Independent Board Committee and the Independent Shareholders, our role is to give an independent opinion in this regard.

During the past two years, we did not have any relationship with or interest in the Company or any other parties that could reasonably be regarded as relevant to our independence. Apart from the advisory fees from such continuing connected transactions and normal professional fees payable to us in connection with this engagement, no arrangement exists whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent from the Company pursuant to Rule 13.84 of the Listing Rules.

In formulating our opinion, we have relied on the information and facts supplied and opinions expressed by the management of the Company. We have assumed that all information and representations provided by the management of the Company, for which they are solely responsible, were true and accurate at the time they were prepared or made and will continue to be so up to the Latest Practicable Date. Should there be any subsequent material changes which occurred during the period from the date of the Circular up to the date of the EGM and would affect or alter our opinion, we will notify the Independent Board Committee and the Independent Shareholders as soon as possible. We have no reason to doubt the truth, accuracy or completeness of the information and representations made to us by the management of the Company. We have been advised that no material facts have been omitted from the information supplied and opinions expressed. As such, we have no reason to suspect that any relevant information has been withheld or omitted from the information provided and referred to in the Circular or the reasonableness of the opinions and representations provided by the management of the Company to us, nor are we aware of any facts or circumstances which would render the information provided and representations made to us untrue, inaccurate or misleading.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our opinion. We have not, however, conducted any independent investigation into the business and affairs or the future prospect of the Group, nor have we carried out any independent verification of the information provided by the management of the Company.

All Directors jointly and severally accept full responsibility for the accuracy of information contained in the Circular and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

PRINCIPAL REASONS AND REASONS CONSIDERED

In formulating our opinion in respect of the Transactions, including the respective annual caps, we have considered the following principal factors and reasons:

Information of the Group

As mentioned in the Letter from the Board, the Company is an exempted company with limited liability incorporated in the Cayman Islands on 22 April 2021. The Company is a leading genetic testing platform company in China with a focus on consumer genetic testing and cancer screening services.

Set out below is a summary of the Group's financial information for the two financial years ended 31 December 2022 and for the six months ended 30 June 2023 (with comparative figures), as extracted from the Company's annual report for the financial year ended 31 December 2022 (the "**2022 Annual Report**") and the Company's interim report for the six months ended 30 June 2023 (the "**2023 Interim Report**"), respectively.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	For the year ended 31 December 2021 RMB'000 (audited)	For the year ended 31 December 2022 RMB'000 (audited)	Year -on-year change %	For the six months ended 30 June 2022 RMB'000 (unaudited)	For the six months ended 30 June 2023 RMB'000 (unaudited)	Year -on-year change %
Revenue	237,185	145,727	(38.56)	97,617	98,879	1.29
– Consumer genetic testing services	135,469	80,557	(40.53)	45,573	57,011	25.10
– Cancer screening services	100,585	65,170	(35.21)	52,044	41,868	(19.55)
– Other services	1,131	–	(100.00)	–	–	N/A
Gross profit	166,676	81,723	(50.97)	64,416	65,299	1.37
Gross profit margin	70.3%	56.1%	(14.20)	66.0%	66.0%	0.00
– Consumer genetic testing services	89,648 66.2%	34,875 43.3%	(61.10) (22.90)	23,587 51.8%	33,292 58.4%	41.15 6.60
– Cancer screening services	76,095 75.7%	46,848 71.9%	(38.43) (3.80)	40,829 78.5%	32,007 76.4%	(21.61) (2.10)
– Other services	933 82.5%	– –	N/A N/A	– –	– –	N/A N/A
(Loss)/profit for the year/period	79,015	(17,618)	N/A	17,800	35,117	97.29

For the six months ended 30 June 2023

The Group's revenue remained relatively stable at approximately RMB98.9 million for the six months ended 30 June 2023, as compared to approximately RMB97.6 million for the six months ended 30 June 2022, primarily due to the Company's pursuit of more positive marketing strategy, accelerating the expansion of sales channels, enriching its product matrix, and optimising the product structure of its genetic testing services for the six month ended 30 June 2023. The Group's revenue from consumer genetic testing services increased by approximately 25.1% from approximately RMB45.6 million for the six month ended 30 June 2022 to approximately RMB57.0 million for the six month ended 30 June 2023, primarily due to increased demand for general consumer genetic testing services. Such increase was partially offset by a decrease in the Group's revenue from cancer screening services by approximately 19.6% from approximately RMB52.0 million for the six month ended 30 June 2022 to approximately RMB41.9 million for the six month ended 30 June 2023.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Group's gross profit remained relatively stable at approximately RMB65.3 million for the six month ended 30 June 2023, as compared to approximately RMB64.4 million for the six month ended 30 June 2022. Gross profit margin remained at approximately 66.0% for the six month ended 30 June 2022 and the six month ended 30 June 2023, respectively. While the gross profit margin remained the same for the six month ended 30 June 2022 and the six month ended 30 June 2023, the gross profit margin for consumer genetic testing services for the six month ended 30 June 2023 was approximately 58.4% which represents an increase of approximately 6.6% when compared with that for the six month ended 30 June 2022, primarily due to the Company's change in product structure and its ability to effectively control costs; and the gross profit margin for the cancer screening services for the six months ended 30 June 2023 was approximately 76.4% which represents a decrease of approximately 2.1% when compared with that for the six months ended 30 June 2022, primarily due to adjustment of price strategy to promote cancer screening services, while costs such as labor and rent were relatively stable.

Profit for the period increased by approximately 97.3% from approximately RMB17.8 million for the six month ended 30 June 2022 to approximately RMB35.1 million for the six month ended 30 June 2023, mainly due to the year-on-year steady increase in revenue as a result of the Group pursuing a more positive marketing strategy, accelerating the expansion of sales channels, enriching its product matrix, and optimizing the product structure of its genetic testing services, as well as the good collection and the reversal of provision for trade receivables for the six month ended 30 June 2023.

For the financial year ended 31 December 2022

The Group's revenue was approximately RMB145.7 million in the financial year ended 31 December 2022, representing a decrease of approximately 38.6% from approximately RMB237.2 million in the financial year ended 31 December 2021. The Group's revenue from (i) consumer genetic testing services decreased by approximately 40.5% from approximately RMB135.5 million in the financial year ended 31 December 2021 to approximately RMB80.6 million in the financial year ended 31 December 2022; and (ii) cancer screening services decreased by approximately 35.2% from approximately RMB100.6 million in the financial year ended 31 December 2021 to approximately RMB65.2 million in the financial year ended 31 December 2022. We have been informed by the Directors that such decrease in revenue was primarily due to limited customer access to testing resulting from continuous containment and flow restriction in many large and medium-sized cities following the multi-regional, continuous and prolonged outbreak of COVID-19 in China in 2022.

Gross profit of the Group decreased by approximately 51.0% from approximately RMB166.7 million in the financial year ended 31 December 2021 to approximately RMB81.7 million in the financial year ended 31 December 2022. Gross profit margin decreased from approximately 70.3% in the financial year ended 31 December 2021 to approximately 56.1% in the financial year ended 31 December 2022. The gross profit margin for consumer genetic testing services was approximately 43.3% in the financial year ended 31 December 2022, representing a decrease of approximately 22.9% from approximately 66.2% in the financial year ended 31 December 2021, primarily due to a significant decrease in revenue and the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

relatively fixed expenses such as labor and rent, resulting in decreased gross profit and gross profit margin. The gross profit margin of cancer screening services was approximately 71.9% in the financial year ended 31 December 2022, representing a decrease of approximately 3.8% from approximately 75.7% in the financial year ended 31 December 2021, primarily due to the adjustment of the Company's pricing strategy as a result of the promotion and popularisation of cancer screening services in 2022.

The Group incurred loss for the year of approximately RMB17.6 million in the financial year ended 31 December 2022 as compared to profit for the year of approximately RMB79.0 million in the financial year ended 31 December 2021. Such turnaround was primarily due to the significant decrease in gross profit resulting from the decrease in revenue of the Group as well as the increase in staff costs as the Group increased marketing efforts and enriched marketing talent pool. At the same time, as research and development progressed, some projects of the Group entered the clinical trial stage, the R&D personnel increased and various expenses such as labor, reagents and sequencing also increased. In addition, due to the impact of the COVID-19 pandemic, many large and medium-sized cities block and restrict flows, and the stores of health checkup centers were closed, which greatly affected the Group's receivable collection and increased the amount of provision for credit impairment loss.

Information of Meinian OneHealth

As mentioned in the Letter from the Board, Meinian OneHealth is principally engaged in professional health examination services. It focuses on health examinations, integrating health consultation, health assessment, and health intervention. With big data of health examination as a foundation, Meinian OneHealth provides higher-quality health management services for corporate and individual clients.

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, as of the Latest Practicable Date, Meinian OneHealth is directly and indirectly held by Alibaba Holding as to 13.03% equity interests, Dr. Yu as to 13.83% of the equity interests, Ms. Guo Meiling as to 3.60% equity interests and each of the other shareholders holds less than 5% equity interests in Meinian OneHealth. Dr. Yu is the de facto controller of Meinian OneHealth.

Information of Dr. Yu

Dr. Yu Rong (俞榕) is one of the founders of the Group, an executive Director and honorary co-chairperson of the Company and one of the Controlling Shareholders.

Reasons for the Transactions

It is mentioned in the Letter from the Board that the provision of the genetic testing services under the Meinian OneHealth Genetic Testing Service Framework Agreement reflects the Company's strategy of leveraging Meinian OneHealth's market share to gain direct access to the large consumer pool in China, and to enable the Company to operate and invest at a scale that would allow the Group to realize further gains in efficiency.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We noted from the Prospectus that Meinian OneHealth and its subsidiaries commenced business relationship with the Group since 2016. According to the interim report of Meinian OneHealth for the six months ended 30 June 2023, up to 30 June 2023, Meinian OneHealth had a total of 608 health checkup centers, which covered more than 30 provinces in the PRC. It is mentioned in the Prospectus that Meinian OneHealth is a leading company in the field of preventive healthcare in China and the Group expected Meinian OneHealth's growth to create increased demand for its services and products, which can further improve its operational and financial performance. For the two financial years ended 31 December 2021 and 2022 and the six months ended 30 June 2023, the Group's revenue generated from services provided to Meinian OneHealth together with its associates was approximately RMB94.7 million, RMB89.6 million and RMB62.5 million, which represented approximately 39.9%, 61.5% and 63.2% of the total revenue of the Group, respectively.

It is also mentioned in the Letter from the Board that the Company has been providing genetic testing and related service to Dr. Yu's associates for many years given the good working relationship between the parties. It is crucial to maintain a stable and quality provision of the Company's service to the customers with long-term cooperation for the Group's existing and future operation. We noted from the Prospectus that Dr. Yu has approximately 20 years' experience in business administration and management in the healthcare industry. Dr. Yu founded Meinian OneHealth in 2004 and has served as its director since then. For the two financial years ended 31 December 2021 and 2022 and the six months ended 30 June 2023, the Group's revenue generated from services provided to Dr. Yu together with his associates was approximately RMB18.5 million, RMB11.8 million and RMB8.6 million, which represented approximately 7.8%, 8.1% and 8.6% of the total revenue of the Group, respectively.

Having considered the above, including:

- (i) the Group's mutually beneficial relationships with Meinian OneHealth's associates and with Dr. Yu's associates based on synergies with health checkup services offered by Meinian OneHealth's associates and Dr. Yu's associates, in particular, Meinian OneHealth is a leading company in the field of preventive healthcare in China;
- (ii) the Group's long history of cooperation and good business relationship with Meinian OneHealth and Dr. Yu; and they have been the significant customers of the Group in the past;
- (iii) as discussed in the section headed "Risk Factors" of the Prospectus, the Company's businesses depend (to a certain extent) on entities associated with or related to Meinian OneHealth or Dr. Yu. So long as Meinian OneHealth and Dr. Yu remain the Controlling Shareholders, the Group may be limited in its ability to do business with their competitors due to potential conflict of interest; therefore, may limit its ability to market services and products. However, on the other hand, the Group is able to solicit businesses through Meinian OneHealth or Dr. Yu by leveraging on their networks and clientele; and
- (iv) according to Frost & Sullivan, the compound annual growth rate ("CAGR") for consumer genetic testing industry is approximately 40% from 2020 to 2030. We also noted from the research report issued by Huajin Securities (華金證券) on 26 November 2023 (the "**Huajin Report**") that due to continuous development and more mature genetic testing technology, cost of genetic testing has been reduced, accuracy has been improved and its application scope has continued to expand. It is expected that the CAGR of China's genetic testing market from year 2021 to year 2029 is about 26%. It is mentioned in the Prospectus that as consumers' awareness for preventative healthcare and genetic testing continues to improve, the Group expected demands for its genetic testing services from health checkup centers associated with Meinian OneHealth and Dr. Yu to increase in a sustainable manner,

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

we concur with the Directors' view that the Transactions are conducted in the ordinary and usual course of business of the Company and is in the interests of the Company and the Shareholders as a whole.

Principal terms of the Transactions

Set out below are the principal terms of the Transactions, details of which are set out as "Principal Terms" under the sections headed "2. The 2024 Meinian OneHealth Genetic Testing Service Framework Agreement" and "3. The 2024 Dr. Yu Genetic Testing Service Framework Agreement" in the Letter from the Board.

The 2024 Meinian OneHealth Genetic Testing Service Framework Agreement

Date	:	5 January 2024
Parties	:	(i) Mega Genomics Beijing; and (ii) Meinian OneHealth
Term	:	From 1 January 2024 to 31 December 2026
Nature of transaction	:	Mega Genomics Beijing and its subsidiaries agree to provide genetic testing service to the Meinian OneHealth and its associates, and Meinian OneHealth and its associates agrees to sell genetic test service provided by the Group to its customers.
Pricing policy	:	The service fee to be charged by the Group will be on normal commercial terms as determined based on arm's length negotiations between the parties with reference to (i) the production cost and gross profit requirements of the Group; (ii) the government prescribed price and the prevailing service fee of a similar service provider in the market; and (iii) the sales to the buyer's end customers. The Group will evaluate its clients and set prices based on various factors including procurement quantity, government prescribed price, market competition, industry dynamics, the costs and expenses of the products and the overall development plan of the Group and ensure the profit margin is comparable to those offered by the Group to independent third parties. Specifically, the service fee for testing services charged by the Group is determined based on the costs and an average profit margin of approximately no more than 40%. The 40% average profit margin is calculated by dividing the historical annual profit of the Company's products by the annual revenue of the aforesaid products. The price offered to independent third-party customers by the Company are not less favorable to that of connected persons. After deducting same production costs and corresponding expenses, the profit margin of the products offered by the Group to independent third parties are not less favourable than that of connected persons.
Payment	:	Meinian OneHealth and its associates shall settle the consideration payable to Mega Genomics Beijing each month based on the actual sales of each service.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The 2024 Dr. Yu Genetic Testing Service Framework Agreement

- Date : 5 January 2024
- Parties : (i) The Company; and
(ii) Dr. Yu
- Term : From 1 January 2024 to 31 December 2026
- Nature of transaction : The Group agree to provide genetic testing and related service to Dr. Yu and his associates. The commercial terms under the 2024 Dr. Yu Genetic Testing Service Framework Agreement are largely in line with those under the 2024 Meinian OneHealth Genetic Testing Service Framework Agreement.
- Pricing policy : The service fee to be charged by the Group will be on normal commercial terms as determined based on arm's length negotiations between the parties with reference to (i) the production cost and gross profit requirements of our Group; (ii) the government prescribed price and the prevailing service fee of a similar service provider in the market or prevailing market rates; and (iii) the sales to the end customers of Dr. Yu's associates. The Group will evaluate its clients and set prices based on various factors including procurement quantity, government prescribed price, market competition, industry dynamics, the costs and expenses of the products and the overall development plan of the Group and ensure the profit margin is comparable to those offered by the Group to independent third parties. Specifically, the service fee for testing services charged by the Group is determined based on the costs and an average profit margin of approximately no more than 40%. The 40% average profit margin is calculated by dividing the historical annual profit of the Company's products by the annual revenue of the aforesaid products. The price offered to independent third-party customers by the Company are not less favorable to that of connected persons. After deducting same production costs and corresponding expenses, the profit margin of the products offered by the Group to independent third parties are not less favourable than that of connected persons.
- Payment : Dr. Yu and his associates shall settle the consideration payable to the Company each month based on the actual sales of each service.

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The Company applies the same pricing policy for the Transactions. We understood from the Directors that the Company may adjust the sales price to certain customers on a case by case basis based on quantity of purchases and terms of payment. As advised by the Directors, the sales prices with Meinian OneHealth and its associate as well as Dr. Yu and his associates are generally in line with the pricing policy and the pricing policy of similar genetic testing services provided by the Group to independent third parties. We randomly selected and obtained the calculations of net profit margins of three genetic testing services provided to customers under the CCT Agreements (as defined below) for the six months ended 30 June 2023. We noted that average net profit margins of each of the sample testing services would be less than 40% which is calculated based on revenue generated from such service after deducting cost of sales (which as advised by the Company, included consumables, labour, rent, depreciation, amortisation, etc.); and other income and expenses (such as selling, administrative, selling and finance expenses and tax) in proportion of its revenue to the total of the Group for the six months ended 30 June 2023. Based on our work done mentioned above, we believe that the prices offered to Meinian OneHealth and Dr. Yu and their respective associates complied with the framework pricing policy. In general, consideration payable by Meinian OneHealth and its associates or by Dr. Yu and his associates are settled each month based on the actual sales of each service. As advised by the Directors, depending on the circumstances, in the case of sales of new products (for example, genetic testing kit), payments terms may vary, such as requiring the customers to make prepayment.

For our due diligence purpose, we obtained from the Company a list of associates of Meinian OneHealth and a list of associates of Dr. Yu, which had transactions with the Group in the financial years ended 31 December 2022 and 2023. We randomly selected three associates of Meinian OneHealth and three associates of Dr. Yu from each of the lists and obtained the respective cooperation agreements with the Group (the “**CCT Agreements**”), together with three cooperation agreements for similar genetic testing services provided by the Group to independent third parties (the “**Independent Agreements**”) for comparison. The Group’s transaction amounts with the aforesaid associates of (i) Meinian OneHealth in aggregate accounted for over 15% and over 25% of the historical transaction amounts between the Group and Meinian OneHealth together with its associates (the “**Meinian OneHealth Transactions**”) for the financial year ended 31 December 2022 and the financial year ended 31 December 2023, respectively; and (ii) Dr. Yu in aggregate accounted for over 15% and over 25% of the historical transaction amounts between the Group and Dr. Yu together with his associates (the “**Dr. Yu Transactions**”) for the financial year ended 31 December 2022 and the financial year ended 31 December 2023, respectively. The Group’s historical transaction amounts with the aforesaid three independent third parties (among over 1,000 independent third parties) in aggregate accounted for approximately 2.1% and approximately 3.5% of the Group’s revenue from independent third parties for its genetic testing services for the financial year ended 31 December 2022 and the financial year ended 31 December 2023, respectively. Accordingly, we consider that the aforesaid sampling documents obtained are sufficient and representative for our analysis. After comparing the CCT Agreements with the Independent Agreements, we noted that the prices (including the net profit margins) and payment term of similar services and products offered to independent third parties are no less favourable to that of the connected persons of the Group.

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Estimated increase of order amount in the financial year ended 31 December 2024

Further to our enquiry, we understood from the Directors that generally, the customers collect samples through health checkup centers, hospitals or other healthcare institutions. In 2023, the Group created diversified sample-collecting methods and entered into genetic testing agreements with relevant customers, including associates of Meinian OneHealth and associates of Dr. Yu. Diversified sample-collecting methods have enhanced the testing efficiency of the Group, associates of Meinian OneHealth, associates of Dr. Yu and the independent third parties. We obtained from the Company a list of estimated increase of order amount for such sales. It is expected that estimated increase of order amount of approximately RMB50.0 million from associates of Meinian OneHealth and estimated increase of order amount of approximately RMB5.0 million from associates of Dr. Yu will be realized and recognized as the Group's revenue in the financial year ending 31 December 2024. For due diligence purpose, we randomly selected five customers from the list and obtained their respective genetic testing agreements with the Group; and noted that relevant testing services must be consumed within the term of the respective agreements, which will expire in the financial year ending 31 December 2024. After comparing the respective sample genetic testing agreements of associates of Meinian OneHealth and associates of Dr. Yu and those between the Group and independent third parties, we noted that the terms of such agreements including prices and payment term of similar services and products offered to independent third parties are no less favourable to that of the connected persons of the Group.

Proposed annual caps

Set out below are (i) the historical transaction amounts of the Meinian OneHealth Transactions for the two financial years ended 31 December 2022 and the six months ended 30 June 2023 with existing annual caps; (ii) the historical transaction amounts of the Dr. Yu Transactions for the two financial years ended 31 December 2022 and the six months ended 30 June 2023 with existing annual caps; (iii) the Meinian OneHealth Annual Caps; and (iv) the Dr. Yu Annual Caps.

Meinian OneHealth together with its associates

	For the year ended 31 December 2021 RMB million (approx.)	For the year ended 31 December 2022 RMB million (approx.)	For the six months ended 30 June 2023 RMB million (approx.)
Historical amounts	94.7	89.6	62.5
Existing annual caps (<i>Note 1</i>)	N/A	130.8	176.6 (<i>Note 2</i>)
Utilisation rate	N/A	68.5%	Undetermined

	For the year ending 31 December 2024 RMB million	For the year ending 31 December 2025 RMB million	For the year ending 31 December 2026 RMB million
Meinian OneHealth Annual Caps	150.0	195.0	253.5

Note 1: The Company has been listed on the Stock Exchange since 22 June 2022. Annual caps obtained at the time of listing covered two financial years ended 31 December 2022 and 2023.

Note 2: This represents annual cap for the year ended 31 December 2023.

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Dr. Yu together with his associates

	For the year ended 31 December 2021 RMB million (approx.)	For the year ended 31 December 2022 RMB million (approx.)	For the six months ended 30 June 2023 RMB million (approx.)
Historical amounts	18.5	11.8	8.6
Existing annual caps (<i>Note 1</i>)	N/A	33.6	37.3 (<i>Note 2</i>)
Utilisation rate	N/A	35.1%	Undetermined

	For the year ending 31 December 2024 RMB million	For the year ending 31 December 2025 RMB million	For the year ending 31 December 2026 RMB million
Dr. Yu Annual Caps	18.0	23.4	30.4

Note 1: The Company has been listed on the Stock Exchange since 22 June 2022. Annual caps obtained at the time of listing covered three financial years ended 31 December 2022, 2023 and 2024.

Note 2: This represents annual cap for the year ended 31 December 2023.

As illustrated in the tables above, the historical transaction amount of the Meinian OneHealth Transactions was approximately RMB89.6 million for the financial year ended 31 December 2022, representing utilization rate of approximately 68.5% of the existing annual cap; and the historical transaction amount of the Dr. Yu Transactions was approximately RMB11.8 million for the financial year ended 31 December 2022, representing utilization rate of approximately 35.1% of the existing annual cap. As advised by the Directors, the low utilization rate of the existing annual caps for the financial year ended 31 December 2022 was primarily due to the impact of strict governmental control measures in response to several times of COVID-19 pandemic outbreak across the PRC in 2022. As mentioned in the section headed “Information of the Group – For the financial year ended 31 December 2022” above, there was limited customer access to testing resulting from continuous containment and flow restriction in many large and medium-sized cities following the multi-regional, continuous and prolonged outbreak of COVID-19 in China in 2022. The Group’s revenue dropped from approximately HK\$237.2 million in the financial year ended 31 December 2021 to approximately RMB145.7 million in the financial year ended 31 December 2022. As mentioned in the Letter from the Board, according to the recently available unaudited management account of the Group, the estimated transaction amount for the year of 2023 is higher than the proposed annual caps in 2024. Based on the understanding of the management of the Company after discussion with Dr. Yu, it is anticipated that certain of his associates will experience short-term decrease in transaction amounts with the Group in 2024.

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In determining the Meinian OneHealth Annual Caps and the Dr. Yu Annual Caps, the Directors considered the factors as set out in the sections headed “2. The 2024 Meinian OneHealth Genetic Testing Service Framework Agreement” and “3. The 2024 Dr. Yu Genetic Testing Service Framework Agreement” in the Letter from the Board.

To assess the fairness and reasonableness of the Meinian OneHealth Annual Caps and the Dr. Yu Annual Caps for the three financial years ending 31 December 2024, 2025 and 2026 (together, the “**Annual Caps**”), we obtained the calculation of the Annual Caps (the “**Calculation**”) which set out (i) the historical transaction amounts of the Meinian OneHealth Transactions and the historical transaction amounts of the Dr. Yu Transactions for the financial year ended 31 December 2022; (ii) the unaudited historical amounts of the Meinian OneHealth Transactions and the unaudited historical amounts of the Dr. Yu Transactions for the six months ended 30 June 2023; and (iii) the estimation for each of the three financial years ending 31 December 2024, 2025 and 2026.

We noted that:

- (i) the historical amount of the Meinian OneHealth Transactions for the six months ended 30 June 2023 was approximately RMB62.5 million; and the historical amount of the Dr. Yu Transactions for the six months ended 30 June 2023 was approximately RMB8.6 million. It is mentioned in the Letter from the Board that the estimated amount of the Meinian OneHealth Transactions and the Dr. Yu Transactions during the year ended 31 December 2023 would be not less than approximately RMB90.0 million and not less than approximately RMB22.0 million respectively. Based on the understanding of the management of the Company after discussion with Dr. Yu, it is anticipated that certain of his associates will experience short-term decrease in transaction amounts with the Group in 2024;
- (ii) increasing needs from Meinian OneHealth together with its associates and Dr. Yu together with his associates are expected. As mentioned in the Letter from the Board, the Group actively expanded its product matrix by continuously launching new products and created diversified sample collection methods so as to provide customers with better services and convenient experiences. It is expected that associates of Meinian OneHealth and associates of Dr. Yu will bring more sales of genetic testing and related services through different sample-collecting methods to the Group in the coming years; and at the same time, the Group will be able to maintain stable growth in sales of genetic testing and related services based on the existing sample-collecting methods to associates of Meinian OneHealth and associates of Dr. Yu;

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- (iii) based on our understanding from the management of the Company: (a) because of the general recovery of COVID-19, sales of nucleic acid testing services to the Group generated from Meinian OneHealth and Dr. Yu were nearly gone; and (b) immediately after the outbreak of COVID-19, the overall market environment in 2023 remained weak and companies might accordingly reduce their expenditures on medical benefits. Nevertheless, we concur with the Directors' view that without unforeseen circumstances, the annual expected business growth rate of approximately 30% for the financial years ending 31 December 2025 and 2026 respectively is reasonable having considered that (a) it is approximate to the CAGR of about 26% for China's genetic testing market from 2021 to 2029 as indicated by the Huajin Report; (b) the Directors are of the view that post COVID-19 impacts mentioned above could be less significant after more than a year of recovery; and having the market leading position in the industry, the Company will be in a better position to pick up the growth faster than other market players. According to Frost & Sullivan, the Company market share was 34.2% and ranked first in China's consumer genetic testing market in terms of revenue generated in 2020 and the Company believes that its leading position in China's consumer genetic testing market remained as of the Latest Practicable Date; (c) according to Health China Action (2019-2030) (健康中國行動 (2019–2030年)) published on the website of the PRC government (https://www.gov.cn/xinwen/2019-07/15/content_5409694.htm), one of the important actions is the promotion of regular medical check-ups including DNA tests (genetic testing) to prevent different types of cancers. The Group is involved in the business supported by the PRC government for the coming years; and (d) the Group will continue expanding product matrix by launching new products to attract more demands;
- (iv) as advised by the Directors, starting from year 2023, the Group has actively expanded its product matrix by continuously launching new products and created diversified sample-collecting methods. We obtained a list of new testing services and products and/or new sample-collecting method launched by the Group in the financial year ended 31 December 2023 or planned to be launched by the Group in the financial year ending 31 December 2024. Diversified sample-collecting methods have enhanced the testing efficiency of the Group, associates of Meinian OneHealth, associates of Dr. Yu and the independent third parties. Based on information provided by the Company, estimated increase of order amount of approximately RMB50.0 million from associates of Meinian OneHealth and estimated increase of order amount of approximately RMB5.0 million from associates of Dr. Yu will be realized and recognised as revenue of the Group in the financial year ending 31 December 2024. Please refer to the section headed "Principal terms of the Transactions – Estimated increase of order amount in the financial year ended 31 December 2024" for details of our work done on the estimated orders; and

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- (v) a buffer of 10% is adopted to allow for the increase in demand of services from Meinian OneHealth and its associates and Dr. Yu and his associates as anticipated by the management of the Company. As mentioned in the Letter from the Board, when determining the Annual Caps for the financial year ending 31 December 2024, buffers of 10% were applied to enable the Group to continue to carry out the transactions in case the proposed annual cap becomes insufficient whereby the Group may be required to halt the transactions and to devote a considerable amount of time to revise the annual cap which will be subject to the approval requirements under the Listing Rules. Any disruption of or delay in transactions may lead to adverse impacts on the Group's business operation and reputation. Having considered the above factors and that (i) the possible further unexpected increase in transaction volume amount and to allow flexibility for adjustment to prices as the Group will continue to expand its product matrix by launching new products to attract more demands; and (ii) we noted from Hong Kong listed companies' circulars regarding continuing connected transactions that the incorporation of buffers of 10% in the proposed annual caps are common among companies listed on the Stock Exchange, we are of the view that the buffers are acceptable.

Having considered the aforesaid, we are of the view that the estimated amounts of each of the Meinian OneHealth Transactions and the Dr. Yu Transactions for the financial year ending 31 December 2024 is reasonable.

According to the Calculation, we noted that the Group adopted a growth rate of 30% for each of the financial years ending 31 December 2025 and 2026 for the Meinian OneHealth Transactions and the Dr. Yu Transactions, which is approximate to the expected CAGR indicated in the Huajin Report. For due diligence purpose, we reviewed the "Industry Overview" section in the Prospectus, according to Frost & Sullivan, the consumer genetic testing market in China was established relatively recently around 2013 and is currently at early state of its development. Currently, the Chinese consumers have not fully adopted consumer genetic testing as a routine aspect of health examination or health management, which could represent significant untapped market potential, especially given China's large population and the aging trend. The consumer genetic testing market in China is expected to maintain strong growth momentum. It is also mentioned in the Letter from the Board that the Company continues to explore and develop third party channels.

Having considered the above, we are of the view that the Annual Caps (including the Meinian OneHealth Annual Caps and the Dr. Yu Annual Caps) for the three years ending 31 December 2024, 2025 and 2026 are fair and reasonable.

Shareholders should note that the Annual Caps are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2026, and they do not represent forecasts of revenue or income to be generated from the Meinian OneHealth Transactions and the Dr. Yu Transactions. Consequently, we express no opinion as to how closely the actual revenue or income to be generated from these transactions will correspond with the Annual Caps.

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In light of the above, we consider that the terms of the Meinian OneHealth Transactions and the Dr. Yu Transactions (including the Annual Caps) are on normal commercial terms and are fair and reasonable.

Internal control measures

Pursuant to Rules 14A.55 to 14A.59 of the Listing Rules, the non-exempt continuing connected transactions (the “**Non-exempt CCTs**”) are subject to the following annual review requirements:

- (a) the independent non-executive Directors must review the Non-exempt CCTs every year and confirm in the annual report that the transactions have been entered into:
 - (i) in the ordinary and usual course of business of the Group;
 - (ii) on normal commercial terms or better; and
 - (iii) according to the agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;
- (b) the Company’s auditors must provide a letter to the Board confirming whether anything has come to their attention that causes them to believe that the Non-exempt CCTs:
 - (i) have not been approved by the Board;
 - (ii) were not, in all material respects, in accordance with the pricing policies of the Group if the Non-exempt CCTs involve the provision of goods or services by the Group;
 - (iii) were not entered into, in all material respects, in accordance with the relevant agreements governing them; and
 - (iv) have exceeded the relevant annual caps;
- (c) the Company must allow, and ensure that the counterparties to the Non-exempt CCTs allow, the Company’s auditors sufficient access to their records for the purpose of the reporting on the Non-exempt CCTs; and
- (d) the Company must promptly notify the Stock Exchange and publish an announcement if the independent non-executive Directors and/or auditors of the Company cannot confirm the matters as required. The Stock Exchange may require the Company to re-comply with the announcement and Shareholders’ approval requirements and may impose additional conditions.

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In light of the reporting requirements attached to the Non-exempt CCTs, in particular, (i) the restriction of the transaction value by way of annual caps; and (ii) the ongoing review by the independent non-executive Directors and auditors of the Company of the terms of the relevant agreements in relation to the Non-exempt CCTs and the respective proposed annual caps not being exceeded, we are of the view that appropriate measures will be in place to govern the conduct of the Non-exempt CCTs and assist in safeguarding the interests of the Company and the independent Shareholders as a whole.

RECOMMENDATION

Having taken into account the above factors and reasons, we are of the opinion that (i) the terms of for the Meinian OneHealth Transactions (including the Meinian OneHealth Annual Caps) and the Dr. Yu Transactions (including the Dr. Yu Annual Caps) are on normal commercial terms and are fair and reasonable; and (ii) the Meinian OneHealth Transactions and the Dr. Yu Transactions are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM to approve the Meinian OneHealth Transactions and the Dr. Yu Transactions and we recommend the Independent Shareholders to vote in favour of the resolutions in this regard.

Yours faithfully,

For and on behalf of

SBI China Capital Hong Kong Securities Limited

Ringo Kwan

Managing Director

Evelyn Fan

Executive Director

Mr. Ringo Kwan and Ms. Evelyn Fan have been responsible officers of Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) since 2005 and 2012, respectively. Both of them have participated in the provision of independent financial advisory services for various types of transactions involving companies listed in Hong Kong.

1. RESPONSIBILITY STATEMENT

This circular, for which all the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

Disclosure of Interests – Interests and Short Positions of Directors and Chief Executives of the Company in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As at the Latest Practicable Date, the interests and short positions of the Directors or the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which had been 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 were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Interests in the Shares or underlying Shares of the Company

Name of Director	Nature of Interest	Number of interested shares	Approximate percentage of shareholding interest (%)
Dr. Yu Rong	Interest in controlled corporations ⁽¹⁾	22,795,135	9.58%
	Interest of a party to an agreement ⁽²⁾	22,000,000	9.24%
Ms. Guo Meiling	Interest in controlled corporations ⁽²⁾	22,000,000	9.24%
	Beneficial interests ⁽³⁾	4,545,000	1.91%
Ms. Lin Lin	Interest in controlled corporations ⁽⁴⁾	9,975,311	4.19%
	Beneficial interests ⁽³⁾	13,636,000	5.73%
Ms. Jiang Jing	Beneficial interests ⁽³⁾	500,000	0.21%

Notes:

- (1) As of the Latest Practicable Date, YURONG TECHNOLOGY LIMITED was held as to 100% by Dr. Yu Rong. Tianjin Hongzhi Kangjian Management Consulting Partnership (LP) was held as to (i) 99% by Zhuhai Zhongwei Yi Jian Equity Investment Fund (limited Partnership) (珠海中衛易健股權投資基金(有限合夥)), its limited partner, the general partner of which was Shanghai Zhongfu Equity Investment Management Co., Ltd. (上海中孵創業投資管理有限公司), which was ultimately controlled by Dr. Yu Rong and (ii) 1% by Shanghai Zhongfu Equity Investment Management Co., Ltd. (上海中孵創業投資管理有限公司) as its general partner. As such, Dr. Yu Rong is deemed to be interested in the Shares held by each of YURONG TECHNOLOGY LIMITED and Tianjin Hongzhi Kangjian Management Consulting Partnership (LP) under the SFO.
- (2) As of the Latest Practicable Date, Infinite Galaxy Health Limited was wholly owned by Ms. Guo Meiling. As such, Ms. Guo Meiling is deemed to be interested in which Infinite Galaxy Health Limited is interested under the SFO. On 11 August 2021, Dr. Yu Rong, Ms. Guo Meiling and Infinite Galaxy Health Limited, among others, entered into a voting rights entrustment deed, pursuant to which Infinite Galaxy Health Limited, a Shareholder wholly owned by Ms. Guo Meiling, irrevocably entrusts Dr. Yu Rong to exercise all voting rights associated with the Shares on behalf of Infinite Galaxy Health Limited. As such, Dr. Yu Rong is deemed to be interested in which Ms. Guo Meiling is ultimately interested (through holding 100% interests of Infinite Galaxy Health Limited) under the SFO.
- (3) As of the Latest Practicable Date, among the RSUs, 18,681,000 RSUs have been granted to certain Directors, with details as follows:

13,636,000 RSUs have been granted to Ms. Lin Lin.

4,545,000 RSUs have been granted to Ms. Guo Meiling.

500,000 RSUs have been granted to Ms. Jiang Jing.
- (4) As of the Latest Practicable Date, LINLIN DJK HOLDING LTD. was wholly owned by Ms. Lin Lin. As such, Ms. Lin Lin is deemed to be interested in the Shares held by LINLIN DJK HOLDING LTD. under the SFO.
- (5) As at the Latest Practicable Date, the number of existing shares of the Company is 237,989,200.

*Interests in the Shares or Underlying Shares of the Company's Associated Corporations**Mega Genomics Beijing*

Name of Director	Capacity/Nature of Interest	Number of shares/ underlying shares	Approximate percentage of shareholding interest (%)
Dr. Yu Rong	Interest in controlled corporations ⁽¹⁾	1,383,000	12.73%
Ms. Guo Meiling	Beneficial interests	1,335,048	12.29%

Note:

- (1) As of the Latest Practicable Date, Dr. Yu Rong controlled Zhuhai Zhongwei Yi Jian Equity Investment Fund (Limited Partnership) and Beijing Yinwei Technology Center (LP). As such, Dr. Yu Rong controls the interests in which Zhuhai Zhongwei Yi Jian Equity Investment Fund (Limited Partnership) and Beijing Yinwei Technology Center (LP) are interested under the SFO.

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

As at the Latest Practicable Date, to the best knowledge of our Directors, the following persons/entities (other than the Directors or chief executive of the Company) had an interest or short position in Shares or underlying Shares of our Company which will be required to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO and kept in the register in shares and short positions of the Company under section 336 of the SFO:

Name	Nature of interest	Number of Shares Interested	Approximate percentage of shareholding interest (%)
Mei Nian Investment Limited	Beneficial owner ⁽¹⁾	37,258,932	15.66%
Meinian Onehealth	Interest in controlled corporations ⁽¹⁾	37,258,932	15.66%
Mega Marvelous Limited	Nominee of another person ⁽²⁾	27,272,000	11.46%
KASTLE LIMITED	Trustee ⁽²⁾	27,272,000	11.46%
YURONG TECHNOLOGY LIMITED	Beneficial owner ⁽³⁾	14,555,731	6.12%

Name	Nature of interest	Number of Shares Interested	Approximate percentage of shareholding interest (%)
Infinite Galaxy Health Limited	Beneficial owner ⁽⁴⁾	22,000,000	9.24%
Tianjin Shiji Yuneng Enterprise Management Partnership (LP)	Beneficial owner ⁽⁵⁾	12,096,203	5.08%
Beijing Hehe Hengye Technology Co., Ltd.	Interest in controlled corporations ⁽⁵⁾	12,096,203	5.08%
Beijing Shiji Yuneng Technology Co., Ltd.	Interest in controlled corporations ⁽⁵⁾	12,096,203	5.08%
Mr. Niu Zhencai	Interest in controlled corporations ⁽⁵⁾	12,096,203	5.08%

Notes:

- (1) As of the Latest Practicable Date, Mei Nian Investment Limited was held as to 100% by Meinian OneHealth. As such, Meinian OneHealth is deemed to be interested in which Mei Nian Investment Limited is interested under the SFO.
- (2) As of the Latest Practicable Date, Mega Marvelous Limited was held as to 100% by KASTLE LIMITED, an independent trustee appointed under the terms of the RSU Scheme which, through Mega Marvelous Limited, holds the Shares underlying the RSUs for the benefit of eligible participants of the RSU Scheme.
- (3) As of the Latest Practicable Date, YURONG TECHNOLOGY LIMITED was held as to 100% by Dr. Yu Rong. Tianjin Hongzhi Kangjian Management Consulting Partnership (LP) was held as to (i) 99% by Zhuhai Zhongwei Yi Jian Equity Investment Fund (limited Partnership) (珠海中衛易健股權投資基金(有限合夥)), its limited partner, the general partner of which was Shanghai Zhongfu Equity Investment Management Co., Ltd. (上海中孵創業投資管理有限公司), which was ultimately controlled by Dr. Yu Rong and (ii) 1% by Shanghai Zhongfu Equity Investment Management Co., Ltd. (上海中孵創業投資管理有限公司) as its general partner. As such, Dr. Yu Rong is deemed to be interested in which each of YURONG TECHNOLOGY LIMITED and Tianjin Hongzhi Kangjian Management Consulting Partnership (LP) is interested under the SFO.
- (4) As of the Latest Practicable Date, Infinite Galaxy Health Limited was wholly owned by Ms. Guo Meiling. As such, Ms. Guo Meiling is deemed to be interested in which Infinite Galaxy Health Limited is interested under the SFO. On 11 August 2021, Dr. Yu Rong, Ms. Guo Meiling, Ms. Guo Meiling's son and Infinite Galaxy Health Limited, entered into a voting rights entrustment deed, pursuant to which Infinite Galaxy Health Limited, a Shareholder wholly owned by Ms. Guo Meiling, irrevocably entrusts Dr. Yu Rong to exercise all voting rights associated with the Shares on behalf of Infinite Galaxy Health Limited. As such, Dr. Yu Rong is deemed to be interested in which Ms. Guo Meiling is interested under the SFO.
- (5) As of the Latest Practicable Date, Tianjin Shiji Yuneng Enterprise Management Partnership (LP) was held as to (i) 99.90% by Beijing Hehe Hengye Technology Co., Ltd. (北京和合恒業科技有限公司), its limited partner; and (ii) 0.10% by Beijing Shiji Yuneng Technology Co., Ltd. (北京世紀宇能科技有限公司), its general partner. Beijing Hehe Hengye Technology Co., Ltd. was a limited liability company held as to approximately 99.88% by Beijing Shiji Yuneng Technology Co., Ltd., which was held as to 99.90% by Niu Zhencai (牛振才) and 0.10% by Qiu Xiaobing (邱效冰), both of whom are Independent

Third Parties. As such, each of Beijing Hehe Hengye Technology Co., Ltd., Beijing Shiji Yuneng Technology Co., Ltd. and Niu Zhencai is deemed to be interested in the total number of Shares held by Tianjin Shiji Yuneng Enterprise Management Partnership (LP).

(6) As at the Latest Practicable Date, the number of existing shares of the Company is 237,989,200.

Save as disclosed above, as at the Latest Practicable Date, our Directors are not aware of any person or corporation who has an interest or short position in the Shares or underlying Shares of our Company which would be recorded in the register of our Company required to be kept under Section 336 of the SFO.

3. MATERIAL ADVERSE CHANGES

The Directors confirm that, as at the Latest Practicable Date, the Directors are not aware of any material adverse changes in the financial and trading position of the Group since 31 December 2022, the date of which the latest published audited consolidated financial statements of the Group were made up.

4. DIRECTORS' INTEREST IN POTENTIALLY COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors and their respective close associates had any interests in a business, apart from the business of the Group, which competes or may compete with the business of the Group or has any other conflict of interest with the Group (either directly or indirectly).

5. DIRECTORS' INTEREST IN ASSETS AND CONTRACTS OF THE GROUP

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired by or disposed of or leased to any member of the Group or were proposed to be acquired by or disposed of or leased to any member of the Group since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Company were made up.

6. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which does not expire or is not determinable by any member of the Group within one year without payment of compensation (other than statutory compensation).

7. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

8. EXPERT'S QUALIFICATION AND CONSENT

SBI China Capital Hong Kong Securities Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which it appears.

The following is the qualification of the expert who has given its opinion or advice which is contained in the circular:

Name	Qualification
SBI China Capital Hong Kong Securities Limited	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

9. EXPERT'S INTERESTS

As at the Latest Practicable Date, SBI China Capital Hong Kong Securities Limited did not have any direct or indirect interest in any asset which had been acquired by or disposed of or leased to any member of the Group, or was proposed to be acquired by or disposed of or leased to any member of the Group, since 31 December 2022, the date to which the latest published audited consolidated financial statements of the Group were made up; and was not beneficially interested in the share capital of any member of the Group and did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

10. GENERAL

- (a) The registered office of the Company is situated at Third Floor, Century Yard Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, Cayman Islands.
- (b) The share registrar of the Company in Hong Kong is Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (c) The company secretary of the Company is Ms. Ng Wai Kam, who is a Chartered Secretary, a Chartered Governance Professional, an associate of The Hong Kong Chartered Governance Institute (HKCGI) (formerly "The Hong Kong Institute of Chartered Secretaries" (HKICS)) and an Associate of The Chartered Governance Institute (CGI) (formerly "The Institute of Chartered Secretaries and Administrators" (ICSA)).
- (d) This circular in both English and Chinese is available published on the respective websites of the Company at "www.megagenomics.cn" and the Stock Exchange at "www.hkexnews.hk".
- (e) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

11. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the respective websites of the Stock Exchange at “www.hkexnews.hk” and the Company at “www.megagenomics.cn” for a period of 14 days from the date of this circular:

- (a) the 2024 Meinian OneHealth Genetic Testing Service Framework Agreement (redacted);
- (b) the 2024 Dr. Yu Genetic Testing Service Framework Agreement (redacted);
- (c) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 21 to 22 of this circular;
- (d) the letter from the Independent Financial Adviser, the text of which is set out on pages 23 to 39 of this circular; and
- (e) the written consent from SBI China Capital Hong Kong Securities Limited referred to in the paragraph headed “Expert’s Qualification and Consent” in this appendix.

NOTICE OF EGM



Mega Genomics Limited

美因基因有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 6667)

Notice is hereby given that the EGM of Mega Genomics Limited (the “**Company**”) will be held at the meeting room of the Company, 401 Health Work, North Garden Road, Haidian District, Beijing, PRC on Friday, 1 March 2024 at 10:00 a.m. to consider and, if thought fit, pass with or without amendments, the following resolutions as ordinary resolutions:

1. “**THAT:**

- (a) (i) the 2024 Meinian OneHealth Genetic Testing Service Framework Agreement (as defined in the circular of the Company dated 8 February 2024 of which this notice forms part (the “**Circular**”)) (a copy of which is tabled at the meeting and marked “A” and initialled by the chairman of the meeting for identification purpose), the terms of the transactions contemplated under the 2024 Meinian OneHealth Genetic Testing Service Framework Agreement and the implementation thereof be and are hereby approved, confirmed and ratified; (ii) the proposed annual caps in relation to the transactions contemplated under the 2024 Meinian OneHealth Genetic Testing Service Framework Agreement be and are hereby approved; and
- (b) the director(s) of the Company be and are hereby authorised for and on behalf of the Company to, amongst other matters, sign, execute and deliver or to authorise the signing, execution and delivery of all such documents and to do all such things as they may in their absolute discretion consider necessary, expedient or desirable to implement and/or to give effect to or otherwise in connection with the 2024 Meinian OneHealth Genetic Testing Service Framework Agreement, the proposed annual caps and the transactions contemplated thereunder and to be in the interests of the Company.”

* *For identification purpose only*

NOTICE OF EGM

2. “THAT:

- (a) (i) the 2024 Dr. Yu Genetic Testing Service Framework Agreement (as defined in the Circular) (a copy of which is tabled at the meeting and marked “B” and initialled by the chairman of the meeting for identification purpose), the terms of the transactions contemplated under the 2024 Dr. Yu Genetic Testing Service Framework Agreement and the implementation thereof be and are hereby approved, confirmed and ratified; (ii) the proposed annual caps in relation to the transactions contemplated under the 2024 Dr. Yu Genetic Testing Service Framework Agreement be and are hereby approved; and
- (b) the director(s) of the Company be and are hereby authorised for and on behalf of the Company to, amongst other matters, sign, execute and deliver or to authorise the signing, execution and delivery of all such documents and to do all such things as they may in their absolute discretion consider necessary, expedient or desirable to implement and/or to give effect to or otherwise in connection with the 2024 Dr. Yu Genetic Testing Service Framework Agreement, the proposed annual caps and the transactions contemplated thereunder and to be in the interests of the Company.”

By Order of the Board
Mega Genomics Limited
LIN Lin
Executive Director and Chairperson

Hong Kong, 8 February 2024

NOTICE OF EGM

Notes:

1. All resolutions at the meeting will be taken by poll (except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.
2. Any shareholder of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy/more than one proxy to attend and on a poll, vote instead of him. A proxy need not be a shareholder of the Company. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy. Every shareholder present in person or by proxy shall be entitled to one vote for each share held by him.
3. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company’s share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for the meeting (i.e. not later than 10:00 a.m. on Wednesday, 28 February 2024 or the adjourned meeting (as the case may be). Completion and return of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. For determining the entitlement to attend and vote at the meeting, the Register of Members of the Company will be closed from Tuesday, 27 February 2024 to Friday, 1 March 2024, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the EGM, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, 26 February 2024.
5. A circular containing further details concerning the resolutions set out in the above notice will be sent to all shareholders of the Company.
6. References to time and dates in this notice are to Hong Kong time and dates.

This circular (in both English and Chinese versions) has been posted on the Company’s website at www.megagenomics.cn.