



Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道 979 號
太古坊一座 27 樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SAINT BELLA INC., UBS SECURITIES HONG KONG LIMITED AND CITIC SECURITIES (HONG KONG) LIMITED

Introduction

We report on the historical financial information of SAINT BELLA Inc. (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages I-4 to I-116, which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2022, 2023 and 2024 (the “**Relevant Periods**”), and the consolidated statements of financial position of the Group as at 31 December 2022, 2023 and 2024 and the statements of financial position of the Company as at 31 December 2023 and 2024 and material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages I-4 to I-116 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated 18 June 2025 (the “**Document**”) in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 1.1 and 1.2 to the Historical Financial Information, respectively, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to



report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 1.1 and 1.2 to the Historical Financial Information, respectively, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group as at 31 December 2022, 2023 and 2024, and the financial position of the Company as at 31 December 2023 and 2024 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of presentation and the basis of preparation set out in notes 1.1 and 1.2 to the Historical Financial Information, respectively.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.



Dividends

We refer to note 31(b) to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

No historical financial statements for the Company

As at the date of this report, no statutory financial statements have been prepared for the Company since its date of incorporation.

Certified Public Accountants

Hong Kong

18 June 2015

I. HISTORICAL FINANCIAL INFORMATION**Preparation of Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the “**Underlying Financial Statements**”).

The Historical Financial Information is presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

		Years ended 31 December		
	Notes	2022	2023	2024
		RMB'000	RMB'000	RMB'000
Revenue	5	471,522	559,909	798,666
Cost of sales		(330,392)	(355,298)	(528,272)
Gross profit		141,130	204,611	270,394
Other income	6	10,131	16,589	6,970
Selling and distribution expenses		(58,790)	(81,500)	(94,890)
Administrative expenses		(122,147)	(112,865)	(216,836)
Research and development expenses	7	(12,931)	(9,148)	(13,261)
Other gains/(expenses), net	6	783	993	530
Finance costs	8	(1,837)	(3,005)	(4,812)
Fair value changes in financial instruments issued to investors		(366,863)	(256,092)	(493,749)
Share of profits/(losses) of associates	17	—	199	(282)
Share of losses of joint ventures	18	(1,355)	(497)	(637)
Loss before tax	7	(411,879)	(240,715)	(546,573)
Income tax credit	11	303	1,821	3,294
Loss for the year		<u>(411,576)</u>	<u>(238,894)</u>	<u>(543,279)</u>
Attributable to:				
Owners of the parent		(407,496)	(238,965)	(546,577)
Non-controlling interests		(4,080)	71	3,298
		<u>(411,576)</u>	<u>(238,894)</u>	<u>(543,279)</u>
Loss per share attributable to ordinary equity holders of the parent				
Basic and diluted	12	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	<i>Notes</i>	Years ended 31 December		
		2022	2023	2024
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Loss for the year		<u>(411,576)</u>	<u>(238,894)</u>	<u>(543,279)</u>
Other comprehensive income/(loss)				
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations		(8)	(13)	—
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of the financial statements of the Company . . .		—	—	63
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		<u>(8)</u>	<u>(13)</u>	<u>63</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		<u>(411,584)</u>	<u>(238,907)</u>	<u>(543,216)</u>
Attributable to:				
Owners of the parent		(407,504)	(238,978)	(546,514)
Non-controlling interests		(4,080)	71	3,298
		<u>(411,584)</u>	<u>(238,907)</u>	<u>(543,216)</u>

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		At 31 December		
	Notes	2022	2023	2024
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	13	14,472	13,044	28,744
Right-of-use assets	14(a)	33,315	26,822	79,786
Goodwill	15	42,212	47,360	91,537
Other intangible assets	16	12,163	11,461	10,737
Investment in associates	17	—	26,704	36,570
Investments in joint ventures	18	—	7,603	13,566
Financial assets at fair value through profit or loss	23	—	—	5,000
Bank deposits with initial terms of over three months	24	—	51,481	73,012
Deferred tax assets	29	64	2,054	5,876
Other non-current assets	19	1,083	23,930	6,221
Total non-current assets		103,309	210,459	351,049
CURRENT ASSETS				
Inventories	20	9,274	10,822	18,802
Trade receivables	21	3,291	7,415	15,860
Prepayments, other receivables and other assets	22	116,252	80,606	106,159
Financial assets at fair value through profit or loss	23	73,528	—	14,569
Bank deposits with initial terms of over three months	24	10,000	32,320	43,004
Restricted cash	24	—	6,111	6,126
Cash and cash equivalents	24	89,524	120,849	65,971
Total current assets		301,869	258,123	270,491

		At 31 December		
	Notes	2022	2023	2024
		RMB'000	RMB'000	RMB'000
CURRENT LIABILITIES				
Trade payables	25	17,937	11,854	33,326
Contract liabilities	27	113,254	163,127	175,463
Other payables and accruals	26	76,571	45,680	92,310
Tax payable		—	356	460
Interest-bearing bank borrowings	28	40,000	10,000	39,749
Lease liabilities	14(b)	24,118	21,621	25,150
Financial instruments issued to investors . .	30	—	—	1,656,271
Total current liabilities		271,880	252,638	2,022,729
NET CURRENT				
ASSETS/(LIABILITIES)		29,989	5,485	(1,752,238)
TOTAL ASSETS LESS CURRENT				
LIABILITIES		133,298	215,944	(1,401,189)
NON-CURRENT LIABILITIES				
Lease liabilities	14(b)	10,095	5,747	55,689
Deferred tax liabilities	29	2,996	2,805	2,842
Financial instruments issued to investors . .	30	836,430	1,162,522	—
Total non-current liabilities		849,521	1,171,074	58,531
Net liabilities		(716,223)	(955,130)	(1,459,720)
DEFICITS				
Deficits attributable to owners of the				
parent				
Share capital	31	—	3	4
Deficits	31	(711,526)	(950,507)	(1,460,409)
		(711,526)	(950,504)	(1,460,405)
Non-controlling interests		(4,697)	(4,626)	685
Total deficits		(716,223)	(955,130)	(1,459,720)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the parent						
	Share capital	Capital reserve	Accumulated loss	Exchange fluctuation reserve	Total	Non-controlling interests	Total deficits
	RMB'000 (note 31)	RMB'000 (note 31)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022.	—	2,831	(301,841)	1	(299,009)	(1,025)	(300,034)
Profit/(loss) for the year	—	—	(407,496)	—	(407,496)	(4,080)	(411,576)
Other comprehensive loss for the year:							
Exchange differences on translation of a foreign operation	—	—	—	(8)	(8)	—	(8)
Total comprehensive income/(loss) for the year	—	—	(407,496)	(8)	(407,504)	(4,080)	(411,584)
Acquisition of non-controlling interests	—	(5,013)	—	—	(5,013)	189	(4,824)
Dividends paid to a non-controlling shareholder.	—	—	—	—	—	(237)	(237)
Capital contributions from a non-controlling shareholder of a subsidiary	—	—	—	—	—	400	400
Acquisition of subsidiaries	—	—	—	—	—	56	56
At 31 December 2022	—	(2,182)*	(709,337)*	(7)*	(711,526)	(4,697)	(716,223)
At 1 January 2023.	—	(2,182)	(709,337)	(7)	(711,526)	(4,697)	(716,223)
Profit/(loss) for the year	—	—	(238,965)	—	(238,965)	71	(238,894)
Other comprehensive loss for the year:							
Exchange differences on translation of foreign operations	—	—	—	(13)	(13)	—	(13)
Total comprehensive income/(loss) for the year	—	—	(238,965)	(13)	(238,978)	71	(238,907)
Issue of shares	3	(3)	—	—	—	—	—
At 31 December 2023	3	(2,185)*	(948,302)*	(20)*	(950,504)	(4,626)	(955,130)

Attributable to owners of the parent							
	Share capital	Capital reserve	Accumulated loss	Exchange fluctuation reserve	Total	Non-controlling interests	Total deficits
	RMB'000 (note 31)	RMB'000 (note 31)	RMB'000	RMB'000 (note 32)	RMB'000	RMB'000	RMB'000
At 1 January 2024.	3	(2,185)	(948,302)	(20)	(950,504)	(4,626)	(955,130)
Profit/(loss) for the year	—	—	(546,577)	—	(546,577)	3,298	(543,279)
Other comprehensive income for the year:							
Exchange differences on translation of foreign operations	—	—	—	63	63	—	63
Total comprehensive income/(loss) for the year	—	—	(546,577)	63	(546,514)	3,298	(543,216)
Acquisition of non-controlling interests	—	(20,826)	—	—	(20,826)	4,640	(16,186)
Capital injection from non-controlling interests .	—	(3,210)	—	—	(3,210)	3,387	177
Issue of shares	1	(1)	—	—	—	—	—
Acquisition of subsidiaries	—	—	—	—	—	(5,607)	(5,607)
Disposal of subsidiaries	—	—	—	—	—	(407)	(407)
Recognition of share-based payment expenses .	—	60,649	—	—	60,649	—	60,649
At 31 December 2024	4	34,427*	(1,494,879)*	43*	(1,460,405)	685	(1,459,720)

* These reserve accounts comprise the deficits of approximately RMB711,526,000, RMB950,507,000 and RMB1,460,409,000 in the consolidated statements of financial position as at 31 December 2022, 2023 and 2024, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Years ended 31 December		
	Notes	2022	2023	2024
		RMB'000	RMB'000	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax		(411,879)	(240,715)	(546,573)
Adjustments for:				
Finance costs	8	1,837	3,005	4,812
Share-based payment expenses		—	—	60,649
Share of profits or losses of joint ventures and associates		1,355	298	919
Interest income	6	(2,532)	(8,468)	(5,186)
Loss on disposal of property, plant and equipment	6	199	77	1
Gain on disposal of subsidiaries	6	—	(246)	28
Fair value gains on financial assets at fair value through profit or loss	6	(1,696)	(1,282)	(875)
Fair value changes of financial instruments issued to investors	30	366,863	256,092	493,749
Depreciation of property, plant and equipment	13	4,155	5,092	5,420
Amortisation of other intangible assets	16	923	975	1,091
Depreciation of right-of-use assets	14(a)	39,926	33,389	27,375
(Gain)/loss on disposal of right-of-use assets and lease liabilities	6	(130)	—	—
Provision for inventories		—	169	84
Foreign exchange differences, net	6	(4)	120	(818)
		(983)	48,506	40,676
(Increase)/decrease in trade receivables		(2,628)	(4,786)	(8,445)
(Increase)/decrease in inventories		(5,616)	(2,158)	(8,064)
(Increase)/decrease in prepayments, other receivables and other assets		(5,581)	(26,546)	(3,638)
(Increase)/decrease in restricted cash		6,507	(6,111)	—
Increase/(decrease) in trade payables		8,276	(5,152)	21,472
Increase/(decrease) in other payables and accruals		10,135	3,081	(3,769)
Increase/(decrease) in contract liabilities		14,934	49,873	11,233
Cash generated from operations		25,044	56,707	49,465
Income tax paid		(939)	(4)	(387)
Net cash flows from operating activities		24,105	56,703	49,078

		Years ended 31 December		
	Notes	2022	2023	2024
		RMB'000	RMB'000	RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of equity investment.		17,542	(17,542)	—
Interest received.		2,327	4,423	4,956
Purchases of items of property, plant and equipment.		(4,069)	(5,859)	(15,869)
Proceeds from disposal of property, plant and equipment		35	75	263
Investment income received from financial assets at fair value through profit or loss		3,370	1,310	806
Disposal of subsidiaries	34	—	(192)	(9,648)
Acquisition of businesses and subsidiaries		(18,700)	(11,962)	5,679
Prepayment for an equity investment		—	(20,000)	—
Purchases of other intangible assets		(292)	(273)	(367)
Investments in joint ventures		—	(9,455)	(6,600)
Investments in associates		—	(26,505)	(10,148)
Proceeds from disposal of financial assets at fair value through profit or loss.		182,000	185,500	160,000
Purchase of financial assets at fair value through profit or loss.		(146,000)	(112,000)	(179,500)
Purchases of bank deposits with initial terms of over three months.		—	(80,000)	(222,010)
Proceeds from disposal of bank deposits with initial terms of over three months		—	10,000	190,010
Loans to third parties.		(85,000)	(24,000)	—
Repayment of loans to third parties		4,500	80,500	—
Loan to a related party		—	(2,737)	—
Repayment of a loan to a shareholder		—	—	21,598
A loan to a shareholder		—	—	(21,598)
Net cash flows used in investing activities		(44,287)	(28,717)	(82,428)

	Years ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from financial instruments issued to investors	25,000	70,000	—
Capital contribution from non-controlling shareholders	400	—	177
Commissions paid in relation to capital contribution	(15)	(457)	(3,167)
New bank loans	40,000	78,800	68,920
Repayment of bank loans	—	(108,800)	(40,000)
Principal portion of lease payments	(37,210)	(33,268)	(32,298)
Interest portion of lease payments	(1,624)	(1,363)	(2,919)
Interest paid	(139)	(1,573)	(1,015)
Acquisition of non-controlling interests	(4,824)	—	(7,075)
Dividends paid to a non-controlling shareholder	(237)	—	—
Proceeds from issuance of ordinary shares with preferred rights	—	—	63,327
Payment in connection with the reorganization	—	—	(67,478)
Net cash flows from/(used in) financing activities	21,351	3,339	(21,528)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of year	88,355	89,524	120,849
CASH AND CASH EQUIVALENTS AT END OF YEAR	89,524	120,849	65,971
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the consolidated statements of financial position and statements of cash flows	89,524	120,849	65,971

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		At 31 December	
	Notes	2023	2024
		RMB'000	RMB'000
NON-CURRENT ASSETS			
Investments in subsidiaries	1.1	71,963	195,939
Total non-current assets.		71,963	195,939
CURRENT ASSETS			
Prepayments, other receivables and other assets . .	22	—	27,988
Cash and cash equivalents	24	—	43
Total current assets		—	28,031
CURRENT LIABILITIES			
Other payables and accruals	26	—	26,034
Financial instruments issued to investors.	30	—	1,656,271
Total current liabilities		—	1,682,305
TOTAL ASSETS LESS CURRENT			
LIABILITIES.		71,963	(1,458,335)
NON-CURRENT LIABILITIES			
Financial instruments issued to investors.	30	1,082,067	—
Net liabilities		(1,010,104)	(1,458,335)
DEFICITS			
Share capital		3	4
Deficits	31	(1,010,107)	(1,458,339)
Total deficits		(1,010,104)	(1,458,335)

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1.1 BASIS OF PRESENTATION

The Company was established in the Cayman Islands on 4 July 2023, as an exempted company with limited liability under the Companies Act, Cap. 22 (As revised) of the Cayman Islands. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company and has not carried on any business operations since the date of its incorporation save for the group reorganization mentioned below (the “**Reorganization**”). The Company and its subsidiaries (together, the “**Group**”) are principally engaged in the following principal activities:

- Postpartum centers
- Home care services
- Food products

Prior to the incorporation of the Company and completion of the Reorganization as described below, the principal business of the Group was carried out by Hangzhou Beikang Health Technology Group Co., Ltd. (杭州貝康健康科技集團有限公司, “**Hangzhou Beikang**”), which was established on 29 December 2016 in the People’s Republic of China (the “**PRC**”), and its subsidiaries (collectively the “**Operating Subsidiaries**”).

To rationalise the corporate structure in preparation of the listing of the Company’s shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the Group underwent the Reorganization, as detailed in the section headed “History, Reorganization, and Corporate Structure” in the Prospectus.

Upon completion of the Reorganization on 11 June 2024, the Company became the holding company of the companies now comprising the Group. The Reorganization involved inserting the Company and certain investment holding companies with no substantive operations, as holding companies of Hangzhou Beikang and its subsidiaries. There were no changes in the economic substance of the ownership and business carried out by the Operating Subsidiaries before and after the Reorganization. Accordingly, the Historical Financial Information has been prepared and presented as a continuation of the consolidated financial statements of the Operating Subsidiaries with the assets and liabilities recognised and measured at their historical carrying amounts prior to the Reorganization.

The consolidated statements of profit or loss, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for the Relevant Periods as set out in the Historical Financial Information include the financial performance and cash flows of the companies now comprising the Group as if the current group structure had been in existence throughout the Relevant Periods, or since their respective dates of incorporation or establishment, whichever is a shorter period. The consolidated statements of financial position of the Group as at 31 December 2022, 2023 and 2024 as set out in the Historical Financial Information have been prepared to present the financial position of the companies now comprising the Group as at those date. Intra-group balances, transactions and unrealised gains/losses on intra-group transactions are eliminated in full in preparing the Historical Financial Information.

Upon completion of Reorganization and as at the date of this report, the Company had direct and indirect interests in its subsidiaries, the particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
SAINT BELLA HOLDINGS LIMITED (ii)	British Virgin Islands ("BVI")	USD1	100	—	Investment holding
PrimeCare International Holdings Limited ("Primecare") (iii)	Hong Kong	HKD10,933	—	100	Investment holding
Hangzhou Beikang Health Technology Group Co., Ltd. ("Hangzhou Beikang") (杭州貝康健康科技集團有限公司) (i)	PRC/Mainland China	RMB3,700,615	—	100	Investment holding and management
Shanghai Beikang Ze'en Health Management Co., Ltd. (上海貝康澤恩健康管理有限公司) (ii)	PRC/Mainland China	RMB500,000	—	100	Postpartum care services
Hangzhou Beikang Ze'en Health Management Co., Ltd. (杭州貝康澤恩健康管理有限公司) (ii)	PRC/Mainland China	RMB5,000,000	—	100	Postpartum care services
Shenzhen Beikang Ze'en Health Management Co., Ltd. (深圳貝康澤恩健康管理有限公司) (ii)	PRC/Mainland China	RMB1,000,000	—	100	Postpartum care services
Guangzhou Beikang Ze'en Health Management Co., Ltd. (廣州貝康澤恩健康管理有限公司) (ii)	PRC/Mainland China	RMB500,000	—	100	Postpartum care services
Beijing Beikang Ze'en Health Management Co., Ltd. (北京貝康澤恩健康管理有限公司) (ii)	PRC/Mainland China	RMB5,000,000	—	100	Postpartum care services
Chengdu Beikang Ze'en Health Management Co., Ltd. (成都貝康澤恩健康管理有限公司) (ii)	PRC/Mainland China	RMB1,000,000	—	100	Postpartum care services

APPENDIX I

ACCOUNTANTS' REPORT

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Hangzhou Beikang Beize Health Management Co., Ltd. (杭州貝康貝澤健康管理有限公司) (ii)	PRC/Mainland China	RMB1,000,000	—	100	Postpartum care services
Hangzhou Beikang Xiaobeila Health Management Co., Ltd. (杭州貝康小貝拉健康管理有限公司) (ii)	PRC/Mainland China	RMB1,000,000	—	100	Postpartum care services
Nanjing Beikang Ze'en Health Management Co., Ltd. (南京貝康澤恩健康管理有限公司) (ii)	PRC/Mainland China	RMB500,000	—	80	Postpartum care services
Zhuhai Beikang Maternal and Infant Care Management Co., Ltd. (珠海貝康母嬰護理管理有限公司) (ii)	PRC/Mainland China	RMB5,000,000	—	100	Postpartum care services
Foshan Shunde Beikang Ze'en Health Management Co., Ltd. (佛山順德區貝康澤恩健康管理有限公司) (ii)	PRC/Mainland China	RMB1,000,000	—	100	Postpartum care services
Shenzhen Beikang Xiaobeila Health Management Co., Ltd. (深圳市貝康小貝拉健康管理有限公司) (ii)	PRC/Mainland China	RMB500,000	—	100	Postpartum care services
Chongqing Beikang Ze'en Health Management Co., Ltd. (重慶貝康澤恩健康管理有限公司) (ii)	PRC/Mainland China	RMB500,000	—	100	Postpartum care services
Zhuhai Beikang Education Consulting Co., Ltd. (珠海貝康教育諮詢有限公司) (ii)	PRC/Mainland China	RMB500,000	—	100	Home care service
Chengdu Beikang Enhu Housekeeping Service Co., Ltd. (成都貝康恩護家政服務有限公司) (ii)	PRC/Mainland China	RMB1,000,000	—	100	Home care service
Wuhan Beikang Ze'en Health Management Co., Ltd. (武漢貝康澤恩健康管理有限公司) (ii)	PRC/Mainland China	RMB1,000,000	—	100	Postpartum care services
Shanghai Beikang Shengbeila Health Management Co., Ltd. (上海貝康聖貝拉健康管理有限公司) (ii)	PRC/Mainland China	RMB500,000	—	100	Postpartum care services
Xiamen Beikang Ze'en Health Management Co., Ltd. (廈門貝康澤恩健康管理有限公司) (ii)	PRC/Mainland China	RMB500,000	—	100	Postpartum care services
Hangzhou Beikang Jian'en Health Consultation Co., Ltd. (杭州貝康健恩健康諮詢有限公司) (ii)	PRC/Mainland China	RMB500,000	—	60	Postpartum care services
Suzhou Beikang Ze'en Health Management Co., Ltd. (蘇州貝康澤恩健康管理有限公司) (ii)	PRC/Mainland China	RMB500,000	—	100	Postpartum care services
Zhuhai Beikang Beize Health Consulting Co., Ltd. (珠海貝康貝澤健康諮詢有限公司) (ii)	PRC/Mainland China	RMB500,000	—	100	Postpartum care services
Shenzhen Beize Xiaobeila Health Management Co., Ltd. (深圳貝澤小貝拉健康管理有限公司) (ii)	PRC/Mainland China	RMB500,000	—	100	Postpartum care services
Beijing Beikang Beize Health Management Co., Ltd. (北京貝康貝澤健康管理有限公司) (ii)	PRC/Mainland China	RMB500,000	—	100	Postpartum care services
Taiyuan Beikang Xiaobeila Health Management Co., Ltd. (太原貝康小貝拉健康管理有限公司) (ii)	PRC/Mainland China	RMB500,000	—	70	Postpartum care services

APPENDIX I

ACCOUNTANTS' REPORT

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Beijing Beikang Jian'en Health Consulting Co., Ltd. (北京貝康健恩健康諮詢有限公司) (ii)	PRC/Mainland China	RMB500,000	—	100	Postpartum care services
Changsha Beikang Beize Health Consulting Co., Ltd. (長沙貝康貝澤健康諮詢有限公司) (ii)	PRC/Mainland China	RMB500,000	—	100	Postpartum care services
Changsha Beikang Ze'en Health Management Co., Ltd. (長沙貝康澤恩健康管理有限公司) (ii)	PRC/Mainland China	RMB500,000	—	100	Postpartum care services
Hangzhou Beikang Enhu Housekeeping Service Co., Ltd. (杭州貝康恩護家政服務有限公司) (ii)	PRC/Mainland China	RMB1,000,000	—	100	Home care service
Guangzhou Beikang En Housekeeping Service Co., Ltd. (廣州貝康恩護家政服務有限公司) (ii)	PRC/Mainland China	RMB500,000	—	100	Home care service
Beijing Beikang Enhu Housekeeping Service Co., Ltd. (北京貝康恩護家政服務有限公司) (ii)	PRC/Mainland China	RMB1,000,000	—	100	Home care service
Hangzhou Beikang GuangHe Technology Co., Ltd. ("Beikang GuangHe") (杭州貝康廣禾科技有限公司) (ii)	PRC/Mainland China	RMB1,000,000	—	90	Food products
Shanghai GuangHeTang Foods Co., Ltd. ("GuangHeTang Foods") (上海廣禾堂食品有限公司) (ii)	PRC/Mainland China	RMB500,000	—	100	Food products
Hangzhou Beikang Shengbeila Health Management Co., Ltd. (杭州貝康聖貝拉健康管理有限公司) (ii)	PRC/Mainland China	RMB500,000	—	100	Postpartum care services
Shanghai Beikangbeila Health Management Co., Ltd. (上海貝康貝拉健康管理有限公司) (ii)	PRC/Mainland China	RMB3,000,000	—	100	Postpartum care services
Shanghai Beila Enhui Health Consulting Co., Ltd. (上海貝拉恩匯健康諮詢有限公司) (ii)	PRC/Mainland China	RMB500,000	—	100	Postpartum care services
Shenzhen Beikang Shengbeila Health Management Co., Ltd. (深圳貝康聖貝拉健康管理有限公司) (ii)	PRC/Mainland China	RMB500,000	—	100	Postpartum care services
Beijing Beikang Shengbeila Health Management Co., Ltd. (北京貝康聖貝拉健康管理有限公司) (ii)	PRC/Mainland China	RMB500,000	—	100	Postpartum care services
Ningbo Beikang Ze'en Health Management Co., Ltd. (寧波貝康澤恩健康管理有限公司) (ii)	PRC/Mainland China	RMB500,000	—	90	Postpartum care services
Ningbo Beikang Beize Health Management Co., Ltd. (寧波貝康貝澤健康管理有限公司) (ii)	PRC/Mainland China	RMB500,000	—	90	Postpartum care services
Haikou Beikang Ze'en Health Management Co., Ltd. (海口貝康澤恩健康管理有限公司) (ii)	PRC/Mainland China	RMB500,000	—	100	Postpartum care services
Chengdu Beikangbeize Health Management Co., Ltd. (成都貝康貝澤健康管理有限公司) (ii)	PRC/Mainland China	RMB500,000	—	100	Postpartum care services

APPENDIX I

ACCOUNTANTS' REPORT

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Shanghai Beikang Beize Health Consulting Co., Ltd. ("Shanghai Beikang") (上海貝康貝澤健康諮詢有限公司) (ii)	PRC/Mainland China	RMB1,670,000	—	60	Postpartum care services
Shanghai Beikang Maternal & Child home care agent service Co., Ltd. (上海貝康恩護家政服務有限公司) (ii)	PRC/Mainland China	RMB500,000	—	100	Home care service
Hangzhou Beikang Ze'en Technology Co., Ltd. (杭州貝康澤恩科技有限公司) (ii)	PRC/Mainland China	RMB1,000,000	—	100	Software development
Hangzhou Beikang Hanlian Technology Co., Ltd. ("Hanlian") (杭州貝康韓蓮科技有限公司) (ii)	PRC/Mainland China	RMB500,000	—	80	Apparel Manufacturing and Sales
Suzhou Beikang Beize Health Management Co., Ltd. (蘇州貝康貝澤健康管理有限公司) (ii)	PRC/Mainland China	RMB500,000	—	100	Postpartum care services
Hangzhou Huasheng Huize Self Owned Fund Investment Co., Ltd. (杭州華盛匯澤自有資金投資 有限公司) (ii)	PRC/Mainland China	RMB10,000,000	—	100	Postpartum care services
Yuezige (Shanghai) Health Services Co., Ltd. ("Yuezige") (悅子閣(上海)健康服務有限公司)	PRC/Mainland China	RMB38,000,000	—	88	Postpartum care services

- (i) The statutory financial statements of these companies for the year ended 31 December 2022 has been prepared in accordance with PRC Generally Accepted Accounting Principles were audited by Zhejiang Tianheng Certified Public Accountants LLP.
- (ii) No statutory financial statements of these companies above prepared for the Relevant Periods (or since the date of incorporation/registration, where later than the beginning of the Relevant Periods), as these entities were not subject to any statutory audit requirements under the relevant rules and regulations in their jurisdiction of incorporation/registration.
- (iii) The statutory financial statement of Primecare for the period from date of incorporation to 31 March 2022 and for the year ended 31 March 2023 prepared under Hong Kong Financial Reporting Standards for Private Entities was audited by McMillan Woods(Hong Kong) CPA Limited, a certified public accountant registered in Hong Kong.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results during the Relevant Periods or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Company

The Company's investments in subsidiaries:

	At 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Investments in subsidiaries, at cost	—	71,963	135,290
Investments in subsidiaries derived from equity settled share-based payment	—	—	60,649
Total	—	71,963	195,939

1.2 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the HKICPA, and the disclosure requirements of the Hong Kong Companies Ordinance. All HKFRSs effective for the accounting period commencing from 1 January 2024, including relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention, except for financial assets at fair value through profit or loss and financial instruments issued to investors which have been measured at fair value.

As at 31 December 2024, the Group recorded net liabilities and net current liabilities amounting to RMB1,459,720,000 and RMB1,752,238,000, respectively. The net liabilities primarily arose from ordinary shares with preferred rights amounting to RMB1,656,271,000. The directors of the Company believe that the Company would be successfully listed before 31 December 2025 and no other redemption events would occur, therefore no cash payment is expected for the settlement of the liabilities arising from financial instruments issued to investors as holders of the ordinary shares with preferred rights are not able to exercise the redemption rights and such preferred rights would automatically be terminated upon the listing of the Company's shares on the Stock Exchange. At the meantime, the net current liabilities primarily arose from contract liabilities with carrying amount of RMB175,463,000 which will be settled by provision of services instead of cash payment. In addition, long-term bank deposits with carrying amount of RMB73,012,000 could be withdrawn when needed. Taken the above into consideration, and together with the cashflow forecast which covers a period of not less than twelve months from

31 December 2024 prepared by the management of the Group, the directors of the Company are of view that the Group has sufficient cash flow to settle the borrowings and payables that will be due in the next twelve months from 31 December 2024. Therefore, the directors of the Company consider that it is appropriate to prepare the Historical Financial Information on a going concern basis.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the Relevant Periods. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

1.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in this Historical Financial Information.

Amendments to HKAS 21	<i>Lack of Exchangeability</i> ¹
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ²
Amendments to HKFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ³
Amendments to HKFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i> ³
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instrument</i> ⁴
Annual Improvements to HKFRS Accounting Standards — Volume 11	<i>Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7</i> ⁴

¹ Effective for annual periods beginning on or after 1 January 2025

² No mandatory effective date yet determined but available for adoption

³ Effective for annual periods beginning on or after 1 January 2027

⁴ Effective for annual periods beginning on or after 1 January 2026

The Group is in the process of making an assessment of the impact of these revised HKFRSs upon initial application. So far, the Group considers that these standards will not have a significant impact on the Group's financial performance and financial position.

2. MATERIAL ACCOUNTING POLICY INFORMATION**Investments in associates and joint ventures**

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated statements of other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its debt investments, equity investments in unlisted companies and financial instruments issued to investors at fair value at the end of each of the Relevant Periods. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for a non-financial asset is required (other than inventories, contract assets, deferred tax assets, investment properties and non-current assets/a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; (If the Group is itself such a plan) and the sponsoring employers of the post-employment benefit plan;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Items of property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	20.00% to 50.00%
Postpartum equipment	19.00%
Office equipment	19.00% to 31.67%
Furniture fittings and electronic equipment	9.50% to 31.67%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Other intangible assets (other than goodwill)

Other intangible assets acquired separately are measured on initial recognition at cost. The cost of other intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of other intangible assets are assessed to be finite. Other intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the other intangible asset may be impaired. The amortisation period and the amortisation method for other intangible asset with a finite useful life are reviewed at least at each financial year end.

Brands

Brands acquired in business combinations are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 20 years, which is based on the anticipated number of years in which the existing brands of the acquired entities are expected to contribute revenue to the Group.

Patents

Patents acquired in business combinations are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 10 years, which is based on the anticipated number of years in which the patents will retire due to more advanced technologies.

Software

Purchased software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful lives of 2–3 years.

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Buildings

1–10 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

Financial assets with cash flows that are not solely payments of principal and interest ("SPPI") are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

- Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

Financial liabilities***Initial recognition and measurement***

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, interest-bearing bank borrowings and financial instruments issued to investors.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include derivative liabilities and financial liabilities designated upon initial recognition as at fair value through profit or loss. The Group issued certain series of instruments to investors. The instrument holders have the right to require the Group to redeem all of the instruments held by the instrument holders upon occurrence of certain redemption events, which are out of the control of the Group. The Group designated those instruments upon initial recognition in their entirety as financial liabilities at fair value through profit or loss.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in HKFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities. Issuance costs that are directly attributable to the issue of the instruments, designated as financial liabilities at fair value through profit or loss, are recognized immediately in the consolidated statement of profit or loss.

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term including term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the Relevant Periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each of the Relevant Periods and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Revenue recognition***Revenue from contracts with customers***

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The contracts of the Group do not contain significant financing components.

(a) Provision of postpartum care services

Revenue from the provision of postpartum care services recognised over the agreed period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group. Payments that are related to services not yet rendered are deferred and shown as contract liabilities in the consolidated statement of financial position. Upon expiry of prepaid packages of postpartum care services, the corresponding deferred revenue is fully recognised in profit or loss.

(b) Provision of postpartum recovery services

Revenue from the provision of postpartum recovery services is recognised at the point in time when services is delivered to customers. Payments that are related to services not yet rendered are deferred and shown as contract liabilities in the consolidated statement of financial position. Upon expiry of prepaid packages of postpartum recovery services, the corresponding deferred revenue is fully recognised in profit or loss.

(c) Provision of home care service

Revenue from the provision of home care service is recognised over the agreed period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group. Payments that are related to services not yet rendered are deferred and shown as contract liabilities in the consolidated statement of financial position. Upon expiry of prepaid packages of home care services, the corresponding deferred revenue is fully recognised in profit or loss.

(d) Sale of food products

Revenue from the sale of food products is recognised at the point in time when control of the asset is transferred to the customer, generally on acceptance of the products by the customer.

(e) Provision of consulting service of establishing postpartum center

Revenue from the provision of consulting service of establishing postpartum center is recognised at the point in time when services is delivered to customers, generally on establishment of new postpartum center.

(f) Provision of management services

Revenue from the provision of management service is recognised over the agreed period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group. Management fees are charged to customers based on revenues generated by the customers monthly.

For contracts which provide a customer with a right to return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in HKFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a refund liability is recognised. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract liabilities

A contract liability is recognised when a payment is received, or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Share-based payments

The Company operates a share incentive scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("**equity-settled transactions**"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 32 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Other employee benefits

Pension scheme

The employees of the Group's subsidiary which operates in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of its payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

The Historical Financial Information are presented in RMB. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries, joint ventures and associates are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates or the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2022, 2023 and 2024 was approximately RMB42,212,000, RMB47,360,000 and RMB91,537,000, respectively. Further details are given in note 15.

Fair value of financial instruments

The financial instruments issued to investors by the Group are not traded in an active market and the respective fair values are determined by using valuation techniques, including Backsolve method, discounted cash flow method and equity allocation model. For details of the key assumptions used and the impact of changes to these assumptions see Note 30.

The fair values of financial instruments issued to investors at 31 December 2022, 2023 and 2024 were RMB836,430,000 and RMB1,162,522,000 and RMB1,656,271,000. Further details are set out in note 30 to the Historical Financial Information.

Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate (“**IBR**”) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group “would have to pay”, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary’s functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary’s stand-alone credit rating).

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets relating to recognised tax losses at 31 December 2022, 2023 and 2024 was approximately RMB607,000, RMB5,608,000 and RMB14,796,000. The amount of unrecognised tax losses at 31 December 2022, 2023 and 2024 was approximately RMB165,998,000, RMB150,059,000 and RMB266,775,000. Further details are contained in note 29 to the financial statements.

4. OPERATING SEGMENT INFORMATION**Information about geographical areas**

For management purposes, the Group is organised into a whole business unit based on their products and services. Management monitors the results of the Group’s operating as a whole for the purpose of making decisions about resource allocation and performance assessment.

Since nearly all of the Group’s non-current assets were located in Mainland China, no geographical segment information is presented in accordance with HKFRS 8 *Operating Segments*.

Information about major customers

No revenue from the Group's sales to a single customer amounted to 10% or more of the Group's revenue during the Relevant Periods.

5. REVENUE

An analysis of the Group's revenue is as follows:

	Years ended 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from contracts with customers. . . .	471,522	559,909	798,666

Revenue from contracts with customers**(a) Disaggregated revenue information**

	Years ended 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Types of goods or services			
Provision of postpartum care services	344,730	378,370	535,950
Provision of postpartum recovery services. .	48,615	71,909	92,491
Provision of home care service	34,930	45,309	69,065
Sale of food products	29,259	47,071	51,246
Others	13,988	17,250	49,914
Total	471,522	559,909	798,666
Timing of revenue recognition			
Goods and services transferred at a point in time	91,739	131,978	188,487
Services transferred over time	379,783	427,931	610,179
Total	471,522	559,909	798,666

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	Years ended 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:			
Delivering products and services	82,280	97,398	154,464

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Provision of postpartum care services

The performance obligation is satisfied over time as services are rendered and payment is generally in advance. Payments that are related to services not yet rendered are deferred and shown as contract liabilities in the consolidated statement of financial position.

Provision of postpartum recovery services

The performance obligation is satisfied upon postpartum recovery service completed and payment is generally in advance. Payments that are related to services not yet completed are deferred and shown as contract liabilities in the consolidated statement of financial position. Upon completion of postpartum recovery services, the corresponding deferred revenue is fully recognised in profit or loss.

Provision of home care service

The performance obligation is satisfied over time as services are rendered and payment is generally in advance. Payments that are related to services not yet rendered are deferred and shown as contract liabilities in the consolidated statement of financial position. Upon expiry of prepaid packages of home care service, the corresponding deferred revenue is fully recognised in profit or loss.

Sale of food products

The performance obligation is satisfied upon delivery of the food products and payment is generally 0-30 days from delivery.

Provision of consulting services of establishing postpartum center

The performance obligation is recognised at the point in time when consulting services is delivered to customers, generally on establishment of new postpartum center, and payment is generally made within 6 months after provision of services.

Provision of management services

The performance obligation is satisfied over time as services are rendered and payment is generally made between 10 and 90 days after provision of services. The periods of the management service contracts are from 1 to 10 years, and service fees are billed on a monthly basis.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at the end of each of the Relevant Periods are as follows:

	Years ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Amount expected to be recognised as revenue:			
Within one year.	113,254	163,127	175,463

6. OTHER INCOME AND OTHER GAINS/(EXPENSES), NET

	Years ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Other income			
Tax incentives and			
other government grants (i)	7,340	7,058	758
Interest income	2,532	8,468	5,186
Others	259	1,063	1,026
	<u>10,131</u>	<u>16,589</u>	<u>6,970</u>
Other gains/(expenses), net			
Gain/(loss) on disposal of property, plant			
and equipment	(199)	(77)	(1)
Gain/(loss) on disposal of right-of-use			
assets and lease liabilities	130	—	—
Fair value gain/(loss) of financial assets at			
fair value through profit or loss	1,696	1,282	875
Gain/(loss) on disposal of subsidiaries	—	246	(28)
Donation	—	—	(219)
Foreign exchange differences — net	(4)	120	(818)
Others	(840)	(578)	721
Total	<u>783</u>	<u>993</u>	<u>530</u>

- (i) Government grants mainly represent subsidy income received from various government authorities as incentives to certain members of the Group.

7. LOSS BEFORE TAX

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

	Notes	Years ended 31 December		
		2022	2023	2024
		RMB'000	RMB'000	RMB'000
Cost of inventories sold		20,458	18,707	20,772
Cost of services provided		112,480	129,420	152,910
Depreciation of property, plant and equipment	13	4,155	5,092	5,420
Depreciation of right-of-use assets	14(c)	39,926	33,389	27,375
Amortisation of other intangible assets	16	923	975	1,091
Lease payments not included in the measurement of lease liabilities		109,474	117,365	174,891
Research and development expenses		12,931	9,148	13,261
Advertising and publicity expenses		28,240	49,356	52,472
Auditor's remuneration		100	—	—
Listing expenses		85	3,574	31,137
Provision for inventories		—	169	84
Human resource outsourcing and other labour costs		32,421	38,947	64,595
Employee benefit expense (excluding directors', chief executive's and supervisors' remuneration):				
Wages, salaries and other benefits		174,858	173,767	199,703
Pension scheme contributions		9,265	9,312	9,518
Share-based payment expenses		—	—	60,649
		184,123	183,079	269,870
Interest income	6	(2,532)	(8,468)	(5,186)
Foreign exchange differences, net.	6	4	(120)	818
Loss on disposal of items of property, plant and equipment	6	199	77	1
(Gain)/loss on disposal of right-of-use assets and lease liabilities	6	(130)	—	—
Fair value (gains)/loss of financial assets at fair value through profit or loss	6	(1,696)	(1,282)	(875)

8. FINANCE COSTS

An analysis of finance costs is as follows:

	Years ended 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Interest on bank loans	139	1,573	1,844
Interest on lease liabilities and restoration costs	1,698	1,432	2,968
Total	<u>1,837</u>	<u>3,005</u>	<u>4,812</u>

9. DIRECTORS' REMUNERATION

The Company did not have any chief executive, executive directors, non-executive directors and independent non-executive directors before 4 July 2023, the date of incorporation of the Company.

Ms. Hua Xiangli was appointed as non-executive director of the Company on 4 July 2023 and resigned on 25 June 2024, Mr. Danny Xiang was appointed as executive director of the Company on 21 December 2023, Mr. Liang Jun. was appointed as non-executive directors on 21 December 2023. Ms. Wu Annie Suk Ching, Mr. Rainer Josef Bürkle and Mr. Sim Koon Yin Edmund have been appointed as independent non-executive directors on 9 June 2025, with effect on the Listing Date.

Certain of the directors received remuneration from the subsidiaries now comprising the Group of for their appointment as directors of these subsidiaries. The remuneration of each of these directors as recorded in the financial statements of the subsidiaries is set out below:

	Years ended 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Emoluments:			
Salaries, bonuses, allowances, and benefits in kind	205	121	133
Pension scheme contributions	7	7	9
Total	<u>212</u>	<u>128</u>	<u>142</u>

(a) Executive directors and non-executive directors

Year ended 31 December 2022					
	Salaries and other benefits	Retirement benefit scheme contributions	Share-based payment expenses	Consultation fee	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Executive directors:					
Mr. Danny Xiang	131	7	—	—	138
Non-executive directors:					
Mr. Liang Jun	—	—	—	—	—
Ms. Hua Xiangli	74	—	—	—	74
Independent non-executive directors:					
Ms. Wu Annie Suk Ching .	—	—	—	—	—
Mr. Rainer Josef Bürkle . .	—	—	—	—	—
Mr. Sim Koon Yin Edmund	—	—	—	—	—
Total	205	7	—	—	212

Year ended 31 December 2023					
	Salaries and other benefits	Retirement benefit scheme contributions	Share-based payment expenses	Consultation fee	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Executive directors:					
Mr. Danny Xiang	121	7	—	—	128
Non-executive directors:					
Mr. Liang Jun	—	—	—	—	—
Ms. Hua Xiangli	—	—	—	—	—
Independent non-executive directors:					
Ms. Wu Annie Suk Ching .	—	—	—	—	—
Mr. Rainer Josef Bürkle . .	—	—	—	—	—
Mr. Sim Koon Yin Edmund	—	—	—	—	—
Total	121	7	—	—	128

Year ended 31 December 2024					
	Salaries and other benefits	Retirement benefit scheme contributions	Share-based payment expenses	Consultation fee	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:					
Mr. Danny Xiang	133	9	—	—	142
Non-executive directors:					
Mr. Liang Jun	—	—	—	—	—
Ms. Hua Xiangli	—	—	—	—	—
Independent non-executive directors:					
Ms. Wu Annie Suk Ching .	—	—	—	—	—
Mr. Rainer Josef Bürkle . .	—	—	—	—	—
Mr. Sim Koon Yin Edmund	—	—	—	—	—
Total	133	9	—	—	142

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the years ended 31 December 2022, 2023 and 2024 included nil, nil and nil director, respectively, details of whose remuneration are set out in note 9 above. Details of the remuneration for the Relevant Periods of the remaining highest paid employees who are not directors of the Company for the years ended 31 December 2022, 2023, and 2024 are as follows:

	Years ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Salaries, bonuses, allowances and benefits in kind.	3,301	2,034	1,788
Pension scheme contributions	99	45	39
Share-based payment expenses	—	—	46,112
Total	3,400	2,079	47,939

The number of non-director highest paid employees whose remuneration fell within the following bands is as follows:

	Years ended 31 December		
	2022	2023	2024
Nil to RMB1,000,000	5	5	—
RMB1,000,001 to RMB2,000,000	—	—	—
RMB2,000,001 to RMB3,000,000	—	—	2
more than RMB3,000,000	—	—	3
Total	5	5	5

11. INCOME TAX

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act of the Cayman Islands and is not subject to the Cayman Islands income tax pursuant to the current laws of the Cayman Islands. The group entity incorporated or registered under the Business Companies Act of BVI are exempted from BVI income tax pursuant to the current laws of the BVI.

The income tax rate applicable to group entities incorporated in Hong Kong for the income subject to Hong Kong Profits Tax during the Relevant Periods is 8.25% on the first HK\$2 million of estimated assessable profit and at 16.5% on the estimated assessable profits above HK\$2 million. No provision for Hong Kong Profits Tax has been made as the Group did not earn any income subject to Hong Kong Profits Tax during the Relevant Periods.

According to the Corporate Income Tax (“CIT”) Law of the People’s Republic of China, the income tax rates for both domestic and foreign investment enterprises in Mainland China are unified at 25% during the relevant year.

In 2022, Hangzhou Beikang accredited as a “High and New Technology Enterprise” (“HNTE”) and was entitled to a preferential income tax of 15% for a period of three years from 2022 to 2024.

Taxes on estimated assessable profits elsewhere were calculated at the rates of taxation prevailing in the respective jurisdictions in which the Group operates.

	Years ended 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current tax	109	360	491
Deferred tax (<i>note 29</i>).	(412)	(2,181)	(3,785)
Total tax credit for the year.	<u>(303)</u>	<u>(1,821)</u>	<u>(3,294)</u>

A reconciliation of the tax credit applicable to loss before tax using the statutory rate for the jurisdictions in which the majority of the Group's subsidiaries are domiciled and operate to the tax credit at the effective tax rate is as follows:

	Years ended 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Loss before tax	(411,879)	(240,715)	(546,573)
At the statutory income tax rate	(102,970)	(60,125)	(136,552)
Preferential income tax rate applicable to certain subsidiaries	(985)	(11,050)	(10,349)
Expenses not deductible for tax.	54	135	15,852
Unrecognised tax loss and temporary differences.	103,891	70,521	130,225
Additional deductible allowance for research and development expense.	(293)	(1,302)	(2,470)
	<u>(303)</u>	<u>(1,821)</u>	<u>(3,294)</u>

During the Relevant Periods, enterprises incorporated in the PRC are normally subject to enterprise income tax ("EIT") at the rate of 25%, while the portion of annual taxable income amount of certain subsidiaries (as small low-profit enterprises) which did not exceed RMB1,000,000 shall be computed at a reduced rate of 12.5% as taxable income amount, and be subject to enterprise income tax at 20% tax rate.

12. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

Earnings per share information for the years ended 31 December 2022, 2023 and 2024 is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganization and the preparation of the results of the Group for the Relevant Periods on the basis as disclosed in note 1.

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Postpartum equipment	Office equipment	Furniture fittings and electronic equipment	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2022					
At 1 January 2022					
Cost	5,557	9,050	2,077	2,042	18,726
Accumulated depreciation and impairment	(1,453)	(1,095)	(1,636)	(753)	(4,937)
Net carrying amount	<u>4,104</u>	<u>7,955</u>	<u>441</u>	<u>1,289</u>	<u>13,789</u>
At 1 January 2022, net of accumulated depreciation and impairment	4,104	7,955	441	1,289	13,789
Acquisition of businesses (note 33)	—	102	—	108	210
Additions	49	4,335	73	405	4,862
Disposals	—	(145)	(19)	(70)	(234)
Depreciation	<u>(1,495)</u>	<u>(2,006)</u>	<u>(143)</u>	<u>(511)</u>	<u>(4,155)</u>
At 31 December 2022, net of accumulated depreciation and impairment	<u>2,658</u>	<u>10,241</u>	<u>352</u>	<u>1,221</u>	<u>14,472</u>
At 31 December 2022					
Cost	5,274	13,308	2,113	2,415	23,110
Accumulated depreciation and impairment	<u>(2,616)</u>	<u>(3,067)</u>	<u>(1,761)</u>	<u>(1,194)</u>	<u>(8,638)</u>
Net carrying amount	<u>2,658</u>	<u>10,241</u>	<u>352</u>	<u>1,221</u>	<u>14,472</u>

	Leasehold improvements	Postpartum equipment	Office equipment	Furniture fittings and electronic equipment	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2023					
At 1 January 2023					
Cost.	5,274	13,308	2,113	2,415	23,110
Accumulated depreciation and impairment	(2,616)	(3,067)	(1,761)	(1,194)	(8,638)
Net carrying amount	<u>2,658</u>	<u>10,241</u>	<u>352</u>	<u>1,221</u>	<u>14,472</u>
At 1 January 2023, net of accumulated depreciation and impairment	2,658	10,241	352	1,221	14,472
Disposal of subsidiaries (note 34)	—	—	(72)	(175)	(247)
Additions.	150	3,391	123	399	4,063
Disposals.	—	(49)	(43)	(60)	(152)
Depreciation.	(1,693)	(2,837)	(99)	(463)	(5,092)
At 31 December 2023, net of accumulated depreciation and impairment	<u>1,115</u>	<u>10,746</u>	<u>261</u>	<u>922</u>	<u>13,044</u>
At 31 December 2023					
Cost.	5,424	16,568	660	1,992	24,644
Accumulated depreciation and impairment	(4,309)	(5,822)	(399)	(1,070)	(11,600)
Net carrying amount	<u>1,115</u>	<u>10,746</u>	<u>261</u>	<u>922</u>	<u>13,044</u>

	Leasehold improvements	Postpartum equipment	Office equipment	Furniture fittings and electronic equipment	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2024						
At 1 January 2024						
Cost	5,424	16,568	660	1,992	—	24,644
Accumulated depreciation and impairment.	(4,309)	(5,822)	(399)	(1,070)	—	(11,600)
Net carrying amount	<u>1,115</u>	<u>10,746</u>	<u>261</u>	<u>922</u>	<u>—</u>	<u>13,044</u>
At 1 January 2024, net of accumulated depreciation and impairment.	1,115	10,746	261	922	—	13,044
Acquisition of subsidiaries (note 33)	—	319	167	6	2,537	3,029
Additions	137	4,235	428	1,177	12,378	18,355
Disposals	—	(240)	(3)	(21)	—	(264)
Depreciation	<u>(1,057)</u>	<u>(3,682)</u>	<u>(159)</u>	<u>(522)</u>	<u>—</u>	<u>(5,420)</u>
At 31 December 2024, net of accumulated depreciation and impairment.	<u>195</u>	<u>11,378</u>	<u>694</u>	<u>1,562</u>	<u>14,915</u>	<u>28,744</u>
At 31 December 2024						
Cost	5,893	21,233	1,412	3,081	14,915	46,534
Accumulated depreciation and impairment.	<u>(5,698)</u>	<u>(9,855)</u>	<u>(718)</u>	<u>(1,519)</u>	<u>—</u>	<u>(17,790)</u>
Net carrying amount	<u>195</u>	<u>11,378</u>	<u>694</u>	<u>1,562</u>	<u>14,915</u>	<u>28,744</u>

The Group did not identify impairment indicators that may exist during the Relevant Periods.

14. LEASES

The Group as a lessee

The Group has lease contracts for various items of leased buildings. Leases of leased buildings generally have lease terms between 1 and 10 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the Relevant Periods are as follows:

	Buildings
	<i>RMB'000</i>
31 December 2022	
As at 1 January 2022	42,205
Acquisition of businesses (<i>note 33</i>)	4,876
Additions	27,863
Disposals	(1,703)
Depreciation	(39,926)
As at 31 December 2022	<u>33,315</u>
	Buildings
	<i>RMB'000</i>
31 December 2023	
As at 1 January 2023	33,315
Additions	29,027
Revision of a lease payment	(151)
Disposal of subsidiaries (<i>note 34</i>)	(1,980)
Depreciation	(33,389)
As at 31 December 2023	<u>26,822</u>
	Buildings
	<i>RMB'000</i>
31 December 2024	
As at 1 January 2024	26,822
Acquisition of subsidiaries (<i>Note 33</i>)	56,770
Additions	28,999
Depreciation	(32,805)
As at 31 December 2024	<u>79,786</u>

The Group capitalized the depreciation expenses amounting to RMB5,430,000 of right-of-use assets of Yuezige from February 2024.

The Group did not identify impairment indicators that may exist during the Relevant Periods.

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the Relevant Periods are as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Carrying amount at 1 January	40,891	34,213	27,368
Acquisition of businesses and subsidiaries (note 33)	5,022	—	56,770
Additions	27,187	28,651	28,999
Accretion of interest	1,624	1,363	2,919
Disposals	(1,677)	—	—
Payments	(38,834)	(34,631)	(35,217)
Revision of a lease payment	—	(167)	—
Disposal of subsidiaries (note 34)	—	(2,061)	—
Carrying amount at end of the year	<u>34,213</u>	<u>27,368</u>	<u>80,839</u>
Analysed into:			
Current portion	24,118	21,621	25,150
Non-current portion	<u>10,095</u>	<u>5,747</u>	<u>55,689</u>

The maturity analysis of lease liabilities is disclosed in note 40 to the financial statements.

The Group has applied the practical expedient to all eligible rent concessions granted by the lessors for leases of certain buildings during the Relevant Periods.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	Years ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Interest on lease liabilities	1,624	1,363	2,919
Depreciation charge of right-of-use assets . .	39,926	33,389	27,375
Expense relating to short-term leases (included in cost of sales and administrative expenses)	109,474	117,365	174,891
(Gain)/loss on disposal of items of right-of-use assets	(130)	—	—
Total amount recognised in profit or loss . .	<u>150,894</u>	<u>152,117</u>	<u>205,185</u>

15. GOODWILL

RMB'000

31 December 2022

At 1 January 2022:

Cost	30,648
Net carrying amount	30,648
Cost at 1 January 2022, net of accumulated impairment	30,648
Acquisition of businesses (<i>note 33</i>)	11,564
At 31 December 2022	42,212

31 December 2023

At 1 January 2023:

Cost	42,212
Net carrying amount	42,212
Cost at 1 January 2023, net of accumulated impairment	42,212
Acquisition of a business (<i>note 33</i>)	5,148
At 31 December 2023	47,360

31 December 2024

At 1 January 2024:

Cost	47,360
Net carrying amount	47,360
Cost at 1 January 2024, net of accumulated impairment	47,360
Acquisition of subsidiaries (<i>note 33</i>)	44,177
At 31 December 2024	91,537

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating unit groups for impairment testing:

- Jiangsu province cash-generating unit group; and
- Guangdong province cash-generating unit group; and
- Shanxi province cash-generating unit; and
- Hainan province cash-generating unit; and

- Zhejiang province cash-generating unit group; and
- Shanghai cash-generating unit group; and
- GuangHeTang cash-generating unit; and
- Hanlian cash-generating unit.

The carrying amount of goodwill allocated to each of the cash-generating unit groups is as follows:

Carrying amount of goodwill			
As at 31 December			
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Jiangsu province	1,466	6,614	6,614
Guangdong province	5,087	5,087	5,087
Shanxi province	3,532	3,532	3,532
Hainan province	4,403	4,403	4,403
Zhejiang province	5,235	5,235	5,235
Shanghai	—	—	44,177
GuangHeTang	20,563	20,563	20,563
Hanlian	1,926	1,926	1,926
Total	<u>42,212</u>	<u>47,360</u>	<u>91,537</u>

Assumptions were used in the value in use calculation of the above cash-generating unit groups for 31 December 2022, 31 December 2023 and 31 December 2024. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Jiangsu province cash-generating unit group			
As at 31 December			
	2022	2023	2024
Discount rate	13.45%	13.48%	13.20%
Terminal growth rate	2.00%	2.00%	2.00%

	Guangdong province cash-generating unit group		
	As at 31 December		
	2022	2023	2024
Discount rate.	13.45%	13.48%	13.20%
Terminal growth rate.	2.00%	2.00%	2.00%
	Shanxi province cash-generating unit		
	As at 31 December		
	2022	2023	2024
Discount rate.	13.45%	13.48%	13.20%
Terminal growth rate.	2.00%	2.00%	2.00%
	Hainan province cash-generating unit		
	As at 31 December		
	2022	2023	2024
Discount rate.	13.45%	13.48%	13.20%
Terminal growth rate.	2.00%	2.00%	2.00%
	Zhejiang province cash-generating unit group		
	As at 31 December		
	2022	2023	2024
Discount rate.	13.45%	13.48%	13.20%
Terminal growth rate.	2.00%	2.00%	2.00%
	Shanghai cash-generating unit		
	As at 31 December		
	2024		
Discount rate.	13.20%		
Terminal growth rate.	2.00%		
	GuangHeTang cash-generating unit		
	As at 31 December		
	2022	2023	2024
Discount rate.	14.21%	13.72%	13.30%
Terminal growth rate.	2.00%	2.00%	2.00%

	Hanlian cash-generating unit		
	As at 31 December		
	2022	2023	2024
Discount rate	14.13%	13.70%	13.52%
Terminal growth rate	2.00%	2.00%	2.00%

Budgeted gross margins — The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

Discount rates — The discount rates used are before tax and reflect specific risks relating to the relevant units.

Growth rate — The growth rate does not exceed the long-term average growth rate for the market.

The values assigned to the key assumptions on market development and discount rates are consistent with external information sources.

Sensitivity to changes in key assumptions:

The management of the Company has performed sensitivity test by decreasing 1% of expected revenue or increasing 1% of pre-tax discount rate, with all other assumptions held constant. The impacts on the amount by which each cash-generating unit group's recoverable amount above its carrying amount (headroom) are as below:

	Jiangsu province cash-generating unit group		
	As at 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Headroom	8,970	9,826	8,532
Impact by decreasing expected revenue . . .	(1,872)	(2,209)	(2,759)
Impact by increasing pre-tax discount rate .	(614)	(1,281)	(1,085)

Guangdong province cash-generating unit group			
As at 31 December			
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Headroom	44,935	50,726	109,342
Impact by decreasing expected revenue	(5,783)	(5,647)	(9,602)
Impact by increasing pre-tax discount rate .	(3,117)	(3,415)	(8,996)
Shanxi province cash-generating unit			
As at 31 December			
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Headroom	1,814	1,425	6,899
Impact by decreasing expected revenue	(646)	(534)	(860)
Impact by increasing pre-tax discount rate .	(463)	(518)	(858)
Hainan province cash-generating unit			
As at 31 December			
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Headroom	1,423	3,333	6,156
Impact by decreasing expected revenue	(251)	(471)	(856)
Impact by increasing pre-tax discount rate .	(694)	(769)	(1,040)
Zhejiang province cash-generating unit group			
As at 31 December			
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Headroom	78,908	80,122	223,197
Impact by decreasing expected revenue	(6,079)	(6,685)	(12,840)
Impact by increasing pre-tax discount rate .	(5,249)	(5,492)	(16,629)

	Shanghai cash-generating unit group
	As at 31 December 2024
	<i>RMB'000</i>
Headroom	98,928
Impact by decreasing expected revenue	(11,586)
Impact by increasing pre-tax discount rate	(14,949)

	GuangHeTang cash-generating unit		
	As at 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Headroom	16,598	22,348	22,786
Impact by decreasing expected revenue	(2,738)	(2,996)	(3,284)
Impact by increasing pre-tax discount rate	(5,142)	(5,304)	(5,723)

	Hanlian cash-generating unit		
	As at 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Headroom	632	3,204	690
Impact by decreasing expected revenue	(204)	(318)	(153)
Impact by increasing pre-tax discount rate	(600)	(697)	(569)

Considering there was still sufficient headroom based on the assessment, the management of the Company believes that a reasonably possible change in the above key parameters would not cause the carrying amount of the Group of cash-generating unit groups to exceed its recoverable amount as at 31 December 2022, 31 December 2023 and 31 December 2024.

16. OTHER INTANGIBLE ASSETS

	Software	Patents	Brands	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2022				
At 1 January 2022:				
Cost.	—	3,500	9,500	13,000
Accumulated amortisation	—	(87)	(119)	(206)
Net carrying amount	—	3,413	9,381	12,794
Cost at 1 January 2022, net of accumulated amortisation.	—	3,413	9,381	12,794
Additions.	292	—	—	292
Amortisation provided during the year	(98)	(350)	(475)	(923)
At 31 December 2022	194	3,063	8,906	12,163
31 December 2023				
At 1 January 2023:				
Cost.	292	3,500	9,500	13,292
Accumulated amortisation	(98)	(437)	(594)	(1,129)
Net carrying amount	194	3,063	8,906	12,163
Cost at 1 January 2023, net of accumulated amortisation.	194	3,063	8,906	12,163
Additions.	273	—	—	273
Amortisation provided during the year	(150)	(350)	(475)	(975)
At 31 December 2023	317	2,713	8,431	11,461
31 December 2024				
At 1 January 2024:				
Cost.	565	3,500	9,500	13,565
Accumulated amortisation	(248)	(787)	(1,069)	(2,104)
Net carrying amount	317	2,713	8,431	11,461
Cost at 1 January 2024 net of accumulated amortisation.	317	2,713	8,431	11,461
Additions.	367	—	—	367
Amortisation provided during the year	(266)	(350)	(475)	(1,091)
At 31 December 2024	418	2,363	7,956	10,737

17. INVESTMENTS IN ASSOCIATES

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Share of net liabilities	—	(4,801)	(699)
Goodwill on acquisition	—	31,505	37,269
Total	—	26,704	36,570

Particulars of the associates held by the Group are as follows:

Name	Particulars of issued shares held	Place of registration and business	Percentage of ownership interest attributable to the Group	Principal activities
(a) Hangzhou Beris Meihua Women's and Children's Hospital Co., Ltd. ("Hangzhou Meihua")	Registered capital of RMB106,142,373	PRC/Mainland China	7.8125%	Medical services

On 23 August 2023, the Group completed the acquisition of 7.8125% equity interests in Hangzhou Meihua at a cash consideration of RMB25,000,000. The Group's investment in this associate is accounted for under the equity method of accounting because the Group has significant influence over the associate by way of representation on the board of directors and participation in the policy-making process, despite the fact that the percentage of the Group's equity interest in it was lower than 20% for the year ended 31 December 2023 and 31 December 2024.

Hangzhou Meihua is one of a strategic partner of the Group engaged in the medical services and is accounted for using the equity method. Hangzhou Meihua is not publicly listed and its quoted market price is not available.

APPENDIX I

ACCOUNTANTS' REPORT

The following table illustrates the summarised financial information in respect of Hangzhou Meihua adjusted for any differences in accounting policies to the carrying amount in the historical financial information:

	As at 31 December 2023	As at 31 December 2024
	<i>RMB'000</i>	<i>RMB'000</i>
Cash and cash equivalents	2,700	5,348
Other current assets	12,226	12,453
Non-current assets, excluding goodwill	68,023	54,438
Goodwill on acquisition of the associate	384,007	384,007
Current liabilities	(74,753)	(87,209)
Non-current liabilities	(69,612)	(40,482)
Net assets	<u>322,591</u>	<u>328,555</u>
Net liabilities, excluding goodwill	<u>(61,416)</u>	<u>(55,452)</u>
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	7.8125%	7.8125%
Group's share of net liabilities of the associate, excluding goodwill	(4,798)	(4,332)
Goodwill on acquisition	<u>30,000</u>	<u>30,000</u>
Carrying amount of the investment	<u>25,202</u>	<u>25,668</u>

	Year ended 31 December 2023	Year ended 31 December 2024
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	32,920	101,864
Profit and total other comprehensive income for the year	<u>2,591</u>	<u>5,964</u>

	Name	Particulars of issued shares held	Place of registration and business	Percentage of ownership interest attributable to the Group	Principal activities
(b)	Wuxi Beikang Ze'en Health Management Co. Ltd ("Wuxi Beikang")	Registered capital of RMB100,000	PRC/Mainland China	30%	Postpartum care services

On 12 October 2023, the Group completed the acquisition of 30% equity interests in Wuxi Beikang at a cash consideration of RMB1,505,000. Wuxi Beikang is accounted for using the equity method. Wuxi Beikang is not publicly listed and its quoted market price is not available.

APPENDIX I**ACCOUNTANTS' REPORT**

The following table illustrates the summarised financial information in respect of Wuxi Beikang adjusted for any differences in accounting policies to the carrying amount in the historical financial information:

	As at 31 December 2023	As at 31 December 2024
	<i>RMB'000</i>	<i>RMB'000</i>
Cash and cash equivalents	370	176
Other current assets	157	99
Goodwill on acquisition of the associate	5,017	5,017
Current liabilities	(538)	(921)
Net assets	<u>5,006</u>	<u>4,371</u>
Net liabilities, excluding goodwill	<u>(11)</u>	<u>(646)</u>
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	30%	30%
Group's share of net liabilities of the associate, excluding goodwill	(3)	(194)
Goodwill on acquisition	<u>1,505</u>	<u>1,505</u>
Carrying amount of the investment	<u>1,502</u>	<u>1,311</u>

	Year ended 31 December 2023	Year ended 31 December 2024
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	195	1,317
Loss and total other comprehensive loss for the period	<u>(10)</u>	<u>(835)</u>

The following table illustrates the aggregate financial information of the Group's associate that is not individually material:

	As at 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Share of the associate's loss for the year . . .	—	—	(497)
Aggregate carrying amount of the Group's investment in the associate	—	—	9,591

18. INVESTMENTS IN JOINT VENTURES

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Share of net assets	—	7,603	13,566

Particulars of the principal joint ventures are as follows:

	Name	Particulars of issued shares held	Place of registration and business	Percentage of ownership interest attributable to the Group	Principal activities
(a)	Hangzhou Beikang Nanshan Health Management Co. ("Beikang Nanshan")	Registered capital of RMB30,000,000	PRC/Mainland China	51%	Postpartum care services

The Group's shareholdings in the joint venture is held through Hangzhou Beikang.

Beikang Nanshan, which is considered a material joint venture of the Group, is a strategic partner of the Group engaged in the postpartum care services and is accounted for using the equity method. The Group's investment in this joint venture is accounted for under the equity method of accounting because the Group and Hangzhou Hubin Nanshan Commercial Development Co. have joint control over the joint venture by way of representation on the general meeting of shareholders and participation in the policy-making process, despite the fact that the percentage of the Group's equity interest in it was higher than 50% for the year ended 31 December 2023 and 31 December 2024.

The following table illustrates the summarised financial information in respect of Beikang Nanshan adjusted for any differences in accounting policies to the carrying amount in the historical financial information:

	As at 31 December 2023	As at 31 December 2024
	RMB'000	RMB'000
Cash and cash equivalents	6,899	8,701
Other current assets	—	2,919
Non-current assets, excluding goodwill	3,833	24,967
Current liabilities	(716)	(17,783)
Net assets	10,016	18,804
Reconciliation to the Group's interest in the joint venture:		
Proportion of the Group's ownership	51%	51%
Carrying amount of the investment	5,108	9,590

	Year ended 31 December 2023	Year ended 31 December 2024
	RMB'000	RMB'000
Revenue	—	670
Profit/(loss) and total other comprehensive income/(loss) for the period.	17	(1,212)

Name	Particulars of issued shares held	Place of registration and business	Percentage of ownership interest attributable to the Group	Principal activities
(b) Shantou Beikang Enze Health Management Co. ("Beikang Shantou")	Registered capital of RMB20,000,000	PRC/Mainland China	30%	Postpartum care services

The Group's shareholdings in the joint venture is held through Hangzhou Beikang.

Beikang Shantou, which is considered a material joint venture of the Group, is a strategic partner of the Group engaged in the postpartum care services and is accounted for using the equity method. The Group's investment in this joint venture is accounted for under the equity method of accounting because the Group and Guangdong Zhen Aijia Health Technology Co. Ltd have joint control over the joint venture by way of representation on the general meeting of shareholders and participation in the policy-making process, despite the fact that the percentage of the Group's equity interest in it was only 30% for the year ended 31 December 2023 and 31 December 2024.

The following table illustrates the summarised financial information in respect of Beikang Shantou adjusted for any differences in accounting policies to the carrying amount in the historical financial information:

	As at 31 December 2023	As at 31 December 2024
	RMB'000	RMB'000
Cash and cash equivalents	2,152	1,101
Other current assets	7,872	1,161
Non-current assets, excluding goodwill	11,375	11,934
Current liabilities	(4)	(943)
Non-current liabilities	(13,079)	—
Net assets	8,316	13,253
Reconciliation to the Group's interest in the joint venture:		
Proportion of the Group's ownership	30%	30%
Carrying amount of the investment	2,495	3,976

	Year ended 31 December 2023	Year ended 31 December 2024
	RMB'000	RMB'000
Revenue	—	1,387
Loss and total other comprehensive loss for the period	(1,684)	(63)

The following table illustrates the aggregate financial information of the Group's joint venture that is not individually material:

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Share of the joint venture's loss for the year	(1,355)	—	—
Share of the joint venture's total comprehensive loss	(1,355)	—	—
Aggregate carrying amount of the Group's investment in the joint venture	—	—	—

19. OTHER NON-CURRENT ASSETS

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Prepayment for equipment purchases	1,083	1,193	3,484
Prepayment for acquisition of subsidiaries (i)	—	20,000	—
Loan to a related party (ii)	—	2,737	2,737
	1,083	23,930	6,221

(i) On 7 March 2023, the Group entered into a share purchase agreement with Shanghai Atlas Venture Capital Co., Ltd. to purchase 52.63% of Yuezige (Shanghai) Health Services Co., Ltd. ("Yuezige") and its subsidiary Shanghai Maternal and Child Products Co., Ltd. ("Yunshanfang") at a consideration of RMB20,000,000.

(ii) The Loan receivable as at 31 December 2024 was a long-term loan due from Kid Garden Limited, this loan is non-interest bearing and matures within five years from 31 December 2023.

20. INVENTORIES

	As at 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials	2,057	1,819	2,897
Finished goods	7,217	9,172	16,158
Less: Provision for impairment	—	(169)	(253)
Net carrying amount	<u>9,274</u>	<u>10,822</u>	<u>18,802</u>

21. TRADE RECEIVABLES

	As at 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	3,328	7,415	15,860
Impairment	(37)	—	—
Net carrying amount	<u>3,291</u>	<u>7,415</u>	<u>15,860</u>

The Group's trading terms with its customers are mainly payment in advance, except for management fees from a joint venture, associates, strategic partners, and certain managed centers, which are normally on credit. The credit period of managed centers is generally 0–12 months and they must pay within 10 working days from the end of each calendar month. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The net value of the Group's trade receivables due from the Group's related parties is further detailed in note 37 to the Historical Financial Information, which are repayable on credit terms similar to those offered to the third parties of the Group.

An ageing analysis of the trade receivables as at the end of each of the Relevant Periods, based on the invoice date and net of loss allowance, is as follows:

	As at 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	2,046	3,532	13,823
3 months to 1 year	1,245	3,883	2,035
1 year to 2 years	—	—	2
Total	<u>3,291</u>	<u>7,415</u>	<u>15,860</u>

The movements in the loss allowance for impairment of trade receivables are as follows:

	As at 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At beginning of year	37	37	—
Disposal of subsidiaries (<i>note 34</i>)	—	(37)	—
At the end of year	<u>37</u>	<u>—</u>	<u>—</u>

The ageing of trade receivables is mainly within one year, and there is low credit loss in the history. Therefore, trade receivables of the Group were considered to be of low credit risk and thus the Group has assessed that the ECL for trade receivables was immaterial under the life time expected credit loss method.

22. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

Group

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Loans to third parties (i)	80,705	24,449	—
Rental deposits	15,780	23,950	28,127
Prepayments	15,552	24,861	31,072
Other receivables	1,941	2,873	17,864
Deductible input value-added tax	2,259	3,199	3,939
Due from related parties (Note 37)	—	716	2,578
Deferred listing expenses	15	558	5,494
Receivables from issuance of ordinary shares with preferred rights	—	—	17,128
	116,252	80,606	106,202
Less: Impairment allowance	—	—	(43)
Total	116,252	80,606	106,159

Company

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Receivables from issuance of ordinary shares with preferred rights	—	—	17,128
Deferred listing expenses	—	—	3,049
Due from related parties	—	—	7,715
Prepayments	—	—	96
Total	—	—	27,988

- (i) The loan receivables as at 31 December 2022 and 2023 include short-term interest bearing loans due from Hangzhou Qingzhi Enterprise Management Co., Ltd., Hangzhou Qinglong Construction Development Co., Ltd and Yuezige.

As at 31 December 2022, the short-term interest bearing loan due from Hangzhou Qingzhi Enterprise Management Co., Ltd. amounted to RMB30,500,000, with an interest rate of 6% per annum for its operation and the accrued interest amounted to approximately Nil, and the loan was recovered in 2023.

As at 31 December 2022, the short-term interest bearing loan due from Hangzhou Qinglong Construction Development Co., Ltd amounted to RMB50,000,000, with an interest rate of 5% per annum for its operation and the accrued interest amounted to approximately RMB205,000, and the loan was recovered in 2023.

As at 31 December 2023, the receivables due from Yuezige amounted to RMB24,000,000 with an interest rate of 5% per annum for its operation, the borrowing period of the receivables is 12 months and the accrued interest amounted to approximately RMB449,000.

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Wealth management products (i)	73,528	—	14,569
Unlisted equity investment, at fair value (ii)	—	—	5,000
	<u>73,528</u>	<u>—</u>	<u>19,569</u>

- (i) The above investments represent investments in certain wealth management products and trust products issued by commercial banks with expected return rates from 2.70% to 4.20% per annum for the year ended 31 December 2022 and 2.28% per annum for the year ended 31 December 2024. The returns on all of these wealth management products and trust products are not guaranteed. These wealth management products and trust products are market-oriented and can be redeemed at any time. The fair values of the investments approximate to their costs plus expected return.

The above investments were wealth management products issued by banks in Mainland China and trust products issued by other finance institutions. They were classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

- (ii) The Group has determined that the reported net asset value of underlying investments value represents fair value at the end of the reporting period. Key assumptions are set out as below:

Financial assets	Fair value hierarchy	Valuation technique	Significant unobservable input	Sensitivity of fair value to the input
Investment in unlisted equity fund	Level 3	Net asset value of underlying investments value	N/A	N/A

24. BANK DEPOSITS WITH INITIAL TERMS OF OVER THREE MONTH, RESTRICTED CASH, AND CASH AND CASH EQUIVALENTS

Group

	As at 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Restricted cash and bank deposits			
Restricted cash (a)	—	6,111	6,126
Bank deposits with an initial term of over three months (b)	10,000	83,801	116,016
Total	<u>10,000</u>	<u>89,912</u>	<u>122,142</u>
Cash and cash equivalents			
Cash in banks	<u>89,524</u>	<u>120,849</u>	<u>65,971</u>
Denominated in:			
RMB	70,324	120,562	63,709
USD	17,511	—	1,691
HKD	1,689	—	285
SGD	—	287	286
Total	<u>89,524</u>	<u>120,849</u>	<u>65,971</u>

Company

	As at 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash and cash equivalents			
Cash in banks	<u>—</u>	<u>—</u>	<u>43</u>
Denominated in:			
RMB	—	—	5
USD	—	—	37
HKD	—	—	1
Total	<u>—</u>	<u>—</u>	<u>43</u>

- (a) As at 31 December 2023, approximately RMB6,111,000 were restricted on escrow accounts for share purchase transaction.

As at 31 December 2024, approximately RMB6,126,000 were restricted on escrow accounts for share purchase transaction.

- (b) As at 31 December 2024, the Group's Bank deposits with an initial term of over three months with a carrying value of RMB32,000,000 were pledged to secure general banking facilities granted to the Group.

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

25. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	As at 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	15,312	9,877	31,860
Between 3 months and 1 year	2,527	460	414
Between 1 and 2 years	98	1,517	8
Over 2 years	—	—	1,044
Total	<u>17,937</u>	<u>11,854</u>	<u>33,326</u>

The trade payables are non-interest-bearing and are normally settled on 30 to 90 day terms. The fair value of trade payables approximates to their carrying amount.

26. OTHER PAYABLES AND ACCRUALS**Group**

	<i>Notes</i>	As at 31 December		
		2022	2023	2024
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Accrued payroll and bonus		21,009	19,003	22,754
Other payables		35,566	12,398	14,293
Deposits payable		1,495	1,190	1,862
Acquisition consideration payables		8,000	500	12,222
VAT and other tax payables		9,146	12,122	14,009
Payment in connection with reorganization		—	—	12,977
Accrued listing expenses		—	467	13,364
Due to related parties (<i>Note 37</i>)		—	—	829
Capital injection payable to a joint venture		1,355	—	—
Total		<u>76,571</u>	<u>45,680</u>	<u>92,310</u>

Company

	<i>Notes</i>	As at 31 December		
		2022	2023	2024
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Due to related parties		—	—	21,422
Accrued listing expenses		—	—	4,612
Total		<u>—</u>	<u>—</u>	<u>26,034</u>

27. CONTRACT LIABILITIES

		As at 31 December		
		2022	2023	2024
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Advance received from customers for products and services		<u>113,254</u>	<u>163,127</u>	<u>175,463</u>

28. INTEREST-BEARING BANK BORROWINGS

As at 31 December									
2022				2023			2024		
<i>Effective</i>		<i>Maturity</i>	<i>RMB'000</i>	<i>Effective</i>		<i>Maturity</i>	<i>Effective</i>		<i>RMB'000</i>
<i>Interest rate</i>				<i>Interest rate</i>			<i>Interest rate</i>		
(%)				(%)			(%)		
Current									
Bank loans — unsecured	3.85	2023	20,000	3.30	2024	10,000	2.90	2025	10,008
Bank loans — secured (a) . . .	4.50	2023	20,000	—	—	—	5.80/6.00	2025	29,741
Total			40,000			10,000			39,749

The carrying amounts of borrowings are denominated in the following currencies:

As at 31 December			
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
United States dollar	—	—	29,741
RMB	40,000	10,000	10,008
Total	40,000	10,000	39,749

An analysis of the carrying amounts of borrowings by type of interest rate is as follows:

As at 31 December			
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Fixed interest rate	40,000	10,000	39,749

As at 31 December			
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Analysed into:			
Within one year or on demand	40,000	10,000	39,749

(a) As at 31 December 2022, secured bank loans amounting to RMB20,000,000 were guaranteed by Danny Xiang.

As at 31 December 2024, the Group's bank deposits with an initial term of over three months with a carrying value of RMB32,000,000 were pledged to secure general banking facilities granted to the Group.

At the end of respective reporting periods, the fair value of the current borrowings approximates to their carrying amount.

29. DEFERRED TAX

The movements in deferred tax liabilities and assets during the Relevant Periods are as follows:

Deferred tax liabilities

As at 31 December 2022				
	Fair value changes on financial assets at fair value through profit and loss			Total
	Right-of-use assets		Other intangible assets	
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022.	10,247	255	3,199	13,701
Credited to the statement of profit or loss during the year (note 11)	(3,362)	(251)	(207)	(3,820)
Acquisition of businesses (note 33)	1,219	—	—	1,219
Gross deferred tax liabilities at 31 December 2022	8,104	4	2,992	11,100

Deferred tax assets

As at 31 December 2022					
	Deductible donation expenses	Lease liabilities	Tax losses	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022	172	9,733	1	415	10,321
Acquisition of businesses (note 33)	—	1,255	—	—	1,255
Credited/(charged) to the statement of profit or loss during the year (note 11)	(172)	(3,486)	152	98	(3,408)
Gross deferred tax assets at 31 December 2022	—	7,502	153	513	8,168

Deferred tax liabilities

	As at 31 December 2023			
		Fair value changes on financial assets at fair value		
	Right-of-use assets	through profit and loss	Other intangible assets	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023.	8,104	4	2,992	11,100
(Credited)/Charged to the statement of profit or loss during the year (<i>note 11</i>)	(1,049)	(4)	(206)	(1,259)
Disposal of subsidiaries (<i>note 34</i>)	(495)	—	—	(495)
Gross deferred tax liabilities at 31 December 2023	<u>6,560</u>	<u>—</u>	<u>2,786</u>	<u>9,346</u>

Deferred tax assets

	As at 31 December 2023				
			Impairment provision for inventory	Others	Total
	Lease liabilities	Tax losses			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	7,502	153	—	513	8,168
Credited/(charged) to the statement of profit or loss during the year (<i>note 11</i>)	(661)	1,403	15	165	922
Disposal of subsidiaries (<i>note 34</i>).	(495)	—	—	—	(495)
Gross deferred tax assets at 31 December 2023	<u>6,346</u>	<u>1,556</u>	<u>15</u>	<u>678</u>	<u>8,595</u>

Deferred tax liabilities

	As at 31 December 2024			
		Fair value changes on financial assets at fair value		
	Right-of-use assets	through profit and loss	Other intangible assets	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024.	6,560	—	2,786	9,346
Acquisition of subsidiaries.	14,192	—	—	14,192
(Credited)/Charged to the statement of profit or loss during the year (<i>note 11</i>)	(880)	10	(206)	(1,076)
Gross deferred tax liabilities at 31 December 2024.	19,872	10	2,580	22,462

Deferred tax assets

	As at 31 December 2024				
			Impairment provision for inventory	Others	Total
	Lease liabilities	Tax losses			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	6,346	1,556	15	678	8,595
Acquisition of subsidiaries	14,192	—	—	—	14,192
Credited/(charged) to the statement of profit or loss during the year (<i>note 11</i>)	(1,071)	3,699	44	37	2,709
Gross deferred tax assets at 31 December 2024.	19,467	5,255	59	715	25,496

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statements of financial position as at 31 December 2022, 2023 and 2024. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	64	2,054	5,876
Net deferred tax liabilities recognised in the consolidated statement of financial position	2,996	2,805	2,842
Total	(2,932)	(751)	3,034

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefits through future taxable profits is probable. Based on the above principle, the Group did not recognise deferred tax assets of approximately RMB41,500,000, RMB37,765,000 and RMB66,694,000 as at 31 December 2022, 2023 and 2024 in respect of tax losses amounting to approximately RMB165,998,000, RMB150,059,000 and RMB266,775,000 as at 31 December 2022, 2023 and 2024. As at 31 December 2022, 2023 and 2024, these unrecognised tax losses amounting to approximately RMB165,998,000, RMB150,059,000 and RMB266,775,000 will respectively expire in 5 years.

30. FINANCIAL INSTRUMENTS ISSUED TO INVESTORS

Group

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Current			
Ordinary shares with preferred rights and warrants (<i>Note (a)</i>)	—	—	1,656,271
Non-current			
Ordinary shares with preferred rights and warrants (<i>Note (a)</i>)	836,430	1,162,522	—

Company

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Current			
Ordinary shares with preferred rights and warrants (<i>Note (a)</i>)	—	—	1,656,271
Non-current			
Ordinary shares with preferred rights and warrants (<i>Note (a)</i>)	—	1,082,067	—

(a) Ordinary shares with preferred rights and warrants***Issuance of ordinary shares with preferred rights and warrants***

In 2018, Hangzhou Beikang entered into investment agreements with Series A investors, pursuant to which, these investors agreed to subscribe 466,200 shares of Hangzhou Beikang at a consideration of RMB15,000,000 (referred as “Series A Investment”).

In 2019, Hangzhou Beikang entered into investment agreements with Series A+ investors, pursuant to which, these investors agreed to subscribe 374,350 shares of Hangzhou Beikang at a consideration of RMB21,189,820 (referred as “Series A+ Investment”).

In 2020, Hangzhou Beikang entered into investment agreements with a Series B investor, pursuant to which, these investors agreed to subscribe 132,499 shares of Hangzhou Beikang at a consideration of RMB10,952,760 (referred as “Series B Investment”).

In 2020, Hangzhou Beikang entered into investment agreements with Series B+ investors, pursuant to which, these investors agreed to subscribe 159,175 shares of Hangzhou Beikang at a consideration of RMB40,000,000 (referred as “Series B+ Investment”).

In 2021, Hangzhou Beikang entered into investment agreements with a Series C investor, pursuant to which, these investors agreed to subscribe 397,938 shares of Hangzhou Beikang at a consideration of RMB150,000,000, which was paid in USD equivalent (referred as “Series C Investment”).

In 2022, Hangzhou Beikang entered into investment agreements with Series C-3 investors, pursuant to which, these investors agreed to subscribe 119,172 shares of Hangzhou Beikang at a consideration of RMB95,000,000 (referred as “Series C-3 Investment”).

In 2023, the Group underwent the Reorganization, upon completion of which, the Company became the holding company of the Group.

On 21 December 2023, the Company issued and allotted 2,098,934 shares of a par value of US\$0.0001 each to Pre-IPO investors Tencent Mobility Limited, Sun Hung Kai Strategic Capital Limited, River Delta Capital SPC — Mirae Asset Prime Alpha SP, C Ventures SP I Ltd., Gotham Equity Limited, Bourn Well Investment Limited, and Elegant Riverine Limited, at a consideration of RMB69,599,000, in exchange for the equity interests in Hangzhou Beikang.

On 22 December 2023, the Company issued 2,462,755 warrants to Pre-IPO investors (“**subscribers**”), Ulanqab Gaorong Phase III Investment Partnership (LP), Ningbo Liansu Tangzhu Investment Management Partnership (LP), Kunshan Tanglu Investment Management Partnership (LP), Beijing China Life Pension Industry Investment Fund (LP), Hainan Shengdan Jinsheng Venture Capital Partnership (LP), Zhuji Jiantou Qihang Equity Investment Partnership (LP), Wuxi Shenqi Haohui Venture Capital Partnership (LP) with no consideration.

On 7 June 2024, the warrants subscribers exercised 2,462,755 warrants to subscribe equivalent number of ordinary shares with preferred rights at a consideration of RMB32.6688 per share.

The key terms of preferred rights are summarized as follows:

Redemption feature

Shares issued by the Company for the Series A, Series A+, Series B+, Series C and Series C-3 shall be redeemable by any of the Controlling Shareholders and/or the Company upon the occurrence of certain events, with the main conditions being:

- (i) the Company fails to complete a Qualified IPO or to be sold by 31 December 2025;
- (ii) the Company, having submitted a Qualified IPO Application, then subsequently withdraws it or such application is rejected by the relevant listing regulatory authorities (including but not limited to the securities supervision and administration authorities, or the stock exchanges);
- (iii) the Group incurs significant losses due to material personal integrity issues of the Founding Shareholders or the management;

- (iv) the Company's auditor is unable to issue an unqualified audit report and this causes the Company not able to complete a Qualified IPO Application;
- (v) violation of certain obligations under various agreements or documents set forth in the shareholder agreement by the Company, Founders and/or initial Shareholders, and this results in a material adverse effect to the Series A, Series A+, Series B+, Series C and Series C-3 investors;
- (vi) a material breach by the Founding Shareholders, the Initial Shareholders or any Group Company which is a party to the relevant agreement, of various agreements or documents set forth in the shareholder agreement, and such breach is not remedied within 10 business days after receiving a written notice from the Investors requesting them to do so; or
- (vii) any shareholder requests a repurchase and exercises its repurchase right.

Shares issued by the Company for the Series B shall be redeemable by any or both of the Repurchase Obligor upon the occurrence of certain events, with the main conditions being:

- (i) the Company fails to complete a Qualified IPO or to be sold by 31 December 2025;
- (ii) the Company fails to complete a Sale by 31 December 2025.

The redemption amount payable for Series A Investment and Series A+ Investment, upon exercise of the redemption option by the holder, will be an amount equal to the investment amount, plus compounded accrued interest at a rate of 10% per annum and all declared but unpaid dividends thereon up to the date of redemption.

The redemption amount payable for Series B Investment, Series B+ Investment, Series C Investment and Series C-3 Investment, upon exercise of the redemption option by the holder, will be an amount equal to the investment amount, plus accrued interest at a rate of 8%(simple interest) per annum and all declared but unpaid dividends thereon up to the date of redemption.

Liquidation preferences

In the event of any liquidation including deemed liquidation, dissolution, bankruptcy, acquisitions, sale or transfer of all or part of the core assets, winding up of the Company, the founder of the Company and the Company shall ensure that the investors of the investments are entitled to receive, prior and in preference to any distribution of any of the assets or surplus funds of the Company to founder in order of priority, an amount equals to the aggregate of the original issue price for the respective series plus an amount declared but not paid dividends and the remaining assets of the Company available for distribution shall be distributed rateably among the shareholders.

The liquidation preference amount will be paid to the shareholders with preferred rights (“**preferred shareholders**”) in the following order: first to Series C-3 Investors, second to Series C Investors, third to Series B+ Investors, fourth to Series B Investors, fifth to Series A+ Investors and Series A Investors. After distribution to the preferred shareholders the amount of preference, all remaining assets and funds of the Company available for distribution to the shareholders shall be distributed rateably among all the ordinary shareholders and preferred shareholders on a fully diluted basis.

Anti-dilution right

If the Company increases its share capital at a price lower than the price paid by the investors of the investments on a per share capital basis prior to a qualified IPO, the investors have a right to require the Company and the controlling shareholders of the Company to transfer for nil consideration to the investors, so that the total amount paid by the investors divided by the total amount of share capital obtained is equal to the price per share capital in the new issuance.

Presentation and classification

The Company recognized the financial instruments issued to investors as financial liabilities, because not all triggering events mentioned in the key terms above are within the control of the Company and these financial instruments did not meet the definition of equity for the Company. The financial liabilities are measured at weighted average amount of each scenario to be paid to the investors upon redemption or liquidation which is assumed to be at the dates of issuance and at the end of each reporting period. Any changes in the carrying amount of the financial liabilities were recorded in “Fair value changes in financial instruments issued to investors”.

Financial instruments issued to investors as at 31 December 2022 and 2023 are classified as non-current liabilities as the shareholders can demand the Group to redeem the shares with preferred rights for cash at least 12 months after the end of the reporting period.

Financial instruments issued to investors as at 31 December 2024 are classified as current liabilities because shareholders may require the Group to redeem preference shares in cash less than 12 months after the end of the reporting period.

The movements of the financial instruments issued to investors are set out below:

Group

	As at 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of the year	444,567	836,430	1,162,522
Fair value change	366,863	256,092	493,749
Issuance for cash.	25,000	70,000	—
At the ending of the year	<u>836,430</u>	<u>1,162,522^{**}</u>	<u>1,656,271</u>

Company

	As at 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of the year	—	—	1,082,067
Issue of warrants and ordinary shares with preferred rights for ordinary shares with preferred rights of a subsidiary*	—	1,082,067	—
Fair value change	—	—	493,749
Conversion of warrants to ordinary shares with preferred rights	—	—	80,455
At the ending of the year	<u>—</u>	<u>1,082,067^{**}</u>	<u>1,656,271</u>

* The Company was incorporated in the Cayman Islands on 4 July 2023 to act as the holding company of the Group following the reorganization. Pursuant to the reorganization, Primecare, a subsidiary of the Company, repurchased the ordinary shares with preferred rights of Hangzhou Beikang from IPO investors, and then the Company issued warrants and ordinary shares with preferred rights to IPO investors on the same date.

** The fair value of warrants, ordinary shares with preferred rights and repurchase obligation to IPO investors are recorded in financial instruments issued to investors. As at 31 December 2023, warrants were not exercisable yet and Primecare still had the obligation to pay for the residual repurchase consideration, amounting to approximately RMB80,455,000. As at 31 December 2024, all warrants have been exercised.

The Company has engaged an independent valuer to determine the fair value of ordinary shares with preferred rights and warrants. The Backsolve method was used to determine the total equity value of the Company as at 31 December 2022 and 2023, and discounted cash flow method was used to determine the total equity value of the Company as at 31 December 2024, and then equity allocation model was adopted to determine the fair value of the ordinary shares with preferred rights and warrants. Key assumptions are set as below:

	As at 31 December		
	2022	2023	2024
Discounts for lack of marketability (“ DLOM ”) . . .	7%–23%	6%–16%	8%–10%
Expected volatility (<i>a</i>)	58.57%/54.46%	47.39%/39.44%	52.95%/51.01%
Discounted rate	—	—	13.2%

- (a) Volatility was estimated based on annualized standard deviation of the daily return embedded in historical stock prices of comparable companies with a time horizon close to the expected term. Probability weight among redemption, liquidation and IPO scenarios was based on the Company’s best estimates. In the liquidation and redemption scenarios, the expected volatility at 31 December 2022, 2023 and 2024 is 58.57%, 47.39% and 52.95%, in the IPO scenario, the expected volatility at 31 December 2022, 2023 and 2024 is 54.46%, 39.44% and 51.01%.

If the Company’s significant unobservable inputs applied in the valuation had been 1% lower or higher than management’s estimation as at 31 December 2022, 2023 and 2024, the fair value of the ordinary shares with preferred rights and warrants would increase/(decrease) by the amounts listed in table below:

	As at 31 December 2022	
	DLOM	Expected volatility
	<i>RMB’000</i>	<i>RMB’000</i>
Impact on the fair value of financial instruments issued to investors		
Add 1%	(21,239)	(3,783)
Reduce 1%	21,239	9,806

	As at 31 December 2023	
	DLOM	Expected volatility
	<i>RMB’000</i>	<i>RMB’000</i>
Impact on the fair value of financial instruments issued to investors		
Add 1%	(28,160)	(4,640)
Reduce 1%	28,160	7,235

	As at 31 December 2024		
	DLOM	Expected volatility	Discounted rate
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Impact on the fair value of financial instruments issued to investors			
Add 1%	(18,310)	(1,692)	(132,389)
Reduce 1%	18,310	1,201	156,838

31. SHARE CAPITAL AND RESERVES

(a) Share capital

The amounts of the Group's reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity of the Historical Financial Information.

Authorised:

Ordinary shares of US\$0.0001 each

At 4 July 2023, 31 December 2023 and 31 December 2024	500,000,000
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Issued and fully paid:

Ordinary shares of US\$0.0001 each

	Number of shares in issue	Share capital
		<i>RMB'000</i>
At 4 July 2023 (<i>Note (a)</i>)	—	—
Issuance of new ordinary shares (<i>Note (b)</i>)	4,354,087	3
At 31 December 2023 and 1 January 2024	4,354,087	3
Issuance of new ordinary shares	1,188,991	1
At 31 December 2024	5,543,078	4

- (a) The Company was incorporated in the Cayman Islands as an exempted company on 4 July 2023 with authorised share capital of US\$50,000 divided into 500,000,000 shares of a nominal par value of US\$0.0001 each.

- (b) On 21 December 2023, pursuant to the founder subscription agreements dated 8 December 2023, the Company issued 4,249,320 fully paid ordinary shares to part of the then shareholders of Hangzhou Beikang pursuant to the Reorganization.

On 21 December 2023, pursuant to the investors subscription agreements dated 21 December 2023, the Company issued 104,767 ordinary shares to part of the then shareholders of Hangzhou Beikang pursuant to the Reorganization which have been fully paid as at 31 December 2023.

- (c) Pursuant to the application for shares dated 4 July 2023, the Company issued 1,000,000 ordinary shares to part of the then shareholders of Hangzhou Beikang pursuant to the Reorganization, which shall be satisfied until the Capital Reduction and the registration of the Capital Reduction having been completed in accordance with the requirements of the applicable laws and regulations in the PRC on 9 February 2024.

Pursuant to the initial shareholders capitalization agreement dated 11 June 2024, the Company issued 188,991 ordinary shares to part of the then shareholders of Hangzhou Beikang pursuant to the Reorganization.

(b) Capital reserve

Group

(i) Capital reserve

The capital reserve of the Group represents the contribution from the ultimate holding company and shareholder and the excess of the consideration over the carrying amount of the non-controlling interests acquired. Details of the movements in capital reserve are set out in the consolidated statements of changes in equity of the Historical Financial Information.

(ii) Dividends

No dividend has been paid or declared by the Company during the Relevant Periods.

(iii) Share scheme reserve

The share scheme reserve of the Group represents the share-based payment granted by the Group.

Company

The amounts of the Company's reserve and the movements therein for the Relevant Periods are presented as follows:

	Capital reserve	Exchange fluctuation reserve	Share scheme reserve	Retained earnings	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 4 July 2023 (date of incorporation)	—	—	—	—	—
Issue of ordinary shares (Note 31)	5,784	—	—	—	5,784
Issue of ordinary shares with preferred rights and warrants	(1,015,891)	—	—	—	(1,015,891)
At 31 December 2023 and 1 January 2024.	<u>(1,010,107)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(1,010,107)</u>
Loss for the year	—	—	—	(509,862)	(509,862)
Issue of ordinary shares (Note 31)	(1)	—	—	—	(1)
Recognition of share-based payment expenses	—	—	60,649	—	60,649
Exchange differences of translation of financial statements	—	982	—	—	982
At 31 December 2024	<u>(1,010,108)</u>	<u>982</u>	<u>60,649</u>	<u>(509,862)</u>	<u>(1,458,339)</u>

32. EQUITY-SETTLED SHARE-BASED PAYMENT

In order to motivate the eligible participants to optimize their performance for the benefit of the Group, and attract and retain or otherwise maintain an on-going working relationship with the eligible participants whose contributions are or will be beneficial to the long-term growth of the Group, SAINT BELLA Inc., the holding company of the Group adopted a share incentive scheme in June 2024.

In June 2024, the Board approved a share incentive scheme which would grant 367,474 restricted shares to certain employees at a consideration of USD0.0001 per share. As at 31 December 2024, the grant was not completed as the arrangement was not legally enforceable. Services have been effectively being rendered for the award in advance of the grant date. According to HKFRS 2, when grant date occurs after the employees to whom the equity instruments were granted have begun rendering services, the Group estimated the expected grant date fair value of the restricted shares for the purposes of recognising the services received during the period between the service commencement date and the expected grant date.

During the Relevant Periods, the Group recognised share-based payment expenses of Nil, Nil and RMB60,649,000, respectively.

The fair value of restricted shares at expected grant date was RMB35.15 per share and the exercise price was USD0.00001 per share.

The fair value of restricted shares was estimated as at the expected grant date, using a binomial model, taking into account the terms and conditions upon which the restricted shares were granted. The following table lists the inputs to the model used:

	Expected grant date
Dividend yield (%)	—
Expected volatility (%)	50.41
Risk-free interest rate (%)	4.82
Expected life of restricted shares (year)	10.00
Weighted average share price (RMB per share)	35.15

33. BUSINESS COMBINATION

(i) Acquisition of Yuezige and Yunshanfang

The Group and the original shareholders of Yuezige and Yunshanfang, Shanghai Atlas Venture Capital Co., Ltd., entered into an equity transfer agreement in March 2023, to acquire 52.6316% interests in Yuezige at a cash consideration of RMB20,000,000. As at 31 December 2024, the consideration has been fully paid.

The Group and the original shareholders of Yuezige, Diamond BioFund (Hong Kong) Limited, entered into an equity transfer agreement in August 2023, to acquire 23.6842% interests in Yuezige at a cash consideration of RMB6,111,000. As at 31 December 2024, the consideration payable amounted to RMB6,111,000.

As at 5 February 2024, the Group obtained control of Yuezige, and Yuezige was consolidated into the Group since then.

The fair values of the identifiable assets and liabilities of Yuezige and Yunshanfang as at the date of acquisition were as follows:

	<i>Notes</i>	Fair value recognized on acquisition
		2024
		<i>RMB'000</i>
Cash and cash equivalents		6,102
Prepayments, other receivables and other assets		1,589
Property, plant and equipment	13	3,029
Right-of-use assets	14(a)	56,770
Other non-current assets		1,276
Other payables and accruals		(34,566)
Contract liabilities		(1,103)
Lease liabilities	14(b)	(56,770)
Total identifiable net assets at fair value		(23,673)
Non-controlling interests		5,607
Goodwill on acquisition	15	44,177
		<u>26,111</u>
Prepayment for acquisition of subsidiaries		20,000
Cash consideration not paid at year end		6,111
		<u>26,111</u>

The fair values of the other receivables as at the date of acquisition amounted to approximately RMB899,000. The gross contractual amount of other receivables was approximately RMB899,000.

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favourable terms of the leases relative to market terms.

Since the acquisition, Yuezige and its subsidiary contributed approximately RMB5,084,000 to the Group's revenue and RMB1,706,000 to the Group's loss for the twelve months ended 31 December 2024.

Had the combination taken place at the beginning of the year ended December 31, 2024, the revenue of the Group and the loss of the Group for the year would have been approximately RMB 798,973,000 and approximately RMB 546,083,000, respectively.

An analysis of the cash flows in respect of the acquisition of subsidiaries is as follows:

	<i>RMB'000</i>
Cash consideration	(26,111)
Cash consideration not paid yet	(6,111)
Prepayment for acquisition of subsidiaries	(20,000)
Cash and bank balances acquired	6,102
Net inflow of cash and cash equivalents included in cash flows used in investing activities	<u>6,102</u>

(ii) Acquisition of postpartum centers and Hanlian

Businesses acquired from the following companies	Month of acquisition	Consideration
		<i>RMB'000</i>
Shenzhen Yuefu Health Technology Co., Ltd.	Jun, 2021	6,016
Shanxi Meiaibijia Maternity & Baby Care Co., Ltd.	Oct, 2021	2,555
Ningbo Man Yuege Health Consultancy Co., Ltd.	Mar, 2022	3,000
Ningbo Man Yuege Maternity Care Co., Ltd.	Mar, 2022	2,200
Hangzhou Hanlian Gongchuang Technology Co., Ltd. and Tianjin Hanlian Gongchuang Trading Co., Ltd.	Mar, 2022	2,000
Hainan Haikou Berijia Maternity Care Service Co., Ltd.	Apr, 2022	4,500
Suzhou Zhenlinge Maternity Home Service Co., Ltd.	Jan, 2023	5,200

The effect of the above acquisitions is summarised as follows:

	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Acquisition consideration			
— Cash consideration	11,700	5,200	—

The details of the assets and liabilities acquired and cash flows relating to these acquisitions are summarised as follows:

		Fair value at acquisition date		
		2022	2023	2024
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Prepayments, other receivables and other assets		92	52	—
Property, plant and equipment	13	210	—	—
Right-of-use assets	14(a)	4,876	—	—
Deferred tax assets		1,255	—	—
Lease liabilities	14(b)	(5,022)	—	—
Deferred tax liabilities		(1,219)	—	—
Total identifiable net assets at fair value . .		192	52	—
Non-controlling interests		(56)	—	—
Goodwill on acquisition		11,564	5,148	—
		11,700	5,200	—
Satisfied by cash		10,700	5,200	—
Cash consideration not paid at end of each year of the relevant period		1,000	—	—
		11,700	5,200	—

An analysis of the cash flows in respect of the acquisition of the businesses and subsidiaries is as follows:

	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash consideration	(11,700)	(5,200)	—
Less: Cash consideration not paid at end of each year of the relevant period.	1,000	—	—
Cash outflow on acquisition	<u>(10,700)</u>	<u>(5,200)</u>	<u>—</u>
Add: Satisfied in cash in relation to acquisitions in prior year	<u>(8,000)</u>	<u>(6,762)*</u>	<u>(423)**</u>
Net outflow of cash and cash equivalents included in cash flows from investing activities	<u><u>(18,700)</u></u>	<u><u>(11,962)</u></u>	<u><u>(423)</u></u>

* The Group entered into a supplementary agreement with GuangHeTang Herbal that approximately RMB738,000 of the consideration was settled through the receivables due from Beikang GuangHe, while others were settled through cash in 2023.

** The Group entered into a supplementary agreement with the original shareholder of Hainan Haikou Berijia Maternity Care Service Co., Ltd., Huang Yamei (黄雅美), that approximately RMB77,000 of the consideration was settled through the receivables due from Huang Yamei, while others were settled through cash in 2024.

The unpaid acquisition consideration is RMB8,000,000, RMB500,000 and RMB6,111,000 as at 31 December 2022, 2023 and 2024.

34. DISPOSAL OF SUBSIDIARIES

The Group entered into share and business transfer agreements with Chung Yu-Fu, Xu Jiancong and Wang Cun on 31 March 2023, to dispose of 100% equity interests in the Group's subsidiary, GuangHeTang Catering, at a consideration of approximately RMB24,000 with a total disposal gain of approximately RMB246,000.

The Group entered into share and business transfer agreements with Hangzhou Beixiang Technology Co., Ltd on 19 December 2024, to dispose of 70% equity interests in the Group's subsidiary, Chengdu Wenjiang BekZene Internet Hospital Co., Ltd, at a consideration of approximately RMB9,241,000 with a total disposal gain of approximately RMB1,000.

The Group entered into share and business transfer agreements with Chengdu Boxing Zhiyuan Technology Co., Ltd on 30 December 2024, to dispose of 70% equity interests in the Group's subsidiary, Chengdu Wenjiang Beikang Enhu Outpatient Department Co., Ltd, at a consideration of nil with a total disposal loss of approximately RMB29,000.

Details of the net assets disposed of are as follows:

		2023	2024
		<i>RMB'000</i>	<i>RMB'000</i>
Net assets disposed of:			
Cash and cash equivalents		192	9,648
Trade and bills receivables		542	—
Prepayments, other receivables and other assets.		6,515	28
Inventories		298	—
Property, plant and equipment	13	247	—
Right-of-use assets	14(a)	1,980	—
Deferred tax assets		495	—
Trade and bills payables		(788)	—
Other payables and accruals		(7,147)	—
Lease liabilities	14(b)	(2,061)	—
Deferred tax liabilities		(495)	—
Net (liabilities)/assets		(222)	9,676
Non-controlling interests		—	(407)
Net liabilities attributable to the Company		(222)	9,269
Gain/(loss) on disposal of subsidiaries	6	246	(28)
Satisfied by:			
Net off by due to a third party		24	—
Cash		—	9,241

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Cash and cash equivalents in the subsidiaries disposed of . . .	(192)	(9,648)
Net outflow of cash and cash equivalents in respect of the disposal of subsidiaries	(192)	(9,648)

35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the Relevant Periods, the Group had non-cash additions to right-of-use assets of approximately RMB27,863,000, RMB28,876,000 and RMB28,999,000, lease liabilities of approximately RMB27,187,000, RMB28,484,000 and RMB28,999,000, and other payables of approximately RMB676,000, RMB392,000 and nil, respectively, in respect of lease arrangements for buildings.

(b) Changes in liabilities arising from financing activities

Year ended 31 December 2022

	Financial instruments issued to investors	Interest-bearing bank borrowings	Lease liabilities	Accrued listing expenses in other payables	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2022	444,567	—	40,891	—	485,458
Changes from financing cash flows. . .	25,000	39,861	(38,834)	(15)	26,012
Changes from non-financing cash flows.	—	—	—	(85)	(85)
Changes in the carrying amount of financial instruments issued to investors	366,863	—	—	—	366,863
Interest expenses	—	139	1,624	—	1,763
Acquisition of businesses (<i>note 33</i>). . .	—	—	5,022	—	5,022
New leases	—	—	27,187	—	27,187
Lease terminations	—	—	(1,677)	—	(1,677)
Increase in deferred listing expenses . .	—	—	—	15	15
Listing expenses	—	—	—	85	85
At 31 December 2022.	<u>836,430</u>	<u>40,000</u>	<u>34,213</u>	<u>—</u>	<u>910,643</u>

APPENDIX I

ACCOUNTANTS' REPORT

Year ended 31 December 2023

	Financial instruments issued to investors	Interest-bearing bank borrowings	Lease liabilities	Accrued listing expenses in other payables	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	836,430	40,000	34,213	—	910,643
Changes from financing cash flows. . .	70,000	(31,573)	(34,631)	(457)	3,339
Changes from non-financing cash flows.	—	—	—	(3,193)	(3,193)
Changes in the carrying amount of financial instruments issued to investors	256,092	—	—	—	256,092
Interest expenses	—	1,573	1,363	—	2,936
Revision of a lease payment	—	—	(167)	—	(167)
New leases	—	—	28,651	—	28,651
Disposal of subsidiaries.	—	—	(2,061)	—	(2,061)
Increase in deferred listing expenses . .	—	—	—	543	543
Listing expenses	—	—	—	3,574	3,574
At 31 December 2023.	<u>1,162,522</u>	<u>10,000</u>	<u>27,368</u>	<u>467</u>	<u>1,200,357</u>

Year ended 31 December 2024

	Financial instruments issued to investors	Interest-bearing bank borrowings	Lease liabilities	Accrued listing expenses in other payables	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	1,162,522	10,000	27,368	467	1,200,357
Changes from financing cash flows. . .	—	27,905	(35,217)	(3,167)	(10,479)
Changes from non-financing cash flows.	—	—	—	(20,009)	(20,009)
Changes in the carrying amount of financial instruments issued to investors	493,749	—	—	—	493,749
Interest expenses	—	1,844	2,919	—	4,763
Acquisition of subsidiaries (note 33). .	—	—	56,770	—	56,770
New leases	—	—	28,999	—	28,999
Increase in deferred listing expenses . .	—	—	—	4,936	4,936
Listing expenses	—	—	—	31,137	31,137
At 31 December 2024.	<u>1,656,271</u>	<u>39,749</u>	<u>80,839</u>	<u>13,364</u>	<u>1,790,223</u>

Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	As at 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within operating activities.	109,474	117,365	174,891
Within financing activities.	38,834	34,631	35,217
Total	148,308	151,996	210,108

36. COMMITMENTS

- (a) The Group has various lease contracts that have not yet commenced at the end of each of the Relevant Periods. The future lease payments for these non-cancellable lease contracts are as follows:

	As at 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	13,354	37,091	26,909
1-2 years.	10	1,143	842
Total	13,364	38,234	27,751

- (b) The Group had the following investment commitments, which are not included in the above:

	As at 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Contracted, but not provided for			
Beikang Nanshan	10,200	10,200	5,100
Yuezige	—	6,111	—
Hangzhou Beikangbeifu Health Management Co., Ltd.	—	980	—
Total	10,200	17,291	5,100

37. RELATED PARTY TRANSACTIONS**(a) Name and relationship**

Name of related party	Relationship with the Company
Kid Garden Limited	Joint venture
Beikang Nanshan	Joint venture
Beikang Shantou	Joint venture
Wuxi Beikang	Associate
Hangzhou Beikang Yiran Health Management Co., Ltd (Hangzhou Yiran)	Associate
Hefei Xiaobeila Health Management Co., Ltd (Hefei Xiaobeila)	Associate
Suzhou Beikang Jinyue Health Management Co., Ltd (Suzhou Jinyue)	Associate
Nexus Media Limited	Associate
Hangzhou Meihua	Associate
Hangzhou Beikang Zeen Internet Health Management Co., Ltd	Other related party
Hangzhou Beikang Vocational Skills Training School Co., Ltd	Other related party
Zhejiang Zheshang Jiantou Asset Management Co., Ltd. (Zheshang Jiantou)	Other related party

(b) The Group had the following transactions with related parties:

		Years ended 31 December		
		2022	2023	2024
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Joint venture and associates:				
Sales of products	(i)	1,230	253	2,802
Management fee	(ii)	888	2,732	5,873
Consulting fee	(iii)	—	—	6,981
Loan to a related party	(iv)	—	2,737	—
Expenses paid on behalf of related parties	(v)	—	716	12,047
Contract liabilities received on behalf of related parties	(v)	—	—	31,391

(i) The sales of products to Kid Garden Limited, Beikang Nanshan, Beikang Shantou, Wuxi Beikang, Hangzhou Yiran, Hangzhou Meihua, Suzhou Jinyue and Zheshang Jiantou were mainly materials used for postpartum centres.

- (ii) A subsidiary of the Group entered into agreements with Kid Garden Limited, Nexus Media Limited, Hangzhou Yiran, Suzhou Jinyue and Zheshang Jiantou, to provide branding and operational support and charge a management fee ranging from 5% to 10% based on the revenue of the managed centers.
- (iii) A subsidiary of the Group entered into agreements with the managed centers, to provide services for preparing the opening of the postpartum centers and charge a consulting fee.
- (iv) A subsidiary of the Group entered into an agreement with Kid Garden Limited as at 31 December 2023, the trade receivables of HKD 3,000,000 from Kid Garden Limited were converted into a loan to Kid Garden Limited for daily operation.
- (v) A subsidiary of the Group entered into agreements with Beikang Shantou, Wuxi Beikang, Hangzhou Yiran and Zheshang Jiantou, to operate the postpartum center on behalf of them. The payment of daily operating expenses and costs, as well as the contract liabilities received from customers, will be regularly settled with the above entities.
- (vi) The Group's director Danny Xiang guaranteed certain bank loans made to the Group of up to RMB20,000,000 as at 31 December 2022, as disclosed in note 28 to the financial statements. No guarantee or pledge was received by the Group other than this during the Relevant Periods.

(c) Outstanding balances with related parties

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Trade related:			
Trade receivables			
Kid Garden Limited	2,642	106	1,120
Beikang Nanshan	—	—	367
Beikang Shantou	—	—	86
Wuxi Beikang	—	—	57
Hangzhou Yiran	—	—	376
Zheshang Jiantou	—	—	482
Hefei Xiaobeila Health Management Co., Ltd	—	—	1,200
Nexus Media Limited	—	—	741
Suzhou Jinyue	—	—	94
Total	<u>2,642</u>	<u>106</u>	<u>4,523</u>

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Other receivables			
Beikang Nanshan (iii)	—	—	55
Beikang Shantou (iii)	—	—	161
Hangzhou Beikang Zeen Internet Health Management Co., Ltd.	—	—	1
Wuxi Beikang (iii)	—	—	175
Hangzhou Yiran (iii)	—	—	120
Zheshang Jiantou (iii)	—	—	2,033
Suzhou Jinyue (iii)	—	—	33
Total	—	—	2,578
Other payables			
Beikang Nanshan (iii)	—	—	(2)
Zheshang Jiantou (iii)	—	—	(545)
Suzhou Jinyue (iii)	—	—	(282)
Total	—	—	(829)
Non-trade related:			
Other receivables			
Kid Garden Limited (i)	—	2,737	2,737
Beikang Nanshan (ii).	—	716	—
Total	—	3,453	2,737

(i) A subsidiary of the Group entered into an agreement with Kid Garden Limited as at 31 December 2023, the non-trade receivables of HKD3,000,000 from Kid Garden Limited were converted into a loan to Kid Garden Limited, which will be repaid within five years from 31 December 2023.

(ii) The loan of RMB 716,000 was settled in February 2024.

(iii) A subsidiary of the Group entered into agreements with the managed centers, to operate the postpartum centers on behalf of them. The payment of daily operating expenses and costs, as well as the contract liabilities received from customers, will be regularly settled with above entities.

(d) Compensation of key management personnel of the Group

	Years ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Remuneration of directors and senior management.	212	120	1,167
Share-based payment expenses	—	—	29,994
Total	212	120	31,161

Further details of the directors' and chief executive's emoluments are included in note 9 to the financial statements.

38. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

2022

Financial assets

	At 31 December 2022		
	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Total
	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss (<i>Note 23</i>)	—	73,528	73,528
Trade receivables (<i>Note 21</i>).	3,291	—	3,291
Financial assets included in prepayments, other receivables and other assets (<i>Note 22</i>).	98,426	—	98,426
Bank deposits with initial terms of over three months (<i>Note 24</i>)	10,000	—	10,000
Cash and cash equivalents (<i>Note 24</i>).	89,524	—	89,524
Total	201,241	73,528	274,769

Financial liabilities

	At 31 December 2022		
	Financial liabilities at amortised cost	Financial liabilities at fair value through profit or loss	Total
	RMB'000	RMB'000	RMB'000
Financial instruments issued to investors (Note 30)	—	836,430	836,430
Interest-bearing bank and other borrowings (Note 28)	40,000	—	40,000
Trade payables (Note 25)	17,937	—	17,937
Financial liabilities included in other payables and accruals	46,416	—	46,416
Total	104,353	836,430	940,783

2023*Financial assets*

	At 31 December 2023	
	Financial assets at amortised cost	
	RMB'000	
Other non-current assets	2,737	
Trade receivables (Note 21)	7,415	
Financial assets included in prepayments, other receivables and other assets (Note 22)	51,272	
Bank deposits with initial terms of over three months (Note 24)	83,801	
Cash and cash equivalents (Note 24)	120,849	
Restricted cash (Note 24)	6,111	
Total	272,185	

Financial liabilities

At 31 December 2023			
	Financial liabilities at amortised cost	Financial liabilities at fair value through profit or loss	Total
	RMB'000	RMB'000	RMB'000
Financial instruments issued to investors (Note 30)	—	1,162,522	1,162,522
Interest-bearing bank and other borrowings (Note 28)	10,000	—	10,000
Trade payables (Note 25)	11,854	—	11,854
Financial liabilities included in other payables and accruals	14,555	—	14,555
Total	36,409	1,162,522	1,198,931

2024*Financial assets*

At 31 December 2024			
	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Total
	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss (Note 23)	—	19,569	19,569
Other non-current assets	2,737	—	2,737
Trade receivables (Note 21)	15,860	—	15,860
Financial assets included in prepayments, other receivables and other assets (Note 22)	45,991	—	45,991
Bank deposits with initial terms of over three months (Note 24)	116,016	—	116,016
Cash and cash equivalents (Note 24)	65,971	—	65,971
Restricted cash (Note 24)	6,126	—	6,126
Total	252,701	19,569	272,270

Financial liabilities

At 31 December 2024			
	Financial liabilities at amortised cost	Financial liabilities at fair value through profit or loss	Total
	RMB'000	RMB'000	RMB'000
Financial instruments issued to investors (Note 30)	—	1,656,271	1,656,271
Interest-bearing bank and other borrowings (Note 28)	39,749	—	39,749
Trade payables (Note 25)	33,326	—	33,326
Financial liabilities included in other payables and accruals	55,547	—	55,547
Total	128,622	1,656,271	1,784,893

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, bank deposits, trade receivables, trade payables, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals, and interest-bearing bank borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments or the difference between the fair value and carrying amount of non-current assets is immaterial.

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

For the fair value of the unlisted equity investments at fair value through other comprehensive income, management adopts discounted cash flow valuation model with some unobservable inputs.

Financial assets at fair value through profit or loss of the Group represented wealth management products with banks in Mainland China and trust products issued by other finance institutions. For the structured deposits, the fair value is based on expected cash flow from implied yield, while for other wealth management products, the fair value is based on the quoted net assets value per unit and the discount factor for lack of marketability.

Analysis on fair value measurement of financial instruments as at 31 December 2022, 2023 and 2024 are as follows:

Financial assets at fair value:

	Quoted prices in active markets Level 1 <i>RMB'000</i>	Significant Observable inputs Level 2 <i>RMB'000</i>	Significant unobservable inputs Level 3 <i>RMB'000</i>	Total <i>RMB'000</i>
As at 31 December 2022				
Financial assets at fair value through profit or loss-wealth management products.	—	73,528	—	73,528
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 31 December 2023				
Financial assets at fair value through profit or loss-wealth management products.	—	—	—	—
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 31 December 2024				
Financial assets at fair value through profit or loss-unlisted equity investments	—	—	5,000	5,000
Financial assets at fair value through profit or loss-trust products	—	14,569	—	14,569
	—	14,569	5,000	19,569

Financial liabilities measured at fair value:

	Quoted prices in active markets Level 1	Significant Observable inputs Level 2	Significant unobservable inputs Level 3	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 31 December 2022				
Financial instruments issued to investors (<i>Note 30</i>)	—	—	836,430	836,430
	Quoted prices in active markets Level 1	Significant Observable inputs Level 2	Significant unobservable inputs Level 3	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 31 December 2023				
Financial instruments issued to investors (<i>Note 30</i>)	—	—	1,162,522	1,162,522
	Quoted prices in active markets Level 1	Significant Observable inputs Level 2	Significant unobservable inputs Level 3	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 31 December 2024				
Financial instruments issued to investors (<i>Note 30</i>)	—	—	1,656,271	1,656,271

During the Relevant Periods, there was no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

The summary of significant unobservable inputs to the valuation of financial instruments as at 31 December 2022, 2023 and 2024 have been disclosed in Note 23 and Note 30.

The sensitivity analysis for financial instruments issued to investors was disclosed in Note 30.

The changes of financial instruments issued to investors for the years ended 31 December 2022, 2023 and 2024 have been presented in Note 30.

Any gain or loss arising from financial instruments issued to investors are presented in the “Fair value changes in financial instruments issued to investors” line item in the consolidated statements of profit or loss.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments mainly include cash and cash equivalents, bank deposits, financial assets at fair value through profit or loss, other financial assets, interest-bearing bank borrowings, and financial instruments issued to investors. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below:

Interest rate risk

The Group's bank balances expose to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate. The management of the Company consider the Group's exposure to interest rate risk in respect of bank balances is not significant.

Foreign currency risk

The Group operates the businesses in Mainland China and nearly all operational transactions are conducted in RMB. The foreign currency exposures of the Group mainly arise from sales and acquisition of capital investment. The Group does not have material foreign currency risk during the Relevant Periods.

Credit risk

The carrying amounts of cash and cash equivalents, bank deposits, trade receivables, other receivables and financial assets at fair value through profit or loss represent the Group's maximum exposure to credit risk in relation to financial assets. At the end of each Relevant Periods, there are no significant concentrations of credit risk within the Group.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers both the maturity of its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

At 31 December 2022				
	On demand	Less than 1 year	1 to 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Lease liabilities	—	22,524	13,476	36,000
Interest-bearing bank borrowings.	—	41,008	—	41,008
Trade payables	17,937	—	—	17,937
Financial liabilities included other payables and in accruals	46,416	—	—	46,416
Financial instruments issued to investors	—	—	836,430	836,430
Total	64,353	63,532	849,906	977,791

At 31 December 2023				
	On demand	Less than 1 year	1 to 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Lease liabilities	—	22,654	5,719	28,373
Interest-bearing bank borrowings.	—	10,265	—	10,265
Trade payables	11,854	—	—	11,854
Financial liabilities included other payables and in accruals	14,555	—	—	14,555
Financial instruments issued to investors	—	—	1,162,522	1,162,522
Total	26,409	32,919	1,168,241	1,227,569

At 31 December 2024					
	On demand	Less than 1 year	1 to 5 years	5 to 10 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Lease liabilities	—	27,960	36,175	27,687	91,822
Interest-bearing bank borrowings	—	39,749	—	—	39,749
Trade payables	33,326	—	—	—	33,326
Financial liabilities included other payables and in accruals	55,547	—	—	—	55,547
Financial instruments issued to investors	—	1,656,271	—	—	1,656,271
Total	88,873	1,723,980	36,175	27,687	1,876,715

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the relevant periods.

The Group monitors its capital structure on the basis of an adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is defined as total debt (which includes lease liabilities but excludes financial instruments issued to investors). Adjusted capital comprises all components of equity and financial instruments issued to investors. The debt-to-asset ratios as at the end of each of the Relevant Periods were as follows:

	As at 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total liabilities	1,121,401	1,423,712	2,081,260
Less: Financial instruments issued to investors	(836,430)	(1,162,522)	(1,656,271)
Adjusted net debt	284,971	261,190	424,989
Total assets	405,178	468,582	621,540
Add: Financial instruments issued to investors	836,430	1,162,522	1,656,271
Adjusted capital	1,241,608	1,631,104	2,277,811
Gearing ratio	22.95%	16.01%	18.66%

41. EVENTS AFTER THE RELEVANT PERIODS

On 2 January 2025, the Group and Hangzhou Branch of China Merchants Bank Co., Ltd. signed a credit agreement, which stipulated that the bank would provide the Group with a credit line of RMB100,000,000 for the period from 3 January 2025 to 2 January 2026.

42. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2024.