

Zhejiang Taimei Medical Technology Co., Ltd.

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

AUDITOR'S REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021, 2022 AND 2023

AND THE THREE MONTHS ENDED MARCH 31, 2024



羅兵咸永道

Independent Auditor's Report

To the Board of Directors of Zhejiang Taimei Medical Technology Co., Ltd.

Opinion

What we have audited

The consolidated financial statements of Zhejiang Taimei Medical Technology Co., Ltd. (the "Company") and its subsidiaries (the "Group"), which are set out on pages 4 to 93, comprise:

- the consolidated balance sheets as at December 31, 2021, 2022 and 2023 and March 31, 2024;
- the company balance sheets as at December 31, 2021, 2022 and 2023 and March 31, 2024;
- the consolidated income statements for the years ended December 31, 2021, 2022 and 2023 and the three months period ended March 31, 2024 (the "Relevant Periods");
- the consolidated statements of comprehensive loss for the Relevant Periods;
- the consolidated statements of changes in equity for the Relevant Periods;
- the consolidated statements of cash flows for the Relevant Periods; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company as at December 31, 2021, 2022 and 2023 and March 31, 2024 and the consolidated financial position of the Group as at December 31, 2021, 2022 and 2023 and March 31, 2024, and of its consolidated financial performance and its consolidated cash flows for the Relevant Periods in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Independent Auditor's Report

To the Board of Directors of Zhejiang Taimei Medical Technology Co., Ltd. (continued)

Other Matter

The comparative consolidated financial statements for the three months period ended March 31, 2023 have not been audited.

Responsibilities of Directors for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Independent Auditor's Report

To the Board of Directors of Zhejiang Taimei Medical Technology Co., Ltd. (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Restriction on Distribution and Use

The consolidated financial statements are prepared for the purpose of the preparation of financial information for inclusion in the prospectus of the Company in connection with the initial public offering of H Shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited. As a result, the consolidated financial statements may not be suitable for another purpose. Our report is intended solely for the board of directors of the Company and should not be distributed to or used by any other parties for any purpose.


PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, September 27, 2024

ZHEJIANG TAIMEI MEDICAL TECHNOLOGY CO., LTD.

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

CONSOLIDATED INCOME STATEMENTS

	Note	Year ended December 31,			Three months ended March 31,	
		2021	2022	2023	2023	2024
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue	6	466,181	549,215	573,137	129,232	132,053
Cost of sales	7	(301,848)	(363,814)	(394,135)	(90,740)	(82,535)
Gross profit		164,333	185,401	179,002	38,492	49,518
Selling expenses	7	(179,334)	(184,679)	(150,207)	(40,581)	(24,350)
Administrative expenses	7	(266,894)	(289,115)	(268,913)	(52,696)	(135,294)
Research and development expenses	7	(190,843)	(208,177)	(169,191)	(52,739)	(27,159)
Net impairment losses on financial and contract assets	3.1(b)	(4,230)	(3,292)	(8,402)	(1,994)	(1,051)
Net impairment losses on intangible assets	18	(54,089)	(22,382)	(9,572)	(9,572)	-
Other income	9	14,277	20,561	19,419	8,910	9,187
Other gains/(losses) - net	10	11,146	58,899	11,277	(6,756)	2,455
Operating loss		(505,634)	(442,784)	(396,587)	(116,936)	(126,694)
Finance income		28,738	22,884	41,654	10,052	8,629
Finance cost		(2,709)	(2,681)	(1,431)	(538)	(157)
Finance income - net	11	26,029	20,203	40,223	9,514	8,472
Loss before income tax		(479,605)	(422,581)	(356,364)	(107,422)	(118,222)
Income tax expenses	13	(6)	-	(15)	-	-
Loss for the year/period		(479,611)	(422,581)	(356,379)	(107,422)	(118,222)
Loss attributable to:						
Owners of the Company		(479,611)	(412,907)	(346,778)	(104,044)	(116,276)
Non-controlling interests	12	-	(9,674)	(9,601)	(3,378)	(1,946)
		(479,611)	(422,581)	(356,379)	(107,422)	(118,222)
Loss per share for loss attributable to owners of the Company						
Basic and diluted loss per share (RMB)	14	(0.89)	(0.77)	(0.64)	(0.19)	(0.22)

ZHEJIANG TAIMEI MEDICAL TECHNOLOGY CO., LTD.

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Year ended December 31,			Three months ended March 31,	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Loss for the year/period	(479,611)	(422,581)	(356,379)	(107,422)	(118,222)
Other comprehensive income/(losses)					
<i>Item that may be reclassified to profit or loss</i>					
Exchange differences on translation of foreign operations	-	4,273	1,866	189	(1,687)
Other comprehensive income/(losses) for the year/period, net of taxes	-	4,273	1,866	189	(1,687)
Total comprehensive loss for the year/period	(479,611)	(418,308)	(354,513)	(107,233)	(119,909)
Total comprehensive loss for the year /period attributable to:					
Owners of the Company	(479,611)	(408,634)	(344,902)	(103,855)	(117,973)
Non-controlling interests	-	(9,674)	(9,611)	(3,378)	(1,936)
	(479,611)	(418,308)	(354,513)	(107,233)	(119,909)

The above consolidated income statements and statements of other comprehensive loss should be read conjunction with the accompanying notes.

ZHEJIANG TAIMEI MEDICAL TECHNOLOGY CO., LTD.

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

CONSOLIDATED BALANCE SHEETS

	Note	As at December 31,			As at
		2021	2022	2023	March 31,
		RMB'000	RMB'000	RMB'000	2024
					RMB'000
Assets					
Non-current assets					
Property, plant and equipment	16	32,293	37,382	21,942	17,141
Right-of-use assets	17	77,595	47,500	19,347	12,508
Intangible assets	18	103,177	80,701	72,191	71,137
Restricted cash	26	-	-	5,000	-
Other non-current assets	19	115	12	-	-
		<u>213,180</u>	<u>165,595</u>	<u>118,480</u>	<u>100,786</u>
Current assets					
Contract fulfilment cost	21	6,060	8,204	14,024	17,590
Contract assets	6(a)	21,937	33,531	21,419	22,153
Trade and notes receivables	23	101,240	129,723	146,257	146,261
Other receivables and prepayments	24	62,129	78,936	74,998	69,324
Financial assets at fair value through profit or loss	25	270,736	439,907	280,826	266,312
Restricted cash	26	611	1,490	1,511	7,010
Short-term bank deposits	26	449,564	301,173	269,233	13,534
Cash and cash equivalents	26	679,313	666,742	517,924	698,858
		<u>1,591,590</u>	<u>1,659,706</u>	<u>1,326,192</u>	<u>1,241,042</u>
Total assets		<u>1,804,770</u>	<u>1,825,301</u>	<u>1,444,672</u>	<u>1,341,828</u>
Equity					
Equity attributable to owners of the Company					
Share capital	27	538,000	538,000	538,000	538,000
Other reserves	28	1,601,806	1,909,354	1,922,646	2,004,330
Currency translation reserves		-	4,273	6,149	4,452
Accumulated losses		(728,783)	(1,141,690)	(1,488,468)	(1,604,744)
		<u>1,411,023</u>	<u>1,309,937</u>	<u>978,327</u>	<u>942,038</u>
Non-controlling interests		-	73,397	63,786	77,664
Total equity		<u>1,411,023</u>	<u>1,383,334</u>	<u>1,042,113</u>	<u>1,019,702</u>

ZHEJIANG TAIMEI MEDICAL TECHNOLOGY CO., LTD.

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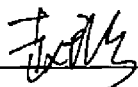
CONSOLIDATED BALANCE SHEETS (CONTINUED)

	Note	As at December 31,			As at
		2021	2022	2023	March 31,
		RMB'000	RMB'000	RMB'000	2024
					RMB'000
Liabilities					
Non-current liabilities					
Lease liabilities	17	40,847	14,146	2,781	2,086
Deferred revenue	32	3,278	4,157	8,174	7,402
Warrant liabilities	29	-	32,232	33,735	34,195
		<u>44,125</u>	<u>50,535</u>	<u>44,690</u>	<u>43,683</u>
Current liabilities					
Trade and other payables	31	185,519	223,186	208,176	152,003
Lease liabilities	17	36,597	31,714	12,308	11,621
Contract liabilities	6(b)	127,500	136,532	137,385	114,819
Current income tax liabilities		6	-	-	-
		<u>349,622</u>	<u>391,432</u>	<u>357,869</u>	<u>278,443</u>
Total liabilities		<u>393,747</u>	<u>441,967</u>	<u>402,559</u>	<u>322,126</u>
Total equity and liabilities		<u>1,804,770</u>	<u>1,825,301</u>	<u>1,444,672</u>	<u>1,341,828</u>
Net current assets		<u>1,241,968</u>	<u>1,268,274</u>	<u>968,323</u>	<u>962,599</u>
Total assets less current liabilities		<u>1,455,148</u>	<u>1,433,869</u>	<u>1,086,803</u>	<u>1,063,385</u>

The above consolidated balance sheets should be read in conjunction with the accompanying notes.

The consolidated financial statements on pages 4 to 93 were approved and authorised for issue by the Board of Directors of the Company on September 27, 2024 and were signed on its behalf by:

Director



Director



ZHEJIANG TAIMEI MEDICAL TECHNOLOGY CO., LTD.

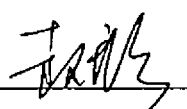
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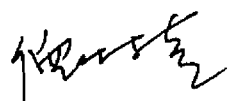
BALANCE SHEETS OF THE COMPANY

Note	As at December 31,			As at
	2021	2022	2023	March 31,
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Assets				
Non-current assets				
Property, plant and equipment	16	8,078	8,613	6,846
Right-of-use assets	17	3,482	1,933	-
Intangible assets	18	2,857	5,656	8,503
Investments in subsidiaries	12	187,246	370,580	359,236
Restricted cash	26	-	-	5,000
Other non-current assets	19	115	-	-
		<u>201,778</u>	<u>386,782</u>	<u>369,701</u>
Current assets				
Contract fulfilment cost	21	-	1,410	10,986
Contract assets	6(a)	16,471	26,132	8,502
Trade and notes receivables	23	60,627	86,391	91,769
Other receivables and prepayments	24	188,390	206,332	288,022
Financial assets at fair value through profit or loss	25	208,736	349,157	280,826
Short-term bank deposits	26	419,564	43,482	18,352
Restricted cash	26	140	1,120	1,140
Cash and cash equivalents	26	654,318	496,129	419,494
		<u>1,548,246</u>	<u>1,210,153</u>	<u>1,119,091</u>
Total assets		1,750,024	1,596,935	1,459,221
Equity				
Share capital	27	538,000	538,000	538,000
Other reserves	28	1,601,733	1,688,460	1,702,929
Accumulated losses		(653,360)	(979,504)	(1,186,448)
		<u>1,486,373</u>	<u>1,246,956</u>	<u>1,054,481</u>
Total equity		1,486,373	1,246,956	1,054,481
Liabilities				
Non-current liabilities				
Lease liabilities	17	1,814	-	-
Deferred revenue	32	278	70	-
		<u>2,092</u>	<u>70</u>	<u>-</u>
Current liabilities				
Trade and other payables	31	158,369	239,838	338,044
Lease liabilities	17	1,703	1,814	-
Contract liabilities	6(b)	101,487	108,257	106,151
		<u>261,559</u>	<u>349,909</u>	<u>444,195</u>
Total liabilities		263,651	349,979	444,195
Total equity and liabilities		1,750,024	1,596,935	1,459,221

The above balance sheets of the Company should be read in conjunction with the accompanying notes.

The balance sheets of the Company were approved and authorised for issue by the Board of Directors of the Company on September 27, 2024 and were signed on its behalf by:


Director


Director

ZHEJIANG TAIMEI MEDICAL TECHNOLOGY CO., LTD.

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Note	Equity attributable to owners of the Company				Non-controlling interests	Total equity
		Share capital	Other reserves	Currency translation reserves	Accumulated losses		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2021		538,000	1,467,379	-	(249,172)	1,756,207	1,756,207
Comprehensive loss							
Loss for the year		-	-	-	(479,611)	-	(479,611)
Total comprehensive loss		-	-	-	(479,611)	-	(479,611)
Transactions with owners							
Repurchase of ordinary shares	29(a)	-	(11,439)	-	-	-	(11,439)
Capital injection from shareholders	28	-	11,439	-	-	-	11,439
Share-based payments	7, 30	-	134,427	-	-	-	134,427
Total transactions with owners		-	134,427	-	-	-	134,427
As at December 31, 2021		538,000	1,601,806	-	(728,783)	1,411,023	1,411,023
As at January 1, 2022		538,000	1,601,806	-	(728,783)	1,411,023	1,411,023
Comprehensive income/(loss)							
Loss for the year		-	-	-	(412,907)	(9,674)	(422,581)
Exchange differences on translation of foreign operations		-	-	4,273	-	-	4,273
Total comprehensive income/(loss)		-	-	4,273	(412,907)	(9,674)	(418,308)
Transactions with owners							
Capital injection from non-controlling interests of a subsidiary	28	-	218,273	-	-	83,071	301,344
Share-based payments	7, 30	-	89,275	-	-	-	89,275
Total transactions with owners		-	307,548	-	-	83,071	390,619
As at December 31, 2022		538,000	1,909,354	4,273	(1,141,690)	73,397	1,383,334
As at January 1, 2023		538,000	1,909,354	4,273	(1,141,690)	73,397	1,383,334
Comprehensive income/(loss)							
Loss for the year		-	-	-	(346,778)	(9,601)	(356,379)
Exchange differences on translation of foreign operations		-	-	1,876	-	(10)	1,866
Total comprehensive income/(loss)		-	-	1,876	(346,778)	(9,611)	(354,513)
Transactions with owners							
Share-based payments	7, 30	-	13,292	-	-	-	13,292
Total transactions with owners		-	13,292	-	-	-	13,292
As at December 31, 2023		538,000	1,922,646	6,149	(1,488,468)	63,786	1,042,113

ZHEJIANG TAIMEI MEDICAL TECHNOLOGY CO., LTD.

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

Note	Equity attributable to owners of the Company					Non-controlling interests	Total equity
	Share capital	Other reserves	Currency translation reserves	Accumulated losses	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2024	538,000	1,922,646	6,149	(1,488,468)	978,327	63,786	1,042,113
Comprehensive income/(loss)							
Loss for the period	-	-	-	(116,276)	(116,276)	(1,946)	(118,222)
Exchange differences on translation of foreign operations	-	-	(1,697)	-	(1,697)	10	(1,687)
Total comprehensive loss	-	-	(1,697)	(116,276)	(117,973)	(1,936)	(119,909)
Transactions with owners							
Share-based payments	7, 30	-	4,662	-	4,662	-	4,662
Transactions with non-controlling interests	7, 28(vi), 12(iii)(d)	-	77,022	-	77,022	15,814	92,836
Total transactions with owners	-	-	81,684	-	81,684	15,814	97,498
As at March 31, 2024	538,000	2,004,330	4,452	(1,604,744)	942,038	77,664	1,019,702
(Unaudited)							
As at January 1, 2023	538,000	1,909,354	4,273	(1,141,690)	1,309,937	73,397	1,383,334
Comprehensive income/(loss)							
Loss for the period	-	-	-	(104,044)	(104,044)	(3,378)	(107,422)
Exchange differences on translation of foreign operations	-	-	189	-	189	-	189
Total comprehensive income/(loss)	-	-	189	(104,044)	(103,855)	(3,378)	(107,233)
Transactions with owners							
Share-based payments	7, 30	-	(14,489)	-	(14,489)	-	(14,489)
Total transactions with owners	-	-	(14,489)	-	(14,489)	-	(14,489)
As at March 31, 2023	538,000	1,894,865	4,462	(1,245,734)	1,191,593	70,019	1,261,612

The above consolidated statements of changes in equity should be read in conjunction with the accompanying notes.

ZHEJIANG TAIMEI MEDICAL TECHNOLOGY CO., LTD.

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Year ended December 31,			Three months ended March 31,	
		2021	2022	2023	2023	2024
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Cash flows from operating activities						
Cash used in operations	33	(217,532)	(329,214)	(351,149)	(158,425)	(112,555)
Income tax paid		-	(6)	(15)	-	-
Net cash used in operating activities		(217,532)	(329,220)	(351,164)	(158,425)	(112,555)
Cash flows from investing activities						
Purchase of property, plant and equipment		(30,095)	(24,399)	(4,359)	(1,397)	(471)
Purchase of intangible assets		(2,308)	(3,826)	(5,117)	(1,478)	-
Proceeds from disposal of property, plant and equipment		121	-	-	-	-
Placement of short-term bank deposits		(1,584,564)	(778,129)	(345,415)	(280,936)	(8,526)
Redemption of short-term bank deposits		1,268,262	935,348	407,340	261,173	259,838
Interest income		28,738	22,884	20,316	9,535	28,496
Purchase of short-term investments measured at fair value through profit or loss	25(i)(a)	(892,580)	(1,506,733)	(362,500)	(110,500)	(100,000)
Proceeds from disposal of short-term investments measured at fair value through profit or loss	25(i)(a)	781,613	1,348,972	527,423	290,414	118,296
Repayment from related parties	34(b)(i)	509	-	-	-	-
Proceeds from third parties borrowings		956	-	-	-	-
Contingent consideration received from former owners of an acquired subsidiary	25(i)(b)	50,000	-	-	-	-
Net cash (used in)/generated from investing activities		(379,348)	(5,883)	237,688	166,811	297,633
Cash flows from financing activities						
Repayments of borrowings	33(b)	(19,895)	-	-	-	-
Interest expenses paid	11	(105)	-	-	-	-
Proceeds from borrowings from a third party		793	-	-	-	-
Repayment of borrowings from a third party		-	(1,234)	-	-	-
Principal elements of lease payments		(24,690)	(33,639)	(30,781)	(8,348)	(1,382)
Interests elements of lease payments		(2,604)	(2,681)	(1,431)	(538)	(157)
Payment of listing expense in relation to global offering		-	-	(7,069)	-	(2,880)
Payment of listing expense in relation to previous listing preparation		(5,016)	(7,000)	-	-	-
Capital injection from shareholders	28	11,439	-	-	-	-
Capital injection from non-controlling interests of a subsidiary	12(d)	-	330,140	-	-	-
Net cash (used in)/generated from financing activities		(40,078)	285,586	(39,281)	(8,886)	(4,419)
Net (decrease)/increase in cash and cash equivalents		(636,958)	(49,517)	(152,757)	(500)	180,659
Cash and cash equivalents at beginning of year/period		1,323,879	679,313	666,742	666,742	517,924
Effect of foreign exchange rates changes		(7,608)	36,946	3,939	1,880	275
Cash and cash equivalents at end of year/period		<u>679,313</u>	<u>666,742</u>	<u>517,924</u>	<u>668,122</u>	<u>698,858</u>

The above consolidated statements of cash flows should be read in conjunction with the accompanying notes.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

Zhejiang Taimei Medical Technology Co., Ltd. (浙江太美医疗科技股份有限公司) (the "Company") was established under its former name, Jiaying Taimei Medical Technology Co., Ltd. (嘉兴太美医疗科技有限公司), as a limited liability company in the People's Republic of China (the "PRC") on June 6, 2013.

The Company completed its conversion into a joint stock limited company on September 11, 2020.

The Company and its subsidiaries (together, the "Group") are primarily engaged in providing digital solutions for life sciences R&D and commercialisation mainly in the PRC and certain overseas countries and regions during the years ended December 31, 2021, 2022 and 2023 and the three months ended March 31, 2023 and 2024.

The ultimate controlling shareholder of the Group is Mr. Zhao Lu (赵璐先生).

As at the date of this report, the Company's subsidiaries as at December 31, 2021, 2022 and 2023 and March 31, 2024 are set out in Note 12.

2 Basis of preparation

Compliance with IFRS

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

All relevant standards, amendments to standards and interpretations that are effective during the years ended December 31, 2021, 2022 and 2023 and the three months ended March 31, 2023 and 2024 have been adopted by the Group consistently throughout the years ended December 31, 2021, 2022 and 2023 and the three months ended March 31, 2023 and 2024.

Other than those material accounting policies information as disclosed in the notes to the relevant financial line items or transactions in this financial statements, a summary of the other accounting policies information has been set out in Note 38 to this financial statements.

Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention, except that certain financial assets/liabilities (including derivative instruments) are carried at fair value.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**2 Basis of preparation (continued)***Amendments to existing standards have not yet been adopted*

The followings are amendments to existing standards that have been issued but are not effective for the years ended December 31, 2021, 2022 and 2023 and the three months ended March 31, 2023 and 2024, and have not been early adopted by the Group. The Group plans to adopt these amendments to standards when they become effective:

Standards and amendments	Effective for accounting periods beginning on or after
IAS 21 (Amendment) – Lack of Exchangeability	January 1, 2025
IFRS 7 and IFRS 9 – Amendments to the Classification and Measurement of Financial Instruments	January 1, 2026
Annual Improvements to IFRS Accounting Standards	January 1, 2026
IFRS 19 – Subsidiaries without public accountability: disclosures	January 1, 2027
IFRS 18 – Presentation and disclosure in financial statements	January 1, 2027
Amendment to IFRS 10 and IAS 28 Regarding Sales or Contribution Assets between an Investor and Its Associate or Joint Venture	To be determined

According to the assessment made by the directors of the Company, these amendments to existing standards are either not relevant to the Group or not significant to the financial performance and positions of the Group when they become effective.

3 Financial risk management**3.1 Financial risk factors**

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group.

(a) Market risk**(i) Foreign exchange risk**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the group entities' functional currency. The Company's functional currency is Renminbi ("RMB"). The Company's subsidiaries were incorporated in mainland China, the United States, Singapore and France and these subsidiaries considered RMB, US dollars ("USD"), Singapore dollars ("SGD") and European dollars ("EUR") as their functional currency, respectively.

The Group is primarily exposed to changes in RMB/USD exchange rates. As at December 31, 2021, 2022 and 2023 and March 31, 2024, if USD had strengthened/weakened by 10% against RMB with all other variables held constant, the Group's loss before income tax for the year/period would have been RMB32,686,000, RMB62,797,000, RMB60,528,000 and RMB57,547,000 lower/higher respectively as a result of foreign exchange gains/losses on translation of USD denominated cash and cash equivalents, short-term bank deposits, trade receivables and other receivables.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(ii) Cash flow and fair value interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates and the Group has no significant interest-bearing assets except for cash and cash equivalents, restricted cash, short-term bank deposits (Note 26) and financial assets at fair value through profit or loss (Note 25).

Borrowings obtained at variable rates expose the Group to cash flow interest-rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest-rate risk. Management considers that the Group did not expose to any significant cash flow and fair value interest rate risk as there were no significant borrowings obtained.

(b) Credit risk

Credit risk arises from cash and cash equivalents, restricted cash, short-term bank deposits, financial assets at fair value through profit or loss, as well as trade and notes receivables, contract assets and other receivables. The carrying amount of each class of the above financial assets represents the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

Risk Management

To manage this risk, cash and cash equivalents, restricted cash, short-term bank deposits and short-term investments measured at fair value through profit or loss are mainly placed with reputable commercial banks which are all high-credit-quality financial institutions all over the world.

To manage risk arising from trade and notes receivables, the Group has policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and management performs ongoing credit evaluations of the counterparties. The credit period granted to the customers is usually around 30 to 120 days.

For other financial assets carried at amortised cost (excluding input value-added tax ("VAT") to be deducted and prepayments), management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experiences.

Impairment of financial assets and contract assets

The Group has three types of financial assets that are subject to the expected credit loss model("ECL model"):

- cash and cash equivalents, restricted cash and short-term bank deposits;
- trade and notes receivables and contract assets; and
- other receivables.

(i) Cash and cash equivalents, restricted cash and short-term bank deposits

To manage risk arising from cash and cash equivalents, restricted cash and short-term bank deposits, the Group only transacts reputable financial institutions in mainland China and reputable international financial institutions outside of mainland China. There has been no recent history of default in relation to these financial institutions. These instruments are considered to have low credit risk because they have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term. Cash and cash equivalents, restricted cash and short-term bank deposits are also subject to the impairment requirements of IFRS 9, while the identified impairment loss was immaterial.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Trade and notes receivables and contract assets

For trade and notes receivables and contract assets, the Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade and notes receivables and contract assets. To measure the expected credit losses, trade and notes receivables and contract assets have been grouped based on shared credit risk characteristics and aging, while the identified impairment loss of notes receivables was immaterial.

The expected loss rates are based on the credit rating of counter parties and the payment profiles of sales over a period of each reporting period and probability of default of counter parties on an ongoing basis throughout each reporting period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the Gross Domestic Product ("GDP") and Output Price Index ("OPI") to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The main exposure to credit risk at each of the reporting dates is the carrying value of the Group's trade receivables and contract assets. On that basis, the loss allowance as at December 31, 2021, 2022 and 2023 and March 31, 2024 was determined as follows for both trade receivables and contract assets:

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**3 Financial risk management (continued)****3.1 Financial risk factors (continued)****(b) Credit risk (continued)****(ii) Trade and notes receivables and contract assets (continued)**

At December 31, 2021	Up to 3 months	3 to 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Over 4 years	Individual	Total
Expected credit loss rate	5.00%	5.00%	5.00%	10.00%	30.00%	50.00%	-	100.00%	N.A.
Gross carrying amount—trade receivables (RMB'000)	63,061	23,121	14,502	5,253	611	29	-	1,943	108,520
Gross carrying amount—contract assets (RMB'000)	14,464	5,303	3,325	-	-	-	-	-	23,092
Loss allowance(RMB'000)	(3,878)	(1,421)	(891)	(525)	(183)	(14)	-	(1,943)	(8,855)
At December 31, 2022	Up to 3 months	3 to 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Over 4 years	Individual	Total
Expected credit loss rate	1.88%	3.72%	7.80%	22.55%	64.27%	82.95%	100.00%	100.00%	N.A.
Gross carrying amount—trade receivables (RMB'000)	70,154	29,026	23,511	12,291	3,395	528	120	115	139,140
Gross carrying amount—contract assets (RMB'000)	18,827	7,789	6,309	1,975	-	-	-	-	34,900
Loss allowance(RMB'000)	(1,671)	(1,371)	(2,325)	(3,217)	(2,182)	(438)	(120)	(115)	(11,439)
At December 31, 2023	Up to 3 months	3 to 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Over 4 years	Individual	Total
Expected credit loss rate	3.07%	5.96%	10.86%	29.40%	73.57%	94.00%	100.00%	43.76%	N.A.
Gross carrying amount—trade receivables (RMB'000)	75,749	32,068	30,763	17,640	2,796	1,100	149	2,644	162,909
Gross carrying amount—contract assets (RMB'000)	12,488	1,065	9,326	-	-	-	-	-	22,879
Loss allowance(RMB'000)	(2,713)	(1,976)	(4,352)	(5,186)	(2,057)	(1,034)	(149)	(1,157)	(18,624)
At March 31, 2024	Up to 3 months	3 to 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Over 4 years	Individual	Total
Expected credit loss rate	2.76%	5.24%	9.60%	24.50%	62.66%	89.36%	100.00%	100.00%	N.A.
Gross carrying amount—trade receivables (RMB'000)	56,597	48,465	27,703	23,924	3,878	1,062	302	2,173	164,104
Gross carrying amount—contract assets (RMB'000)	20,374	83	1,016	1,780	-	-	-	-	23,253
Loss allowance(RMB'000)	(2,122)	(2,546)	(2,758)	(6,298)	(2,430)	(949)	(302)	(2,173)	(19,578)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(iii) Other receivables

Other receivables mainly include refundable deposits and others. The Group applies a three stage approach to measure ECL of other receivables prescribed by IFRS 9. Management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experiences incorporating forward-looking information. Impairment on other receivables is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses. ECL model for other receivables, as summarised below:

- Other receivables that is not credit-impaired on initial recognition is classified in Stage 1 and has its credit risk continuously monitored by the Group. The expected credit loss is measured on a 12-month basis;
- If a significant increase in credit risk (as defined below) since initial recognition is identified, the financial instrument is moved to Stage 2 but is not yet deemed to be credit-impaired. The expected credit loss is measured on lifetime basis; and
- If the financial instrument is credit-impaired (as defined below), the financial instrument is then moved to Stage 3. The expected credit loss is measured on lifetime basis.

As there has been no significant increase in credit risk since initial recognition, all of the Group's other receivables as at December 31, 2021, 2022 and 2023 and March 31, 2024 were classified in Stage 1 and their expected credit losses were measured on a 12-month basis.

Trade and notes receivables and other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include ceasing enforcement activity. Where receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**3 Financial risk management (continued)****3.1 Financial risk factors (continued)****(b) Credit risk (continued)**

The movement of loss allowance for trade and notes receivables, contract assets and other receivables during the years ended December 31, 2021, 2022 and 2023 and the three months ended March 31, 2023 and 2024 are as below:

	Trade and notes receivables	Contract assets	Other receivables	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Opening loss allowance as at January 1, 2021	(4,540)	(904)	(1,013)	(6,457)
Increase in loss allowance recognised in profit or loss during the year	(3,160)	(251)	(819)	(4,230)
As at December 31, 2021 and January 1, 2022	(7,700)	(1,155)	(1,832)	(10,687)
(Increase)/decrease in loss allowance recognised in profit or loss during the year	(4,344)	(214)	1,266	(3,292)
Receivables written off during the year as uncollectable	1,974	-	-	1,974
Currency translation differences	-	-	(1)	(1)
As at December 31, 2022 and January 1, 2023	(10,070)	(1,369)	(567)	(12,006)
Increase in loss allowance recognised in profit or loss during the year	(8,238)	(91)	(73)	(8,402)
Receivables written off during the year as uncollectable	1,145	-	-	1,145
Currency translation differences	(1)	-	(1)	(2)
As at December 31, 2023	(17,164)	(1,460)	(641)	(19,265)
As at December 31, 2023 and January 1, 2024	(17,164)	(1,460)	(641)	(19,265)
(Increase)/decrease in loss allowance recognised in profit or loss during the period	(1,407)	360	(4)	(1,051)
Receivables written off during the period as uncollectable	91	-	-	91
Currency translation differences	2	-	-	2
As at March 31, 2024	(18,478)	(1,100)	(645)	(20,223)
(Unaudited)				
As at December 31, 2022 and January 1, 2023	(10,070)	(1,369)	(567)	(12,006)
Increase in loss allowance recognised in profit or loss during the period	(1,850)	(69)	(75)	(1,994)
As at March 31, 2023	(11,920)	(1,438)	(642)	(14,000)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**3 Financial risk management (continued)****3.1 Financial risk factors (continued)****(c) Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, the policy of the Group is to regularly monitor the Group's liquidity risk and to maintain adequate cash and cash equivalents to meet the Group's liquidity requirements.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on their contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At December 31, 2021					
Lease liabilities	37,566	33,912	8,278	-	79,756
Trade and other payables (excluding staff salaries and welfare payables, taxes payables and others)	49,778	-	-	-	49,778
	<u>87,344</u>	<u>33,912</u>	<u>8,278</u>	<u>-</u>	<u>129,534</u>
At December 31, 2022					
Lease liabilities	32,924	12,446	2,266	-	47,636
Trade and other payables (excluding staff salaries and welfare payables, taxes payables and others)	53,944	-	-	-	53,944
	<u>86,868</u>	<u>12,446</u>	<u>2,266</u>	<u>-</u>	<u>101,580</u>
At December 31, 2023					
Lease liabilities	12,669	2,403	446	-	15,518
Trade and other payables (excluding staff salaries and welfare payables, taxes payables and others)	83,423	-	-	-	83,423
	<u>96,092</u>	<u>2,403</u>	<u>446</u>	<u>-</u>	<u>98,941</u>
At March 31, 2024					
Lease liabilities	11,914	1,966	162	-	14,042
Trade and other payables (excluding staff salaries and welfare payables, taxes payables and others)	80,009	-	-	-	80,009
	<u>91,923</u>	<u>1,966</u>	<u>162</u>	<u>-</u>	<u>94,051</u>

The Group recognises the warrant liabilities issued to investors of a subsidiary at fair value through profit or loss (Note 29). Accordingly, the warrant liabilities issued to investors are managed on a fair value basis rather than by maturing dates.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**3 Financial risk management (continued)****3.2 Capital management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital (including share capital and other reserves) by regularly reviewing the capital structure. As a part of this review, the Group considers the cost of capital and the risks associated with the issued share capital. The Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or repurchase the Company's shares. In the opinion of the directors of the Company, the Group's capital risk is low. As a result, capital risk is not significant for the Group and measurement of capital management is not a tool currently used in the internal management reporting procedures of the Group.

The group monitors capital using a gearing ratio, which is total liabilities divided by total assets. The gearing ratio as at December 31, 2021, 2022 and 2023 and March 31, 2024 were as follows:

	As at December 31,			As at
	2021	2022	2023	March 31,
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Total liabilities	393,747	441,967	402,559	317,869
Total assets	1,804,770	1,825,301	1,444,672	1,341,828
Gearing ratio	21.82%	24.21%	27.87%	23.69%

3.3 Fair value estimation**(a) Fair value hierarchy**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the consolidated financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards.

	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at December 31, 2021				
Assets:				
- Financial assets at FVPL	-	-	270,736	270,736
As at December 31, 2022				
Assets:				
- Financial assets at FVPL	-	-	439,907	439,907
Liabilities:				
- Warrant liabilities	-	-	32,232	32,232
As at December 31, 2023				
Assets:				
- Financial assets at FVPL	-	-	280,826	280,826
Liabilities:				
- Warrant liabilities	-	-	33,735	33,735

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**3 Financial risk management (continued)****3.3 Fair value estimation (continued)***(a) Fair value hierarchy (continued)*

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at March 31, 2024				
Assets:				
- Financial assets at FVPL	-	-	266,312	266,312
Liabilities:				
- Warrant liabilities	-	-	34,195	34,195

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting year/period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted debt and equity investment.

(b) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments; and
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

There were no changes in valuation techniques during the years ended December 31, 2021, 2022 and 2023 and the three months ended March 31, 2023 and 2024.

The fair value of trade and notes receivables, other receivables, short-term bank deposits, restricted cash, and cash and cash equivalents approximated to their carrying amounts.

The fair value of trade and other payables approximated to their carrying amounts.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**3 Financial risk management (continued)****3.3 Fair value estimation (continued)***(c) Fair value measurements using significant unobservable inputs (Level 3)*

The following table presents the changes in Level 3 items including financial assets and liabilities at fair value through profit or loss for the years ended December 31, 2021, 2022 and 2023 and the three months ended March 31, 2023 and 2024:

	Short-term investment measured at fair value through profit and loss (Note 25(a))	Contingent consideration (Note 25(b))	Warrant liabilities (Note 29)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2021	148,610	52,798	-	201,408
Additions	892,580	-	-	892,580
Disposals	(781,613)	(61,439)	-	(843,052)
Fair value changes	7,003	12,797	-	19,800
At December 31, 2021	266,580	4,156	-	270,736
At January 1, 2022	266,580	4,156	-	270,736
Additions	1,506,733	-	(28,796)	1,477,937
Disposals	(1,348,972)	-	-	(1,348,972)
Fair value changes	9,791	-	(3,436)	6,355
Currency translation difference	1,619	-	-	1,619
At December 31, 2022	435,751	4,156	(32,232)	407,675
At January 1, 2023	435,751	4,156	(32,232)	407,675
Additions	362,500	-	-	362,500
Disposals	(527,423)	-	-	(527,423)
Fair value changes	7,941	(2,099)	(1,503)	4,339
At December 31, 2023	278,769	2,057	(33,735)	247,091
At January 1, 2024	278,769	2,057	(33,735)	247,091
Additions	100,000	-	-	100,000
Disposals	(118,296)	-	-	(118,296)
Fair value changes	3,787	(5)	(460)	3,322
At March 31, 2024	264,260	2,052	(34,195)	232,117
(Unaudited)				
At January 1, 2023	435,751	4,156	(32,232)	407,675
Additions	110,500	-	-	110,500
Disposals	(290,414)	-	-	(290,414)
Fair value changes	2,454	-	(378)	2,076
At March 31, 2023	258,291	4,156	(32,610)	229,837

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3 Financial risk management (continued)

3.3 Fair value estimation (continued)

(c) Fair value measurements using significant unobservable inputs (Level 3)(continued)

The following table summarises the quantitative information about the significant unobservable inputs used in short-term investment measured at fair value through profit and loss of Level 3 fair value measurements.

At December 31, 2021

Description	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Wealth management products	Expected rate of return	3.05%-4.19%	The higher the expected rate of return, the higher the fair value
Contingent consideration	Discount rate	2.46%	The higher the discount rate, the lower the fair value

At December 31, 2022

Description	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Wealth management products	Expected rate of return	2.00%-3.80%	The higher the expected rate of return, the higher the fair value
Contingent consideration	Discount rate	2.04%	The higher the discount rate, the lower the fair value
Warrant liabilities	Discount rate	2.29%-2.38%	The higher the discount rate, the lower the fair value

At December 31, 2023

Description	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Wealth management products	Expected rate of return	2.13%-6.00%	The higher the expected rate of return, the higher the fair value
Contingent consideration	Discount rate	2.06%	The higher the discount rate, the lower the fair value
Warrant liabilities	Discount rate	2.21%-2.30%	The higher the discount rate, the lower the fair value

At March 31, 2024

Description	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Wealth management products	Expected rate of return	2.45%-3.80%	The higher the expected rate of return, the higher the fair value
Contingent consideration	Discount rate	1.70%	The higher the discount rate, the lower the fair value
Warrant liabilities	Discount rate	1.87%-2.00%	The higher the discount rate, the lower the fair value

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3 Financial risk management (continued)

3.3 Fair value estimation (continued)

(c) Fair value measurements using significant unobservable inputs (Level 3)(continued)

If the fair values of wealth management products which measured at fair value through profit or loss held by the Group had been 1% lower/higher, the loss before income tax for the years ended December 31, 2021, 2022 and 2023 and the three months ended March 31, 2023 and 2024 would have been approximately RMB2,666,000, RMB4,358,000, RMB2,788,000, RMB2,583,000 and RMB2,643,000 higher/lower, respectively.

If the discount rate of warrant liabilities which measured at fair value through profit or loss held by the Group had been 1% lower/higher, the loss before income tax for the years ended December 31, 2022 and 2023 and the three months ended March 31, 2023 and 2024 would have been approximately RMB985,000, RMB737,000, RMB985,000 and RMB644,000 higher/lower, respectively.

4 Critical accounting estimates and judgements

The preparation of consolidated financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

4.1 Impairment of goodwill and other non-financial assets

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on value-in-use calculations or fair value less costs to sell. These calculations require the use of judgments and estimates.

Judgement is required to determine key assumptions adopted in the valuation models for impairment review purpose. Changing the assumptions selected by management in assessing impairment could materially affect the result of the impairment test and as a result affect the Group's financial condition and results of operations. If there is a significant adverse change in the key assumptions applied, it may be necessary to take additional impairment charge to the consolidated income statements.

4.2 Recognition of share-based payments to employees

The fair value of restricted shares granted to certain employees are measured on the respective grant dates based on the fair value of the underlying shares. The Group only recognise an expense for those restricted shares expected to vest over the vesting period during which the grantees become unconditionally entitled to those share-based awards. Changes in these estimates and assumptions could have a material effect on determination of the fair value of restricted shares and share options and the amount of such share-based awards vested, which may in turn significantly impact the determination of share-based payments.

As a part of those share-based awards are conditional on an Initial Public Offerings ("IPO"), the Group has estimated the completion date of its IPO when they calculated share-based payments at each reporting period end.

4.3 Fair value of financial assets and liabilities at fair value through profit or loss

The fair value of financial assets that are not traded in an active market is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Changes in these assumptions and estimates could materially affect the respective fair value of these investments. Details of the assumptions and estimates in determination of the fair value are disclosed in Note 3.3(c).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**4 Critical accounting estimates and judgements (continued)****4.4 Impairment of trade receivables**

The impairment provisions for trade receivables are based on assumptions about the expected loss rates. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, see Note 3.1(b). Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to the consolidated income statements.

4.5 Income taxes and deferred income tax

Significant judgment is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional tax will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the year/period in which such determination is made.

For temporary differences or tax losses which give rise to deferred income tax assets, the Group assesses the likelihood that the deferred income tax assets could be recovered. Deferred income tax assets are recognised based on the Group's estimates and assumptions that they will be recovered from taxable income arising from continuing operations in the foreseeable future.

5 Segment information

The Group's business activities are mainly in providing cloud-based software products including software-as-a-service products ("SaaS products") and customised products, digital services and others, for which discrete financial information is available, are regularly reviewed and evaluated by the executive directors of the Company, who are the chief operating decision makers. As a result of this evaluation, the executive directors of the Company consider that the Group's operation is operated and managed as a single segment and no segment information is presented, accordingly.

For the years ended December 31, 2021, 2022 and 2023 and the three months ended March 31, 2023 and 2024, there was no revenue derived from transactions with a single external customer which amounted to 10% or more of the Group's revenue.

(a) Geographical information

The Group mainly operates its businesses in mainland China. The following table shows the Group's total consolidated revenue by location of the customers during the years ended December 31, 2021, 2022 and 2023 and the three months ended March 31, 2023 and 2024:

	Year ended December 31,			Three months ended	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Mainland China	464,482	545,014	567,569	128,040	130,134
Singapore	312	626	895	453	581
Europe	1,168	2,000	1,956	538	1,103
Korea	-	1,257	2,717	201	235
Others	219	318	-	-	-
	<u>466,181</u>	<u>549,215</u>	<u>573,137</u>	<u>129,232</u>	<u>132,053</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**5 Segment information (continued)****(b) Non-current assets**

The total of the non-current assets including property, plant and equipment, right-of-use assets, intangible assets and other non-current assets as at December 31, 2021, 2022 and 2023 and March 31, 2024, broken down by the location of the assets, is as follows:

	As at December 31,			As at
	2021	2022	2023	March 31,
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Mainland China	213,180	157,129	107,927	96,050
The United States	-	4,780	2,969	2,197
Singapore	-	3,686	2,584	2,539
	213,180	165,595	113,480	100,786

6 Revenue

Revenue for the years ended December 31, 2021, 2022 and 2023 and the three months ended March 31, 2023 and 2024 is as follows:

	Year ended December 31,			Three months ended	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Cloud-based software products					
- SaaS products	119,864	149,874	155,740	37,673	39,645
- customised products	77,188	61,101	45,613	8,955	5,663
Digital services	268,456	338,084	369,931	82,595	86,745
Other services	673	156	1,853	9	-
	466,181	549,215	573,137	129,232	132,053

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is as follows:

	Year ended December 31,			Three months ended	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Recognised over time	408,330	512,513	545,832	125,891	130,856
Recognised at a point in time	57,851	36,702	27,305	3,341	1,197
	466,181	549,215	573,137	129,232	132,053

(a) Contract assets**The Group**

Contract assets are reclassified to trade receivables when the Group's right to the considerations becomes unconditional. The Group and the Company has recognised the following contract assets with customers:

	As at December 31,			As at
	2021	2022	2023	March 31,
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Contract assets	23,092	34,900	22,879	23,253
Less: loss allowance	(1,155)	(1,369)	(1,460)	(1,100)
	21,937	33,531	21,419	22,153

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**6 Revenue (continued)****(a) Contract assets (continued)****The Company**

	As at December 31,			As at March 31,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Contract assets	17,338	27,210	8,841	12,010
Less: loss allowance	(867)	(1,078)	(339)	(314)
	<u>16,471</u>	<u>26,132</u>	<u>8,502</u>	<u>11,696</u>

(b) Contract liabilities**The Group**

The Group has recognised the following liabilities related to contracts with customers:

	As at December 31,			As at March 31,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Contract liabilities	<u>127,500</u>	<u>136,532</u>	<u>137,385</u>	<u>114,819</u>

The Company

The Company has recognised the following liabilities related to contracts with customers:

	As at December 31,			As at March 31,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Contract liabilities	<u>101,487</u>	<u>108,257</u>	<u>106,151</u>	<u>90,185</u>

During the years ended December 31, 2021, 2022 and 2023, the increase of the contract liabilities were primarily due to overall contract activities and achievements from the Group's business expansion. During the three months ended March 31, 2024, the decrease of the contract liabilities was primarily due to the delivery of cloud-based software products and digital services to customers which accepted by them.

(c) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised during the years ended December 31, 2021, 2022 and 2023 and the three months ended March 31, 2023 and 2024 is included in the contract liabilities at the beginning of each year/period:

The Group

	Year ended December 31,			Three months ended March 31,	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue recognised that were included in the contract liabilities at the beginning of the year/period	<u>57,157</u>	<u>98,084</u>	<u>117,272</u>	<u>52,739</u>	<u>51,039</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**6 Revenue (continued)***(c) Revenue recognised in relation to contract liabilities (continued)***The Company**

	Year ended December 31,			Three months ended March 31,	
	2021	2022	2023	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(Unaudited)</i>	
Revenue recognised that were included in the contract liabilities at the beginning of the year/period	54,214	79,064	92,125	39,618	38,937

Management expects that all of the transaction price allocated to the unsatisfied contracts as at December 31, 2021, 2022 and 2023 and March 31, 2024 will be recognised as revenue within one year.

(d) Accounting policies of revenue recognition

Revenue is recognised when or as the control of the goods or services is transferred to a customer. Depending on the terms of the contract and the laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time. Control of the goods and services is transferred over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- creates and enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods and services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods and services.

Contracts with customers may include multiple performance obligations. For such arrangements, the Group allocates revenue to each performance obligation based on its relative standalone selling price. The Group generally determines relative standalone selling prices based on its standard price list, taking into consideration market conditions and its overall pricing strategy.

When either party to a contract has performed, the Group presents the contract in the consolidated balance sheets as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

A contract asset is the Group's right to consideration in exchange for goods and services that the Group has transferred to a customer. A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of the consideration is due.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the Group presents the contract liability when the payment is made or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

The Group mainly derives revenue separately or in combination from sales of cloud-based software products, provision of digital services and other services.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6 Revenue (continued)

(d) Accounting policies of revenue recognition (continued)

(i) Cloud-based software products

(1) SaaS products

The Group offers SaaS products and software related services to customers.

Under SaaS model, customers are provided with access to one or more of the Group's software products over the contract term. Revenue of independent medical imaging review software products is recognised based on the numbers of imaging review endpoints provided to customers. Revenue of other SaaS software products is recognised ratably over the contract term.

The Group provides software related services to its customers including system configuration and implementation services. These services are determined to be a separate performance obligation considering, a) customers' accesses are granted upon purchase and customers can start using the software immediately by following the user manual, b) these services do not involve the modification or writing of additional software code, but rather involves setting up the software's existing code to function in a particular way for customers' benefits. Revenue is recognised over time since the Group does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

(2) Customised products

The Group also provides customised software, primarily pharmaceutical marketing software, and related technical support services to life sciences companies.

Revenue of customised software products is recognised at a point in time when customised software is provided to the customer and accepted by the customer through a confirmation letter or an email of completion.

Related technical support services can be purchased separately from customised software at customers' decision and is determined to be a separate performance obligation. Revenue of related technical support services is recognised over time since the output in the form of services is provided for customers to consume simultaneously over the course of the arrangement during the contract term. Revenue is recognised ratably over the contract term.

(ii) Provision of digital services

The Group developed a suite of digital services that are primarily built on our software. The Group provides several separate services as follow:

- Digital clinical research service; and
- Independent reading center ("IRC") services

Digital clinical research service primarily consisted of site management organizations ("SMO") distribution and management services, clinical research services and data cleaning, analysis and management services. Data cleaning, analysis and management services can be purchased separately at customers' decision. They are clearly separately distinct from any other products and services. Since the Group's IRC services, SMO distribution and management services and clinical research services each provide significant integration services and a combined output to customers, each of them is determined as a single performance obligation.

The performance obligation of data cleaning, analysis and management services, SMO distribution and management services and clinic research services is satisfied over time since the output in the form of services is delivered for the customer to consume simultaneously over the course of the arrangement during the contract term. The performance obligation of IRC services is satisfied over time since the Group does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. The Group recognises revenue over time using output method where the progress of the performance obligation is measured by the completion progress of the project.

For digital SMO business management services, the Group is primarily responsible for fulfilling digital services and has discretion in establishing prices and vendor selection. Accordingly, the Group acts as a principal, and the revenue is presented on a gross basis.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**6 Revenue (continued)**(d) *Accounting policies of revenue recognition (continued)*(iii) *Provision of other services*

The Group provides conference services to customers separately, which is a single performance obligation for each contract. Revenue is recognised at a point in time when these services are provided to the customer and accepted by the customer.

7 Expenses by nature

The expenses charged to cost of sales, selling expenses, administrative expenses and research and development expenses are analysed below:

	Year ended December 31,			Three months ended March 31,	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Employee benefit expenses (excluding share-based payments)	535,702	650,356	595,174	163,451	97,302
Clinical research related costs	102,600	125,195	167,457	31,159	37,841
Office, business development and travelling expenses	44,219	33,588	49,776	10,965	6,575
Costs of IT infrastructure and data service	25,255	32,429	37,496	9,292	8,395
Depreciation of right-of-use assets (Note 17(ii))	25,233	32,568	28,058	7,259	6,806
Depreciation of property, plant and equipment (Note 16)	8,014	19,037	19,849	4,989	5,262
Consulting and professional service fees	22,798	24,330	15,632	3,571	1,906
Amortisation of intangible assets (Note 18)	3,259	3,920	4,055	988	1,054
Share-based payments (Note 30)	134,427	89,275	13,292	(14,489)	4,662
Share-based compensation to certain shareholders (Note 12(iii)(d))	-	-	-	-	92,836
Listing expenses in relation to global offering	-	-	14,005	-	1,409
Listing expenses in relation to previous listing preparation	-	-	12,016	12,016	-
Short-term rental expenses	11,583	9,997	3,514	1,379	164
Other expenses	25,829	25,090	22,122	6,176	5,126
	<u>938,919</u>	<u>1,045,785</u>	<u>982,446</u>	<u>236,756</u>	<u>269,338</u>

8 Employee benefit expenses

	Year ended December 31,			Three months ended March 31,	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Wages, salaries and bonuses	470,186	562,574	512,642	140,321	81,859
Contributions to pension plans(a)	29,598	38,995	37,978	10,757	6,783
Other social security costs, housing benefits and other employee benefits	35,918	48,787	44,554	12,373	8,660
Share-based payments (Note 30(b))	134,427	89,275	13,292	(14,489)	4,662
	<u>670,129</u>	<u>739,631</u>	<u>608,466</u>	<u>148,962</u>	<u>101,964</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**8 Employee benefit expenses (continued)****(a) Pensions – defined contribution plans**

As stipulated by rules and regulations in mainland China, the Group has participated in state-sponsored defined contribution retirement plans for its employees in mainland China. The Group has no further obligations for the actual payment of pensions or post-retirement benefits beyond the annual contributions. The state-sponsored retirement plans are responsible for the entire pension obligations payable to the retired employees.

During the years ended December 31, 2021, 2022 and 2023 and the three months ended March 31, 2023 and 2024, there was no forfeited defined contribution to offset existing contribution under the defined contribution schemes.

(b) The reversal of the share-based payments expenses for the three months ended March 31, 2023 was primarily due to the change of the estimated completion date of the Company's IPO.**(i) Five highest paid individuals**

The five individuals whose emoluments were the highest in the Group include 4, 4, 3, 1 and 2 directors and none of the supervisors respectively for the years ended December 31, 2021, 2022 and 2023 and the three months ended March 31, 2023 and 2024, whose emoluments are disclosed in the Note 35. The emoluments payable/paid to the five highest paid individuals, excluding the 4, 4, 3, 1 and 2 highest paid directors for the respective year/period are as follows:

	Year ended December 31,			Three months ended March 31,	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Wages, salaries and bonuses	2,297	3,120	6,664	3,437	916
Contributions to pension plans	54	-	-	32	47
Other social security costs, housing benefits and other employee benefits	26	-	-	40	53
Share-based payments	10,869	-	-	-	1,223
	<u>13,246</u>	<u>3,120</u>	<u>6,664</u>	<u>3,509</u>	<u>2,239</u>

(ii) The emoluments fell within the following bands:

	Year ended December 31,			Three months ended March 31,	
	2021	2022	2023	2023	2024
				(Unaudited)	
Nil to HKD 1,500,000	-	-	-	4	3
HKD 1,500,001 to HKD 2,000,000	-	-	-	-	-
HKD 2,000,001 to HKD 2,500,000	-	-	-	-	-
HKD 2,500,001 to HKD 3,000,000	-	-	1	-	-
HKD 3,000,001 to HKD 3,500,000	-	1	-	-	-
HKD 4,500,001 to HKD5,000,000	-	-	1	-	-
HKD 16,500,001 to HKD 17,000,000	1	-	-	-	-
	<u>1</u>	<u>1</u>	<u>2</u>	<u>4</u>	<u>3</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**9 Other income**

	Year ended December 31,			Three months ended March 31,	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Government grants (a)	11,907	16,781	16,273	7,392	8,034
Additional deductible input VAT (b)	1,918	3,012	1,980	356	-
Others	452	768	1,166	1,162	1,153
	<u>14,277</u>	<u>20,561</u>	<u>19,419</u>	<u>8,910</u>	<u>9,187</u>

- (a) Governments grants received during the year/period primarily comprised the financial subsidies received from various local government authorities in mainland China. There are no unfulfilled conditions or contingencies relating to these income.
- (b) On 20 March 2019, the Ministry of Finance, the State Taxation Administration and General Customs Administration announced that from 1 April 2019 to 31 December 2021, taxpayers engaging in providing modern services are allowed to deduct an extra 10% of the deductible input VAT for the then current period from the payable tax. In March 2022, the effective period of this tax incentive policy was extended to 31 December 2022. On 9 January 2023, the Ministry of Finance, the State Taxation Administration and General Customs Administration announced that from 1 January 2023 to 31 December 2023, taxpayers engaging in providing modern services are allowed to deduct an extra 5% of the deductible input VAT for the then current period from the payable tax.

10 Other gains/(losses) – net

	Year ended December 31,			Three months ended March 31,	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Fair value gains on financial assets at fair value through profit or loss (Note 25(c))	19,800	9,791	5,842	2,454	3,782
Net foreign exchange (losses)/gains	(7,958)	54,030	8,649	(8,478)	2,558
Fair value losses of warrant liabilities (Note 3.3(c))	-	(3,436)	(1,503)	(378)	(460)
Gains/(losses) on disposal of property, plant and equipment	17	(467)	-	-	-
Gains/(losses) on termination of leasing contracts	-	418	(105)	(105)	-
Donations	(225)	-	(270)	(250)	-
Others	(488)	(1,437)	(1,336)	1	(3,425)
	<u>11,146</u>	<u>58,899</u>	<u>11,277</u>	<u>(6,756)</u>	<u>2,455</u>

11 Finance income - net

	Year ended December 31,			Three months ended March 31,	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Finance income:					
Interest income	<u>28,738</u>	<u>22,884</u>	<u>41,654</u>	<u>10,052</u>	<u>8,629</u>
Finance cost:					
Interest expenses on bank borrowings	(105)	-	-	-	-
Interest charges on lease liabilities (Note 17)	<u>(2,604)</u>	<u>(2,681)</u>	<u>(1,431)</u>	<u>(538)</u>	<u>(157)</u>
	<u>(2,709)</u>	<u>(2,681)</u>	<u>(1,431)</u>	<u>(538)</u>	<u>(157)</u>
	<u>26,029</u>	<u>20,203</u>	<u>40,223</u>	<u>9,514</u>	<u>8,472</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
12 Subsidiaries
(i) Subsidiaries of the Group

The Company's subsidiaries as at December 31, 2021, 2022 and 2023 and March 31, 2024 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country/region of incorporation or registration is also their principal place of business.

Name of entity*	Effective interest held in terms of %					Date of establishment/ incorporation	Issued capital/paid in capital	Business activities	Place of Operation	Note
	As at December 31,			As at March 31,	As at report date					
	2021	2022	2023	2024						
Directly held by the Company:										
Shanghai Taimei Xingyun Digital Technology Co., Ltd. ("上海太美星云数字科技有限公司")	100%	100%	100%	100%	100%	17 September 2017	RMB20,000,000	Provision of technical services and R&D support	China	(i)(b)(1)
Elkix (Shanghai) Clinical Research Co., Ltd. ("圣方 (上海)医药研发有限公司") ("Shanghai Shengfang")	100%	78.51%	78.51%	72.51%	72.51%	20 November 2019	RMB127,368,421	Provision of clinical operation services, data management services and statistical analysis services	China	(i)(b)(1), (iii)
Hangzhou Taimei Xingcheng Pharmaceutical Technology Co., Ltd. ("杭州太美星程医药科技有限公司")	100%	100%	100%	100%	100%	24 June 2020	RMB100,000,000	Provision of independent image evaluation services	China	(i)(a)
Shanghai Taimei Xinghuan Digital Technology Co., Ltd. ("上海太美星环数字科技有限公司", formerly named "上海软素科技股份有限公司", "Taimei Xinghuan")	100%	100%	100%	100%	100%	21 May 2008	RMB152,000,000	Provision of pharmaceutical marketing solutions	China	(i)(b)(1)
Shanghai Taimei Digital Technology Co., Ltd. ("上海太美数字科技有限公司")	100%	100%	100%	100%	100%	22 January 2021	RMB30,000,000	Provision of technical services and R&D support	China	(i)(b)(2)
Beijing Nuoming Technology Co., Ltd. ("北京诺铭科技有限公司", "Beijing Nuoming")	100%	100%	100%	100%	100%	29 November 2019	RMB1,000,000	Provision of institution digitalisation solutions	China	(i)(a)
Chengdu Taimei Zhiyan Pharmaceutical Technology Co., Ltd. ("成都太美智研医药科技有限公司")	100%	100%	N.a.	N.a.	N.a.	11 November 2019	-	Provision of software products and technical services	China	(i)(c)
Guangzhou Taimei Xinglian Technology Co., Ltd. ("广州太美星联科技有限公司")	100%	100%	100%	100%	N.a.	25 April 2021	-	Provision of software products and technical services	China	(i)(a), (i)(e)
Shanghai Taimei International Consulting Co., Ltd. ("上海太美星际企业咨询有限公司")	100%	100%	100%	100%	100%	20 July 2021	RMB92,392,000	Investment holdings and management	China	(i)(a)
Shanghai Taimei Xinghui Enterprise Management Co., Ltd. ("上海太美星辉企业管理有限公司")	100%	100%	100%	100%	100%	8 February 2021	RMB500,000	Investment holdings and management	China	(i)(a)
Xinyu Gongchuang Enterprise Management Partnership (Limited Partnership) ("新余共创企业管理合伙企业(有限合伙)")	100%	100%	100%	100%	100%	5 March 2021	-	Investment holdings and management	China	(i)(a)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
12 Subsidiaries (continued)
(i) Subsidiaries of the Group(continued)

Name of entity*	Effective interest held in terms of %				As at report date	Date of establishment/ incorporation	Issued capital/paid in capital	Business activities	Place of Operation	Note
	As at December 31,			As at March 31,						
	2021	2022	2023	2024						
Indirectly held by the Company: Shanghai Elixir Haichuang Pharmaceutical Research and Development Co., Ltd.(“上海圣方海创医药研发有限公司”)	-	78.51%	78.51%	72.51%	72.51%	14 October 2022	-	Investment holdings and management Provision of technical services and investment holdings	China	(i)(a), (iii)
Taimei (Singapore) Medical Technology PTE. Ltd.	100%	100%	100%	100%	100%	27 August 2021	USD11,790,000	Provision of software products and technical services	Singapore	(i)(b)(3), (iii)
Taimei Technology, Inc.	100%	100%	100%	100%	100%	21 September 2021	USD5	Provision of software products and technical services	United States	(i)(a)
Taimei Medical Technology	N.a.	100%	N.a.	N.a.	N.a.	3 February 2022	EUR10,000	Provision of software products and technical services	France	(i)(a), (i)(d)
Shanghai Shengxin Pharmaceutical Technology Co., Ltd. (“上海圣馨医药科技有限公司”)	N.a.	N.a.	78.51%	72.51%	72.51%	14 August 2023	-	Investment holdings and management Provision of software products and technical services and investment holdings	China	(i)(a), (iii)
Elixir Clinical Research (Singapore) PTE. Ltd.	N.a.	100%	100%	100%	100%	19 December 2022	-	Provision of software products and technical services and investment holdings	Singapore	(i)(a)
Elixir Clinical Research, Inc.	100%	100%	100%	100%	100%	27 August 2021	-	Provision of software products and technical services and investment holdings	United States	(i)(a)

(a) No audited financial statements were issued for these companies/partnership as they are either newly incorporated or not required to issue audited financial statements under the statutory requirements of their respective places of incorporation.

(b) The auditors of these companies for the year ended December 31, 2021, 2022 or 2023 were as follows:

- (1) The financial statements were audited by Pan-China Certified Public Accountants LLP(天健会计师事务所(特殊普通合伙)) for the years ended December 31, 2021 and 2022.
- (2) The financial statements were audited by Pan-China Certified Public Accountants LLP for the years ended December 31, 2022.
- (3) The financial statements were audited by FOZL Assurance PAC for the year ended December 31, 2022.
- (4) The financial statements of the Company were audited by Pan-China Certified Public Accountants LLP for the year ended December 31, 2022.
- (5) The financial statements of Shanghai Shengfang were audited by PricewaterhouseCoopers Zhongtian LLP for the year ended December 31, 2023.

(c) Chengdu Taimei Zhiyan Pharmaceutical Technology Co., Ltd. was deregistered on September 13, 2023.

(d) Taimei Medical Technology was deregistered on September 15, 2023.

(e) Guangzhou Taimei Xinglian Technology Co., Ltd was deregistered on May 20, 2024.

* The English names of the companies referred above represent the best effort made by the management of the Company to translate the Chinese names as some of them have not registered any official English names.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12 Subsidiaries (continued)

(ii) Investments in subsidiaries – the Company

	As at December 31,			As at March 31,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Investments in subsidiaries	361,234	649,561	672,353	668,656
Less: allowance for impairment of investment in subsidiaries	(173,988)	(278,981)	(313,117)	(313,390)
	187,246	370,580	359,236	355,266

(iii) Non-controlling interests

Set out below is summarised financial information for Shanghai Shengfang and its subsidiaries that has non-controlling interests that are material to the Group. The amounts disclosed for Shanghai Shengfang and its subsidiaries are before inter-company eliminations.

(a) Summarised consolidated balance sheets

	As at December 31,		As at March 31,
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Current assets	404,324	394,054	367,805
Current liabilities	(60,779)	(92,914)	(74,461)
Current net assets	343,545	301,140	293,344
Non-current assets	5,370	3,914	3,374
Non-current liabilities	(33,511)	(35,555)	(35,307)
Non-current net liabilities	(28,141)	(31,641)	(31,933)
Net assets	315,404	269,499	261,411
Accumulated non-controlling interests	73,397	63,786	77,664

(b) Summarised consolidated income statements and statements of comprehensive loss

	Year ended December 31,		Three months ended March 31,	
	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Revenue	91,974	159,318	39,553	36,903
Loss for the year/period	(57,570)	(44,687)	(15,721)	(8,391)
Other comprehensive loss	-	(42)	-	30
Total comprehensive loss	(57,570)	(44,729)	(15,721)	(8,361)
Total comprehensive loss allocated to non-controlling interests	(9,674)	(9,611)	(3,378)	(1,936)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**12 Subsidiaries (continued)****(iii) Non-controlling interests (continued)****(c) Summarised consolidated statements of cash flows**

	Year ended December 31,		Three months ended March 31,	
	2022	2023	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i>
Cash flow used in operating activities	(29,452)	(54,183)	(28,907)	(30,298)
Cash flow generated from/(used in) investing activities	2,989	5,520	(14,016)	248,850
Cash flow generated from/(used in) financing activities	376,071	(4,323)	(1,297)	(123)
Net increase/(decrease) in cash and cash equivalents	<u>349,608</u>	<u>(52,986)</u>	<u>(44,220)</u>	<u>218,429</u>

(d) Transaction with non-controlling interests**(i) Dilution of interests in a subsidiary**

During the year ended December 31, 2022, certain investors subscribed for 21.49% of the equity interest in Shanghai Shengfang, by way of capital injection for an aggregate amount of USD50,000,000 (equivalent to RMB330,140,000). The Group recognised an increase in non-controlling interests of RMB83,071,000, an increase in warrant liabilities of RMB28,796,000 (Note 29) and an increase in equity attributable to owners of the Company of RMB218,273,000. The effect of changes in the ownership interest of Shanghai Shengfang on the equity attributable to owners of the Company during the year is summarised as follows:

	Year ended December 31, 2022
	<i>RMB'000</i>
Capital injection from the non-controlling interests	330,140
Carrying amount of warrant liabilities recognised (Note 29)	(28,796)
Carrying amount of non-controlling interests recognised	(83,071)
Excess of subscription received recognised within equity	<u>218,273</u>

(ii) Transfer shares of a subsidiary to certain shareholders

During the three months ended March 31, 2024, the Company transferred 6% shares of its subsidiary, Shanghai Shengfang, to certain shareholders with nil consideration, considering the continued support from these shareholders. The fair value of these shares at the time was RMB92,836,000 and the Group recognised an increase of share-based compensation expenses to certain shareholders of RMB92,836,000 (Note 7), an increase of non-controlling interests of RMB15,814,000 and an increase in equity attributable to owners of the Company of RMB77,022,000. The effect of changes in the ownership interest of Shanghai Shengfang on the equity attributable to owners of the Company during the period is summarised as follows:

	Three months ended March 31, 2024
	<i>RMB'000</i>
Share-based compensation expenses to certain shareholders	92,836
Carrying amount of non-controlling interests recognised	(15,814)
Carrying amount recognised within equity	<u>77,022</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13 Income tax expenses

(i) Corporate income tax in mainland China ("CIT")

The income tax provision of the Group in respect of its operations in the mainland China was subject to statutory tax rate of 25% on the assessable profits for the years ended December 31, 2021, 2022 and 2023 and the three months ended March 31, 2023 and 2024, based on the existing legislation, interpretations and practices in respect thereof.

The Company, Taimei Xinghuan and Hangzhou Taimei Xingcheng Pharmaceutical Technology Co., Ltd. were qualified as "High and New Technology Enterprises" ("HNTEs") under the relevant PRC laws and regulations. Accordingly, these entities were entitled to a preferential income tax rate of 15% on the assessable profits during the years ended December 31, 2021, 2022 and 2023 and the three months ended March 31, 2023 and 2024. This status is subject to a requirement that these companies reapply for HNTEs status every three years. In 2023, Shanghai Shengfang was qualified as HNTEs and hence it enjoys a preferential income tax rate of 15% for three years from 2023 to 2025.

During the years ended December 31, 2021, 2022 and 2023 and the three months ended March 31, 2023 and 2024, certain subsidiaries in the mainland China that qualified as "small low-profit enterprises" under the Enterprise Income Tax Law of the PRC enjoyed a preferential income tax rate of 20%.

(ii) Singapore income tax

Singapore income tax rate is 17%. No Singapore profits tax was provided for as there was no estimated assessable profit that was subject to Singapore profits tax during the years ended December 31, 2021, 2022 and 2023 and the three months ended March 31, 2023 and 2024.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**13 Income tax expenses (continued)****(iii) The United States income tax**

The United States income tax rate divided into federal tax and state tax. The Federal CIT is 21%. And the State CITs range from 1% to 12%. No the United States profits tax was provided for as there was no estimated assessable profit that was subject to the United States profits tax during the years ended December 31, 2021, 2022 and 2023 and the three months ended March 31, 2023 and 2024.

(iv) France income tax

France income tax rate is 25%. No France profits tax was provided for as there was no estimated assessable profit that was subject to France profits tax during the years ended December 31, 2021, 2022 and 2023 and the three months ended March 31, 2023 and 2024.

	Year ended December 31,			Three months ended March 31,	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Current income tax	6	-	15	-	-
Deferred income tax (Note 20)	-	-	-	-	-
Income tax expense	6	-	15	-	-

The tax on the Group's loss before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to losses of the consolidated entities as follows:

	Year ended December 31,			Three months ended March 31,	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Loss before income tax	(479,605)	(422,581)	(356,364)	(107,422)	(118,222)
Tax calculated at statutory tax rates applicable to each group entity	(80,098)	(83,099)	(59,038)	(16,706)	(5,730)
Tax effects of:					
Super deduction for research and development expenses (a)	(17,304)	(23,630)	(26,375)	(9,117)	(4,967)
Share-based payment expenses not deductible for tax purpose	19,784	13,646	1,994	(1,853)	14,625
Expenses not deductible for tax purpose	1,186	1,499	971	389	158
Income not subject to tax	-	-	-	-	(12,779)
Tax losses for which no deferred income tax asset was recognised (b)	67,663	91,455	80,909	27,130	8,382
Other temporary difference for which no deferred income tax asset was recognised	8,779	898	2,178	429	1,465
Recognition of previously unrecognised tax losses and temporary differences	(4)	(769)	(624)	(272)	(1,154)
Income tax expense	6	-	15	-	-

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**13 Income tax credit (continued)****(a) Super deduction for research and development expenses**

The State Taxation Administration of the People's Republic of China announced in September 2018 that enterprises engaging in research and development activities would entitle to claim 175% of their research and development expenses ("Super Deduction") from January 1, 2018 to December 31, 2020 and announced in March 2021 to extend this preferential claim percentage to December 31, 2023. As announced in March 2022 and September 2022, technology-based small and medium-sized enterprises would entitle to claim 200% of their research and development expenses from January 1, 2022 and other enterprises would entitle to claim 200% of their research and development expenses from October 1, 2022 to December 31, 2022. As announced in March 2023, technology-based software enterprises would entitle to claim 200% of their research and development expenses from January 1, 2023.

The Group has made its best estimate for the Super Deduction to be claimed for the Group's entities in ascertaining their assessable profits during the years ended December 31, 2021, 2022 and 2023 and the three months ended March 31, 2024.

- (b) The Group only recognises deferred income tax assets for cumulative tax losses if it is probable that future taxable amounts will be available to utilise those tax losses. Management will continue to assess the recognition of deferred income tax assets in future reporting periods. As at December 31, 2021, 2022 and 2023 and March 31, 2024, the Group did not recognise deferred income tax assets of RMB137,905,000, RMB213,284,000, RMB286,247,000, and RMB288,407,000 respectively. The expiration dates of unused tax losses for which no deferred income tax asset has been recognised are as follows:

	As at December 31,			As at March 31,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
2023	321	321	321	-
2024	2,490	2,490	2,490	2,490
2025	6,677	6,677	6,677	4,361
2026	64,039	64,039	64,039	37,493
2027	54,933	133,590	133,590	77,526
2028	106,009	106,009	193,336	153,927
2029	152,370	152,370	152,370	157,855
2030	214,045	214,045	214,045	214,980
2031	290,428	290,428	290,428	316,384
2032	-	333,821	333,821	390,465
2033	-	-	355,429	371,134
2034	-	-	-	30,312
Indefinitely	279	30,184	79,029	74,874
	<u>891,591</u>	<u>1,333,974</u>	<u>1,825,575</u>	<u>1,831,801</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**14 Loss per share****Basic**

The basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of shares issued during the years ended December 31, 2021, 2022 and 2023 and the three months ended March 31, 2023 and 2024.

	Year ended December 31,			Three months ended March 31,	
	2021	2022	2023	2023 (Unaudited)	2024
Loss attributable to owners of the Company (RMB'000)	(479,611)	(412,907)	(346,778)	(104,044)	(116,276)
Weighted average number of ordinary shares in issue (thousand shares)	538,000	538,000	538,000	538,000	538,000
Basic loss per share (expressed in RMB per share)	(0.89)	(0.77)	(0.64)	(0.19)	(0.22)

Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. As the Group incurred losses for the respective years/periods, the potential ordinary shares, i.e. restricted shares issued under the Company's and the subsidiary's share incentive plan, were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the years ended December 31, 2021, 2022 and 2023 and the three months ended March 31, 2023 and 2024 are the same as basic loss per share of the respective years/periods.

15 Dividends

No dividend had been declared or paid by the Company during the years ended December 31, 2021, 2022 and 2023 and the three months ended March 31, 2023 and 2024.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**16 Property, plant and equipment****The Group**

	Server and electronic equipment	Furniture and office equipment	Transportatio n equipment and vehicles	Leasehold improvements	Construction in progress	Total
Year ended December 31, 2021						
Opening net book amount	5,030	372	927	4,274	-	10,603
Additions	7,953	1,558	378	9,943	9,976	29,808
Disposals	(19)	-	(85)	-	-	(104)
Depreciation charges (Note 7)	(2,647)	(258)	(262)	(4,847)	-	(8,014)
Closing net book amount	10,317	1,672	958	9,370	9,976	32,293
At December 31, 2021						
Cost	17,911	2,277	1,395	17,326	9,976	48,885
Accumulated depreciation	(7,594)	(605)	(437)	(7,956)	-	(16,592)
Net book amount	10,317	1,672	958	9,370	9,976	32,293
Year ended December 31, 2022						
Opening net book amount	10,317	1,672	958	9,370	9,976	32,293
Additions	5,082	2,160	382	6,565	10,313	24,502
Transfer	-	-	-	19,616	(19,616)	-
Disposals	(467)	-	-	-	-	(467)
Depreciation charges (Note 7)	(4,098)	(496)	(567)	(13,876)	-	(19,037)
Currency translation differences	47	-	7	-	37	91
Closing net book amount	10,881	3,336	780	21,675	710	37,382
At December 31, 2022						
Cost	18,895	4,437	1,789	43,507	710	69,338
Accumulated depreciation	(8,014)	(1,101)	(1,009)	(21,832)	-	(31,956)
Net book amount	10,881	3,336	780	21,675	710	37,382

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**16 Property, plant and equipment (continued)****The Group (continued)**

	Server and electronic equipment	Furniture and office equipment	Transportation equipment and vehicles	Leasehold improvements	Construction in progress	Total
Year ended December 31, 2023						
Opening net book amount	10,881	3,336	780	21,675	710	37,382
Additions	435	651	385	1,391	1,509	4,371
Transfer	372	-	-	1,834	(2,206)	-
Depreciation charges (Note 7)	(4,685)	(974)	(441)	(13,749)	-	(19,849)
Currency translation differences	23	-	3	(14)	26	38
Closing net book amount	7,026	3,013	727	11,137	39	21,942
At December 31, 2023						
Cost	19,736	5,088	2,181	46,718	39	73,762
Accumulated depreciation	(12,710)	(2,075)	(1,454)	(35,581)	-	(51,820)
Net book amount	7,026	3,013	727	11,137	39	21,942
Three months ended March 31, 2024						
Opening net book amount	7,026	3,013	727	11,137	39	21,942
Additions	448	-	-	23	-	471
Depreciation charges (Note 7)	(1,120)	(218)	(59)	(3,865)	-	(5,262)
Currency translation differences	-	-	-	(10)	-	(10)
Closing net book amount	6,354	2,795	668	7,285	39	17,141
At March 31, 2024						
Cost	20,184	5,088	2,181	46,731	39	74,223
Accumulated depreciation	(13,830)	(2,293)	(1,513)	(39,446)	-	(57,082)
Net book amount	6,354	2,795	668	7,285	39	17,141

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16 Property, plant and equipment (continued)

The Group (continued)

Depreciation charges were expensed off in the following categories in the consolidated income statements:

	Year ended December 31,			Three months ended March 31,	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Cost of sales	508	1,109	1,123	131	276
Selling expenses	188	957	1,248	280	278
Administrative expenses	6,127	15,616	16,261	4,287	4,419
Research and development expenses	1,191	1,355	1,217	291	289
	8,014	19,037	19,849	4,989	5,262

The Company

	Server and electronic equipment	Furniture and office equipment	Leasehold improvements	Total
Year ended December 31, 2021				
Opening net book amount	2,857	75	1,741	4,673
Additions	1,724	1,530	2,063	5,317
Depreciation charges	(802)	(121)	(989)	(1,912)
Closing net book amount	3,779	1,484	2,815	8,078
At December 31, 2021				
Cost	5,368	1,741	6,496	13,605
Accumulated depreciation	(1,589)	(257)	(3,681)	(5,527)
Net book amount	3,779	1,484	2,815	8,078
Year ended December 31, 2022				
Opening net book amount	3,779	1,484	2,815	8,078
Additions	677	2,155	321	3,153
Depreciation charges	(1,058)	(382)	(1,178)	(2,618)
Closing net book amount	3,398	3,257	1,958	8,613
At December 31, 2022				
Cost	6,044	3,897	6,817	16,758
Accumulated depreciation	(2,646)	(640)	(4,859)	(8,145)
Net book amount	3,398	3,257	1,958	8,613
Year ended December 31, 2023				
Opening net book amount	3,398	3,257	1,958	8,613
Additions	108	652	4	764
Depreciation charges	(909)	(921)	(701)	(2,531)
Closing net book amount	2,597	2,988	1,261	6,846
At December 31, 2023				
Cost	6,152	4,549	6,821	17,522
Accumulated depreciation	(3,555)	(1,561)	(5,560)	(10,676)
Net book amount	2,597	2,988	1,261	6,846

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16 Property, plant and equipment (continued)

The Company (continued)

	Server and electronic equipment	Furniture and office equipment	Leasehold improvements	Total
Three months ended March 31,2024				
Opening net book amount	2,597	2,988	1,261	6,846
Depreciation charges	(259)	(209)	(150)	(618)
Closing net book amount	2,338	2,779	1,111	6,228
At March 31,2024				
Cost	6,152	4,549	6,821	17,522
Accumulated depreciation	(3,814)	(1,770)	(5,710)	(11,294)
Net book amount	2,338	2,779	1,111	6,228

Property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Construction in progress mainly represents leasehold improvements under construction, which is stated at actual construction cost less accumulated impairment losses. Construction in progress is transferred to appropriate categories of property and equipment upon the completion of their respective construction and depreciated over their respective estimated useful lives.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements, the shorter lease term as follows:

Server and electronic equipment	5 years
Furniture and office equipment	5 years
Transportation equipment and vehicles	5 years
Leasehold improvements	shorter of estimated useful lives and remaining lease terms

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting year/period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other gains/(losses) - net" in the consolidated income statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17 Right-of-use assets and lease liabilities

The Group

Right-of-use assets includes leased buildings.

(i) Amounts recognised in the consolidated balance sheets

The consolidated balance sheets show the following amounts relating to leases:

	As at December 31,			As at
	2021	2022	2023	March 31,
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Right-of-use assets				
Leased buildings	77,595	47,500	19,347	12,508
Lease liabilities				
Current	36,597	31,714	12,308	11,621
Non-current	40,847	14,146	2,781	2,086
	77,444	45,860	15,089	13,707

(ii) Amounts recognised in the consolidated income statements

The consolidated income statements show the following amounts relating to leases:

	Year ended December 31,			Three months ended	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Depreciation charge of right-of-use assets					
Leased buildings (Note 7)	25,233	32,568	28,058	7,259	6,806
Interest expense (Note 11)	2,604	2,681	1,431	538	157

The total cash outflow for leases for the years ended December 31, 2021, 2022 and 2023 and the three months ended March 31, 2023 and 2024 were RMB38,877,000, RMB46,317,000, RMB35,726,000, RMB10,085,000 and RMB1,670,000 respectively.

Depreciation charges were expensed off in the following categories in the consolidated income statements:

	Year ended December 31,			Three months ended	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Cost of sales	7,397	6,089	9,172	2,425	1,793
Selling expenses	1,133	2,381	2,021	617	481
Administrative expenses	13,833	18,535	11,080	2,563	3,710
Research and development expenses	2,870	5,563	5,785	1,654	822
	25,233	32,568	28,058	7,259	6,806

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17 Right-of-use assets and lease liabilities (continued)

The Group (continued)

(iii) The movements in right-of-use assets in the consolidated balance sheets are as follows:

	Right-of-use assets
	<i>RMB'000</i>
Year ended December 31, 2021	
Opening net book amount	14,210
Additions	88,618
Depreciation charges (Note 7)	(25,233)
Closing net book amount	77,595
As at December 31, 2021	
Cost	109,552
Accumulated depreciation	(31,957)
Net book amount	77,595
Year ended December 31, 2022	
Opening net book amount	77,595
Additions	11,915
Termination of lease contracts	(9,693)
Depreciation charges (Note 7)	(32,568)
Currency translation differences	251
Closing net book amount	47,500
As at December 31, 2022	
Cost	85,975
Accumulated depreciation	(38,475)
Net book amount	47,500
Year ended December 31, 2023	
Opening net book amount	47,500
Additions	1,620
Termination of lease contracts	(1,780)
Depreciation charges (Note 7)	(28,058)
Currency translation differences	65
Closing net book amount	19,347
As at December 31, 2023	
Cost	83,094
Accumulated depreciation	(63,747)
Net book amount	19,347
Three months ended March 31, 2024	
Opening net book amount	19,347
Depreciation charges (Note 7)	(6,806)
Currency translation differences	(33)
Closing net book amount	12,508
As at March 31, 2024	
Cost	83,040
Accumulated depreciation	(70,532)
Net book amount	12,508

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17 Right-of-use assets and lease liabilities (continued)

The Company

(iv) Amounts recognised in the Company balance sheets

The Company balance sheets show the following amounts relating to leases:

	As at December 31,		As at March 31,	
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Right-of-use assets				
Leased buildings	3,482	1,933	-	-
Lease liabilities				
Current	1,703	1,814	-	-
Non-current	1,814	-	-	-
	3,517	1,814	-	-

(v) The movements in right-of-use assets in the Company balance sheets are as follows:

	Right-of-use assets
	<i>RMB'000</i>
Year ended December 31, 2021	
Opening net book amount	1,189
Additions	3,459
Depreciation charges	(1,166)
Closing net book amount	3,482
As at December 31, 2021	
Cost	4,648
Accumulated depreciation	(1,166)
Net book amount	3,482
Year ended December 31, 2022	
Opening net book amount	3,482
Depreciation charges	(1,549)
Closing net book amount	1,933
As at December 31, 2022	
Cost	4,648
Accumulated depreciation	(2,715)
Net book amount	1,933
Year ended December 31, 2023	
Opening net book amount	1,933
Termination of lease contracts	(1,767)
Depreciation charges	(166)
Closing net book amount	-
As at December 31, 2023 and March 31, 2024	
Cost	-
Accumulated depreciation	-
Net book amount	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17 Right-of-use assets and lease liabilities (continued)

(vi) The Group's leasing activities and how these are accounted for

The Group leases properties and offices and land use right as lessee. Rental contracts are typically made for fixed periods of 14 months to 5 years but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option;
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option; and
- lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received; and
- any initial direct costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise equipment and small items of office furniture.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**18 Intangible assets****The Group**

	Goodwill	Software	Patent	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Year ended December 31, 2021				
Opening net book amount	131,642	1,330	25,245	158,217
Additions	-	2,308	-	2,308
Amortisation charge(Note 7)	-	(269)	(2,990)	(3,259)
Impairment (iv)	(54,089)	-	-	(54,089)
Closing net book amount	77,553	3,369	22,255	103,177
As at December 31, 2021				
Cost	161,126	4,314	29,900	195,340
Accumulated amortisation	-	(945)	(7,645)	(8,590)
Accumulated impairment (iv)	(83,573)	-	-	(83,573)
Net book amount	77,553	3,369	22,255	103,177
Year ended December 31, 2022				
Opening net book amount	77,553	3,369	22,255	103,177
Additions	-	3,826	-	3,826
Amortisation charge(Note 7)	-	(930)	(2,990)	(3,920)
Impairment (iv)	(22,382)	-	-	(22,382)
Closing net book amount	55,171	6,265	19,265	80,701
As at December 31, 2022				
Cost	161,126	8,158	29,900	199,184
Accumulated amortisation	-	(1,893)	(10,635)	(12,528)
Accumulated impairment (iv)	(105,955)	-	-	(105,955)
Net book amount	55,171	6,265	19,265	80,701
Year ended December 31, 2023				
Opening net book amount	55,171	6,265	19,265	80,701
Additions	-	5,117	-	5,117
Amortisation charge(Note 7)	-	(1,160)	(2,895)	(4,055)
Impairment (iv)	(8,368)	-	(1,204)	(9,572)
Closing net book amount	46,803	10,222	15,166	72,191
As at December 31, 2023				
Cost	161,126	12,951	29,900	203,977
Accumulated amortisation	-	(2,729)	(13,530)	(16,259)
Accumulated impairment (iv)	(114,323)	-	(1,204)	(115,527)
Net book amount	46,803	10,222	15,166	72,191
Three months ended March 31, 2024				
Opening net book amount	46,803	10,222	15,166	72,191
Amortisation charge(Note 7)	-	(354)	(700)	(1,054)
Closing net book amount	46,803	9,868	14,466	71,137
As at March 31, 2024				
Cost	161,126	12,951	29,900	203,977
Accumulated amortisation	-	(3,083)	(14,230)	(17,313)
Accumulated impairment (iv)	(114,323)	-	(1,204)	(115,527)
Net book amount	46,803	9,868	14,466	71,137

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**18 Intangible assets (continued)****The Group (continued)**

Amortisation charges were expensed off in the following categories in the consolidated income statements:

	Year ended December 31,			Three months ended March 31,	
	2021	2022	2023	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i>
Cost of sales	-	21	93	2	36
Selling expenses	35	87	108	25	12
Administrative expenses	3,206	3,507	3,516	894	913
Research and development expenses	18	305	338	67	93
	<u>3,259</u>	<u>3,920</u>	<u>4,055</u>	<u>988</u>	<u>1,054</u>

The Company

	Software <i>RMB'000</i>
Year ended December 31, 2021	
Opening net book amount	1,162
Additions	1,923
Amortisation charges	(228)
Closing net book amount	<u>2,857</u>
As at December 31, 2021	
Cost	3,726
Accumulated amortisation	(869)
Net book amount	<u>2,857</u>
Year ended December 31, 2022	
Opening net book amount	2,857
Additions	3,640
Amortisation charges	(841)
Closing net book amount	<u>5,656</u>
As at December 31, 2022	
Cost	7,366
Accumulated amortisation	(1,710)
Net book amount	<u>5,656</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**18 Intangible assets (continued)****The Company (continued)**

	Software
	<i>RMB'000</i>
Year ended December 31, 2023	
Opening net book amount	5,656
Additions	3,784
Amortisation charges	(937)
Closing net book amount	<u>8,503</u>
As at December 31, 2023	
Cost	10,844
Accumulated amortisation	(2,341)
Net book amount	<u>8,503</u>
Three months ended March 31, 2024	
Opening net book amount	8,503
Amortisation charges	(296)
Closing net book amount	<u>8,207</u>
As at March 31, 2024	
Cost	10,844
Accumulated amortisation	(2,637)
Net book amount	<u>8,207</u>

(i) Goodwill

Goodwill is measured as described in Note 38.1(a). Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units ("CGUs") for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (CGU).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**18 Intangible assets (continued)****(ii) Research and development expenditure**

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new and improved products) are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

(iii) Amortisation methods and periods

The Group amortises intangible assets with a limited useful life, and using the straight-line method over the following periods:

Software	2-10 years
Patent	10 years

The estimated useful lives of software and patent of the Group have been determined based on the period during which the software are expected to bring economic benefits to the Group, or the software's unlimited licence period, the period stipulated in the patent which covered be renewed without significant cost.

(iv) Impairment of goodwill

The goodwill balance arose from the acquisitions of Taimei Xinghuan on June 28, 2019 and Beijing Nuoming on November 29, 2019, amounting to RMB139,646,000 and RMB21,480,000, respectively. Taimei Xinghuan is primarily engaged in provision of pharmaceutical marketing solutions. Beijing Nuoming is mainly engaged in provision of institution digitalisation solutions. The following is a summary of goodwill allocation for CGUs:

	As at December 31,			As at March 31,
	2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000
Cost				
Taimei Xinghuan	139,646	139,646	139,646	139,646
Beijing Nuoming	21,480	21,480	21,480	21,480
	<u>161,126</u>	<u>161,126</u>	<u>161,126</u>	<u>161,126</u>
Accumulated impairment				
Taimei Xinghuan	(83,573)	(92,843)	(92,843)	(92,843)
Beijing Nuoming	-	(13,112)	(21,480)	(21,480)
	<u>(83,573)</u>	<u>(105,955)</u>	<u>(114,323)</u>	<u>(114,323)</u>
Closing net book amount	<u>77,553</u>	<u>55,171</u>	<u>46,803</u>	<u>46,803</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**18 Intangible assets (continued)****(iv) Impairment of goodwill (continued)**

The Group carries out its impairment test on goodwill by comparing the recoverable amounts of CGUs to the carrying amounts. Goodwill arising from the acquisition of Taimei Xinghuan and Beijing Nuoming was monitored separately and assessed as separate CGUs for the purpose of impairment testing.

CGU of Taimei Xinghuan

The impairment reviews of the goodwill arising from the acquisition of Taimei Xinghuan in June 2019 have been conducted by the management as at December 31, 2021, 2022 and 2023 and March 31, 2024. For the purposes of the impairment review, the recoverable amount of the CGU of Taimei Xinghuan is determined based on value-in-use calculations by using the discounted cash flow method. The key assumptions used in the value-in-use calculations of CGU of Taimei Xinghuan are as follows:

	As at December 31,			As at March 31,
	2021	2022	2023	2024
Annual growth rate	9.0%-35.0%	9.0%-55.0%	10.0%-42.9%	8.0%-40.0%
Terminal growth rate	2.0%	2.0%	2.0%	2.0%
Pre-tax discount rate	15.5%	15.5%	15.4%	15.4%

Affected by the macro economic condition, the estimated recoverable amount of the CGU of Taimei Xinghuan was below its carrying amount and therefore provision for impairment of RMB54,089,000 and RMB9,270,000, was recorded for the years ended December 31, 2021 and 2022, respectively.

The estimated recoverable amount of the CGU of Taimei Xinghuan exceeded its carrying amount by approximately RMB1,449,000 and RMB1,305,000 as at December 31, 2023 and March 31, 2024 respectively and management therefore concluded that the goodwill has impaired, but no further provision is required in 2024.

The Group performed the sensitivity analysis based on the assumption that annual growth rate, terminal growth rate and pre-tax discount rate have been changed. The following table sets out the impact of variations in each of the key assumptions for goodwill impairment testing. Had these estimated key assumptions been changed as below, the recoverable amounts would have increased/(decreased) as follows:

	As at December 31,			As at March 31,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Annual growth rate increased by 1%	20,723	19,156	15,035	13,678
Annual growth rate decreased by 1%	(20,105)	(18,610)	(14,612)	(13,283)
Terminal growth rate increased by 0.5%	4,977	5,140	3,971	3,391
Terminal growth rate decreased by 0.5%	(4,621)	(4,773)	(3,686)	(3,148)
Pre-tax discount rate increased by 1%	(14,717)	(14,374)	(10,802)	(9,215)
Pre-tax discount rate decreased by 1%	17,314	16,999	12,748	10,836

If the revenue annual growth rate used in the value in use calculation had been 1% lower than management's estimations as at December 31, 2023 and March 31, 2024, the Group would have had to recognise an additional impairment provision of goodwill of RMB13,163,000 and RMB11,978,000 respectively.

If the terminal growth rate used in the value in use calculation had been 0.5% lower than management's estimations as at December 31, 2023 and March 31, 2024, the Group would have had to recognise an additional impairment provision of goodwill of RMB2,237,000 and RMB1,843,000 respectively.

If the pre-tax discount rate used in the value in use calculation had been 1% higher than management's estimations as at December 31, 2023 and March 31, 2024, the Group would have had to recognise an additional impairment provision of goodwill of RMB9,353,000 and RMB7,910,000 respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18 Intangible assets (continued)

(iv) *Impairment of goodwill (continued)*

CGU of Beijing Nuoming

The impairment reviews of the goodwill arising from the acquisition of Beijing Nuoming in November 2019 have been conducted by the management as at December 31, 2021 and 2022. For the purposes of the impairment review, the recoverable amount of the CGU of Beijing Nuoming is determined based on value-in-use calculations by using the discounted cash flow method. The key assumptions used in the value-in-use calculations of CGU of Beijing Nuoming are as follows:

	As at December 31,			As at March 31,
	2021	2022	2023	2024
Annual growth rate	13.4%-30.0%	5.0%-19.0%	N.a.	N.a.
Terminal growth rate	2.0%	2.0%	N.a.	N.a.
Pre-tax discount rate	15.4%	15.4%	N.a.	N.a.

The estimated recoverable amount of the CGU of Beijing Nuoming exceeded its carrying amount by approximately RMB3,718,000 and management therefore concluded such goodwill was not impaired as at December 31, 2021.

Affected by the macro economic condition, the estimated recoverable amount of the CGU of Beijing Nuoming was below its carrying amount and therefore provision for impairment of RMB13,112,000 was recorded for the year ended December 31, 2022.

In April 2023, the Group reassessed the business performance of Beijing Nuoming and decided to cease its business in order to improve operating efficiency. Beijing Nuoming has made provision for impairment of goodwill and patent for RMB8,368,000 and RMB1,204,000, respectively.

The Group performed the sensitivity analysis based on the assumption that annual growth rate, terminal growth rate and pre-tax discount rate have been changed. The following table sets out the impact of variations in each of the key assumptions for goodwill impairment testing. Had these estimated key assumptions been changed as below, the recoverable amounts would have increased/(decreased) as follows:

	As at December 31,			As at March 31,
	2021 RMB'000	2022 RMB'000	2023* RMB'000	2024* RMB'000
Annual growth rate increased by 1%	3,331	2,751	N.a.	N.a.
Annual growth rate decreased by 1%	(3,239)	(2,671)	N.a.	N.a.
Terminal growth rate increased by 0.5%	958	524	N.a.	N.a.
Terminal growth rate decreased by 0.5%	(890)	(486)	N.a.	N.a.
Pre-tax discount rate increased by 1%	(2,588)	(1,678)	N.a.	N.a.
Pre-tax discount rate decreased by 1%	3,026	1,967	N.a.	N.a.

*Key assumptions and sensitivity analysis for CGU of Beijing Nuoming is not applicable as at December 31, 2023 and March 31, 2024 since the goodwill of Beijing Nuoming has been fully impaired.

Based on the headroom of the impairment assessment as at December 31, 2021, the directors of the Company believed that any reasonably possible change in any of the key assumptions would not result in an impairment provision of goodwill.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19 Other non-current assets

The Group

	As at December 31,			As at
	2021	2022	2023	March 31,
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Advance payment for property, plant and equipment purchases	115	12	-	-

The Company

	As at December 31,			As at
	2021	2022	2023	March 31,
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Advance payment for property, plant and equipment purchases	115	-	-	-

20 Deferred income tax liabilities

The Group

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

	As at December 31,			As at
	2021	2022	2023	March 31,
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Deferred income tax assets:				
- to be recovered within 12 months	8,278	7,999	2,083	4,430
- to be recovered after more than 12 months	13,231	7,573	5,662	1,635
Offset by deferred income tax liabilities	(21,509)	(15,572)	(7,745)	(6,065)
Net deferred income tax assets	-	-	-	-
Deferred income tax liabilities:				
- to be recovered within 12 months	(8,746)	(8,467)	(836)	(3,579)
- to be recovered after more than 12 months	(12,763)	(7,105)	(6,909)	(2,486)
Offset by deferred income tax assets	21,509	15,572	7,745	6,065
Net deferred income tax liabilities	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20 Deferred income tax liabilities (continued)

The Group (continued)

Deferred income tax assets	Tax losses	Credit loss allowance	Lease liabilities	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
January 1, 2021	11,448	559	2,669	14,676
(Charged)/credited to the consolidated income statement	(8,110)	492	14,451	6,833
At December 31, 2021 and January 1, 2022	3,338	1,051	17,120	21,509
(Charged)/credited to the consolidated income statement	(509)	376	(5,804)	(5,937)
At December 31, 2022 and January 1, 2023	2,829	1,427	11,316	15,572
(Charged)/credited to the consolidated income statement	(518)	656	(7,965)	(7,827)
At December 31, 2023	2,311	2,083	3,351	7,745
At January 1, 2024	2,311	2,083	3,351	7,745
Charged to the consolidated income statement	(950)	(85)	(645)	(1,680)
At March 31, 2024	1,361	1,998	2,706	6,065
Deferred income tax liabilities	Fair value adjustment on assets upon acquisition	Right-of-use assets	Fair value changes on financial assets carried at FVPL	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At January 1, 2021	(3,955)	(2,801)	(7,920)	(14,676)
Credited/(charged) to the consolidated income statement	468	(14,598)	7,297	(6,833)
At December 31, 2021 and January 1, 2022	(3,487)	(17,399)	(623)	(21,509)
Credited to the consolidated income statement	468	5,469	-	5,937
At December 31, 2022 and January 1, 2023	(3,019)	(11,930)	(623)	(15,572)
Credited/(charged) to the consolidated income statement	742	7,298	(213)	7,827
At December 31, 2023	(2,277)	(4,632)	(836)	(7,745)
At January 1, 2024	(2,277)	(4,632)	(836)	(7,745)
Credited/(charged) to the consolidated income statement	106	1,703	(129)	1,680
At March 31, 2024	(2,171)	(2,929)	(965)	(6,065)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20 Deferred income tax liabilities (continued)

The Company

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

	As at December 31,			As at
	2021	2022	2023	March 31,
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Deferred income tax assets:				
- to be recovered within 12 months	851	851	836	965
- to be recovered after more than 12 months	295	62	-	-
Offset by deferred income tax liabilities	(1,146)	(913)	(836)	(965)
Net deferred income tax assets	-	-	-	-
Deferred income tax liabilities:				
- to be recovered within 12 months	(851)	(851)	(836)	(965)
- to be recovered after more than 12 months	(295)	(62)	-	-
Offset by deferred income tax assets	1,146	913	836	965
Net deferred income tax liabilities	-	-	-	-
Deferred income tax assets	Tax losses	Credit loss allowance	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2021	7,430	485	178	8,093
(Charged)/credited to the consolidated income statement	(7,430)	133	350	(6,947)
At December 31, 2021 and January 1, 2022	-	618	528	1,146
Credited/(charged) to the consolidated income statement	-	23	(256)	(233)
At December 31, 2022 and January 1, 2023	-	641	272	913
Credited/(charged) to the consolidated income statement	-	195	(272)	(77)
At December 31, 2023	-	836	-	836
At January 1, 2024	-	836	-	836
Credited to the consolidated income statement	-	129	-	129
At March 31, 2024	-	965	-	965

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20 Deferred income tax liabilities (continued)

The Company (continued)

Deferred income tax liabilities	Right-of-use assets RMB'000	Fair value changes on financial assets carried at FVPL RMB'000	Total RMB'000
At January 1, 2021	(173)	(7,920)	(8,093)
(Charged)/credited to the consolidated income statement	(350)	7,297	6,947
At December 31, 2021 and January 1, 2022	(523)	(623)	(1,146)
Credited to the consolidated income statement	233	-	233
At December 31, 2022 and January 1, 2023	(290)	(623)	(913)
Credited/(charged) to the consolidated income statement	290	(213)	77
At December 31, 2023	-	(836)	(836)
At January 1, 2024	-	(836)	(836)
Charged to the consolidated income statement	-	(129)	(129)
At March 31, 2024	-	(965)	(965)

21 Contract fulfilment cost

The Group

	As at December 31,			As at March 31,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Contract fulfilment cost	6,060	8,204	14,024	17,590
Less: allowance for losses of contract fulfilment cost	-	-	-	-
	6,060	8,204	14,024	17,590

Contract fulfilment cost are recognised from the costs incurred to fulfil contracts of customised software, which will be recognised to cost of sales mainly within 2-6 months when the Group's related performance obligations are satisfied and hence the related revenue is recognised.

The Company

	As at December 31,			As at March 31,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Contract fulfilment cost	-	1,410	10,986	13,360
Less: allowance for losses of contract fulfilment cost	-	-	-	-
	-	1,410	10,986	13,360

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21 Contract fulfilment cost (continued)

(i) Contract fulfilment cost

The Group also recognises contract fulfilment cost from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;
- the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

The contract fulfilment cost recognised shall be amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the services to which the asset relates.

The Group recognises an impairment loss in profit or loss to the extent that the carrying amount of contract fulfilment cost recognised exceeds:

- the remaining amount of consideration that the entity expects to receive in exchange for the services to which the asset relates; less
- the costs that relate directly to providing those services and that have not been recognised as expenses

Provision for losses was recognised when the carrying amount of the contract fulfilment cost exceeds its net realisable value.

22 Financial instruments by category

The Group

The Group held the following financial instruments:

	As at December 31,			As at March 31,
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Financial assets:				
Financial assets at amortised cost:				
- trade and notes receivables (Note 23)	101,240	129,723	146,257	146,261
- other receivables (Note 24)	15,257	11,733	13,982	14,560
- restricted cash (Note 26)	611	1,490	6,511	7,010
- short-term bank deposits (Note 26)	449,564	301,173	269,233	13,534
- cash and cash equivalents (Note 26)	679,313	666,742	517,924	698,858
Financial assets at fair value through profit or loss (Note 25)	270,736	439,907	280,826	266,312
	<u>1,516,721</u>	<u>1,550,768</u>	<u>1,234,733</u>	<u>1,146,535</u>
Financial liabilities:				
Financial liabilities at amortised cost:				
- lease liabilities (Note 17)	77,444	45,860	15,089	13,707
- trade and other payables (excluding staff salaries and welfare payables, taxes payables and others) (Note 31)	49,778	53,944	83,423	80,009
Financial liabilities at fair value through profit or loss:				
- warrant liabilities (Note 29)	-	32,232	33,735	34,195
	<u>127,222</u>	<u>132,036</u>	<u>132,247</u>	<u>127,911</u>

ZHEJIANG TALMEI MEDICAL TECHNOLOGY CO., LTD.

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**22 Financial instruments by category (continued)****The Company**

	As at December 31,			As at
	2021	2022	2023	March 31,
	RMB'000	RMB'000	RMB'000	2024
Financial assets:				
Financial assets at amortised cost:				
- trade and notes receivables (Note 23)	60,627	86,391	91,769	96,436
- other receivables (Note 24)	146,616	148,279	233,518	231,914
- restricted cash (Note 26)	140	1,120	6,140	7,010
- short-term bank deposits (Note 26)	419,564	43,482	18,352	13,534
- cash and cash equivalents (Note 26)	654,318	496,129	419,494	389,959
Financial assets at fair value through profit or loss (Note 25)	208,736	349,157	280,826	266,312
	<u>1,490,001</u>	<u>1,124,558</u>	<u>1,050,099</u>	<u>1,005,165</u>
Financial liabilities:				
Financial liabilities at amortised cost:				
- lease liabilities (Note 17)	3,517	1,814	-	-
- trade and other payables (excluding staff salaries and welfare payables, taxes payables and others) (Note 31)	126,934	197,939	317,807	309,689
	<u>130,451</u>	<u>199,753</u>	<u>317,807</u>	<u>309,689</u>

23 Trade and notes receivables**The Group**

	As at December 31,			As at
	2021	2022	2023	March 31,
	RMB'000	RMB'000	RMB'000	2024
Notes receivables (i)	420	653	512	635
Provision for impairment	-	-	-	-
	<u>420</u>	<u>653</u>	<u>512</u>	<u>635</u>
Trade receivables (ii)	108,520	139,140	162,909	164,104
Provision for impairment	(7,700)	(10,070)	(17,164)	(18,478)
	<u>100,820</u>	<u>129,070</u>	<u>145,745</u>	<u>145,626</u>
	<u>101,240</u>	<u>129,723</u>	<u>146,257</u>	<u>146,261</u>

The carrying amounts of the Group's trade and notes receivables, excluding provision for impairment, were denominated in the following currencies:

	As at December 31,			As at
	2021	2022	2023	March 31,
	RMB'000	RMB'000	RMB'000	2024
RMB	108,263	137,357	163,272	164,430
USD	677	2,194	21	65
EUR	-	8	-	-
SGD	-	234	128	244
	<u>108,940</u>	<u>139,793</u>	<u>163,421</u>	<u>164,739</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23 Trade and notes receivables (continued)

The Group (continued)

(i) Notes receivables

The aging of notes receivables is within 180 days, which is within the Group's credit terms.

(ii) Trade receivables

The credit terms given to trade customers are determined on an individual basis with normal credit period mainly around 30 to 120 days. The aging analysis of the trade receivables based on date of revenue recognition is as follows:

	As at December 31,			As at
	2021	2022	2023	March 31,
	RMB'000	RMB'000	RMB'000	2024
Up to 3 months	63,099	70,155	75,749	56,597
3 months to 6 months	23,121	29,026	32,072	48,465
6 months to 1 year	14,845	23,511	30,773	27,747
1 to 2 years	5,896	12,405	19,500	25,159
2 to 3 years	800	3,395	3,566	4,772
More than 3 years	759	648	1,249	1,364
	<u>108,520</u>	<u>139,140</u>	<u>162,909</u>	<u>164,104</u>

Due to the short-term nature of the current receivables, their carrying amounts are considered to be approximately the same as their fair values.

The Group does not hold any collateral as security over these debtors.

The Company

	As at December 31,			As at
	2021	2022	2023	March 31,
	RMB'000	RMB'000	RMB'000	2024
Notes receivables	100	-	135	416
Less: provision for impairment	-	-	-	-
	<u>100</u>	<u>-</u>	<u>135</u>	<u>416</u>
Trade receivables				
- due from subsidiaries	-	6,149	11,056	13,694
- due from third parties	64,937	86,564	91,396	94,115
Gross trade receivables	64,937	92,713	102,452	107,809
Less: provision for impairment	(4,410)	(6,322)	(10,818)	(11,789)
	<u>60,527</u>	<u>86,391</u>	<u>91,634</u>	<u>96,020</u>
	<u>60,627</u>	<u>86,391</u>	<u>91,769</u>	<u>96,436</u>

The carrying amounts of the Company's trade and notes receivables, excluding provision for impairment, were denominated in the following currencies:

	As at December 31,			As at
	2021	2022	2023	March 31,
	RMB'000	RMB'000	RMB'000	2024
RMB	64,360	90,519	102,587	108,225
USD	677	2,194	-	-
	<u>65,037</u>	<u>92,713</u>	<u>102,587</u>	<u>108,225</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23 Trade and notes receivables (continued)

The Company (continued)

The credit terms given to trade customers are determined on an individual basis with normal credit period mainly around 30 to 120 days. The aging analysis of the trade receivables based on date of revenue recognition is as follows:

	As at December 31,			As at
	2021	2022	2023	March 31,
	RMB'000	RMB'000	RMB'000	2024
Up to 3 months	31,642	49,500	49,446	40,204
3 months to 6 months	17,027	17,535	16,712	28,469
6 months to 1 year	11,561	15,115	19,760	18,240
1 to 2 years	3,858	8,137	13,475	17,401
2 to 3 years	800	1,778	1,912	2,211
More than 3 years	49	648	1,147	1,284
	64,937	92,713	102,452	107,809

Trade and notes receivables are amounts due from customers for platform and software sold or digital services performed in the ordinary course of business. If collection of trade and notes receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and notes receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade and notes receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, allowance for impairment.

24 Other receivables and prepayments

The Group

	As at December 31,			As at
	2021	2022	2023	March 31,
	RMB'000	RMB'000	RMB'000	2024
Other receivables (i)				
- refundable deposits (a)	16,587	11,668	12,589	13,311
- others (b)	502	632	2,034	1,894
Gross other receivables	17,089	12,300	14,623	15,205
Less: provision for impairment	(1,832)	(567)	(641)	(645)
	15,257	11,733	13,982	14,560
Prepayments for products and services	24,465	31,338	24,953	25,584
Listing expenses in relation to global offering to be capitalised	-	-	9,107	10,050
Prepaid listing expenses in relation to previous listing preparation	4,464	12,016	-	-
Deductible input VAT	17,943	23,849	26,956	19,130
	62,129	78,936	74,998	69,324

As at December 31, 2021, 2022 and 2023 and March 31, 2024, the fair values of other receivables of the Group, except for the prepayments and deductible input VAT which are not financial assets, approximated their carrying amounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

24 Other receivables and prepayments (continued)

The Group (continued)

The carrying amounts of the Group's other receivables and prepayments, excluding provision for impairment, were denominated in the following currencies:

	As at December 31,			As at
	2021	2022	2023	March 31,
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
RMB	63,961	79,036	68,302	66,826
SGD	-	400	2,034	3,037
USD	-	67	5,303	106
	<u>63,961</u>	<u>79,503</u>	<u>75,639</u>	<u>69,969</u>

(i) **Other receivables**

(a) *Refundable deposits*

Refundable deposits consisted primarily of security deposits for rents and projects.

(b) *Others*

Others primarily included staff advance.

The Company

	As at December 31,			As at
	2021	2022	2023	March 31,
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Other receivables				
- refundable deposits	1,781	1,495	1,147	535
- loans to subsidiaries	145,206	146,557	232,204	231,231
- others	-	299	233	184
Gross other receivables	146,987	148,351	233,584	231,950
Less: provision for impairment	(371)	(72)	(66)	(36)
	<u>146,616</u>	<u>148,279</u>	<u>233,518</u>	<u>231,914</u>
Prepayments for products and services	21,417	22,243	19,578	30,460
Listing expenses in relation to global offering to be capitalised	-	-	9,107	10,050
Prepaid listing expenses in relation to previous listing preparation	4,464	12,016	-	-
Deductible input VAT	15,893	23,794	25,819	18,789
	<u>188,390</u>	<u>206,332</u>	<u>288,022</u>	<u>291,213</u>

The carrying amounts of the company's other receivables and prepayments, excluding provision for impairment, were all denominated in RMB.

As at December 31, 2021, 2022 and 2023 and March 31, 2024, the fair value of other receivables of the Company, except for the prepayments and deductible input VAT which are not financial assets, approximated their carrying amounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25 Financial assets at fair value through profit or loss

The Group

(i) *Classification of financial assets at fair value through profit or loss*

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI"), or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive loss (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

	As at December 31,			As at March 31,
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current assets				
Short-term investments measured at fair value through profit or loss (a)	266,580	435,751	278,769	264,260
Contingent consideration (b)	4,156	4,156	2,057	2,052
	<u>270,736</u>	<u>439,907</u>	<u>280,826</u>	<u>266,312</u>

The Company

	As at December 31,			As at March 31,
	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current assets				
Short-term investments measured at fair value through profit or loss	204,580	345,001	278,769	264,260
Contingent consideration	4,156	4,156	2,057	2,052
	<u>208,736</u>	<u>349,157</u>	<u>280,826</u>	<u>266,312</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25 Financial assets at fair value through profit or loss (continued)

(i) *Classification of financial assets at fair value through profit or loss (continued)*

(a) Short-term investments measured at fair value through profit or loss

Short-term investments measured at fair value through profit or loss represented the wealth management products issued by reputable banks in mainland China. The wealth management products were non-principal protected with maturity of less than 1 year.

The movements of the wealth management products during the years ended December 31, 2021, 2022 and 2023 and the three months ended March 31, 2023 and 2024 are as follows:

	Year ended December 31,			Three months ended March 31,	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
At beginning of the year/period	148,610	266,580	435,751	435,751	278,769
Additions	892,580	1,506,733	362,500	110,500	100,000
Disposals	(781,613)	(1,348,972)	(527,423)	(290,414)	(118,296)
Currency translation differences	-	1,619	-	-	-
Fair value changes	7,003	9,791	7,941	2,454	3,787
At end of the year/period	<u>266,580</u>	<u>435,751</u>	<u>278,769</u>	<u>258,291</u>	<u>264,260</u>

(b) Contingent consideration

The movement of the contingent consideration during the years ended December 31, 2021, 2022 and 2023 and the three months ended March 31, 2023 and 2024 are as follows:

	Year ended December 31,			Three months ended March 31,	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
At beginning of the year/period	52,798	4,156	4,156	4,156	2,057
Contingent consideration settled	(61,439)	-	-	-	-
Fair value changes	12,797	-	(2,099)	-	(5)
At end of the year/period	<u>4,156</u>	<u>4,156</u>	<u>2,057</u>	<u>4,156</u>	<u>2,052</u>

In 2019, the Group completed an acquisition of the 100% equity interest of Taimei Xinghuan. Pursuant to the share purchase agreement, Mr. Li Shenjia(李申嘉先生), Mr. Jiang Jingen(蒋金根先生) and Ms. Jiang Wenxin(蒋雯昕女士) ("Former Founders of Taimei Xinghuan"), should compensate the Group in cash if Taimei Xinghuan didn't achieve the performance of Taimei Xinghuan for each of the three years ended December 31, 2019, 2020 and 2021 as calculated in accordance with PRC accounting standards.

As Taimei Xinghuan failed to meet the performance targets for the years ended December 31, 2019 and 2020, contingent consideration assets of RMB 27,404,000 and RMB 25,394,000 were recognised respectively.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**25 Financial assets at fair value through profit or loss (continued)**

- (i) *Classification of financial assets at fair value through profit or loss (continued)*
- (b) *Contingent consideration(continued)*

In August 2021, the Company, Taimei Xinghuan and the Former Founders of Taimei Xinghuan agreed to amend the share purchase agreement as the financial performance and business operations of Taimei Xinghuan were affected by macro economic downturn. Pursuant to this amended agreement, 1) the performance targets for the year ended December 31, 2021 agreed in the first share purchase agreement were cancelled; 2) the revenue of Taimei Xinghuan for the year ended December 31, 2021 should not be less than RMB80,000,000. If the revenue is less than the guaranteed amount, the Founders of Taimei Xinghuan shall compensate the Group in cash, which amount was based on the formula agreed in the first investment agreement; 3) Former Founders of Taimei Xinghuan should compensate the Group in cash of RMB50,000,000 and transfer all the shares they held in Xinyu Ruansu Enterprise Management LP to Mr. Zhao Lu and certain employees of the Group at a consideration of RMB13,300,000 and paid the net consideration of RMB11,439,000 they got (after the deduction of the relevant individual income tax) to the Group since Taimei Xinghuan failed to meet the performance targets for the years ended December 31, 2019 and 2020. These shares granted to Mr. Zhao Lu and certain employees in November 2021. The difference between fair value and consideration of the shares transferred to Mr. Zhao Lu and certain employees was recognised as share-based payments with total amount of RMB5,760,000 (Note 28(i)) and RMB4,581,000 (Note 30(a)) respectively for the year ended December 31, 2021.

As at December 31, 2021, contingent consideration recognised as financial assets at FVTPL amounted to RMB4,156,000 as Taimei Xinghuan failed to meet the revenue target for the year ended December 31, 2021 as agreed in the amended agreement.

The equity acquisition agreements of Taimei Xinghuan include terms on contingent consideration based on its business performance of the years ended December 31, 2019, 2020 and 2021.

The fair values are measured using a valuation technique with unobservable inputs. The major assumptions used in the valuation is the discount rate of cash flow from contingent consideration for the years ended December 31, 2021, 2022 and 2023 and the three months ended March 31, 2023 and 2024, respectively (Note 3.3).

- (c) *Amounts recognised in the consolidated income statements*

During the years ended December 31, 2021, 2022 and 2023 and the three months ended March 31, 2023 and 2024, the following fair value gains/(losses) were recognised in the consolidated income statements:

	Year ended December 31,			Three months ended March 31,	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Short-term investments measured at fair value through profit or loss	7,003	9,791	7,941	2,454	3,787
Contingent consideration	12,797	-	(2,099)	-	(5)
	<u>19,800</u>	<u>9,791</u>	<u>5,842</u>	<u>2,454</u>	<u>3,782</u>

- (d) *Risk exposure and fair value measurements*

Information about the Group's exposure to financial risk and information about the methods and assumptions used in determining fair value are set out in Note 3.3.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**26 Cash and cash equivalents, restricted cash and short-term bank deposits****The Group****(a) Cash and cash equivalents**

	As at December 31,			As at
	2021	2022	2023	March 31,
	RMB'000	RMB'000	RMB'000	2024
Cash at banks and on hand	1,129,488	969,405	793,668	719,402
Less: restricted cash (b)	(611)	(1,490)	(6,511)	(7,010)
Less: short-term bank deposits with initial term of over three months (c)	(449,564)	(301,173)	(269,233)	(13,534)
Cash and cash equivalents	679,313	666,742	517,924	698,858

Cash and cash equivalents were denominated in the following currencies:

	As at December 31,			As at
	2021	2022	2023	March 31,
	RMB'000	RMB'000	RMB'000	2024
RMB	362,693	300,830	174,910	125,757
USD	316,620	364,438	330,725	561,765
EUR	-	1,237	11,072	10,905
SGD	-	237	1,217	431
	679,313	666,742	517,924	698,858

(b) Restricted cash

As at December 31, 2021, RMB611,000 was restricted guarantee deposits at bank for letters of guarantee.

As at December 31, 2022, RMB1,490,000 was restricted guarantee deposits at bank for letters of guarantee.

As at December 31, 2023, RMB1,511,000 was restricted guarantee deposits at bank for letters of guarantee and RMB5,000,000 was restricted due to an outstanding litigation (Note 31(ii)), which were disclosed in current assets and non-current assets respectively according to their maturity date.

As at March 31, 2024, RMB70,000 was restricted guarantee deposits at bank for letters of guarantee and RMB6,940,000 was restricted due to outstanding litigations (Note 31(ii)), which were disclosed in current assets according to their maturity date.

Restricted cash was denominated in RMB.

(c) Short-term bank deposits were deposits with initial terms of over three months and were neither past due nor impaired. The directors of the Company considered that the carrying amount of the short-term bank deposits with initial terms of over three months approximated to their fair values as at December 31, 2021, 2022 and 2023 and March 31, 2024.

Short-term bank deposits were denominated in the following currencies:

	As at December 31,			As at
	2021	2022	2023	March 31,
	RMB'000	RMB'000	RMB'000	2024
RMB	440,000	40,000	-	-
USD	9,564	261,173	269,233	13,534
	449,564	301,173	269,233	13,534

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

26 Cash and cash equivalents, restricted cash and short-term bank deposits (continued)

The Company

(a) Cash and cash equivalents

	As at December 31,			As at March 31,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Cash at banks and on hand	1,074,022	540,731	443,986	410,503
Less: restricted cash	(140)	(1,120)	(6,140)	(7,010)
Less: short-term bank deposits with initial term of over three months	(419,564)	(43,482)	(18,352)	(13,534)
Cash and cash equivalents	654,318	496,129	419,494	389,959

Cash and cash equivalents were denominated in the following currencies:

	As at December 31,			As at March 31,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
RMB	337,698	226,040	139,110	98,397
USD	316,620	270,089	280,384	291,562
	654,318	496,129	419,494	389,959

(b) Restricted cash was denominated in RMB.

(c) Short-term bank deposits were denominated in the following currencies:

	As at December 31,			As at March 31,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
RMB	410,000	40,000	-	-
USD	9,564	3,482	18,352	13,534
	419,564	43,482	18,352	13,534

27 Share capital

The Group and the Company

	Number of ordinary shares	Nominal value of ordinary shares RMB'000
Issued and fully paid as at December 31, 2021, 2022 and 2023 and March 31, 2024	538,000,000	538,000

In September 2020, the Company was converted into a joint stock limited company with limited liability under the Company Law of the PRC. Pursuant to the shareholders' resolutions dated November 20, 2020, the registered share capital of the Company increased to RMB538,000,000 with a nominal value of RMB1.00 each.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

28 Other reserves

The Group

	Share premium	Capital reserve	Treasury shares	Share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2021	1,129,641	-	-	337,738	1,467,379
Repurchase ordinary shares (Note 25(b))	-	-	(11,439)	-	(11,439)
Capital injection from shareholders (Note 25(b))	-	-	11,439	-	11,439
Share-based payments (Note 30)	-	-	-	128,667	128,667
Share-based payments to Mr. Zhao Lu (i)	-	-	-	5,760	5,760
At December 31, 2021	1,129,641	-	-	472,165	1,601,806
At January 1, 2022	1,129,641	-	-	472,165	1,601,806
Share-based payments (Note 30)	-	-	-	82,559	82,559
Share-based payments to Mr. Zhao Lu (ii)	-	-	-	6,716	6,716
Transaction with non-controlling interests (iii)	-	218,273	-	-	218,273
At December 31, 2022	1,129,641	218,273	-	561,440	1,909,354
At January 1, 2023	1,129,641	218,273	-	561,440	1,909,354
Share-based payments (Note 30)	-	-	-	11,274	11,274
Share-based payments to Mr. Zhao Lu (iv)	-	-	-	2,018	2,018
At December 31, 2023	1,129,641	218,273	-	574,732	1,922,646
At January 1, 2024	1,129,641	218,273	-	574,732	1,922,646
Share-based payments (Note 30)	-	-	-	(15,217)	(15,217)
Share-based payments to Mr. Zhao Lu (v)	-	-	-	19,879	19,879
Transaction with non-controlling interests (Note 12(iii)(d))	-	77,022	-	-	77,022
At March 31, 2024	1,129,641	295,295	-	579,394	2,004,330

- (i) During the year ended December 31, 2021, the Company, Taimei Xinghuan and the Founders of Taimei Xinghuan agreed to amend the share purchase agreement as the financial performance and business operations of Taimei Xinghuan was affected by the economic slowdown. Pursuant to this amended agreement, Founders of Taimei Xinghuan transferred 8,273,628 shares they held in Xinyu Ruansu Enterprise Management LP, which is the shareholder of the Company, to Mr. Zhao Lu with total consideration of RMB6,861,000 and the fair value of these shares at the time was RMB12,621,000. The difference between the fair value and consideration was recognised as share-based payments with total amount of RMB5,760,000.
- (ii) During the year ended December 31, 2022, certain employees of Taimei Xinghuan withdrew from Xinyu Ruansu Enterprise Management Partnership LP and transferred 658,711 shares they held to Mr. Zhao Lu with total consideration of RMB1,255,000 and the fair value of these shares at the time was RMB7,971,000. The difference between the fair value and consideration was recognised as share-based payments with total amount of RMB6,716,000.
- (iii) During the year ended December 31, 2022, a subsidiary of the Group entered into investment agreements with certain investors. The investors subscribed share capitals of RMB27,368,000 the subsidiary of the Group with total consideration of USD50,000,000 (equivalent to RMB330,140,000). The capital injections from certain investors was contributed to the Group with RMB218,273,000, RMB28,796,000 and RMB83,071,000 credited to the Group's capital reserve, warrant liabilities and non-controlling interests respectively (Note 12(iii)(d)).
- (iv) During the year ended December 31, 2023, pursuant to an equity transfer agreement entered into between Mr. Li Shenjia and Mr. Zhao Lu, Mr. Li Shenjia transferred 269,000 shares to Mr. Zhao Lu with total consideration of RMB2,018,000 and the fair value of these shares at the time was RMB4,036,000. The difference between the fair value and consideration was recognised as share-based payments with total amount of RMB2,018,000.
- (v) During the three months ended March 31, 2024, pursuant to an equity transfer agreement entered into between Mr. Wan Bangxi and Mr. Zhao Lu, Mr. Wan Bangxi transferred 74,000 shares to Mr. Zhao Lu with total consideration of RMB220,000 and the fair value of these shares at the time was RMB20,099,000. The difference between the fair value and consideration was recognised as share-based payments with total amount of RMB19,879,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

28 Other reserves (continued)

The Company

	Share premium RMB'000	Treasury shares RMB'000	Share-based payments RMB'000	Total RMB'000
At January 1, 2021	1,129,641	-	337,738	1,467,379
Repurchase ordinary shares (Note 25 (b))	-	(11,439)	-	(11,439)
Capital injection from shareholders (Note 25 (b))	-	11,439	-	11,439
Share-based payments	-	-	128,594	128,594
Share-based payments to Mr. Zhao Lu	-	-	5,760	5,760
At December 31, 2021	1,129,641	-	472,092	1,601,733
At January 1, 2022	1,129,641	-	472,092	1,601,733
Share-based payments	-	-	80,011	80,011
Share-based payments to Mr. Zhao Lu	-	-	6,716	6,716
At December 31, 2022	1,129,641	-	558,819	1,688,460
At January 1, 2023	1,129,641	-	558,819	1,688,460
Share-based payments	-	-	12,451	12,451
Share-based payments to Mr. Zhao Lu	-	-	2,018	2,018
At December 31, 2023	1,129,641	-	573,288	1,702,929
At January 1, 2024	1,129,641	-	573,288	1,702,929
Share-based payments	-	-	(15,490)	(15,490)
Share-based payments to Mr. Zhao Lu	-	-	19,879	19,879
At March 31, 2024	1,129,641	-	577,677	1,707,318

29 Warrant liabilities

	As at December 31,			As at March 31,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Warrant liabilities (a)	-	32,232	33,735	34,195

- (a) During the year ended December 31, 2022, third-party investors (the "Non-controlling Shareholders") subscribed for 21.49% of the equity interest in one subsidiary of the Group, by way of capital injection for an aggregate amount of USD50,000,000 (equivalent to RMB330,140,000). Pursuant to the agreement entered into between the Non-controlling Shareholders and the subsidiary, a warrant was issued to the Non-controlling Shareholders that they had right to subscribe new shares (an aggregate amount of subscription price being less than USD20,000,000) in the subsequent round of the subsidiary's equity financing with an 80% financing price of any other investors in such round. Proceeds received from the Non-controlling Shareholders were recorded in the capital reserve, the non-controlling interests and warrant liabilities. Since the directors believe that the subsidiary of the Group will not start the subsequent round of equity financing before March 31, 2025, the warrant liabilities is classified as non-current liabilities with maturity of over 1 year.

Warrant liabilities were initially recognised at fair value of RMB28,796,000 and subsequently re-measured to their fair values at December 31, 2021, 2022 and 2023 and March 31, 2024. Changes of fair value were recorded in "other gains/(losses) - net" in consolidated income statements (Note 10).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 Share-based payments

Starting from 2016, the board of directors approved share award schemes ("restricted shares") for the purpose of providing incentive for certain directors, senior management members and employees contributing to the Group. The Group receives services from employees as consideration for equity instruments of the Company or a certain subsidiary under the above schemes.

The restricted shares awarded vest in tranches from the grant date over a certain service period. Once the vesting conditions of restricted shares are met, ordinary shares are considered duly and validly issued to the holder, and free of restrictions on transfer.

(a) Restricted shares issued by the Company

Movements in the number of restricted shares of the Company and the respective weighted average grant date fair value are as follows:

	Number of restricted shares	Weighted average grant date fair value per restricted share (RMB)
Outstanding as at January 1, 2021	52,005,830	6.78
Granted during the year	5,813,260	15.56
Forfeited during the year	(974,821)	10.20
Outstanding as at December 31, 2021	<u>56,844,269</u>	7.62
Outstanding as at January 1, 2022	56,844,269	7.62
Forfeited during the year	(667,856)	14.53
Outstanding as at December 31, 2022	<u>56,176,413</u>	7.53
Outstanding as at January 1, 2023	56,176,413	7.53
Granted during the year	336,001	11.56
Forfeited during the year	(540,172)	10.40
Outstanding as at December 31, 2023	<u>55,972,242</u>	7.53
Outstanding as at January 1, 2024	55,972,242	7.53
Forfeited during the period	(5,218,203)	5.33
Outstanding as at March 31, 2024	<u>50,754,039</u>	7.76

The fair value of restricted shares at the grant date was determined by reference to the fair value of the underlying ordinary shares of the Company on the respective dates of grant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 Share-based payments (continued)

(a) Restricted shares issued by the Company (continued)

Restricted shares of the Company outstanding at the end of the year/period have the following vesting period and exercise prices:

Grant date	Vesting period	Exercise price (RMB)	Number of restricted shares			
			As at december 31, 2021	As at december 31, 2022	As at december 31, 2023	As at March 31, 2024
March 27, 2017	2 years	0.03	4,058,376	4,058,376	4,058,376	4,058,376
April 18, 2017	4 years	0.26	42,650	42,650	42,650	42,650
August 2, 2017	2 years	0.03	8,007,865	8,007,865	8,007,865	8,007,865
October 26, 2017	2 years	0.03	5,411,844	5,411,844	5,411,844	5,411,844
November 30, 2017	2 years	0.03	4,836,217	4,836,217	4,836,217	1,934,487
November 30, 2017	4 years	0.26	128,045	128,045	128,045	128,045
November 30, 2017	upon IPO	0.03-1.06	1,254,776	1,254,776	1,201,716	1,201,716
August 14, 2019	upon IPO	0.03	12,957,713	12,957,713	12,957,713	10,657,240
August 15, 2019	upon IPO	0.03	2,813,792	2,813,792	2,813,792	2,813,792
June 29, 2020	upon IPO	0.03-3.80	4,917,262	4,882,875	4,744,148	4,744,148
August 19, 2020	upon IPO	4.99-5.49	1,520,508	1,431,075	1,207,494	1,207,494
November 26, 2020	upon IPO	0.03	4,462,717	4,462,717	4,462,717	4,462,717
December 28, 2020	upon IPO	0.09	619,244	103,208	34,404	34,404
March 12, 2021	upon IPO	0.00-0.03	5,202,460	5,202,460	5,202,460	5,202,460
November 12, 2021	upon IPO	7.50	610,800	582,800	526,800	526,800
October 15, 2023	3 years	0.86	n.a	n.a	336,001	320,001
			56,844,269	56,176,413	55,972,242	50,754,039

(b) Restricted shares issued by a subsidiary

Movements in the number of restricted shares of a subsidiary and the respective weighted average grant date fair value are as follows:

	Number of RSUs	Weighted average grant date fair value per RSU (RMB)
Outstanding as at January 1, 2021	-	12.12
Granted during the year	397,500	12.12
Outstanding as at December 31, 2021	397,500	12.12
Outstanding as at January 1, 2022	397,500	12.12
Granted during the year	5,400,000	12.12
Outstanding as at December 31, 2022	5,797,500	12.12
Outstanding as at January 1, 2023	5,797,500	12.12
Forfeited during the year	(5,297,000)	12.12
Outstanding as at December 31, 2023	500,500	12.12
Outstanding as at January 1, 2024	500,500	12.12
Forfeited during the period	-	N.a.
Outstanding as at March 31, 2024	500,500	12.12

The fair value of restricted shares at the grant date was determined by reference to the fair value of the underlying ordinary shares of a subsidiary on the dates of grant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30 Share-based compensation plans (continued)

(b) Restricted shares issued by a subsidiary (continued)

Restricted shares of a subsidiary outstanding at the end of the year/period have the following vesting period and exercise prices:

Grant date	Vesting period	Exercise price (RMB)	Number of restricted shares			
			As at December 31, 2021	As at December 31, 2022	As at December 31, 2023	As at March 31, 2024
November 18, 2021	5 years	2.00	397,500	397,500	370,500	370,500
November 8, 2022	5 years	1.00	-	5,400,000	130,000	130,000
			<u>397,500</u>	<u>5,797,500</u>	<u>500,500</u>	<u>500,500</u>

(c) Share-based payments recorded during the years ended December 31, 2021, 2022 and 2023 and the three months ended March 31, 2023 and 2024.

During the years ended December 31, 2021, 2022 and 2023 and the three months ended March 31, 2023 and 2024, the amounts of share-based payments to employees were charged in the following categories in the consolidated income statements:

	Year ended December 31,			Three months ended March 31,	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Selling expenses	19,387	11,323	979	(2,949)	303
Administrative expenses	106,864	73,199	12,304	(10,553)	4,176
Research and development expenses	8,176	4,753	9	(987)	183
	<u>134,427</u>	<u>89,275</u>	<u>13,292</u>	<u>(14,489)</u>	<u>4,662</u>

31 Trade and other payables

The Group

	As at December 31,			As at March 31,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables - third parties	42,750	48,122	70,720	73,220
Other payables - third parties	7,028	5,822	7,219	5,492
Payables for listing expenses in relation to global offering	-	-	5,484	1,297
VAT payables related to contract liabilities	7,851	8,997	8,896	7,646
Staff salaries and welfare payables	116,531	139,368	100,261	48,753
Accrued taxes other than income tax	7,678	16,019	10,434	6,442
Provision for outstanding litigations and claims (ii)	-	-	1,000	4,357
Others	3,681	4,858	4,162	4,796
	<u>185,519</u>	<u>223,186</u>	<u>208,176</u>	<u>152,003</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**31 Trade and other payables (continued)****The Group (continued)**

- (i) The carrying amounts of trade and other payables are considered to be approximated their fair values, due to their short-term nature.
- (ii) During the Track Record Period, the Group was involved in several litigations and claims. The courts of the litigations ruled to freeze the Group's bank deposits of RMB5,000,000 and RMB1,939,800 during the year ended December 31, 2023 and the three months ended March 31, 2024 respectively, as a provisional measure to preserve property before the decision of these litigations, which has no bearing on the merits of the claims.

Based on the Group's litigation counsels legal opinion, the directors of the Group made provision of RMB1,000,000 and RMB4,357,000 as at December 31, 2023 and March 31, 2024 respectively.

Aging analysis of the trade payables based on purchase date at the end of each reporting period is as follows:

	As at December 31,			As at March 31,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Up to 3 months	39,589	29,118	50,340	30,451
3 months to 6 months	1,285	10,562	8,757	26,639
6 months to 1 year	1,876	5,811	10,445	10,583
1 to 2 years	-	2,631	1,178	5,547
	<u>42,750</u>	<u>48,122</u>	<u>70,720</u>	<u>73,220</u>

The Company

	As at December 31,			As at March 31,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables				
- third parties	29,709	37,572	54,621	56,791
- subsidiaries	72,756	149,318	196,220	190,794
Other payables				
- third parties	1,192	1,095	3,725	3,479
- subsidiaries	23,277	9,954	57,757	57,328
Payables for listing expenses in relation to global offering	-	-	5,484	1,297
VAT payables related to contract liabilities	6,376	6,940	6,739	5,755
Staff salaries and welfare payables	21,291	19,982	8,716	4,394
Accrued taxes other than income tax	87	10,310	351	547
Provision for an outstanding litigation	-	-	1,000	100
Others	3,681	4,667	3,431	4,075
	<u>158,369</u>	<u>239,838</u>	<u>338,044</u>	<u>324,560</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31 Trade and other payables (continued)

The Company (continued)

Aging analysis of the trade payables based on purchase date at the end of each reporting period is as follows:

	As at December 31,			As at March 31,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Up to 3 months	99,311	170,510	233,875	83,390
3 months to 6 months	1,278	7,938	7,960	115,183
6 months to 1 year	1,876	5,811	9,006	40,861
1 to 2 years	-	2,631	-	8,151
	<u>102,465</u>	<u>186,890</u>	<u>250,841</u>	<u>247,585</u>

32 Deferred revenue

The Group

	As at December 31,			As at March 31,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current				
Government grants (i)	<u>3,278</u>	<u>4,157</u>	<u>8,174</u>	<u>7,402</u>

- (i) Deferred income mainly represents government grants received but yet to be recognised in other income.

The Company

	As at December 31,			As at March 31,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current				
Government grants	<u>278</u>	<u>70</u>	<u>-</u>	<u>-</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**33 Cash flow information****(a) Cash used in operations**

	Year ended December 31,			Three months ended March 31,	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Loss before income tax	(479,605)	(422,581)	(356,364)	(107,422)	(118,222)
Adjustments for					
- Depreciation of property, plant and equipment (Note 16)	8,014	19,037	19,849	4,989	5,262
- Amortisation of intangible assets (Note 18)	3,259	3,920	4,055	988	1,054
- Depreciation of right-of-use assets (Note 17)	25,233	32,568	28,058	7,259	6,806
- Provision for impairment of financial assets and contract assets (Note 3.1(b))	4,230	3,292	8,402	1,994	1,051
- Provision for impairment of intangible assets (Note 18)	54,089	22,382	9,572	9,572	-
- Share-based payments (Note 7)	134,427	89,275	13,292	(14,489)	4,662
- Share-based compensation to certain shareholders (Note 12(iii)(d))	-	-	-	-	92,836
- Finance income (Note 11)	(28,738)	(22,884)	(41,654)	(10,052)	(8,629)
- Finance costs (Note 11)	2,709	2,681	1,431	538	157
- Net foreign exchange losses/(gains)	7,608	(47,393)	(12,586)	1,269	(15,755)
- Fair value gains on financial assets at fair value through profit or loss (Note 10)	(19,800)	(9,791)	(5,842)	(2,454)	(3,782)
- Fair value losses of warrant liabilities (Note 10)	-	3,436	1,503	378	460
- (Gains)/losses on termination of leasing contracts (Note 10)	-	(418)	105	105	-
- (Gains)/losses on disposal of property, plant and equipment (Note 10)	(17)	467	-	-	-
	(288,591)	(326,009)	(330,179)	(107,325)	(34,100)
Change in operating assets and liabilities:					
- (Increase)/decrease in contract assets	(8,377)	(11,808)	12,021	(7,011)	(374)
- (Increase)/decrease in trade and other receivables	(72,388)	(41,368)	(20,907)	13,679	7,139
- Decrease/(increase) in contract fulfilment cost	2,322	(2,144)	(5,820)	(1,783)	(3,566)
- Decrease/(increase) in restricted cash	20,031	(879)	(5,021)	(4,951)	(499)
- Increase/(decrease) in trade and other payables	80,064	43,077	(6,113)	(56,814)	(57,817)
- Increase/(decrease) in contract liabilities	46,616	9,038	853	6,049	(22,566)
- Increase/(decrease) in deferred revenue	2,791	879	4,017	(269)	(772)
Net cash used in operations	(217,532)	(329,214)	(351,149)	(158,425)	(112,555)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

33 Cash flow information (continued)

(b) Reconciliation of liabilities from financing activities

	Liabilities from financing activities			
	Lease liabilities	Warrant liabilities	Borrowings	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Net debt as at January 1, 2021	(13,516)	-	(19,895)	(33,411)
Cash flows	27,294	-	20,000	47,294
Additions of lease liabilities	(88,618)	-	-	(88,618)
Finance costs recognised	(2,604)	-	(105)	(2,709)
Net debt as at December 31, 2021 and January 1, 2022	(77,444)	-	-	(77,444)
Cash flows	36,320	-	-	36,320
Addition of warrant liabilities	-	(28,796)	-	(28,796)
Additions of lease liabilities	(11,915)	-	-	(11,915)
Termination of lease contracts	9,860	-	-	9,860
Fair value changes of warrant liabilities	-	(3,436)	-	(3,436)
Finance costs recognised	(2,681)	-	-	(2,681)
Net debt as at December 31, 2022 and January 1, 2023	(45,860)	(32,232)	-	(78,092)
Cash flows	32,212	-	-	32,212
Additions of lease liabilities	(1,620)	-	-	(1,620)
Termination of lease contracts	1,610	-	-	1,610
Fair value changes of warrant liabilities	-	(1,503)	-	(1,503)
Finance costs recognised	(1,431)	-	-	(1,431)
Net debt as at December 31, 2023	(15,089)	(33,735)	-	(48,824)
Net debt as January 1, 2024	(15,089)	(33,735)	-	(48,824)
Cash flows	1,539	-	-	1,539
Fair value changes of warrant liabilities	-	(460)	-	(460)
Finance costs recognised	(157)	-	-	(157)
Net debt as at March 31, 2024	(13,707)	(34,195)	-	(47,902)
(Unaudited)				
Net debt as at January 1, 2023	(45,860)	(32,232)	-	(78,092)
Cash flows	8,886	-	-	8,886
Additions of lease liabilities	(731)	-	-	(731)
Termination of lease contracts	1,709	-	-	1,709
Fair value changes of warrant liabilities	-	(378)	-	(378)
Finance costs recognised	(538)	-	-	(538)
Net debt as at March 31, 2023	(36,534)	(32,610)	-	(69,144)

(c) Major non-cash transactions

Other than non-cash transactions described elsewhere in this report, there were no other material non-cash transactions in financing activities during the years ended December 31, 2021, 2022 and 2023 and the three months ended March 31, 2023 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

34 Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control. Members of key management and their close family members of the Group are also considered as related parties.

- (a) Information on related parties and their relationships with the Group are as follows:

Name of related parties	Relationship with the Group
Mr. Zhao Lu	Founder and controlling shareholder of the Group
Ms.Tang Lili (唐丽莉女士)	The spouse of the controlling shareholder
Zhoushan Yijin Investment Management Partnership (limited partnership) (舟山忆瑾投资管理合伙企业(有限合伙))	Controlled by Mr. Zhao Lu
Shanghai Xiaoju Enterprise Management Partnership (limited partnership) (上海小橘企业管理合伙企业(有限合伙))	Controlled by Mr. Zhao Lu
Shanghai Kunrui Enterprise Management Partnership (limited partnership) (上海昆锐企业管理合伙企业(有限合伙))	Controlled by Mr. Zhao Lu

- (b) Transactions with related parties

In the opinion of the Company's directors, the related party transactions were conducted in the ordinary course of business and based on terms mutually agreed by the underlying parties. Related party transactions of the Group during the years ended December 31, 2021, 2022 and 2023 and the three months ended March 31, 2023 and 2024 include:

- (i) *Repayments from related parties*

	Year ended December 31,			Three months ended March 31,	
	2021	2022	2023	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(Unaudited)</i>	
Mr. Zhao Lu	23	-	-	-	-
Ms. Tang Lili	119	-	-	-	-
Zhoushan Yijin Investment Management Partnership (limited partnership)	365	-	-	-	-
Shanghai Xiaoju Enterprise Management Partnership (limited partnership)	1	-	-	-	-
Shanghai Kunrui Enterprise Management Partnership (limited partnership)	1	-	-	-	-
	<u>509</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

34 Related party transactions (continued)

(b) Transactions with related parties (continued)

(ii) *Key management compensations*

Key management includes directors (executive and non-executive) and members of the Executive Committee. The compensation paid or payable to key management for employee services is shown below:

	Year ended December 31,			Three months ended March 31,	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Wages, salaries and bonuses	16,943	21,223	18,483	4,270	3,281
Contributions to pension plans	314	413	614	147	152
Other social security costs, housing benefits and other employee benefits	367	474	750	153	167
Share-based payments	56,520	36,352	7,456	(6,954)	20,560
	<u>74,144</u>	<u>58,462</u>	<u>27,303</u>	<u>(2,384)</u>	<u>24,160</u>

As at 31 December 2021, 2022 and 2023 and March 31, 2024, compensation of RMB1,898,000, RMB1,001,000, RMB1,996,000 and RMB1,352,000 has not been paid to key management, respectively.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**35 Benefits and interests of directors and supervisors**

The remuneration of every director and supervisor for the years ended December 31, 2021, 2022 and 2023 and the three months ended March 31, 2023 and 2024 were set out below:

For the year ended December 31, 2021

Name	Fees	Wages, salaries and bonuses	Contributions to pension plans	Share-based payments	Other social security costs, housing benefits and other employee benefits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors						
- Mr. Zhao Lu (赵璐先生)	-	3,389	47	5,760	57	9,253
- Mr. Ma Dong(马东先生)	-	1,745	47	4,644	54	6,490
- Mr. Zhang Hongwei(张宏伟先生)	-	2,027	10	-	12	2,049
- Mr. Huang Yufei(黄玉飞先生)	-	1,828	35	-	40	1,903
- Mr. Wan Bangxi(万帮喜先生)	-	1,917	10	5,875	12	7,814
- Ms. Ni Xiaomei(倪晓梅女士)	-	1,821	47	24,923	57	26,848
Independent non-executive directors						
- Mr. Jiang Xiao (蒋骁先生)(ii)	100	-	-	-	-	100
- Mr. Li Zhiguo(李治国先生)(ii)	100	-	-	-	-	100
- Ms. Yin Huifang (阴慧芳女士)(ii)	100	-	-	-	-	100
Supervisors						
- Ms. Li Jiaona(李娇娜女士)	-	138	7	-	10	155
- Mr. Wen Gang(文纲先生)	-	-	-	-	-	-
- Mr. Xiong Fei (i) (熊飞先生)	-	-	-	-	-	-
- Mr. Lu Yiming(iii) (陆一鸣先生)	-	1,933	57	-	64	2,054
	300	14,798	260	41,202	306	56,866

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**35 Benefits and interests of directors and supervisors (continued)***For the year ended December 31, 2022*

Name	Fees	Wages, salaries and bonuses	Contributions to pension plans	Share-based payments	Other social security costs, housing benefits and other employee benefits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:						
- Mr. Zhao Lu (赵璐先生)	-	5,557	56	6,716	67	12,396
- Mr. Ma Dong (马东先生)	-	3,190	97	2,636	101	6,024
- Mr. Zhang Hongwei (张宏伟先生)	-	2,180	12	-	14	2,206
- Mr. Huang Yufei (黄玉飞先生)	-	1,896	63	-	71	2,030
- Mr. Wan Bangxi (万帮喜先生)	-	2,186	12	3,334	14	5,546
- Ms. Ni Xiaomei (倪晓梅女士)	-	1,863	47	14,701	61	16,672
Independent non-executive directors						
- Mr. Jiang Xiao (蒋骁先生)	100	-	-	-	-	100
- Mr. Li Zhiguo (李治国先生)	100	-	-	-	-	100
- Ms. Yin Huifang (阴慧芳女士)	100	-	-	-	-	100
Supervisors						
- Ms. Li Jiaona (李娇娜女士)	-	134	9	-	10	153
- Mr. Wen Gang (文纲先生)	-	-	-	-	-	-
- Mr. Lu Yiming (陆一鸣先生)	-	2,054	63	-	71	2,188
	300	19,060	359	27,387	409	47,515

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
35 Benefits and interests of directors and supervisors (continued)

For the year ended December 31, 2023

Name of Directors	Fees RMB'000	Wages, salaries and bonuses RMB'000	Contributions to pension plans RMB'000	Share-based payments RMB'000	Other social security costs, housing benefits and other employee benefits RMB'000	Total RMB'000
Executive directors						
- Mr. Zhao Lu(赵璐先生)	-	3,637	95	2,018	105	5,855
- Mr. Ma Dong(马东先生)	-	2,097	131	(408)	116	1,936
- Mr. Zhang Hongwei(张宏伟先生)	-	1,204	24	-	26	1,254
- Mr. Huang Yufei(黄玉飞先生)	-	1,616	50	-	56	1,722
- Mr. Wan Bangxi(万帮喜先生)	-	1,363	24	(516)	26	897
- Ms. Ni Xiaomei(倪晓梅女士)	-	1,494	41	(1,284)	50	301
Independent non-executive directors						
- Mr. Jiang Xiao(蒋骁先生)	75	-	-	-	-	75
- Mr. Li Zhiguo(李治国先生)	75	-	-	-	-	75
- Ms. Yin Huifang(阴慧芳女士)(iv)	75	-	-	-	-	75
- Mr. FUNG Che Wai Anthony (冯志伟先生)(v)	-	-	-	-	-	-
Supervisors						
- Ms. Li Jiaona(李娇娜女士)	-	97	6	-	7	110
- Mr. Wen Gang(文纲先生)	-	-	-	-	-	-
- Mr. Lu Yiming(陆一鸣先生)	-	1,260	50	(160)	56	1,206
	<u>225</u>	<u>12,768</u>	<u>421</u>	<u>(350)</u>	<u>442</u>	<u>13,506</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**35 Benefits and interests of directors and supervisors (continued)***For the three months ended March 31, 2023 (unaudited)*

Name of Directors	Fees RMB'000	Wages, salaries and bonuses RMB'000	Contributions to pension plans RMB'000	Share-based payments RMB'000	Other social security costs, housing benefits and other employee benefits RMB'000	Total RMB'000
Executive directors						
- Mr. Zhao Lu(赵璐先生)	-	1,230	33	-	36	1,299
- Mr. Ma Dong(马东先生)	-	658	47	(692)	39	52
- Mr. Zhang Hongwei(张宏伟先生)	-	379	3	-	3	385
- Mr. Huang Yufei(黄玉飞先生)	-	318	16	-	18	352
- Mr. Wan Bangxi(万帮喜先生)	-	412	3	(876)	3	(458)
- Ms. Ni Xiaomei(倪晓梅女士)	-	476	12	(3,007)	15	(2,504)
Independent non-executive directors						
- Mr. Jiang Xiao(蒋骁先生)	11	-	-	-	-	11
- Mr. Li Zhiguo(李治国先生)	11	-	-	-	-	11
- Ms. Yin Huifang(阴慧芳女士)	11	-	-	-	-	11
Supervisors						
- Ms. Li Jiaona(李娇娜女士)	-	28	2	-	2	32
- Mr. Wen Gang(文纲先生)	-	-	-	-	-	-
- Mr. Lu Yiming(陆一鸣先生)	-	398	16	(432)	18	-
	<u>33</u>	<u>3,899</u>	<u>132</u>	<u>(5,007)</u>	<u>134</u>	<u>(809)</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**35 Benefits and interests of directors and supervisors (continued)***For the three months ended March 31, 2024*

Name of Directors	Fees RMB'000	Wages, salaries and bonuses RMB'000	Contributions to pension plans RMB'000	Share-based payments RMB'000	Other social security costs, housing benefits and other employee benefits RMB'000	Total RMB'000
Executive directors						
- Mr. Zhao Lu(赵璐先生)	-	858	18	19,879	19	20,774
- Mr. Ma Dong(马东先生)	-	410	14	70	15	509
- Mr. Zhang Hongwei(张宏伟先生)	-	341	18	-	19	378
- Mr. Huang Yufei(黄玉飞先生)	-	339	18	-	19	376
- Mr. Wan Bangxi(万帮喜先生)(vi)	-	357	18	89	19	483
- Ms. Ni Xiaomei(倪晓梅女士)	-	323	18	420	19	780
- Mr. Lu Yiming (陆一鸣先生) (vii)	-	323	18	66	19	426
Independent non-executive directors						
- Mr. Jiang Xiao(蒋骁先生)	45	-	-	-	-	45
- Mr. Li Zhiguo(李治国先生)	45	-	-	-	-	45
- Mr. FUNG Che Wai Anthony (冯 志伟先生)(v)	54	-	-	-	-	54
Supervisors						
- Ms. Li Jiaona(李娇娜女士)	-	30	1	-	3	34
- Mr. Wen Gang(文纲先生)	-	-	-	-	-	-
- Mr. Cai Xin (蔡鑫先生) (viii)	-	323	18	36	19	396
	144	3,304	141	20,560	151	24,300

Note:

- (i) Mr. Xiong Fei resigned from the position of a supervisor in January 2021.
(ii) Mr. Li Zhiguo, Mr. Jiang Xiao and Ms. Yin Huifang were appointed as independent non-executive directors in September 2020.
(iii) Mr. Lu Yiming was appointed as a supervisor in January 2021.
(iv) Ms. Yin Huifang resigned from the position of an independent non-executive director in September 2023.
(v) Mr. FUNG Che Wai Anthony was appointed as the Company's independent non-executive director in September 2023.
(vi) Mr. Wan Bangxi resigned from the position of an executive director in March 2024.
(vii) Mr. Lu Yiming resigned from the position of a supervisor and was appointed as an executive director in March 2024.
(viii) Mr. Cai Xin was appointed as a supervisor in March 2024.
(ix) Ms. Li Jiaona was resigned from the position of a supervisor and Ms. Dong Xiaohan(董晓晗) was appointed as a supervisor in July 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

35 Benefits and interests of directors and supervisors (continued)

All of these individuals have not received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for the loss of office during the Track Record Period.

(a) Directors' and supervisors' retirement and termination benefits

No retirement or termination benefits have been paid to the Company's directors or supervisors for the years ended December 31, 2021, 2022 and 2023 and the three months ended March 31, 2023 and 2024.

(b) Consideration provided to third parties for making available directors' and supervisors' services

No consideration was provided to third parties for making available directors' or supervisors' services during the years ended December 31, 2021, 2022 and 2023 and the three months ended March 31, 2023 and 2024.

(c) Information about loans, quasi-loans or other dealings in favour of directors and supervisors, controlled bodies corporate by and connected entities with such directors and supervisors

No loans, quasi-loans or other dealings were entered into by the Company in favour of directors or supervisors, controlled bodies corporate by and connected entities with such directors or supervisors during the years ended December 31, 2021, 2022 and 2023 and the three months ended March 31, 2023 and 2024.

(d) Directors' and supervisors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director or a supervisor of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year/period or at any time during the years ended December 31, 2021, 2022 and 2023 and the three months ended March 31, 2023 and 2024.

36 Contingencies and commitments

(a) Contingencies

As at December 31, 2020, 2021 and 2023 and March 31, 2024, other than those disclosed elsewhere in this report, there were no significant contingencies items for the Group and the Company.

(b) Commitments

As of December 31, 2021, 2022 and 2023 and March 31, 2024, the Group did not have any significant capital commitments.

37 Events after the balance sheet date

There is no other material subsequent event undertaken by the Company or by the Group after March 31, 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

38 Summary of other accounting policies

38.1 Subsidiaries

(a) Consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statements, consolidated statements of comprehensive loss, consolidated statements of changes in equity and consolidated balance sheets respectively.

Business combinations

The acquisition method of accounting is used to account for all business combinations, other than business combination under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

38 Summary of other accounting policies (continued)

38.1 Subsidiaries (continued)

(b) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive loss of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

38.2 Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Group.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

38.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as executive directors of the Company that makes strategic decisions.

38.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company and its subsidiaries in the mainland China are RMB. The subsidiaries outside mainland China were incorporated in Singapore, United States and France, and these subsidiaries considered SGD, USD and EUR as their functional currency respectively. As the major operations of the Group are within the mainland China, the Group determined to present its consolidated financial statements in RMB.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year/period end exchange rates, are generally recognised in profit or loss.

All other foreign exchange gains and losses are presented in the consolidated income statements on a net basis within "other gains/(losses) - net".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

38 Summary of other accounting policies (continued)

38.4 Foreign currency translation (continued)

(c) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement and statement of comprehensive loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive loss.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When a foreign operation is sold, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

38.5 Impairment of non-financial assets

Non-financial assets other than goodwill and intangible assets that have an indefinite useful life are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Except for Taimei Xinghuan and Beijing Nuoming which were separately acquired by the Group in 2019, the Company and its other subsidiaries operates as a whole to deliver the digital solution to the customers. Therefore the Group assessed the impairment of non-financial assets other than goodwill based on: 1) CGU of Taimei Xinghuan; 2) CGU of Beijing Nuoming and 3) CGU of the Group other than Taimei Xinghuan and Beijing Nuoming. As at December 31, 2021, 2022 and 2023 and March 31, 2024, non-financial assets mainly include leased buildings, property, plant and equipment and intangible assets.

The recoverable amount of these CGUs at the end of reporting period had been determined based on value-in-use calculations, using cash flow projections prepared by management. Key assumptions applied in preparing the cash flow projections included annual growth rate and pre-tax discount rate. Based on the results of the assessment, an impairment loss on patent of RMB1,204,000 was recorded during the year ended 31 December 2023 due to the Group's decision of business cease of Beijing Nuoming. Except that, the recoverable amount exceeded the carrying amount with sufficient headroom and no further impairment was recorded during the Track Record Period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

38.6 Investments and other financial assets

(a) Classification

Investments and other financial assets is classified as described in Note 25.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, being the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

(c) Measurement (continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "other gains/(losses) – net", together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated income statement.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses) - net. Interest income from these financial assets is included in "finance income" using the effective interest rate method. Foreign exchange gains and losses are presented in "other gains/(losses) – net" and impairment losses are presented as separate line item in the consolidated income statement.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) - net in the period in which it arises.

(d) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade and notes receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For other receivables, it is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

38.7 Cash and cash equivalents

For the purpose of presentation in the consolidated statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

38.8 Restricted cash and short-term bank deposits

Cash restricted for guaranteed deposits for bank borrowings or issuance of notes payables or other purpose were included in the restricted cash on the consolidated balance sheets.

Bank deposits with initial terms of over three months but within 1 year were included in the short-term bank deposits on the consolidated balance sheets.

38.9 Share capital

Ordinary shares and share capital from owners are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

38.10 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

38.11 Borrowings and borrowing costs

(a) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as "other income" or "finance costs".

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(b) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

38 Summary of other accounting policies (continued)

38.12 Provisions

Provisions for legal claims and onerous contracts are recognised when the Group has a present legal or contractual obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

38.13 Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred income tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet dates in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred income tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred income tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred income tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive loss or directly in equity. In this case, the tax is also recognised in other comprehensive loss or directly in equity, respectively.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

38 Summary of other accounting policies (continued)

38.14 Employee benefits

(a) Short-term obligations

Liabilities for wages, salaries and bonus, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(b) Pension obligations and other social welfare benefits

Full-time employees of the Group in mainland China are entitled to staff welfare benefits including pension, work-related injury benefits, maternity insurances, medical insurances, unemployment benefits and housing fund plans through a PRC government-mandated defined contribution plan. Chinese labour regulation requires that the Group make contributions to the government for these benefits based on certain percentage of the employees' salaries, up to a maximum amount specified by the local government. The Group has no legal obligation for the benefits beyond the required contributions. There is no forfeited contributions that may be used by the Group to reduce the existing level of contribution.

(c) Employee leave entitlement

Employee entitlement to annual leave are recognised when they have accrued to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. Employees entitlement to sick leave and maternity leave are not recognised until the time of leave.

38.15 Share-based payments

(a) Share-based payments to employee

The Group operates certain share incentive plans, under which the Group receives services from employees as consideration for equity instruments of the Company or certain subsidiary. The fair value of the services received in exchange for the grant of the equity instruments is recognised as an expense in the consolidated income statement. The total expenses are recognised over the vesting period, over which all of the specified vesting conditions are to be satisfied.

The total amount to be expensed is determined by reference to the fair value of the Company's or certain subsidiaries' shares at the grant date.

The Group may modify the terms and conditions of share incentive awards granted. If a modification increases the fair value of the equity instruments granted, the incremental fair value granted is included in the measurement of the amount recognised for the services received over the remainder of the vesting period.

The fair value of the liability for cash-settled transactions is re-measured at each reporting date and at the date of settlement. Any changes in fair value are recognised in profit or loss for the period. Equity-settled awards are not remeasured after the grant date.

(b) Share-based compensation to shareholders

If the identifiable consideration received by the Group appears to be less than the fair value of the equity instruments granted to shareholders, which indicated that the Group received other unidentifiable consideration. The Group measures the share-based payment as the difference between the fair value of equity instruments granted and the identifiable consideration at the grant date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

38 Summary of other accounting policies (continued)

38.16 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Note 9 provides further information on how the Group accounts for government grants.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred revenue and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

38.17 Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets. Financial assets have subsequently become credit-impaired, for which interest revenue is calculated by applying the effective interest rate to their amortised cost.

Interest income earned from short-term bank deposits that are held for cash management purposes is presented as finance income. Gains from short-term investments measured at fair value through profit or loss (Note 25) are included in "Other gains/(losses) - net".

38.18 Loss per share

(i) Basic loss per share

Basic loss per share is calculated by dividing:

- the loss attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares; and
- by the weighted average number of ordinary shares outstanding during the financial year/period, adjusted for bonus elements in ordinary shares issued during the year/period and excluding treasury shares.

(ii) Diluted loss per share

Diluted loss per share adjusts the figures used in the determination of basic loss per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.