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## ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF HEALTHYWAY INC. AND CCB INTERNATIONAL CAPITAL LIMITED

### Introduction

We report on the historical financial information of HealthyWay Inc. (the "Company") and its subsidiaries (together the "Group") set out on pages I-4 to I-84, which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2021, 2022 and 2023 and 30 June 2024 and the consolidated statements of profit or loss, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows, for each of the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024 (the "Relevant Periods"), and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-84, forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 18 December 2024 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

### Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

### Reporting accountants' responsibility

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

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

### **Opinion**

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Company's and the Group's financial position as at 31 December 2021, 2022 and 2023 and 30 June 2024 and of the Group's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

### **Review of stub period corresponding financial information**

We have reviewed the stub period corresponding financial information of the Group which comprises the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended 30 June 2023 and other explanatory information (the "Stub Period Corresponding Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Corresponding Financial Information in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Corresponding Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Corresponding Financial Information, for the purpose of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.



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

***Adjustments***

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

***Dividends***

We refer to Note 27(b) to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

***No statutory financial statements for the Company***

No statutory financial statements have been prepared for the Company since its incorporation.

*Certified Public Accountants*  
8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong  
18 December 2024



### **Historical financial information**

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

The consolidated financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by KPMG Huazhen LLP Xiamen Branch in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").



# CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

(Expressed in Renminbi)

	Note	Year ended 31 December			Six months ended 30 June	
		2021 RMB'000	2022 RMB'000	2023 RMB'000	2023 RMB'000 (unaudited)	2024 RMB'000
Revenue	4	431,305	569,068	1,244,458	534,013	611,485
Cost of sales		(257,832)	(323,273)	(846,222)	(359,964)	(427,824)
<b>Gross profit</b>		<u>173,473</u>	<u>245,795</u>	<u>398,236</u>	<u>174,049</u>	<u>183,661</u>
Other net income/(loss)	5	7,361	8,140	3,855	(953)	455
Selling expenses		(126,354)	(147,414)	(211,751)	(78,189)	(98,576)
Administrative expenses		(106,779)	(41,195)	(79,780)	(37,638)	(29,097)
Research and development costs		(14,142)	(54,410)	(103,400)	(36,367)	(53,968)
<b>(Loss)/profit from operations</b>		<u>(66,441)</u>	<u>10,916</u>	<u>7,160</u>	<u>20,902</u>	<u>2,475</u>
Finance cost	6(a)	(1,160)	(1,578)	(3,254)	(1,599)	(2,321)
Share of profits less losses of associates		(112)	891	(72)	142	(315)
Changes in carrying amount of the redemption liabilities	21	(84,370)	(267,834)	(324,779)	(127,132)	(62,989)
<b>Loss before taxation</b>	6	<u>(152,083)</u>	<u>(257,605)</u>	<u>(320,945)</u>	<u>(107,687)</u>	<u>(63,150)</u>
Income tax	7(a)	(3,224)	1,966	7,063	2,348	5,875
<b>Loss for the year/period</b>		<u>(155,307)</u>	<u>(255,639)</u>	<u>(313,882)</u>	<u>(105,339)</u>	<u>(57,275)</u>
<b>Attributable to:</b>						
Equity shareholders of the Company		(157,223)	(258,131)	(310,079)	(101,759)	(55,818)
Non-controlling interests		1,916	2,492	(3,803)	(3,580)	(1,457)
<b>Loss for the year/period</b>		<u>(155,307)</u>	<u>(255,639)</u>	<u>(313,882)</u>	<u>(105,339)</u>	<u>(57,275)</u>
<b>Loss per share</b>	10					
Basic and diluted (RMB)		<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

The accompanying notes form part of the Historical Financial Information.

# CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in Renminbi)

	Note	Year ended 31 December			Six months ended 30 June	
		2021 RMB'000	2022 RMB'000	2023 RMB'000	2023 RMB'000 (unaudited)	2024 RMB'000
Loss for the year/period		(155,307)	(255,639)	(313,882)	(105,339)	(57,275)
Other comprehensive income for the year/ period						
Item that is or may be reclassified subsequently to profit or loss:						
Exchange differences on translation of financial statements of overseas entities		(1,676)	4,854	1,227	2,695	470
Total comprehensive income for the year/period		<u>(156,983)</u>	<u>(250,785)</u>	<u>(312,655)</u>	<u>(102,644)</u>	<u>(56,805)</u>
Attributable to:						
Equity shareholders of the Company		(158,899)	(253,277)	(308,852)	(99,064)	(55,348)
Non-controlling interests		<u>1,916</u>	<u>2,492</u>	<u>(3,803)</u>	<u>(3,580)</u>	<u>(1,457)</u>
Total comprehensive income for the year/period		<u>(156,983)</u>	<u>(250,785)</u>	<u>(312,655)</u>	<u>(102,644)</u>	<u>(56,805)</u>

The accompanying notes form part of the Historical Financial Information.

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
*(Expressed in Renminbi)*

	Note	As at 31 December			As at
		2021	2022	2023	30 June
		RMB'000	RMB'000	RMB'000	2024
					RMB'000
<b>Non-current assets</b>					
Property, plant and equipment	11	6,342	5,231	9,430	8,015
Intangible assets	12	2,513	16,308	39,268	45,103
Goodwill	14	2,871	8,605	8,605	8,605
Interests in associates	15	888	3,566	3,494	3,179
Deferred tax assets	26(b)	920	2,995	13,941	21,059
		<u>13,534</u>	<u>36,705</u>	<u>74,738</u>	<u>85,961</u>
<b>Current assets</b>					
Inventories	16	259	5,763	13,770	30,211
Contract assets	17(a)	2,470	145	298	257
Trade and other receivables	18	47,720	55,627	132,625	111,339
Prepayments		21,619	34,555	23,429	26,474
Restricted deposits	19	1,004	135	135	135
Cash and cash equivalents	20	44,022	69,719	168,693	149,736
		<u>117,094</u>	<u>165,944</u>	<u>338,950</u>	<u>318,152</u>
<b>Current liabilities</b>					
Trade and other payables	24	108,474	109,728	193,885	195,209
Contract liabilities	17(b)	84,499	90,254	57,347	50,391
Loans and borrowings	22	10,010	49,371	88,479	78,406
Lease liabilities	23	1,615	2,188	3,211	3,046
Redemption liabilities	21	1,120,640	1,388,474	1,713,253	1,776,242
Current taxation	26(a)	969	991	4,649	4,961
		<u>1,326,207</u>	<u>1,641,006</u>	<u>2,060,824</u>	<u>2,108,255</u>
<b>Net current liabilities</b>		<u>(1,209,113)</u>	<u>(1,475,062)</u>	<u>(1,721,874)</u>	<u>(1,790,103)</u>

	<i>Note</i>	As at 31 December			As at
		2021	2022	2023	30 June
		RMB'000	RMB'000	RMB'000	2024
					RMB'000
<b>Non-current liabilities</b>					
Loans and borrowings	22	—	167	541	1,311
Lease liabilities	23	3,647	2,266	4,375	3,404
		<u>3,647</u>	<u>2,433</u>	<u>4,916</u>	<u>4,715</u>
<b>NET LIABILITIES</b>		<u>(1,199,226)</u>	<u>(1,440,790)</u>	<u>(1,652,052)</u>	<u>(1,708,857)</u>
<b>CAPITAL AND RESERVES</b>					
Share capital	27(c)	89	76	93	93
Reserves		<u>(1,205,814)</u>	<u>(1,449,015)</u>	<u>(1,657,870)</u>	<u>(1,713,218)</u>
<b>Total equity attributable to equity shareholders of the Company</b>		<u>(1,205,725)</u>	<u>(1,448,939)</u>	<u>(1,657,777)</u>	<u>(1,713,125)</u>
<b>Non-controlling interests</b>		<u>6,499</u>	<u>8,149</u>	<u>5,725</u>	<u>4,268</u>
<b>TOTAL EQUITY</b>		<u>(1,199,226)</u>	<u>(1,440,790)</u>	<u>(1,652,052)</u>	<u>(1,708,857)</u>

The accompanying notes form part of the Historical Financial Information.



# STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(Expressed in Renminbi)

		As at 31 December			As at
		2021	2022	2023	30 June
	Note	RMB'000	RMB'000	RMB'000	2024
					RMB'000
<b>Non-current asset</b>					
Interests in subsidiaries	1	381,350	1,596,478	1,709,339	1,715,237
<b>Current assets</b>					
Other receivables	18	815	2,005	3,472	2,292
Prepayment		1,068	3,646	2,607	1,195
Cash and cash equivalents		—	—	367	349
		1,883	5,651	6,446	3,836
<b>Current liabilities</b>					
Amounts due to a subsidiary	24	7,709	23,207	51,138	57,791
Amounts due to shareholders	24	—	—	1,756	1,769
Redemption liabilities	21	—	1,388,474	1,713,254	1,776,242
		7,709	1,411,681	1,766,148	1,835,802
<b>NET CURRENT LIABILITIES</b>		(5,826)	(1,406,030)	(1,759,702)	(1,831,966)
<b>NET ASSETS/(LIABILITIES)</b>		375,524	190,448	(50,363)	(116,729)
<b>CAPITAL AND RESERVES</b>					
Share capital	27(c)	89	76	93	93
Reserves		375,435	190,372	(50,456)	(116,822)
<b>TOTAL EQUITY</b>		375,524	190,448	(50,363)	(116,729)

The accompanying notes form part of the Historical Financial Information.

# CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY *(Expressed in Renminbi)*

Note	Attributable to equity shareholders of the Company						Non-controlling interests	Total equity
	Share capital RMB'000 Note 27(c)	Share Premium RMB'000 Note 27(d)(v)	Other reserves RMB'000 Note 27(d)(i)	Exchange reserve RMB'000 Note 27(d)(ii)	Statutory reserves RMB'000 Note 27(d)(iii)	Accumulated losses RMB'000	Total RMB'000	RMB'000 Note 27(d)(iv)
Balance at 1 January 2021	89	—	489,323	18,377	333	(1,620,269)	(1,112,147)	4,688
Changes in equity for 2021:								
Loss for the year	—	—	—	—	—	(157,223)	(157,223)	1,916
Other comprehensive income	—	—	—	(1,676)	—	—	(1,676)	—
Total comprehensive income	—	—	—	(1,676)	—	(157,223)	(158,899)	1,916
Appropriation to statutory reserve	—	—	—	—	232	(232)	—	—
Acquisition of additional interests in subsidiaries	—	—	(187)	—	—	—	(187)	(23)
Equity-settled share-based payment expenses	25	—	65,508	—	—	—	65,508	—
Disposal of a subsidiary	—	—	—	—	—	—	—	(82)
Balance at 31 December 2021 and 1 January 2022	89	—	554,644	16,701	565	(1,777,724)	(1,205,725)	6,499
Changes in equity for 2022:								
Loss for the year	—	—	—	—	—	(258,131)	(258,131)	2,492
Other comprehensive income	—	—	—	4,854	—	—	4,854	—
Total comprehensive income	—	—	—	4,854	—	(258,131)	(253,277)	2,492
Capital injection from equity shareholders	—	—	9,796	—	—	—	9,796	—
Arising from acquisition of a subsidiary	—	—	—	—	—	—	—	2,844
Disposal of subsidiaries	—	—	280	—	—	—	280	(3,686)
Shares repurchased for reorganisation	(13)	—	—	—	—	—	(13)	—
Balance at 31 December 2022 and 1 January 2023	76	—	564,720	21,555	565	(2,035,855)	(1,448,939)	8,149
Changes in equity for 2023:								
Loss for the year	—	—	—	—	—	(310,079)	(310,079)	(3,803)
Other comprehensive income	—	—	—	1,227	—	—	1,227	—
Total comprehensive income	—	—	—	1,227	—	(310,079)	(308,852)	(3,803)
Appropriation to statutory reserve	—	—	—	—	148	(148)	—	—
Shares issued	14	—	—	—	—	—	14	—
Capital injection from equity shareholders	3	99,997	—	—	—	—	100,000	1,379
Balance at 31 December 2023	93	99,997	564,720	22,782	713	(2,346,082)	(1,657,777)	5,725

Note	Attributable to equity shareholders of the Company						Non-controlling interests RMB'000 Note 27(d)(iv)	Total equity RMB'000	
	Share capital	Share Premium	Other reserve	Exchange reserve	Statutory reserve	Accumulated losses			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000			
	Note 27(c)	Note 27(d)(v)	Note 27(d)(i)	Note 27(d)(ii)	Note 27(d)(iii)				
(unaudited)									
Balance at 1 January 2023	76	–	564,720	21,555	565	(2,035,855)	(1,448,939)	8,149	(1,440,790)
Changes in equity for the six months ended 30 June 2023:									
Loss for the period	–	–	–	–	–	(101,759)	(101,759)	(3,580)	(105,339)
Other comprehensive income	–	–	–	2,695	–	–	2,695	–	2,695
Total comprehensive income	–	–	–	2,695	–	(101,759)	(99,064)	(3,580)	(102,644)
Issuance of new shares	14	–	–	–	–	–	14	–	14
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	300	300
Balance at 30 June 2023	90	–	564,720	24,250	565	(2,137,614)	(1,547,989)	4,869	(1,543,120)
Balance at 1 January 2024	93	99,997	564,720	22,782	713	(2,346,082)	(1,657,777)	5,725	(1,652,052)
Changes in equity for the six months ended 30 June 2024:									
Loss for the period	–	–	–	–	–	(55,818)	(55,818)	(1,457)	(57,275)
Other comprehensive income	–	–	–	470	–	–	470	–	470
Balance at 30 June 2024	93	99,997	564,720	23,252	713	(2,401,900)	(1,713,125)	4,268	(1,708,857)

The accompanying notes form part of the Historical Financial Information.

# CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in Renminbi)

		Year ended 31 December			Six months ended 30 June	
		2021	2022	2023	2023	2024
	Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(unaudited)	
Operating activities						
Cash generated from operations	20(b)	14,391	8,868	3,816	12,975	13,961
Tax paid		(234)	(87)	(225)	(96)	(931)
Net cash generated from operating activities		14,157	8,781	3,591	12,879	13,030
Investing activities						
Proceeds from disposal of property, plant and equipment		10	–	95	95	–
Purchase of wealth management products		(6,020)	(6,700)	(2,000)	–	–
Redemption of wealth management products		16,355	6,716	2,013	–	–
Placement of structured deposits		(10,000)	(9,500)	(30,500)	(17,000)	(12,085)
Redemption of structured deposits		11,030	9,570	30,594	10,046	–12,466
Payment for purchase of property, plant and equipment		(401)	(288)	(1,193)	(164)	(555)
Payment for purchase of intangible assets		(44)	(16,071)	(37,874)	(27,465)	(18,404)
Acquisition of subsidiary, net of cash acquired	13(a)	(3,000)	(1,114)	(6,647)	(6,647)	–
Proceeds from disposal of certain interests in subsidiaries		525	–	7,541	7,541	–
Net cash outflow arising from disposal of subsidiaries	13(b)	(228)	(2,357)	–	–	–
Advance to related parties		(332)	(1,562)	(1,100)	(100)	–
Repayments from related parties		459	256	1,360	–	–
Investments in associates		(1,210)	–	–	–	–
Proceeds from disposal of associates		400	–	–	–	–
Net cash generated from/(used in) investing activities		7,544	(21,050)	(37,711)	(33,694)	(18,578)



	Note	Year ended 31 December			Six months ended 30 June	
		2021	2022	2023	2023	2024
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
<b>Financing activities</b>						
Proceeds from bank loans	20(c)	14,940	53,966	123,830	50,830	7,400
Repayments of bank loans	20(c)	(10,987)	(14,438)	(84,348)	(32,286)	(16,703)
Capital element of lease rentals paid	20(c)	(1,984)	(1,984)	(4,236)	(1,974)	(1,687)
Interests paid on bank loans and other borrowings	20(c)	(961)	(1,367)	(2,950)	(1,473)	(2,156)
Interest element of lease rentals paid	20(c)	(199)	(211)	(304)	(126)	(165)
Payment of listing expenses		(1,101)	(1,616)	(2,498)	(1,434)	(98)
Capital injections from equity shareholders		–	9,796	100,000	–	–
Capital contribution from non-controlling interests		–	–	1,380	300	–
Repayments to related parties	20(c)	(100)	(450)	(2,960)	(120)	–
Advances from related parties	20(c)	–	300	5,180	800	–
Repayments of other borrowings	20(c)	(20,000)	–	–	–	–
Repayment to a third party	20(c)	(3,220)	(6,030)	–	–	–
Advances from a third party	20(c)	8,850	–	–	–	–
<b>Net cash (used in)/generated from financing activities</b>		<u>(14,762)</u>	<u>37,966</u>	<u>133,094</u>	<u>14,517</u>	<u>(13,409)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		6,939	25,697	98,974	(6,298)	(18,957)
<b>Cash and cash equivalents at the beginning of the year/period</b>	20(a)	<u>37,083</u>	<u>44,022</u>	<u>69,719</u>	<u>69,719</u>	<u>168,693</u>
<b>Cash and cash equivalents at the end of the year/period</b>	20(a)	<u>44,022</u>	<u>69,719</u>	<u>168,693</u>	<u>63,421</u>	<u>149,736</u>

The accompanying notes form part of the Historical Financial Information.

## NOTES TO THE HISTORICAL FINANCIAL INFORMATION

*(Expressed in Renminbi unless otherwise indicated)*

### 1 BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

HealthyWay Inc. (the “Company”) was incorporated in the Cayman Islands on 18 November 2014 as an exempted company with limited liability under the Cayman Islands Companies Act, Cap22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

The Company is an investment holding company and has not carried on any business operations since the date of its incorporation save for the Reorganisation (as defined below) and also capital raising activities of the Company. The Company and its subsidiaries (together, “the Group”) are principally engaged in providing corporate and digital marketing services and health and medical services (the “Listing Businesses”) in the People’s Republic of China (the “PRC”).

Prior to the Reorganisation, the Group’s Listing Businesses were carried out by Fujian Health Road Information Technology Co., Ltd. (“Fujian Health Road”) (福建健康之路信息技術有限公司) and its subsidiaries. According to the PRC laws and regulations, the Group’s business related to internet content, telecommunication and medical service (the “Restricted Business”) is subject to restrictions on foreign investment while the rest of the Listing Businesses (the “Unrestricted Business”) are not subject to such restrictions. To rationalise the corporate structure in preparation for the listing of the Company’s shares on the Main Board of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the Group underwent the Reorganisation, as detailed in the section headed “History, Reorganisation and Corporate Structure” in the Prospectus.

As part of the Reorganisation, the Unrestricted Business was transferred to and wholly owned by Fujian Health Road Health Technology Company Limited (福建健康之路健康科技有限公司) (“Health Road HealthTech”), an indirect wholly-owned subsidiary of the Company. For the Restricted Business, Health Road HealthTech entered into a series of contractual arrangements (the “Original Contractual Arrangements”) with Fujian Health Road and its registered shareholders on 31 March 2022. On 8 February 2023, Health Road HealthTech, Fujian Health Road and its registered shareholders entered into a new series of contractual arrangements (the “New Contractual Arrangements”, together with the Original Contractual Arrangements “the Contractual Arrangements”), which amended, restated and superseded the Original Contractual Arrangements on 31 March 2022. Details of the Contractual Arrangements are set out in the section headed “Contractual Arrangements” in the Prospectus. As a result of the Contractual Arrangements, the Group has rights to exercise power over the Restricted Business, receive variable returns from its involvement in the Restricted Business and has the ability to affect the returns through its power over the Restricted Business. Consequently, the Group has control over the Restricted Business and regard the entities operating the Restricted Business as controlled entities. The directors of the Group are of the view that the Contractual Arrangements are in compliance with the PRC laws and regulations and are legally enforceable. On 31 March 2022, the Company became the holding company of the companies now comprising the Group.

In addition, the Reorganisation involved inserting certain investment holding companies, which do not have any substantive business operations, as the new holding companies of the Listing Businesses. There were no changes in the economic substance of the ownership and the Listing Businesses before and after the Reorganisation. Accordingly, the Historical Financial Information has been prepared and presented as a continuation of the Listing Businesses with the assets and liabilities recognised and measured at their historical carrying amounts prior to the Reorganisation. Intra-group balances, transactions and unrealised gains/losses on intra-group transactions are eliminated in full in preparing the Historical Financial Information.

The consolidated statements of profit or loss, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of change in equity and consolidated statements of cash flow statements of the Group for the Relevant Periods as set out in this report include the financial performance and cash flows of the companies now comprising the Group as if the current group structure had been in existence throughout the Relevant Periods, or since their respective date of incorporation or establishment, whichever is a shorter period. The consolidated statements of financial position of the Group as at 31 December 2021, 2022 and 2023 and 30 June 2024 as set out in this report have been prepared to present the financial position of the companies now comprising the Group as of those dates as if the current group structure had been in existence as of the respective dates taking into account the respective dates of incorporation or establishment, where applicable.

As at the date of this report, no audited financial statements have been prepared for the Company as it has not carried on any business operations since the date of incorporation. The financial statements of the subsidiaries of the Group for which there are statutory requirements were prepared in accordance with the relevant accounting rules and regulations applicable to entities in the countries in which they were incorporated and/or established.

Upon completion of the Reorganisation and as at the date of the report, the Company has direct or indirect interests in the following subsidiaries, all of which are private companies. The following list contains only the particulars of subsidiaries which principally affected the results, assets or liability of the Group.

Company name	Date and place of incorporation/ establishment	Registered/issued and paid-up capital	Proportion of ownership interests				30 June 2024	At the date of this report	Principal activities	Name of statutory auditor
			31 December 2021	31 December 2022	31 December 2023					
Directly held by the Company										
Ning Waa Limited (Note (b))	6 December 2021/ British Virgin Island ("BVI")	USD1/USD1	100%	100%	100%	100%	100%	Investment holding	N/A	
Indirectly held by the Company										
HealthyWay (Hong Kong) Limited	9 December 2014/ Hong Kong	USD1/USD1	100%	100%	100%	100%	100%	Investment holding	2021, 2022 and 2023: Rich Moral CPA Limited	
Health Road (China) Information Technology Co., Ltd. ("健康之路(中國)信息技術有限公司") (Notes (a) & (b) & (d))	22 April 2015/ PRC	RMB300,000,000/ RMB300,000,000	100%	100%	100%	100%	100%	Investment holding	N/A	
Health Road HealthTech (Notes (a) & (d))	18 October 2021/ PRC	RMB203,200,000/ RMB9,796,069	100%	100%	100%	100%	100%	Corporate and digital marketing services and health and medical services	2023: Fujian Dazheng Accounting Firm Limited ("福建大正會計師事務所有限公司")	
Zhejiang Health Road Technology Group Co., Ltd. ("浙江健康之路科技集團有限公司") ("Zhejiang Health Road") (Notes (a) & (b) & (d))	8 June 2023/ PRC	RMB203,200,000/ RMB100,000,000	N/A	N/A	100%	100%	100%	Investment holding	N/A	

Company name	Date and place of incorporation/ establishment	Registered/issued and paid-up capital	Proportion of ownership interests				At the date of this report	Principal activities	Name of statutory auditor
			31 December 2021	31 December 2022	31 December 2023	30 June 2024			
Fujian Health Road (Notes (c) & (e))	10 December 2014/ PRC	RMB166,381,403/ RMB27,381,403	100%	100%	100%	100%	100%	Corporate and digital marketing services and health and medical services	2021 and 2022: Fuzhou Tongyue Certified Public Accountants Firm (General Partnership) (“福州同月會計師事務所(普通合夥)”) 2023: Fujian Dazheng Accounting Firm Limited (“福建大正會計師事務所有限公司”)
Fujian ChokSend Communication Technology Co., Ltd. (“福建省創科迅通通信科技有限公司”) (“ChokSend Communication”) (Notes (a) & (e))	13 August 2012/ PRC	RMB10,000,000/ RMB10,000,000	51%	51%	51%	51%	51%	Corporate and digital marketing services and medical support services	2021: Fujian Zhongzheng Hengrui Accounting Firm Co., Ltd. (“福建中正恒瑞會計師事務所有限公司”) 2022: Fujian Hongyang Certified Public Accountants Co., Ltd. (“福建鴻陽會計師事務所有限公司”) 2023: Fuzhou Rongrui Certified Public Accountants Co., Ltd. (“福州榕瑞會計師事務所有限公司”)
Yinchuan Borderless Internet Hospital Co., Ltd. (“銀川無邊界互聯網醫院有限公司”) (Notes (a) & (b) & (e))	23 January 2019/ PRC	RMB10,000,000/ RMB10,000,000	100%	100%	100%	100%	100%	Health and medical services	N/A
Hubei Health Zhilu Health Technology Co., Ltd. (“湖北健康之路健康科技有限公司”) (Notes (a) & (b) & (e))	15 April 2008/ PRC	RMB5,000,000/ RMB5,000,000	100%	100%	100%	100%	100%	Corporate and digital marketing services	N/A

**Notes:**

All companies comprising the Group have adopted 31 December as their financial year end date at the date of this report.

- The official names of these entities are in Chinese. The English names are for identification purpose only.
- At the date of the report, no statutory or audited financial statements have been prepared for these entities.
- The Company does not have direct or indirect legal ownership in the equity of this entity. Nevertheless, the Company and its other legally owned subsidiaries control this entity by way of entering into the Contractual Arrangements with this entity and its registered owners, details of which are set out in the section headed “Contractual Arrangements” in the Prospectus.
- These entities are wholly foreign-owned enterprises established in the PRC.
- These entities are limited liability companies established in the PRC.



The Historical Financial Information has been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board (the “IASB”). Further details of the material accounting policy information adopted are set out in Note 2.

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing this Historical Financial Information, the Group has adopted all applicable new and revised IFRS Accounting Standards consistently throughout the Relevant Periods, except for any new standards or interpretations that are not yet effective for the Relevant Periods. The revised and new accounting standards and interpretations issued but not yet effective for the Relevant Periods are set out in Note 32.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

The Stub Period Corresponding Financial Information has been prepared in accordance with the same basis of preparation and presentation adopted in respect of the Historical Financial Information.

The Historical Financial Information has been prepared assuming the Group will continue as a going concern notwithstanding the net current liabilities and net liabilities of the Group as at 30 June 2024 and net losses for the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024, by taking into account: (1) the classification of redemption obligations totalling RMB1,776,242,000 as financial liabilities as set out in Note 21. The holders have agreed that their redemption rights will automatically be cancelled upon completing a qualified IPO and the related liabilities will be re-classified to equity; (2) the undrawn bank facilities amounting to RMB57,000,000 which will expire from July 2025 to January 2026; (3) future projection of the Group’s profit and cash inflows from operations. The directors are of the opinion that the Group has sufficient financial resources to continue as a going concern for at least the next twelve months from 30 June 2024 and there are no material uncertainties related to events or conditions which, individually or collectively, may cast significant doubt on the Group’s ability to continue as a going concern.

## **2 MATERIAL ACCOUNTING POLICY INFORMATION**

### **(a) Basis of measurement and functional and presentation currency**

The measurement basis used in the preparation of the financial statements is the historical cost basis.

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity (the “Functional Currency”).

The financial statements is presented in Renminbi (“RMB”), rounded to the nearest thousands, except when otherwise indicated, which is the functional currency of the Group’s subsidiaries established in Chinese Mainland. Almost all the Group’s operating activities are carried out in Chinese Mainland with most of the transactions denominated in RMB. The Group translates the financial statements of the Company and the Company’s subsidiaries outside the Chinese Mainland from foreign currency into RMB.

### **(b) Use of estimates and judgements**

The preparation of the financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the

circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 3.

**(c) Subsidiaries and non-controlling interests**

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is included into the financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the period between non-controlling interests and the equity shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate (see Note 2(d)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(i)(ii)).

**(d) Associates**

An associate is an entity in which the Group has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see Note 2(i)(ii)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the period are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with the other long-term interests that in substance form part of the Group's net investment in the associate, after applying the expected credit losses ("ECLs") model to such other long-term interests where applicable (see Note 2(i)(i)).

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

**(e) Goodwill**

Goodwill represents the excess of

- (i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over
- (ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see Note 2(i)(ii)).

On disposal of a cash generating unit during the period, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.



**(f) Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 2(i)(ii)):

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost or valuation of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

– Electronic and other equipment	3–5 years
– Motor vehicles	5–10 years
– Leasehold improvements	3–5 years
– Buildings leased for own use	Over the unexpired lease terms

Both the useful life of an asset and its residual value, if any, are reviewed annually.

**(g) Intangible assets (other than goodwill)**

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalised includes the costs of materials, direct labour, and an appropriate proportion of overheads and borrowing costs, where applicable. Capitalised development costs are stated at cost less accumulated amortisation and impairment losses (see Note 2(i)). Other development expenditure is recognised as an expense in the period in which it is incurred.

Since the internal development of artificial intelligence tools was in early stage as at 30 June 2024, all relevant expenditure incurred (including amortization of datasets acquired for training artificial intelligence tools) was recognised as an expense during the reporting period.

Other intangible assets that are acquired by the Group (including datasets acquired for training artificial intelligence tools) are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note 2(i)(ii)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to profit or loss unless IFRS Accounting Standards permits or requires it to be included in the carrying amount of another asset on a straight-line basis over the intangible assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated/contracted useful lives are as follows:

– Software	2–5 years
– Dataset	estimated period of training artificial intelligence tools not exceeding 3 years (see Note 3(ii))
– License	4.5 years



Both the period and method of amortisation are reviewed annually. A change in the estimate of the useful life or amortisation method is accounted for prospectively as a change in estimate by adjusting amortisation in the current and future period.

**(h) Leased assets**

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

**(i) As a lessee**

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are primarily laptops and office furniture. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Notes 2(f) and 2(i)(ii)).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract (“lease modification”) that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are rent concessions that occurred as a direct consequence of the COVID-19 pandemic and met the conditions set out in paragraph 46B of IFRS 16 Leases. In such cases, the Group has taken advantage of the practical expedient not to assess whether the rent concessions are lease modifications, and recognised the change in consideration as negative variable lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

The Group presents right-of-use assets in “Property, plant and equipment” and presents lease liabilities separately in the consolidated statement of financial position. The current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

**(ii) As a lessor**

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis.

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in Note 2(h)(i), then the Group classifies the sub-lease as an operating lease.

**(i) Credit losses and impairment of assets**

**(i) Credit losses from financial instruments**

The Group recognises a loss allowance for expected credit losses (“ECLs”) on the following items:

- financial assets measured at amortised cost (including cash and cash equivalents, restricted cash, trade receivables and other receivables); and
- contract assets as defined in IFRS 15.

*Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- Fixed-rate financial assets and trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof; and
- Variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within 12 months after the reporting date; and
- Lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecasted general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in the financial instrument's credit risk since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

#### *Significant increases in credit risk*

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- Failure to make payments of principal or interest on their contractually due dates;
- An actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

- An actual or expected significant deterioration in the operating results of the debtor; and
- Existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instruments credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- Significant financial difficulties of the debtor;
- Significant decrease in property management and other service fees collection rate;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- It becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- Significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- The disappearance of an active market for a security because of financial difficulties of the issuer.

#### *Write-off policy*

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.



(ii) *Impairment of other assets*

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment, including right-of-use assets;
- intangible assets (other than goodwill);
- goodwill;
- investments in associates; and
- investment in a subsidiary in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– *Recognition of impairment losses*

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

– *Reversals of impairment losses*

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior periods. Reversals of impairment losses are credited to profit or loss in the period in which the reversals are recognised.



**(j) Inventories**

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

**(k) Contract liabilities**

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue. A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see Note 2(l)).

**(l) Trade and other receivables**

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see Note 2(i)(i)).

**(m) Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in Note 2(i)(i).

**(n) Trade and other payables**

Trade and other payables are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

**(o) Redemption liability**

The Group's obligation to redeem its shares for cash upon the occurrence of events that are beyond the control of both the Group and the holders give rise to a financial liability. The financial liability is initially measured at the present value of the redemption amount and subsequently measured at amortised cost.

**(p) Interest-bearing borrowings**

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

**(q) Employee benefits**

***(i) Short-term employee benefits and contributions to defined contribution retirement plans.***

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Contributions to the PRC local retirement schemes pursuant to the relevant labour rules and regulations in the PRC are recognised as an expense in profit or loss as incurred.

***(ii) Share-based payments transactions***

The fair value of shares granted to employees is recognised as an employee cost with a corresponding increase in other reserve within equity. The fair value is measured at grant date when the shares were granted. Where the shares granted without vesting conditions and contract life, the total fair value is recognised as an employee cost immediately on the grant date. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the shares, the total estimated fair value of the shares is spread over the vesting period, taking into account the probability that the shares will vest.

During the vesting period, the number of shares that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior periods is charged/credited to the profit or loss for the period of the review. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of shares that vest (with a corresponding adjustment to other reserve).

**(r) Income tax**

Income tax for the period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous periods.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.



**(s) Provisions and contingent liabilities**

Provisions are recognised when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

**(t) Revenue and other income recognition**

Income is classified by the Group as revenue when it arises from the sale of goods, and the provision of services in the ordinary course of the Group's business.

Further details of the Group's revenue and other income recognition policies are as follows:

***(i) Revenue from contracts with customers***

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax.

When another party is involved in providing goods or services to a customer, the Group assesses the nature of its promise for each specified good or service promised to the customer. The specified good or service may be a physical product that is sourced externally or a right to the underlying service that is provided by a third party. In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the goods or services before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the goods or services. The Group recognises the corresponding revenue on a gross basis when it acts a principal and on a net basis when it acts an agent.

For physical products, the Group considers itself a principal when it has physical possession or the right to direct the use of the products and substantive risk and rewards associated with the ownership before the products are delivered to the customers.

For services rendered, the Group considers itself a principal when it controls the right to the specified service to be performed by another party before the Group directs that party to provide the service to the customer on its behalf. Relevant indicators considered by the Group include: taking the primary responsibility for fulfilling the promise to provide the specified service, being exposed to the customer complaints about service quality issues, having its own discretion to appoint service providers and being able to establish service fees with customers and the procurement cost charged by suppliers separately.

***(a) Health and medical services and health care related products***

The Group provides medical support services and healthcare related products to customers. It usually offers to customers health membership schemes containing entitlements to multiple services (the schemes), and healthcare service packages of the schemes bundled with physical products (the packages), where applicable.

The customer's entitlements to services included in the schemes usually have a fixed valid usage period. During the valid period, the customer has unlimited access to some services and specified quantities of access to other services.

Each of the (series of) services and products within the schemes/packages is a separate performance obligation as it has a stand-alone benefit to the customer and not highly interrelated or interdependent with each other. The transaction price is allocated based on their relative stand-alone selling prices. Generally, the Group establishes stand-alone selling prices with reference to the observable prices of products or services sold separately in comparable circumstances to similar customers.

For the sale of service entitlements in schemes and packages, the Group collects up-front payments that are non-refundable upon receipt or become non-refundable at the expiry of a refund period. The amount received is recognised as a contract liability when the customers no longer have the right to cancel the purchases. The customers have one to twelve months to activate the service entitlements in various schemes and packages, followed by a valid usage period commencing from the activation date. The customers' outstanding entitlements would expire if the schemes are not activated or utilised within the respective period.

During the valid usage period, each time when the customer utilises one entitlement to access the service of a specified quantity in the schemes, the Group recognises the corresponding revenue as the service is rendered to the customer. The Group recognises the revenue associated with the customers' entitlements to unlimited services in the schemes on a straight-line basis over the valid usage period.

Due to the current lack of adequate historical experience over the wide range of service packaged in the schemes offerings to form a reasonable basis for estimating the amount of customers' unexercised rights (breakage), the Group does not recognise any breakage revenue until the likelihood of customers exercising their rights becomes remote (i.e. upon contract expiry or being after the *HealthyWay* mobile application accounts are identified as an inactive status for thirty-six consecutive months).

For the health care related products sold separately or in the packages, the Group collects the consideration when receiving the customer order and revenue is recognised when the customer takes possession of and accepts the products. The Group typically offers customers a right of return for a period of seven days upon customer acceptance, and records the product sales revenue based on the estimated variable consideration after constraint, which is updated at the end of each reporting period.

In limited cases, the Group acts as an agent to arrange the underlying service to be rendered by a third-party provider that is specified by the customers. The Group recognises the commission revenue upon completion of the arrangement.

*(b) Corporate and digital marketing services*

The Group mainly generates revenue of corporate and digital marketing services by providing content services, digital marketing services, and information technology services.



Content services primarily consists of three categories as follows:

- The Group provides web-article-based advertising services with precision marketing content ordered by pharmaceutical companies. Service fee is generally charged at a fixed unit price for each eligible web article on display which has attracted a required minimum number of user browses or clicks during the period specified by the customer, and revenue is recognised when the customer's specification is met.
- The Group provides general wellness content ordered by internet companies. Service fee is primarily charged on a CPM (cost per mille-impression) basis to the customer and revenue is recognised when the relevant impressions are delivered.
- The Group provides real-world study (RWS) support services to pharmaceutical companies regarding clinical case studies for drug development and drug effectiveness and safety studies. A common RWS project contains a number of surveys that are usually conducted and completed on a monthly basis. Service fee is generally charged at a fixed price for each survey in the RWS project and revenue is recognised when the related survey and study results are delivered to and accepted by the customer.

Digital marketing services mainly includes content display and sponsored story delivered on the Group's various media channels and other third-party advertising space sourced by the Group. Service fee is generally charged at a fixed unit price on the number of specific actions (such as clicks or effective activations) taken by the users, or on a pro-rata basis over the display period agreed with the customer. Revenue is recognised when the specific user actions occur or as the display continues.

Information technology services primarily consist of two categories as follows:

- The Group develops and transfers digital infrastructure systems, such as online applications and onsite software (which is occasionally bundled with supplies of hardware equipment), to medical institutions, local health authorities and other corporates. The Group generally identifies the system development, hardware equipment and/or post-sales maintenance (if any) as separate performance obligations in the contract with customer and allocates the fixed transaction price based on their relative stand-alone selling prices. Revenue for the system development and hardware equipment is recognised when the related deliverables are transferred to and accepted by the customer. Revenue for post-sales maintenance is recognised as the services is provided during the contractual period.
- The Group provides data analytical services to customers regarding the market insights and customer behaviour portraits in the healthcare sector. The Group usually charges a fixed amount for the consulting project and recognises revenue when the result is reported to the customer.

**(ii) Revenue from other sources and other income**

**(a) Dividends**

Dividend income from unlisted investments is recognised when the equity shareholder's right to receive payment is established.

**(b) Interest income**

Interest income is recognised as it accrues under the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see Note 2(i)(i)).

**(c) Government grants**

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised initially as deferred income and amortised to profit or loss on a straight-line basis over the useful life of the asset by way of recognition in other revenue.

**(u) Translation of foreign currencies**

Foreign currency transactions during the period are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Company initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

**(v) Related parties**

(a) A person, or a close member of that person's family, is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or

- (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
  - (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a).
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

**(w) Segment reporting**

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various service lines.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

No geographical segment analysis is shown as all of the Group's revenue are derived from activities in, and from customers located in the PRC and almost all of carrying values of the Group's assets are situated in the PRC.

**(x) Asset acquisition**

Groups of assets acquired and liabilities assumed are assessed to determine if they are business or asset acquisitions. On an acquisition-by-acquisition basis, the Group chooses to apply a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.



When a group of assets acquired and liabilities assumed do not constitute a business, the overall acquisition cost is allocated to the individual identifiable assets and liabilities based on their relative fair values at the date of acquisition. An exception is when the sum of the individual fair values of the identifiable assets and liabilities differs from the overall acquisition cost. In such case, any identifiable assets and liabilities that are initially measured at an amount other than cost in accordance with the Group's policies are measured accordingly, and the residual acquisition cost is allocated to the remaining identifiable assets and liabilities based on their relative fair values at the date of acquisition.

### 3 ACCOUNTING JUDGEMENTS AND ESTIMATES

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty in the preparation of the financial statements are as follows:

#### (i) Expected credit loss for trade and other receivables

The Group estimates impairment losses for trade and other receivables by using expected credit loss models. Expected credit loss are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables and loss allowance in the periods in which such estimate has been changed.

#### (ii) Amortisation of intangible assets

As disclosed in Note 2(g), datasets acquired for training artificial intelligence tools have been amortised over their estimated useful lives, which is the period such datasets are expected to be used for such training ending with the expected completion of development of the artificial intelligence tools. In determining the estimated useful lives, the management has considered the nature and the intended use of the datasets, and the expected development time for the artificial intelligence tools.

#### (iii) Recognition of deferred tax assets

Deferred tax assets in respect of tax losses carried forward and deductible temporary differences are recognised and measured based on the expected manner of realisation or settlement of the carrying amount of the relevant assets and liabilities, using tax rates enacted or substantively enacted at the end of each reporting date. In determining the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and require a significant level of judgement exercised by the directors. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax assets to be recognised and hence the net profit in future periods.

#### (iv) Measurement of the redemption liability

When calculating the redemption amount, the Group has used the discounted cash flow method to determine the total equity value of the Company, which involved the use of significant accounting estimates and judgements. Key assumptions, such as weighted average cost of capital and discount for lack of marketability are disclosed in Note 21.

## 4 REVENUE AND SEGMENT REPORTING

### (a) Revenue

The principal activities of the Group are providing corporate and digital marketing services and health and medical services.

#### (i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by products at major service line and the timing of revenue recognition is as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
<b>Revenue from contracts with customers within the scope of IFRS 15</b>					
<b>Revenue recognised at a point in time</b>					
– corporate and digital marketing services	127,040	255,496	819,567	319,374	443,844
– health and medical services	103,297	155,180	267,589	115,433	111,234
– others	2,107	1,455	1,208	94	117
	<u>232,444</u>	<u>412,131</u>	<u>1,088,364</u>	<u>434,901</u>	<u>555,195</u>
<b>Revenue recognised over time</b>					
– corporate and digital marketing services	174,063	129,111	126,231	90,334	44,695
– health and medical services	24,798	27,826	29,863	8,778	11,595
	<u>198,861</u>	<u>156,937</u>	<u>156,094</u>	<u>99,112</u>	<u>56,290</u>
<b>Total</b>	<u>431,305</u>	<u>569,068</u>	<u>1,244,458</u>	<u>534,013</u>	<u>611,485</u>

The Group's customer base is diversified and revenue from major customers which accounts for 10% or more of the Group's revenue are set out below:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Customer A	50,584	N/A*	N/A*	N/A*	N/A*
Customer B	137,526	85,041	N/A*	N/A*	N/A*
Customer C	–	–	N/A*	N/A*	78,600

\* Less than 10% of the Group's revenue in the respective years/periods.

Revenues from the major customers above are mainly included in provision of corporate and digital marketing services.

Details of concentrations of credit risk arising from these customers are set out in Note 28(a).



- (ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date.

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at 31 December 2021, 2022 and 2023 and 30 June 2024.

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Within 1 year	88,045	88,873	61,886	45,053
1 year to 2 years	770	1,015	1,110	940
2 years to 3 years	1,526	934	625	2,401
More than 3 years	626	3,623	4,011	2,356
	<u>90,967</u>	<u>94,445</u>	<u>67,632</u>	<u>50,750</u>

(b) Segment reporting

The Group manages its businesses by service lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented three separate segments as follows:

- Provision of corporate and digital marketing services ("Corporate and digital marketing services") which mainly consists of content services, information technology services and digital marketing services;
- Provision of health and medical services ("Health and medical services") which mainly consists of (i) medical support services; and (ii) value-based medical services; and
- Others.

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results based on the revenue and gross profit of each segment.

No geographical segment analysis is presented as substantially all assets, liabilities, revenue and gross profit of the Group are attributable to the operations in the PRC.

(i) Reportable segment revenue and gross profit

	Corporate and digital marketing services RMB'000	Health and medical services RMB'000	Others RMB'000	Total RMB'000
<b>Year ended 31 December 2021</b>				
Revenue	301,103	128,095	2,107	431,305
Cost of sales	(214,208)	(42,604)	(1,020)	(257,832)
Reportable segment gross profit	<u>86,895</u>	<u>85,491</u>	<u>1,087</u>	<u>173,473</u>
<b>Year ended 31 December 2022</b>				
Revenue	384,607	183,006	1,455	569,068
Cost of sales	(268,229)	(53,871)	(1,173)	(323,273)
Reportable segment gross profit	<u>116,378</u>	<u>129,135</u>	<u>282</u>	<u>245,795</u>
<b>Year ended 31 December 2023</b>				
Revenue	945,798	297,452	1,208	1,244,458
Cost of sales	(676,639)	(169,322)	(261)	(846,222)
Reportable segment gross profit	<u>269,159</u>	<u>128,130</u>	<u>947</u>	<u>398,236</u>
<b>Six months ended 30 June 2023 (unaudited)</b>				
Revenue	409,708	124,211	94	534,013
Cost of sales	(299,958)	(59,994)	(12)	(359,964)
Reportable segment gross profit	<u>109,750</u>	<u>64,217</u>	<u>82</u>	<u>174,049</u>
<b>Six months ended 30 June 2024</b>				
Revenue	488,539	122,829	117	611,485
Cost of sales	(340,375)	(87,428)	(21)	(427,824)
Reportable segment gross profit	<u>148,164</u>	<u>35,401</u>	<u>96</u>	<u>183,661</u>

Substantially all of the Group's revenue were arising from Chinese Mainland. The Group does not allocate any specific assets or expenditure for property, plant and equipment to the operating segments as the Group's senior executive management does not use the information to measure the performance of the reportable segments.

(ii) *Reconciliations of reportable segment profit or loss*

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Reportable segment gross profit	173,473	245,795	398,236	174,049	183,661
Other net income/(loss)	7,361	8,140	3,855	(953)	455
Selling expenses	(126,354)	(147,414)	(211,751)	(78,189)	(98,576)
Administrative expenses	(106,779)	(41,195)	(79,780)	(37,638)	(29,097)
Research and development costs	(14,142)	(54,410)	(103,400)	(36,367)	(53,968)
Finance costs	(1,160)	(1,578)	(3,254)	(1,599)	(2,321)
Share of profits less losses of associates	(112)	891	(72)	142	(315)
Changes in carrying amount of the redemption liabilities	(84,370)	(267,834)	(324,779)	(127,132)	(62,989)
Consolidated loss before taxation	(152,083)	(257,605)	(320,945)	(107,687)	(63,150)

5 OTHER NET INCOME/(LOSS)

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Government grants ( <i>Note (i)</i> )	4,635	4,912	4,043	1,622	316
Net foreign exchange gain/(loss)	1,461	(4,835)	(1,248)	(2,700)	(458)
Interest income	547	191	683	144	611
Net (loss)/gain on sale of property, plant and equipment	(223)	(2,236)	361	3	—
Net gain on disposal of subsidiaries	779	10,211	—	—	—
Net gain on disposal of associates	290	—	—	—	—
Others	(128)	(103)	16	(22)	(14)
	7,361	8,140	3,855	(953)	455

*Note:*

- (i) The government grants received by the Group for the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2023 and 2024 were government subsidies for research and development activities, staff retention and weighted deduction of VAT.

## 6 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

### (a) Finance costs

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Interest on bank loans ( <i>Note 20</i> )	961	1,367	2,950	1,473	2,156
Interest on lease liabilities	199	211	304	126	165
	<u>1,160</u>	<u>1,578</u>	<u>3,254</u>	<u>1,599</u>	<u>2,321</u>

### (b) Staff costs

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Salaries, wages and other benefits	69,978	68,549	62,018	28,991	29,727
Equity-settled share-based payment expenses ( <i>Note 25</i> )	65,508	—	—	—	—
Contributions to defined contribution retirement plan	<u>2,715</u>	<u>2,583</u>	<u>2,109</u>	<u>1,054</u>	<u>1,335</u>
	<u>138,201</u>	<u>71,132</u>	<u>64,127</u>	<u>30,045</u>	<u>31,062</u>

*Note:* Employees of the Group's PRC subsidiaries are required to participate in a defined contribution scheme administered and operated by the local municipal governments. The Group's PRC subsidiaries contribute funds which are calculated on certain percentages of the employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

The Group has no other material obligation for the payment of retirement benefits associated with these schemes beyond the contributions described above.

(c) Other items

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Depreciation charge ( <i>Note 11</i> )					
– owned property, plant and equipment	1,099	417	624	241	410
– right-of-use assets	2,012	1,828	4,004	1,922	2,111
Amortisation cost of intangible assets ( <i>Note 12</i> )	591	291	14,914	5,306	12,569
Auditors' remuneration	31	53	49	39	35
Listing expenses	5,915	11,724	28,514	8,563	9,128
Recognition/(reversal) of impairment losses on trade and other receivables and contract assets	1,026	(169)	391	681	132

7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

(a) Taxation in the consolidated statements of profit or loss represents:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
<b>Current tax</b>					
Provision for the year/period	199	109	3,883	83	1,243
<b>Deferred tax</b>					
Origination and reversal of temporary differences	3,025	(2,075)	(10,946)	(2,431)	(7,118)
	<u>3,224</u>	<u>(1,966)</u>	<u>(7,063)</u>	<u>(2,348)</u>	<u>(5,875)</u>



(b) Reconciliation between tax expense/(credit) and accounting loss at applicable tax rates:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Loss before taxation	(152,083)	(257,605)	(320,945)	(107,687)	(63,150)
Notional tax on loss before taxation, calculated at the rates applicable to profits in the countries concerned	(40,957)	(7,764)	8,925	7,015	2,320
Tax effect of PRC preferential tax treatments (Notes (iv)(v))	15,186	627	(1,534)	(2,719)	489
Tax effect of non-deductible expenses	22,494	10,348	1,333	726	620
Tax effect of non-taxable income	(241)	(134)	—	(21)	—
Tax effect of deductible temporary differences or unused tax losses not recognised	15,296	16,532	4,454	3,499	4,160
Utilisation of previously unrecognised tax losses and other temporary differences	(6,834)	(14,693)	(17,972)	(9,481)	(1,817)
Tax effect of deduction for qualified research and development costs (Note (iv))	(1,720)	(6,882)	(2,269)	(1,367)	(11,647)
Actual tax expense/(credit)	3,224	(1,966)	(7,063)	(2,348)	(5,875)

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Island, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Island.
- (ii) The provision for Hong Kong Profits Tax during the Relevant Periods is calculated at 16.5%. No provision has been made for Hong Kong Profits Tax as the Group did not have assessable profits during Relevant Periods.
- (iii) The Group's PRC subsidiaries are subject to Corporate Income Tax ("CIT") at a statutory rate of 25% on their respective taxable income during the Relevant Periods except for certain subsidiaries mentioned in Notes (iv) and (v) below.
- (iv) In accordance with the relevant PRC Corporate Income Tax Laws, regulations and implementation guidance notes, Fujian Health Road was granted the Advanced and New Technology Enterprise Status for a valid period of 3 years from 2020 to 2022 which entitles Fujian Health Road to a reduced income tax rate at 15% during the valid period. The qualification was renewed in 2023 and the valid period was extended to 2025. Accordingly, Fujian Health Road is subject to PRC income tax at 15% for the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2023 and 2024.

Fuzhou Zhiyi Technology Co., Ltd. ("福州智醫科技股份有限公司") ("Zhiyi Technology") was granted the Advanced and New Technology Enterprise Status for a valid period of 3 years from 2020 to 2022 which entitles Zhiyi Technology to a reduced income tax rate at 15% during the valid period and before it ceased to be a subsidiary of the Group (see Note 13(b)).

Zhongjian Xinlian (Xiamen) Technology Company Limited ("Zhongjian Xinlian (Xiamen)") (眾健信聯(廈門)科技有限公司) was granted the Advanced and New Technology Enterprise Status for a valid period of 3 years from 2019 to 2021 and renewed the qualification subsequently in 2022 which entitles it to a reduced income tax rate at 15% during the valid period. Accordingly, the income tax of Zhongjian Xinlian (Xiamen) is subject to PRC income tax at 15% before it ceased to be the subsidiary of the Group (see Note 13(b)).

According to the relevant tax rules in the PRC, qualified research and development costs are allowed for bonus deduction for income tax purpose, as a result, an additional 75%, 100%, 100%, 100% (unaudited) and 100% of the qualified research and development costs could be deemed as deductible expenses for the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2023 and 2024 respectively.

- (v) According to the PRC Corporate Income Tax Law and its implementation regulations, certain subsidiaries were qualified as “Small Low-profit Enterprise”. These subsidiaries enjoyed a reduced corporate income tax rate of 20%.

## 8 DIRECTORS’ EMOLUMENTS

Directors’ emoluments are set out below:

	Directors’ fees RMB’000	Salaries, allowances and benefits in kind RMB’000	Discretionary bonuses RMB’000	Retirement scheme contributions RMB’000	For the year ended 31 December 2021 Total RMB’000
<b>Executive director</b>					
Mr. Zhang Wanneng	—	442	—	8	450
	Directors’ fees RMB’000	Salaries, allowances and benefits in kind RMB’000	Discretionary bonuses RMB’000	Retirement scheme contributions RMB’000	For the year ended 31 December 2022 Total RMB’000
<b>Executive directors</b>					
Mr. Zhang Wanneng	—	519	—	8	527
Mr. Chen Jing (Note (ii))	—	537	—	8	545
	—	1,056	—	16	1,072
<b>Non-executive director</b>					
Mr. Chen Yong (Notes (i)&(ii))	—	—	—	—	—

(unaudited)

	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	For the period ended 30 June 2024 Total RMB'000
<b>Executive directors</b>					
Mr. Zhang Wanneng	–	227	–	4	231
Mr. Chen Jing ( <i>Note (ii)</i> )	–	258	–	4	262
	–	485	–	8	493
<b>Non-executive directors</b>					
Mr. Chen Yong ( <i>Notes (i) &amp; (ii)</i> )	–	–	–	–	–
Mr. Zhang Xiangming ( <i>Note (iii)</i> )	–	–	–	–	–
	–	–	–	–	–

During the Relevant Periods, there were no amounts paid or payable by the Group to the directors or any of the highest paid individuals set out in Note 9 below as an inducement to join or upon joining the Group or a compensation for loss of office.

*Note (i):* During the Relevant Periods, this director did not receive any emoluments from the Group.

*Note (ii):* Mr. Chen Jing was appointed as an executive director of the Company and Mr. Chen Yong was appointed as a non-executive director of the Company on 9 March 2022.

*Note (iii):* Mr. Zhang Xiangming was appointed as a non-executive director of the Company on 3 April 2023. Pursuant to resolutions of shareholders on 15 May 2023, Mr. Xu Jing, Dr. Lu Tao and Ms. Deng Xiaolan will be appointed as independent non-executive directors of the Company upon listing of the Company's shares on the Stock Exchange of Hong Kong Limited.



## 9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Nil, two, one, one (unaudited) and two of the five individuals with the highest emoluments are directors whose emoluments are disclosed in Note 8 for the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2023 and 2024, respectively. The aggregate of the emoluments in respect of the remaining five, three, four, four (unaudited) and three individuals with the highest emoluments for the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2023 and 2024 are as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Salaries and other emoluments	1,333	1,537	2,095	1,012	657
Share-based payments ( <i>Note 25</i> )	52,237	–	–	–	–
Retirement scheme contributions	24	41	23	10	9
	<u>53,594</u>	<u>1,578</u>	<u>2,118</u>	<u>1,022</u>	<u>666</u>

The emoluments of the above five, three, four, four (unaudited) and three individuals with the highest emoluments for the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2023 and 2024 are within the following bands:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	Number of	Number of	Number of	Number of	Number of
	individuals	individuals	individuals	individuals	individuals
				(unaudited)	
HK\$Nil–HK\$1,000,000	1	3	4	4	3
HK\$1,000,001–HK\$1,500,000	2	–	–	–	–
HK\$24,000,001–HK\$24,500,000	1	–	–	–	–
HK\$36,500,001–HK\$37,000,000	1	–	–	–	–

## 10 LOSS PER SHARE

Loss per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation and the preparation of the results of the Group for the Relevant Periods on the basis as disclosed in Note 1.

## 11 PROPERTY, PLANT AND EQUIPMENT

	Electronic and other equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Buildings leased for own use RMB'000	Total RMB'000
<b>Cost:</b>					
At 1 January 2021	13,521	811	295	6,088	20,715
Additions	306	–	95	2,495	2,896
Disposals	(6,393)	–	–	(1,010)	(7,403)
At 31 December 2021 and 1 January 2022	7,434	811	390	7,573	16,208
Additions	288	–	–	1,126	1,414
Addition through acquisition of a subsidiary (Note 13(a))	–	–	158	929	1,087
Disposals	(185)	–	–	(492)	(677)
Disposal of subsidiaries	(272)	–	(69)	(2,077)	(2,418)
At 31 December 2022 and 1 January 2023	7,265	811	479	7,059	15,614
Additions	942	–	251	9,268	10,461
Disposals	(940)	–	–	(4,628)	(5,568)
At 31 December 2023 and 1 January 2024	7,267	811	730	11,699	20,507
Additions	555	–	–	616	1,171
Disposals	(5)	–	–	(139)	(144)
At 30 June 2024	7,817	811	730	12,176	21,534
<b>Accumulated depreciation:</b>					
At 1 January 2021	12,212	321	22	1,370	13,925
Charge for the year	882	146	71	2,012	3,111
Written back on disposals	(6,160)	–	–	(1,010)	(7,170)
At 31 December 2021 and 1 January 2022	6,934	467	93	2,372	9,866
Charge for the year	222	130	65	1,828	2,245
Written back on disposals	(185)	–	–	(492)	(677)
Disposal of subsidiaries	(147)	–	(24)	(880)	(1,051)
At 31 December 2022 and 1 January 2023	6,824	597	134	2,828	10,383
Charge for the year	309	107	208	4,004	4,628
Written back on disposals	(940)	–	–	(2,994)	(3,934)
At 31 December 2023 and 1 January 2024	6,193	704	342	3,838	11,077
Charge for the period	255	54	101	2,111	2,521
Written back on disposals	(5)	–	–	(74)	(79)
At 30 June 2024	6,443	758	443	5,875	13,519
<b>Net book value:</b>					
At 31 December 2021	500	344	297	5,201	6,342
At 31 December 2022	441	214	345	4,231	5,231
At 31 December 2023	1,074	107	388	7,861	9,430
At 30 June 2024	1,374	53	287	6,301	8,015

Included in property, plant and equipment, the net book value of the Group's right-of-use assets at 31 December 2021, 2022 and 2023 and 30 June 2024 are RMB5,201,000, RMB4,231,000, RMB7,861,000 and RMB6,301,000 respectively, which are mainly related to the capitalised lease payments under tenancy agreements. The Group has obtained the right to use properties as its office through tenancy agreements. The leases typically run for an initial period of 1 to 5 years and do not include an option to renew the lease for an additional period after the end of the contract term.

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Depreciation charge of right-of-use assets (Note 6(c))	2,012	1,828	4,004	1,922	2,111
Interests on lease liabilities (Note 6(a))	199	211	304	126	165
Expense relating to short-term leases	<u>257</u>	<u>373</u>	<u>218</u>	<u>59</u>	<u>135</u>
	<u>2,468</u>	<u>2,412</u>	<u>4,526</u>	<u>2,107</u>	<u>2,411</u>

## 12 INTANGIBLE ASSETS

	Software RMB'000	Dataset RMB'000	License RMB'000	Total RMB'000
<b>Cost:</b>				
At 1 January 2021	1,029	–	–	1,029
Addition through acquisition of a subsidiary (Note 13(a))	–	–	3,000	3,000
Addition	<u>44</u>	<u>–</u>	<u>–</u>	<u>44</u>
At 31 December 2021 and 1 January 2022	1,073	–	3,000	4,073
Addition	44	16,027	–	16,071
Addition through acquisition of a subsidiary (Note 13(a))	251	–	–	251
Disposal of a subsidiary	<u>–</u>	<u>–</u>	<u>(3,000)</u>	<u>(3,000)</u>
At 31 December 2022 and 1 January 2023	1,368	16,027	–	17,395
Addition	<u>561</u>	<u>37,313</u>	<u>–</u>	<u>37,874</u>
At 31 December 2023	1,929	53,340	–	55,269
Addition	<u>116</u>	<u>18,288</u>	<u>–</u>	<u>18,404</u>
At 30 June 2024	<u>2,045</u>	<u>71,628</u>	<u>–</u>	<u>73,673</u>
<b>Accumulated amortisation:</b>				
At 1 January 2021	969	–	–	969
Amortisation	<u>45</u>	<u>–</u>	<u>546</u>	<u>591</u>
At 31 December 2021 and 1 January 2022	1,014	–	546	1,560
Amortisation	73	–	218	291
Disposal of a subsidiary	<u>–</u>	<u>–</u>	<u>(764)</u>	<u>(764)</u>
At 31 December 2022 and 1 January 2023	1,087	–	–	1,087
Amortisation	<u>629</u>	<u>14,285</u>	<u>–</u>	<u>14,914</u>
At 31 December 2023	1,716	14,285	–	16,001
Amortisation	<u>160</u>	<u>12,409</u>	<u>–</u>	<u>12,569</u>
At 30 June 2024	<u>1,876</u>	<u>26,694</u>	<u>–</u>	<u>28,570</u>
<b>Net book value:</b>				
At 31 December 2021	<u>59</u>	<u>–</u>	<u>2,454</u>	<u>2,513</u>
At 31 December 2022	<u>281</u>	<u>16,027</u>	<u>–</u>	<u>16,308</u>
At 31 December 2023	<u>213</u>	<u>39,055</u>	<u>–</u>	<u>39,268</u>
At 30 June 2024	<u>169</u>	<u>44,934</u>	<u>–</u>	<u>45,103</u>



### 13 ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

#### (a) Acquisitions of subsidiaries

- (i) On 4 January 2021, the Group entered into a sale and purchase agreement to acquire 100% equity interest in Jumei 302 (Hainan) Medical Technology Co., Ltd. (“菊梅三零二(海南)醫療科技有限公司”) (“302 Medical Technology”) and its subsidiaries (together “Hainan Jumei”). The principal activity of Hainan Jumei is providing internet hospital services and its identifiable asset is mainly license for online medical services. The transaction was completed on 23 March 2021 and accounted for as an acquisition of assets, rather than a business combination, given that all of the fair value of the assets acquired was concentrated in a group of similar identifiable assets, i.e., the license for online medical services. Total amount of RMB3,000,000 was paid as consideration of the license obtained in the transaction.

The effect of the acquisitions on the Group’s assets and liabilities at the acquisition date:

	<i>Note</i>	<i>RMB’000</i>
Licence	12	<u>3,000</u>
Cash consideration paid		(3,000)
Cash acquired		<u>—</u>
<b>Net cash outflow arising from acquisition</b>		<u><b>(3,000)</b></u>

- (ii) During the year ended 31 December 2022, the Group entered into a share purchase agreement to acquire 51% of equity interest in Fujian Jianmingtang Pharmacy Chain Co., Ltd. (“福建健明堂大藥房連鎖有限公司”) (“Jianmingtang”) from a third party with consideration of RMB8,693,200. On 30 December 2022, the Group completed the acquisition. The principal activity of Jianmingtang is providing pharmaceutical sales business.

The effect of the acquisitions on the Group's assets and liabilities at the acquisition date:

	<i>Note</i>	<i>RMB'000</i>
Property, plant and equipment	11	1,087
Intangible assets	12	251
Inventories		5,408
Trade and other receivables		4,515
Cash and cash equivalents		932
Trade and other payables		(5,416)
Lease liabilities		<u>(973)</u>
Total identifiable net assets acquired		5,804
Non-controlling interests		<u>(2,845)</u>
Net identifiable assets acquired attributable to the equity shareholders of the Company		<u>2,959</u>
Consideration, payable in cash ( <i>Note</i> )		8,693
Less: Net identifiable assets acquired attributable to the equity shareholders of the Company		<u>2,959</u>
Goodwill	14	<u>5,734</u>
<b>Net cash outflow arising from acquisitions</b>		
Cash consideration paid ( <i>Note</i> )		(2,046)
Cash acquired		<u>932</u>
		<u>(1,114)</u>

*Note:* The Group settled RMB2,046,000 of the total consideration on 29 December 2022 and the remaining consideration on 12 January 2023.

- (iii) There were no revenue and profit contributed by Jianmingtang from the acquisition date to the end of reporting period.
- (iv) Had the acquisition of Jianmingtang been completed on 1 January 2022, the total Group's revenue and loss for the year ended 31 December 2022 would be as follows:

	<b>Year ended 31 December 2022 RMB'000</b>
Revenue	610,175
Loss for the year	<u>(354,745)</u>

(b) Disposal of subsidiaries

- (i) During the Relevant Periods, the Group entered into agreements with related parties to dispose certain subsidiaries. Subsequent to the disposals, these entities are no longer subsidiaries of the Group and certain of these subsidiaries became associates of the Group (Note 15(a)).

During the years ended 31 December 2021 and 2022, the Group disposed 100% equity interests in Anhui Health Road Health Management Co., Ltd. (“安徽健康之路健康管理有限公司”), 54.95% equity interests in Zhongjian Xinlian (Xiamen), 53.25% equity interests in Zhiyi Technology and other various insignificant subsidiaries.

The consolidated effect of such disposals on the Group’s assets and liabilities at the respective date of disposal is set out below:

	Effect of the subsidiaries disposed of during the year ended 31 December 2021 RMB'000	Effect of the subsidiaries disposed of during the year ended 31 December 2022 RMB'000
Current assets	491	17,138
Non-current assets	–	1,195
Current liabilities	(188)	(15,862)
Non-current liabilities	–	(668)
Total identifiable net assets	303	1,803
Less: Non-controlling interests	82	3,686
Net assets/(liabilities) attributable to the Group	221	(1,883)
Consideration receivables (Note 18)	1,000	6,541
Remaining interest after disposal as interest in associates	–	1,787
Less: Net assets/(liabilities) attributable to the Group	221	(1,883)
Net gain on disposal of the subsidiaries	779	10,211
Net cash outflow arising from disposal	(228)	(2,357)

- (ii) During the Relevant Periods, certain subsidiaries were deregistered. As these subsidiaries did not have substantial operating activities since incorporation, the management considered that the deregistration of these companies did not have any material financial impact to the Group.

## 14 GOODWILL

RMB'000

### Cost:

At 1 January 2021 and 31 December 2021	2,871
Arising from acquisition of a subsidiary ( <i>Note 13(a)</i> )	<u>5,734</u>
At 31 December 2022 and 2023 and 30 June 2024	<u>8,605</u>

### Accumulated impairment losses:

At 1 January 2021, 31 December 2021, 2022 and 2023 and 30 June 2024	<u>—</u>
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### Carrying amount:

At 31 December 2021	<u>2,871</u>
At 31 December 2022 and 2023 and 30 June 2024	<u>8,605</u>

The excess of the considerations transferred over the fair value of the identifiable net assets of the subsidiaries acquired is recorded as goodwill.

### Impairment test for goodwill

As at 31 December 2021, 2022 and 2023 and 30 June 2024, management performed impairment testing on goodwill arising from acquisition of ChokSend Communication (“ChokSend Communication CGU”).

For the goodwill arising from acquisition of Jianmingtang (“Jianmingtang CGU”) on 30 December 2022 (see Note 13(a)(ii)), the management are of the view that no impairment test as at 31 December 2022 is considered necessary as the completion date of the acquisition is close to 31 December 2022. As at 31 December 2023 and 30 June 2024, management performed impairment testing on goodwill arising from acquisition of Jianmingtang (“Jianmingtang CGU”).

The recoverable amounts of CGUs are determined by the directors of the Group with reference to the valuation performed by an independent valuer, Jones Lang LaSalle Corporate Appraisal and Advisory Limited (“JLL”) and have been determined on the basis of value in use (“VIU”) calculation. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated terminal growth rate as disclosed below. The growth rates used do not exceed the long-term average growth rates for the related industry in which CGUs operate. The discount rates used are pre-tax and reflect specific risks relating to the relevant industry, the CGU itself and macro-environment of the relevant region. Key assumptions are set out as follows:

	31 December 2021 <i>ChokSend Communication</i>	31 December 2022 <i>ChokSend Communication</i>	31 December 2023 <i>ChokSend Communication</i>	30 June 2024 <i>ChokSend Communication</i>	<i>Jianmingtang</i>
Annual growth rate of revenue	3.0%–6.0%	3.0%	2.2%	2.2%–23.3%	2.0%
Gross margin (% of revenue)	25.0%	30.0%	30.0%	10.9%–16.0%	30.0%
Long-term growth rate	3.0%	3.0%	2.2%	2.2%	2.0%
Pre-tax discount rate	18.6%	21.7%	24.1%	21.8%	25.7%
					<i>Jianmingtang</i>
					2.0%–24.5%
					9.2%–16.1%
					2.0%
					21.7%



As at 31 December 2021, 2022 and 2023 and 30 June 2024, the amounts of headroom calculated based on the recoverable amounts deducting the carrying amount of ChokSend Communication CGU are RMB7,316,000, RMB7,226,000, RMB5,561,000 and RMB3,998,000 respectively. As at 31 December 2023 and 30 June 2024, the amounts of headroom calculated based on the recoverable amounts deducting the carrying amount of Jianmingtang CGU are RMB1,991,000 and RMB1,726,000.

Management have undertaken sensitivity analysis on the impairment test of CGUs. The following table sets forth the hypothetical changes to the percentage points of long-term growth rate and pre-tax discount rate that would, in isolation, have removed the remaining headroom respectively as at 31 December 2021, 2022 and 2023 and 30 June 2024:

	31 December 2021 <i>ChokSend Communication</i>	31 December 2022 <i>ChokSend Communication</i>	31 December 2023 <i>ChokSend Communication</i>	30 June 2024 <i>ChokSend Communication</i>	Jianmingtang
Decrease in long-term growth rate	12.3	13.5	75.0	3.5	54.2
Increase in pre-tax discount rate	5.8	6.0	15.1	1.9	10.3
					3.0
					1.5

The directors of the Company are of the view that, except for the pre-tax discount rates of Jianmingtang CGU at 31 December 2023 and 30 June 2024, a reasonably possible change in a key parameter will not cause the carrying amount of the CGUs to exceed their respective recoverable amounts at 31 December 2021, 2022 and 2023 and 30 June 2024.

## 15 INTERESTS IN ASSOCIATES

### (a) Investments in associates

The following list contains associates of the Group, which are unlisted corporate entities, whose quoted market price are not available:

Name of associates	Form of business structure	Place of incorporation and business	Particulars of issued and paid-up capital	Effective interest held by the Group				Principal activities
				As at 31 December 2021	As at 31 December 2022	As at 31 December 2023	As at 30 June 2024	
Beijing Huayi Lianhe Technology Company Limited ("北京華聯聯合信息技術有限公司") (Note (i))	Incorporated	PRC	RMB1,000,000/ RMB1,000,000	49.00%	49.00%	49.00%	49.00%	Digital information services
Suzhou Zhikang structure Pharmaceutical Technology Company Limited ("蘇州致康結構製藥科技有限公司") (Note (i))	Incorporated	PRC	RMB1,000,000/ RMB391,500	22.50%	22.50%	22.50%	22.50%	Medical services
Zhongjian Xinlian (Xiamen) (Note 13(b)(i))	Incorporated	PRC	RMB10,000,000/ RMB10,000,000	N/A	39.80%	39.80%	39.80%	Digital information services
Zhongjian Xinlian (Hangzhou) Technology Company Limited ("眾健信聯(杭州)科技有限公司") (Note (i)) (Note 13(b)(i))	Incorporated	PRC	RMB5,000,000/ RMBnil	N/A	39.80%	39.80%	39.80%	Digital information services

Note:

- (i) The English translation of the company name is for reference only. The official name of the company is in Chinese.

All of the above associates are accounted for using the equity method in the consolidated financial statements.

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
Aggregate carrying amounts of individually immaterial associates in the consolidated financial statements	<u>888</u>	<u>3,566</u>	<u>3,494</u>	<u>3,179</u>
Aggregate amounts of the Group's share of those associates' (loss)/profit from continuing operations and total comprehensive income	<u>(112)</u>	<u>891</u>	<u>(72)</u>	<u>(315)</u>

The management considered none of the associate are financially material to the Group.

**(b) Disposal of associates**

On 18 January 2021, Jiangxi Quanjing Health Care Service Company Limited (江西全景醫療服務有限公司) was deregistered under the PRC Law.

On 21 July and 27 December 2021, the Group entered into shares sale and purchase agreements with independent third parties to dispose its entire equity interests in Fujian Jishu Internet Technology Company Limited (福建極數網絡科技有限公司) ("Fujian Jishu") and Fujian Health Management Internet Technology Limited (福建健康管家網絡科技有限公司) ("Fujian Health Management Internet") at consideration of RMB150,000 and RMB250,000 respectively. As a result, Fujian Jishu and Fujian Health Management ceased to be the associates of the Company from the disposal date.

**16 INVENTORIES**

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
Finished goods	<u>259</u>	<u>5,763</u>	<u>13,770</u>	<u>30,211</u>

**(a) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:**

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
Carrying amount of inventories sold	26,026	13,234	86,854	25,176
Write down of inventories	—	384	—	—
Reversal of write-down of inventories	<u>(10)</u>	<u>—</u>	<u>(222)</u>	<u>(107)</u>
	<u>26,016</u>	<u>13,618</u>	<u>86,632</u>	<u>25,069</u>

## 17 CONTRACT ASSETS AND CONTRACT LIABILITIES

### (a) Contract assets

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Contract assets arising from performance under software and technology development services	<u>2,470</u>	<u>145</u>	<u>298</u>	<u>257</u>
Receivables from contracts with customers within the scope of IFRS15 which are included in "Trade and other receivables" (Note 18)	<u>38,926</u>	<u>37,109</u>	<u>113,586</u>	<u>85,694</u>

The Group's software development contracts include payment schedules which require stage payments over the development period once milestones are reached. Contract assets primarily relate to the Group's rights to consideration for work completed but not yet reached the milestones for billing at the reporting date. The Group also typically agrees to a retention for 5% to 10% of the contract value. The retention period normally ranges from one to two years upon the completion of work. This amount is included in contract assets until the end of the retention period as the Group's entitlement to this final payment is conditional on the Group's work satisfactorily passing inspection.

As at 31 December 2021, 2022 and 2023 and 30 June 2024, the amount of contract assets that was expected to be recovered after more than one year were RMB1,571,000, RMB121,000, RMB30,000 and RMB62,000 respectively.

Contract assets are transferred to trade receivables when the rights become unconditional.

### (b) Contract liabilities

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Health and medical services	64,420	79,916	47,784	40,008
Digital marketing and corporate services	19,862	10,211	9,377	10,304
Others	<u>217</u>	<u>127</u>	<u>186</u>	<u>79</u>
	<u>84,499</u>	<u>90,254</u>	<u>57,347</u>	<u>50,391</u>

When the Group receives a deposit before related services are provided, this will give rise to contract liabilities. The Group receives deposits on acceptance of orders on a case-by-case basis with customers before related service provided.

Movements in contract liabilities were as follows:

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Balance at the beginning of the year/ period	40,604	84,499	90,254	57,347
Breakage revenue recognised that was included in the balance of contract liabilities at the beginning of the year/ period	(14,942)	(51,074)	(74,298)	(30,282)
Revenue excluding breakage recognised that was included in the balance of contract liabilities at the beginning of the year/period	(23,863)	(30,697)	(14,221)	(21,318)
Increase in contract liabilities as a result of receipt in advance arising from corporate and digital marketing services and health and medical services	82,700	87,526	55,612	44,644
Balance at the end of the year/period	<u>84,499</u>	<u>90,254</u>	<u>57,347</u>	<u>50,391</u>

The amounts of contract liabilities expected to be recognised as income after more than one year are RMB2,728,000, RMB5,572,000, RMB5,746,000 and RMB5,697,000 as at 31 December 2021, 2022 and 2023 and 30 June 2024, respectively. All of the other contract liabilities are expected to be recognised as income within one year.

## 18 TRADE AND OTHER RECEIVABLES

### The Group

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Trade receivables, net of loss allowance				
– third parties	34,659	33,944	112,121	83,357
– related parties	4,267	3,165	1,465	2,337
Amounts due from related parties (Note (i))	646	1,109	136	177
Consideration receivables from a related party (Note 13(b))	1,000	1,000	–	–
Consideration receivables from third parties (Note 13(b))	–	6,541	–	–
Deposits (Note (ii))	2,606	3,172	3,374	4,634
Other receivables (Note (iii))	<u>4,542</u>	<u>6,696</u>	<u>15,529</u>	<u>20,834</u>
	<u>47,720</u>	<u>55,627</u>	<u>132,625</u>	<u>111,339</u>



## The Company

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Other receivables	<u>815</u>	<u>2,005</u>	<u>3,472</u>	<u>2,292</u>
	<u>815</u>	<u>2,005</u>	<u>3,472</u>	<u>2,292</u>

As at 31 December 2021, 2022 and 2023 and 30 June 2024, deposits of the Group amounting to RMB1,486,000, RMB1,231,000, RMB2,624,000 and RMB2,584,000 respectively were expected to be recovered or recognised as expense after more than one year. All of the other trade and other receivables are expected to be recovered or recognised as expense within one year or repayable on demand.

### Notes:

- (i) Amounts due from related parties are non-trade nature, unsecured, interest-free and repayable on demand at the end of each reporting period. The outstanding balances as at 30 June 2024 are expected to be settled before listing.
- (ii) The balances mainly represent those deposits for participating in tender and bidding process for certain health service project and deposits for office tenancy.
- (iii) The balances as at 31 December 2023 and 30 June 2024 mainly represent VAT recoverable.

### Ageing analysis

As at the end of each reporting period, the ageing analysis of trade receivables based on the date of billing and net of loss allowance, is as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Whin 1 month	32,768	30,441	95,377	70,938
More than 1 month but within 1 year	5,281	4,809	17,690	14,087
More than 1 year but within 2 years	736	1,659	496	662
More than 2 years but within 3 years	<u>141</u>	<u>200</u>	<u>23</u>	<u>7</u>
	<u>38,926</u>	<u>37,109</u>	<u>113,586</u>	<u>85,694</u>

Further details on the Group's credit policy and credit risk arising from trade and other receivables are set out in Note 28(a).

## 19 RESTRICTED DEPOSITS

Restricted deposits mainly represent certain deposits in the designated banks as guarantees for the execution of development of online service platform, especially for government and public facilities.

## 20 CASH AND CASH EQUIVALENTS

### (a) Cash and cash equivalents comprise:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Cash at bank and on hand	<u>44,022</u>	<u>69,719</u>	<u>168,693</u>	<u>149,736</u>

As at 31 December 2021, 2022 and 2023 and 30 June 2024, cash at bank that were placed with banks in Chinese Mainland amounted to RMB44,022,000, RMB69,719,000, RMB168,326,000 and RMB149,387,000. Remittance of funds out of the PRC is subject to the exchange restrictions imposed by the PRC government.

### (b) Reconciliation of loss before taxation to cash generated from operations:

		Year ended 31 December			Six months ended 30 June	
		2021	2022	2023	2023	2024
	Note	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Loss before taxation		(152,083)	(257,605)	(320,945)	(107,687)	(63,150)
Adjustments for:						
Depreciation	6(c)	3,111	2,245	4,628	2,163	2,521
Amortisation of intangible assets	6(c)	591	291	14,914	5,306	12,569
Finance costs	6(a)	1,160	1,578	3,254	1,599	2,321
Recognition/(reversal) of impairment losses on trade and other receivables and contract assets	6(c)	1,026	(169)	391	681	132
Impairment loss on inventories	16(a)	(10)	384	(222)	159	(107)
Net foreign exchange (gain)/loss	5	(1,461)	4,835	1,248	2,700	458
Share of profits less losses of associates		112	(891)	72	(142)	315
Net loss/(gain) on sale of property, plant and equipment	5	223	2,236	(361)	(3)	—
Equity-settled share-based payment expenses	6(b)	65,508	—	—	—	—
Changes in carrying amount of the redemption obligations	21	84,370	267,834	324,779	127,132	62,989
Changes in working capital:						
Decrease/(increase) in inventories		915	(480)	(7,785)	(1,504)	(16,334)
(Increase)/decrease in contract assets		(1,070)	2,442	(443)	9	(100)
(Increase)/decrease in trade and other receivables		(35,527)	(25,974)	(71,391)	(48,250)	17,978
(Increase)/decrease in restricted bank balances		(285)	869	—	—	—
Increase in trade and other payables		3,916	5,518	88,584	46,112	1,325
Increase/(decrease) in contract liabilities		<u>43,895</u>	<u>5,755</u>	<u>(32,907)</u>	<u>(15,300)</u>	<u>(6,956)</u>
Cash generated from operations		<u>14,391</u>	<u>8,868</u>	<u>3,816</u>	<u>12,975</u>	<u>13,961</u>

(c) Reconciliation of liabilities arising from financing activities:

	Bank loans and other borrowings RMB'000 (Note 22)	Interest payable RMB'000	Amounts due to related parties RMB'000	Lease liabilities RMB'000 (Note 23)	Payables to a third party RMB'000 (Note 24(iii))	Total RMB'000
At 1 January 2021	26,057	—	3,207	4,751	400	34,415
Changes from financing cash flows:						
Proceeds from bank loans	14,940	—	—	—	—	14,940
Repayment of bank loans	(10,987)	—	—	—	—	(10,987)
Repayments of other borrowings	(20,000)	—	—	—	—	(20,000)
Interests paid on bank loans and other borrowings	—	(961)	—	—	—	(961)
Capital element of lease rentals paid	—	—	—	(1,984)	—	(1,984)
Interest element of lease rentals paid	—	(199)	—	—	—	(199)
Repayments to related parties	—	—	(100)	—	—	(100)
Repayments to a third party	—	—	—	—	(3,220)	(3,220)
Advances from a third party	—	—	—	—	8,850	8,850
Total changes from financing cash flows	(16,047)	(1,160)	(100)	(1,984)	5,630	(13,661)
Other changes:						
Increase in lease liabilities from entering into new leases during the year	—	—	—	2,495	—	2,495
Interest expenses (Note 6(a))	—	1,160	—	—	—	1,160
Non-cash transaction as offset liabilities with related parties	—	—	(3,107)	—	—	(3,107)
Total other changes	—	1,160	(3,107)	2,495	—	548
At 31 December 2021	10,010	—	—	5,262	6,030	21,302

	Bank loans RMB'000 (Note 22)	Interest payable RMB'000	Amounts due to related parties RMB'000	Lease liabilities RMB'000 (Note 23)	Payables to a third party RMB'000 (Note 24(iii))	Total RMB'000
At 1 January 2022	10,010	—	—	5,262	6,030	21,302
<b>Changes from financing cash flows:</b>						
Proceeds from bank loans	53,966	—	—	—	—	53,966
Repayment of bank loans	(14,438)	—	—	—	—	(14,438)
Interests paid on bank loans	—	(1,367)	—	—	—	(1,367)
Capital element of lease rentals paid	—	—	—	(1,984)	—	(1,984)
Interest element of lease rentals paid	—	(211)	—	—	—	(211)
Repayments to a related party	—	—	(450)	—	—	(450)
Advances from a related party	—	—	300	—	—	300
Repayments to a third party	—	—	—	—	(6,030)	(6,030)
<b>Total changes from financing cash flows</b>	<b>39,528</b>	<b>(1,578)</b>	<b>(150)</b>	<b>(1,984)</b>	<b>(6,030)</b>	<b>29,786</b>
<b>Other changes:</b>						
Increase in lease liabilities from entering into new leases during the year	—	—	—	1,338	—	1,338
Interest expenses (Note 6(a))	—	1,578	—	—	—	1,578
Arising from acquisition of a subsidiary (Note 13(a))	—	—	—	973	—	973
Arising from disposal of a subsidiary	—	—	2,190	(1,135)	—	1,055
<b>Total other changes</b>	<b>—</b>	<b>1,578</b>	<b>2,190</b>	<b>1,176</b>	<b>—</b>	<b>4,944</b>
<b>At 31 December 2022</b>	<b>49,538</b>	<b>—</b>	<b>2,040</b>	<b>4,454</b>	<b>—</b>	<b>56,032</b>



	<b>Bank loans</b> <i>RMB'000</i> <i>(Note 22)</i>	<b>Interest payable</b> <i>RMB'000</i>	<b>Amounts due to related parties</b> <i>RMB'000</i>	<b>Lease liabilities</b> <i>RMB'000</i> <i>(Note 23)</i>	<b>Total</b> <i>RMB'000</i>
<b>At 1 January 2023</b>	49,538	—	2,040	4,454	56,032
<b>Changes from financing cash flows:</b>					
Proceeds from bank loans	123,830	—	—	—	123,830
Repayment of bank loans	(84,348)	—	—	—	(84,348)
Interests paid on bank loans	—	(2,950)	—	—	(2,950)
Capital element of lease rentals paid	—	—	—	(4,236)	(4,236)
Interest element of lease rentals paid	—	(304)	—	—	(304)
Advances from related parties	—	—	5,180	—	5,180
Repayments to related parties	—	—	(2,960)	—	(2,960)
<b>Total changes from financing cash flows</b>	39,482	(3,254)	2,220	(4,236)	34,212
<b>Other changes:</b>					
Increase in lease liabilities from entering into new leases during the year	—	—	—	9,268	9,268
Interest expenses <i>(Note 6(a))</i>	—	3,254	—	—	3,254
Early termination of lease liabilities	—	—	—	(1,900)	(1,900)
<b>Total other changes</b>	—	3,254	—	7,368	10,622
<b>At 31 December 2023</b>	89,020	—	4,260	7,586	100,866

	<b>Bank loans</b> <i>RMB'000</i> <i>(Note 22)</i>	<b>Interest payable</b> <i>RMB'000</i>	<b>Amounts due to related parties</b> <i>RMB'000</i>	<b>Lease liabilities</b> <i>RMB'000</i> <i>(Note 23)</i>	<b>Total</b> <i>RMB'000</i>
(unaudited)					
<b>At 1 January 2023</b>	49,538	—	2,040	4,454	56,032
<b>Changes from financing cash flows:</b>					
Proceeds from bank loans	50,830	—	—	—	50,830
Repayment of bank loans	(32,286)	—	—	—	(32,286)
Interests paid on bank loans	—	(1,473)	—	—	(1,473)
Capital element of lease rentals paid	—	—	—	(1,974)	(1,974)
Interest element of lease rentals paid	—	(126)	—	—	(126)
Proceeds from related parties	—	—	800	—	800
Repayments to a related party	—	—	(120)	—	(120)
<b>Total changes from financing cash flows</b>	18,544	(1,599)	680	(1,974)	15,651
<b>Other changes:</b>					
Increase in lease liabilities from entering into new leases during the period	—	—	—	2,403	2,403
Interest expenses <i>(Note 6(a))</i>	—	1,599	—	—	1,599
Early termination of lease liabilities	—	—	—	(92)	(92)
<b>Total other changes</b>	—	1,599	—	2,311	3,910
<b>At 30 June 2023</b>	68,082	—	2,720	4,791	75,593

	<b>Bank loans</b> <i>RMB'000</i> <i>(Note 22)</i>	<b>Interest payable</b> <i>RMB'000</i>	<b>Amounts due to related parties</b> <i>RMB'000</i>	<b>Lease liabilities</b> <i>RMB'000</i> <i>(Note 23)</i>	<b>Total</b> <i>RMB'000</i>
<b>At 1 January 2024</b>	89,020	—	4,260	7,586	100,866
<b>Changes from financing cash flows:</b>					
Proceeds from bank loans	7,400	—	—	—	7,400
Repayment of bank loans	(16,703)	—	—	—	(16,703)
Interests paid on bank loans	—	(2,156)	—	—	(2,156)
Capital element of lease rentals paid	—	—	—	(1,687)	(1,687)
Interest element of lease rentals paid	—	(165)	—	—	(165)
<b>Total changes from financing cash flows</b>	<b>(9,303)</b>	<b>(2,321)</b>	<b>—</b>	<b>(1,687)</b>	<b>(13,311)</b>
<b>Other changes:</b>					
Increase in lease liabilities from entering into new leases during the period	—	—	—	616	616
Interest expenses <i>(Note 6(a))</i>	—	2,321	—	—	2,321
Exchange adjustments	—	—	29	—	29
Early termination of lease liabilities	—	—	—	(65)	(65)
<b>Total other changes</b>	<b>—</b>	<b>2,321</b>	<b>29</b>	<b>551</b>	<b>2,901</b>
<b>At 30 June 2024</b>	<b>79,717</b>	<b>—</b>	<b>4,289</b>	<b>6,450</b>	<b>90,456</b>

**(d) Total cash outflow for leases**

Amounts included in the consolidated statements of cash flows for leases comprise the following:

	<b>Year ended 31 December</b>			<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2023</b>	<b>2024</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(unaudited)	
Within operating cash flows	257	373	218	59	135
Within financing cash flows	2,184	1,984	4,236	1,974	1,687
	<u>2,441</u>	<u>2,357</u>	<u>4,454</u>	<u>2,033</u>	<u>1,822</u>

These amounts relate to the following:

	<b>Year ended 31 December</b>			<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2023</b>	<b>2024</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(unaudited)	
Lease rentals paid	<u>2,441</u>	<u>2,357</u>	<u>4,454</u>	<u>2,033</u>	<u>1,822</u>

## 21 REDEMPTION LIABILITY

The Group issued the following instruments to investors for financing purpose:

- (i) On 18 January 2017, Fujian Health Road (the operating entity in Chinese Mainland) entered into an agreement with Chuanke Computer System (Beijing) Co., Ltd. (“Chuanke Computer”) (傳課計算機系統(北京)有限公司), which is a company within the Baidu Group, pursuant to which Chuanke Computer agreed to acquire 13.26% equity interests of Fujian Health Road from the controlling shareholder of Fujian Health Road. The purpose of the transaction is to maintain Baidu’s interest in the Group post a group restructure. In 2014, Baidu (Hong Kong) Limited (“Baidu (HK)”) acquired 13.26% equity interests of the Company for USD60,000,000 (equivalent to RMB368,840,000). As a result of the group restructure, the redemption rights attached to the preferred shares issued to Baidu (HK) were terminated on 18 January 2017 and replaced by the special rights granted to Chuanke Computer by Fujian Health Road. The rights granted to Chuanke Computer were substantially the same as those granted to Baidu (HK) in 2014.
- (ii) On 6 June 2017 and 4 December 2017, Fujian Health Road entered into an agreement with Shangrao State Owned Assets Management Group Co., Ltd. (上饒市國有資產經營集團有限公司) (“Shangrao SOA”) and Shanghai Jiejia Investment Management Center (Limited Partnership) (上海界佳投資管理中心(有限合夥)) (“Shanghai Jiejia”) separately, pursuant to which Shangrao SOA and Shanghai Jiejia invested RMB113,750,000, in aggregate, in Fujian Health Road. As a result, Shangrao SOA and Shanghai Jiejia have an equity interest of 2.67% and 1.0157% in Fujian Health Road respectively. In addition, Shangrao SOA and Shanghai Jiejia were granted preferential rights which are similar to those granted to Chuanke Computer.
- (iii) On 31 March 2022, the Company took over the redemption obligations of the preferential rights as a result of reorganisation of the Group from Fujian Health Road.

The key terms of the preferential rights granted to Chuanke Computer, Baidu (HK), Shangrao SOA and Shanghai Jiejia (together the “Investors”) are summarised as follows:

### Liquidation preferences

Upon the occurrence of a liquidation, dissolution or winding up of Fujian Health Road, the Investors are entitled to receive, prior and in preference in any distribution of assets or surplus funds of Fujian Health Road to other shareholders, an amount equal to the investment amount paid, plus any declared but unpaid dividends and a compound interest of 10% per annum. Any remaining net assets of Fujian Health Road are distributed amongst all shareholders rateably.

The Investors mentioned above also has a right to require the Company to redeem their shares upon the occurrence of certain contingent events including but not limited to a change in control of Fujian Health Road. The redemption amount equals to the sum of (i) the investment amount paid by the Investors; (ii) a compound interest of 10% per annum calculated based on the investment amount; (iii) a pro-rata share of Fujian Health Road’s remaining distributable net assets; and (iv) any declared but unpaid dividends.

In addition, Chuanke Computer has a right to require Fujian Health Road and/or its founding shareholder to purchase its shares upon the occurrence of certain contingent events, including but not limited to the failure of the Group to complete a qualified IPO by 30 June 2024 and a material breach of the transaction agreement by the founding shareholder. The redemption amount is the higher of (i) the investment amount paid by Baidu (HK) plus a compound interest of 10% per annum and any declared but unpaid dividends; and (ii) the then fair value of the shares. The right shall be terminated upon first submission of an application for a qualified IPO and will be automatically restored if such application is withdrawn or rejected.

The movements of the financial liability arising from the redemption option are set out below:

	<b>Total</b> <i>RMB'000</i>
At 1 January 2021	1,036,270
Changes in carrying amount	<u>84,370</u>
At 31 December 2021	1,120,640
Changes in carrying amount	<u>267,834</u>
At 31 December 2022	1,388,474
Changes in carrying amount	<u>324,779</u>
At 31 December 2023	1,713,253
Changes in carrying amount	<u>62,989</u>
At 30 June 2024	<u><u>1,776,242</u></u>

The Group has applied the discounted cash flow (“DCF”) method to determine the underlying equity value.

The DCF method involves applying an appropriate weighted average cost of capital (“WACC”) to discount the future cash flows to present value. The WACC was determined based on a consideration of factors including the risk-free rate, comparative industry risk, equity risk premium, company size and non-systematic risk factors. The Group also applied a discount for lack of marketability (“DLOM”) to take into account that the shares of Fujian Health Road are not publicly traded. DLOM was estimated by using the Black-Scholes Option Pricing Model and the Finnerty Model, which assumed that a put option is struck at the spot price of the stock before the privately held shares can be sold.

Key inputs used in determining the equity value of Fujian Health Road are set out as below:

	<b>31 December 2021</b>	<b>31 December 2022</b>	<b>31 December 2023</b>	<b>30 June 2024</b>
WACC	15.7%	16.3%	16.3%	17.0%
DLOM	30.0%	14.0%	7.0%	9.0%



## 22 LOANS AND BORROWINGS

As at the end of each reporting period, the bank loans were as follows:

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
<b>Current</b>				
Bank loans				
– Guaranteed ( <i>Note (ii)</i> )	10,000	49,371	88,479	78,406
– Unguaranteed and unsecured	<u>10</u>	<u>–</u>	<u>–</u>	<u>–</u>
	10,010	49,371	88,479	78,406
<b>Non-current</b>				
Bank loans				
– Guaranteed ( <i>Note (ii)</i> )	<u>–</u>	<u>167</u>	<u>541</u>	<u>1,311</u>
	<u>10,010</u>	<u>49,538</u>	<u>89,020</u>	<u>79,717</u>

The analysis of the repayment schedule of bank loans is as follows:

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Within 1 year or on demand	10,010	49,371	88,479	78,406
After 1 year but within 2 years	–	167	500	1,311
After 2 years but within 3 years	<u>–</u>	<u>–</u>	<u>41</u>	<u>–</u>
	<u>10,010</u>	<u>49,538</u>	<u>89,020</u>	<u>79,717</u>

*Notes:*

- (i) At the end of each reporting period, all borrowings were denominated in RMB and interest-bearing at 4.10%–4.62%, 4.50%–5.40%, 3.35%–11.70% and 3.80%–11.70% per annum, respectively.
- (ii) As at 31 December 2021, 2022 and 2023 and 30 June 2024, bank loans of RMBnil, RMB762,000, RMB1,190,000 and RMB4,717,000 which were guaranteed by the director of ChokSend Communication for the loans borrowed by ChokSend Communication. The guarantee provided by the key management personnel of ChokSend Communication will be released prior to listing.

As at 31 December 2021, 2022 and 2023 and 30 June 2024, bank loans of RMB10,000,000, RMB48,776,000, RMB87,830,000 and RMB75,000,000 were guaranteed by a shareholder of the Company. The guarantee provided by the shareholder of the Company will be released prior to listing.

## 23 LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at each reporting date:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	1,615	2,188	3,211	3,046
After 1 year but within 2 years	1,342	1,545	2,011	1,500
After 2 years but within 5 years	2,305	721	2,364	1,904
	<u>3,647</u>	<u>2,266</u>	<u>4,375</u>	<u>3,404</u>
	<u>5,262</u>	<u>4,454</u>	<u>7,586</u>	<u>6,450</u>

## 24 TRADE AND OTHER PAYABLES

### The Group

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Trade creditors	12,802	29,072	86,318	104,312
Amounts due to related parties (Note(i))	217	2,053	95	–
Amounts due to shareholders (Note(i))	1,433	1,433	4,260	4,289
Salaries and bonus payables	21,523	20,972	24,319	20,000
Receipts in advance (Note(ii))	45,228	26,708	20,895	18,783
Other payables (Note(iii))	27,271	29,490	57,998	47,825
	<u>108,474</u>	<u>109,728</u>	<u>193,885</u>	<u>195,209</u>

### The Company

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Amounts due to a subsidiary (Note(i))	7,709	23,207	51,138	57,791
Amounts due to shareholders (Note(i))	–	–	1,756	1,769
	<u>7,709</u>	<u>23,207</u>	<u>52,894</u>	<u>59,560</u>

All of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

### Notes:

- (i) The amounts are non-trade nature, unsecured, interest-free and repayable on demand.

- (ii) The amount represents receipt in advance deposited by the customers which is expected to be utilised in the health and medical services in the future.
- (iii) As at 31 December 2021, other payables with amount of RMB6,030,000 were financed from a third party by ChokSend Communication. The balances were settled in the year ended 31 December 2022.

The remaining mainly represents retention deposits, bidding deposits, other miscellaneous deposits received, technical and outsourcing service fees and agency costs.

As at the end of each reporting period, the ageing analysis of trade payables, based on invoice date is as follows:

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
Within 1 year	12,117	28,522	85,421	103,887
More than 1 year but within 2 years	111	57	375	240
More than 2 years but within 3 years	120	6	32	79
More than 3 years	454	487	490	106
	<u>12,802</u>	<u>29,072</u>	<u>86,318</u>	<u>104,312</u>

## 25 EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS

On 31 December 2021, Fuzhou Health Road Investment Center (Limited Partnership) (福州健康之路投資中心(有限合夥)) ("Healthy Road Investment centre") which held 46.37% of Fujian Healthy Way, granted awarded shares to certain eligible persons to recognise and reward the contribution of these eligible persons to the growth and development of the Group.

According to the agreements between Mr. Zhang Wanneng and these eligible persons, 9,760,000 shares of the limited partnership shares of Healthy Road Investment centre were granted to eligible participants without cash consideration. The shares granted are generally vested on the grant date without vesting conditions and contractual life.

With assistance of the independent valuer, JLL, the directors determined the fair value of the awarded shares on 31 December 2021, the grant date, were RMB65,508,000. The Group has applied DCF method to determine the underlying equity value which is in line with the method and assumptions disclosed in Note 21.

For the year ended 31 December 2021, the Group recognised expenses of RMB65,508,000 in relation to the awarded shares.

## 26 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

- (a) Current taxation in the consolidated statements of financial position represent:

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
PRC corporate income tax payable	<u>969</u>	<u>991</u>	<u>4,649</u>	<u>4,961</u>

**(b) Deferred tax recognised:**

**(i) Movement of each component of deferred tax assets and liabilities**

The components of deferred tax assets recognised in the consolidated statements of financial position and the movements during the Relevant Periods are as follows:

Deferred tax arising from:	Credit loss allowance RMB'000	Unused tax loss RMB'000	Deferred income RMB'000	Promotion and advertising expenses RMB'000	Others RMB'000	Total RMB'000
At 1 January 2021	102	3,417	(222)	–	648	3,945
Credited/(charged) to profit or loss	<u>38</u>	<u>(3,417)</u>	<u>724</u>	<u>–</u>	<u>(370)</u>	<u>(3,025)</u>
At 31 December 2021 and 1 January 2022	140	–	502	–	278	920
Credited/(charged) to profit or loss	<u>26</u>	<u>–</u>	<u>2,240</u>	<u>–</u>	<u>(191)</u>	<u>2,075</u>
At 31 December 2022 and 1 January 2023	166	–	2,742	–	87	2,995
Credited to profit or loss	<u>82</u>	<u>2,469</u>	<u>2,841</u>	<u>4,008</u>	<u>1,546</u>	<u>10,946</u>
At 31 December 2023	248	2,469	5,583	4,008	1,633	13,941
Credited/(charged) to profit or loss	<u>8</u>	<u>766</u>	<u>5,745</u>	<u>(1,589)</u>	<u>2,188</u>	<u>7,118</u>
At 30 June 2024	<u>256</u>	<u>3,235</u>	<u>11,328</u>	<u>2,419</u>	<u>3,821</u>	<u>21,059</u>

**(c) Deferred tax assets not recognised**

Deferred tax assets have not been recognised in respect of the following items:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Unused tax losses	42,988	41,279	26,996	27,267
Others	<u>2,518</u>	<u>3,433</u>	<u>2,270</u>	<u>3,829</u>
	<u>45,506</u>	<u>44,712</u>	<u>29,266</u>	<u>31,096</u>

The Group has not recognised deferred tax assets in respect of unused tax losses as it is not probable that sufficient future taxable profits will be available against which unused tax losses can be utilised.

Set out below are the potential tax impacts of the unrecognised tax losses at the end of the reporting period which will expire in the respective years pursuant to the relevant laws and regulations in the PRC:

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
2022	4,217	—	—	—
2023	4,996	4,821	—	—
2024	3,412	3,230	2,561	—
2025	2,296	2,170	2,170	2,156
2026	21,180	18,688	14,071	13,578
2027	5,477	12,370	5,947	5,944
2028	229	—	2,247	2,064
2029	96	—	—	3,525
2030	1,045	—	—	—
2031	40	—	—	—
	<u>42,988</u>	<u>41,279</u>	<u>26,996</u>	<u>27,267</u>

The unused tax losses can be carried forward to offset against taxable profits of subsequent years for up to five years from the year in which they arose in accordance with PRC Corporate Income Tax Law and its implementation regulations.

Pursuant to the notice of the Ministry of Finance and the State Administration of Taxation on extending the loss carrying forward period of Advanced and New Technology Enterprise (Cai Shui [2018] No. 76), with effect from 1 January 2018, the maximum carry-forward period of the loss for qualified Advanced and New Technology Enterprise shall be extended from five years to ten years. Therefore, the unused tax losses of Fujian Health Road will be expired in ten years from the year that the tax loss was occurred.

**(d) Deferred tax liabilities not recognised**

At 31 December 2021, 2022 and 2023 and 30 June 2024, temporary differences relating to the undistributed profits of the Group's certain subsidiaries in Chinese Mainland amounted to RMB4,841,000, RMB3,642,000, RMB4,700,000 and RMB8,508,000. Deferred tax liabilities were not recognised in respect of the withholding tax that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries in Chinese Mainland and the directors have determined that these profits are not likely to be distributed in the foreseeable future.



## 27 CAPITAL, RESERVES AND DIVIDENDS

### (a) Movement in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statements of changes in equity. Details of the changes in the Company's individual components of equity are set below:

	Share capital RMB'000	Share Premium RMB'000	Other reserve RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
<b>Balance at 1 January 2021</b>	89	—	787,819	24,690	(422,233)	390,365
<b>Changes in equity for 2021:</b>						
Loss for the year	—	—	—	—	(5,915)	(5,915)
Other comprehensive income	—	—	—	(8,926)	—	(8,926)
<b>Balance at 31 December 2021</b>	89	—	787,819	15,764	(428,148)	375,524
<b>Changes in equity for 2022:</b>						
Loss for the year	—	—	—	—	(220,295)	(220,295)
Other comprehensive income	—	—	—	35,232	—	35,232
Total comprehensive income	—	—	—	35,232	(220,295)	(185,063)
Shares repurchased for reorganisation	(13)	—	—	—	—	(13)
<b>Balance at 31 December 2022</b>	76	—	787,819	50,996	(648,443)	190,448

	Share capital RMB'000	Share Premium RMB'000	Other reserve RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
<b>Changes in equity for 2023:</b>						
Loss for the year	–	–	–	–	(353,718)	(353,718)
Other comprehensive income	–	–	–	12,893	–	12,893
Total comprehensive income	–	–	–	12,893	(353,718)	(340,825)
Shares issued	14	–	–	–	–	14
Capital injection from equity shareholders	3	99,997	–	–	–	100,000
<b>Balance at 31 December 2023</b>	<b>93</b>	<b>99,997</b>	<b>787,819</b>	<b>63,889</b>	<b>(1,002,161)</b>	<b>(50,363)</b>
<b>Changes in equity for the six months ended 30 June 2024:</b>						
Loss for the period	–	–	–	–	(72,263)	(72,263)
Other comprehensive income	–	–	–	5,897	–	5,897
<b>Balance at 30 June 2024</b>	<b>93</b>	<b>99,997</b>	<b>787,819</b>	<b>69,786</b>	<b>(1,074,424)</b>	<b>(116,729)</b>
(unaudited) <b>Balance at 1 January 2023</b>	<b>76</b>	<b>–</b>	<b>787,819</b>	<b>50,996</b>	<b>(648,443)</b>	<b>190,448</b>
<b>Changes in equity for the six months ended 30 June 2023:</b>						
Loss for the period	–	–	–	–	(135,745)	(135,745)
Other comprehensive income	–	–	–	31,289	–	31,289
Total comprehensive income	–	–	–	31,289	(135,745)	(104,456)
Shares issued	14	–	–	–	–	14
<b>Balance at 30 June 2023</b>	<b>90</b>	<b>–</b>	<b>787,819</b>	<b>82,285</b>	<b>(784,188)</b>	<b>86,006</b>

**(b) Dividends**

No dividend has been declared by the Company since its incorporation.

(c) **Share capital**

*Authorised share capital*

The Company was incorporated as an exempted company under the laws of the Cayman Islands with limited liability on 18 November 2014 with the authorised share capital of the Company of US\$50,000, divided into 478,750,980 ordinary shares with a par value of US\$0.0001 per share, and 21,249,020 preferred shares which designated as Series A preferred shares with a par value of US\$0.0001 per share.

On 3 May 2023, pursuant to the resolutions of the directors of the Company, among 478,750,980 ordinary shares, 14,691,450 ordinary shares were converted to 1,930,000 Series B-1 preferred shares with a par value of US\$0.0001 per share, 4,442,380 Series B-2 preferred shares with a par value of US\$0.0001 per share and 8,319,070 Series C preferred shares with a par value of US\$0.0001 per share, respectively.

(i) *Issued share capital*

	As at 31 December 2021		As at 31 December 2022		As at 31 December 2023		As at 30 June 2024	
	Number of shares	Share capital RMB'000	Number of shares	Share capital RMB'000	Number of shares	Share capital RMB'000	Number of shares	Share capital RMB'000
Ordinary shares, issued and fully paid								
Balance at the beginning of the year/ period	139,000,000	89	139,000,000	89	119,200,600	76	142,919,560	93
Shares repurchased for reorganisation	–	–	(19,799,400)	(13)	–	–	–	–
Shares issued	–	–	–	–	19,559,400	14	–	–
Capital injection from equity shareholders	–	–	–	–	4,159,560	3	–	–
Balance at the end of the year/period	<u>139,000,000</u>	<u>89</u>	<u>119,200,600</u>	<u>76</u>	<u>142,919,560</u>	<u>93</u>	<u>142,919,560</u>	<u>93</u>

The Series A preferred shares, Series B-1 preferred shares and Series B-2 preferred shares are presented as liabilities in the consolidated financial statements. Further details of the terms are set out in Note 21.

In September 2023, the Company issued 4,159,560 ordinary shares with a par value of US\$0.0001 per share to a shareholder. Net proceeds from such issues amounted to RMB100,000,000, out of which RMB3,000 and RMB99,997,000 were recorded in share capital and share premium respectively.

(d) **Nature and purpose of reserves**

(i) *Other reserves*

Other reserves mainly comprise the following:

- (1) the paid-in capital and capital reserve of the PRC subsidiaries;
- (2) recognition of the difference between the proceeds received and the full amount of the redemption liabilities arising from the preferential rights granted (Note 21);
- (3) adjustment of other reserve arising from the process of the Reorganisation;
- (4) difference between the net identifiable assets and the consideration paid for acquisition of non-controlling interests; and
- (5) reserve arising from awarded shares granted to certain employees of the Group (Note 25).

**(ii) Exchange reserve**

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations outside the PRC. The reserve is dealt with in accordance with the accounting policies set out in Note 2(u).

**(iii) Statutory reserves**

Statutory reserves are established in accordance with the relevant PRC rules and regulations and the articles of association of the companies comprising the Group which are incorporated in the PRC until the reserve balance reaches 50% of their registered capital. The transfer to this reserve must be made before distribution of a dividend to equity holders.

For the entities concerned, statutory reserves can be used to cover previous years' losses, if any, and may be converted into capital in proportion to the existing equity interests of equity holders, provided that the balance of the reserve after such conversion is not less than 25% of the entity's registered capital.

**(iv) Non-controlling interests**

Non-controlling interests represent the non-controlling interests of the subsidiaries during the Relevant Periods.

**(v) Share premium**

Share premium represents difference between the par value of shares issued and the consideration received.

**(e) Capital management**

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

## **28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS**

Exposure to credit, liquidity and interest rate risks arise in the normal course of the Group's business. The Group does not have significant financial instruments that are denominated in foreign currencies, i.e. a currency other than the functional currency of the operations to which the transactions relate as at 31 December 2021, 2022 and 2023 and 30 June 2024, and consequently does not have significant exposure to foreign currency risk.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and other receivables and contract assets.

The Group's exposure to credit risk arising from cash and cash equivalents and restricted deposits is limited because the counterparties are well-known banks, which the Group considers representing low credit risk.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At 31 December 2021, 2022 and 2023 and 30 June 2024, nil, nil, 1.1% and 22.4% of the total trade receivables and contract assets were due from the Group's largest customer, and 10.3%, 23.5%, 29.1% and 32.7% of the total trade receivables and contract assets were due from the Group's five largest customers respectively.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These take into account the customer's past payment history, financial position and other factors. Trade receivables are practically due within 1 to 30 days from the issuance of invoice. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance is not further distinguished between the Group's different customer bases.

In respect of the amounts due from related parties, including amounts due from a shareholder and consideration receivables from related parties, the Group expects the credit risk associated to be low, since these entities and individual have a strong capacity to meet its contractual cash flow obligations in the near term. The Group reviews the exposures and manages them based on the need of operation and has assessed that the ECL rate for these receivables are immaterial and considered them to have low credit risk, and thus the loss allowance is immaterial.

In respect to other receivables at 31 December 2021, 2022 and 2023 and 30 June 2024, since the credit risk on other receivable has not increased significantly since initial recognition, the Group measures the loss allowance for other receivable at an amount equal to 12-month expected credit loss. The Group measures the loss allowance for other receivables at an amount equal to the lifetime expected credit loss if the credit risk on other receivable has increased significantly since initial recognition.



The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables and contract assets as at 31 December 2021, 2022 and 2023 and 30 June 2024.

As at 31 December 2021			
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
			Carrying amount RMB'000
Current (not past due)	1.1	33,583	(357)
Less than 1 year past due	1.5	7,076	(107)
1–2 years past due	22.8	1,238	(282)
2–3 years past due	44.4	441	(196)
More than 3 years past due	100.0	655	(655)
		<u>42,993</u>	<u>(1,597)</u>
			<u>41,396</u>
As at 31 December 2022			
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
			Carrying amount RMB'000
Current (not past due)	0.5	30,585	(139)
Less than 1 year past due	1.2	4,966	(61)
1–2 years past due	16.3	1,984	(324)
2–3 years past due	42.6	423	(180)
More than 3 years past due	100.0	580	(580)
		<u>38,538</u>	<u>(1,284)</u>
			<u>37,254</u>
As at 31 December 2023			
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
			Carrying amount RMB'000
Current (not past due)	0.6	96,120	(564)
Less than 1 year past due	1.2	17,905	(215)
1 – 2 years past due	12.2	654	(80)
2 – 3 years past due	57.0	149	(85)
More than 3 years past due	100.0	579	(579)
		<u>115,407</u>	<u>(1,523)</u>
			<u>113,884</u>
As at 30 June 2024			
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
			Carrying amount RMB'000
Current (not past due)	0.7	71,394	(526)
Less than 1 year past due	1.3	14,388	(182)
1 – 2 years past due	13.5	917	(124)
2 – 3 years past due	63.2	228	(144)
More than 3 years past due	100.0	679	(679)
		<u>87,606</u>	<u>(1,655)</u>
			<u>85,951</u>

Expected loss rates are based on actual loss experience over the past years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

In addition to the credit risk management policy stated above, the Group considers the probability of default upon initial recognition of assets and considers whether there has been a significant increase in credit risk on an ongoing basis. To assess whether there has been a significant increase in credit risk, the Group compares the risk of default occurring on an asset as at the end of each reporting period with the risk of default as at the date of initial recognition. It considers reasonable and supportive forward-looking information that is available. Details of indicators are disclosed in Note 2(i)(i).

The movement in the allowance for impairment of trade and other receivables and contract assets during the Relevant Periods is as follows:

Impairment of trade receivables and contract assets.

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
Balance at the beginning of the year/ period	1,064	1,597	1,284	1,523
Impairment losses reversed	(448)	(1,001)	(712)	(626)
Amounts written off	(493)	(144)	(152)	–
Impairment losses recognised	<u>1,474</u>	<u>832</u>	<u>1,103</u>	<u>758</u>
Balance at the end of the year/period	<u>1,597</u>	<u>1,284</u>	<u>1,523</u>	<u>1,655</u>

There were no trade receivables that were past due but not impaired at the end of each reporting period.

#### (b) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of each reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of each reporting period) and the earliest date the Group can be required to pay:

As at 31 December 2021					
Contractual undiscounted cash outflow					Carrying amount at 31 December RMB'000
Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	Total RMB'000		
Bank loans	10,440	—	—	10,440	
Lease liabilities	1,887	1,476	2,406	5,769	
Trade and other payables	108,474	—	—	108,474	
	120,801	1,476	2,406	124,683	123,746
As at 31 December 2022					
Contractual undiscounted cash outflow					Carrying amount at 31 December RMB'000
Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	Total RMB'000		
Bank loans	50,669	178	—	50,847	
Lease liabilities	2,410	1,611	731	4,752	
Trade and other payables	109,728	—	—	109,728	
	162,807	1,789	731	165,327	163,720
As at 31 December 2023					
Contractual undiscounted cash outflow					Carrying amount at 31 December RMB'000
Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	Total RMB'000		
Bank loans	91,615	619	43	92,277	
Lease liabilities	3,492	2,163	2,506	8,161	
Trade and other payables	193,885	—	—	193,885	
	288,992	2,782	2,549	294,323	290,491

	As at 30 June 2024				
	Contractual undiscounted cash outflow				
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	Total RMB'000	Carrying amount at 30 June RMB'000
Bank loans	80,577	1,641	—	82,218	79,717
Lease liabilities	3,420	1,548	1,920	6,888	6,450
Trade and other payables	195,209	—	—	195,209	195,209
	279,206	3,189	1,920	284,315	281,376

In addition to the above, the Group was also exposed to liquidity risk arising from the redemption and liquidation features of the redemption liabilities at 31 December 2021, 2022 and 2023 and 30 June 2024, which are further detailed in Note 21.

**(c) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest-bearing financial liabilities are at fixed interest rates at the end of the Relevant Periods, including bank loans, lease liabilities and redemption liabilities, and the change of market interest rate does not expose the Group to interest rate risk. Overall, the Group's exposure to interest rate risk is not significant.

**(d) Fair value measurement**

The carrying amounts of the Group's financial assets and liabilities carried at cost or amortised cost are not materially different from their fair values at 31 December 2021, 2022 and 2023 and 30 June 2024.

## 29 COMMITMENTS AND CONTINGENT LIABILITIES

**(a) Commitments**

There were no material capital commitments outstanding not provided for in the consolidated financial statements.

**(b) Contingent liabilities**

The Group did not have any material contingent liabilities as at 31 December 2021, 2022 and 2023 and 30 June 2024.

### 30 RELATED PARTY TRANSACTIONS

#### (a) Name of and relationship with related parties

During the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2023 and 2024, transactions with the following parties are considered as significant related party transactions:

Name of party	Relationship
Mr. Zhang Wanneng	Shareholder of the Company
Mr. Chen Chen	Director of certain subsidiary
Mr. Chen Changhua	Director of certain subsidiaries, being the related party of the Company before 13 October 2022, the disposal date of the certain subsidiaries (see Note 13(b)(i))
Fuzhou Jiejia Health Management Co., Ltd. ("福州界佳健康管理有限公司") ("Fuzhou Jiejia")*	Entity controlled by the close family member of Mr. Zhang Wanneng
Baidu and its subsidiaries and other related companies ("Baidu Group")	A shareholder with significant influence over the Company
Fujian Sanping Bencao Health Technology Co., Ltd. ("福建三平本草健康科技有限公司") ("Fujian Sanping Bencao")	Entity controlled by Mr. Zhang Wanneng, being the related party of the Company from 9 August 2021, the disposal date
Healthway (Guangzhou) Technology Group Co., Ltd. ("健康之路(廣州)科技集團有限公司") ("Healthway Guangzhou")	Entity controlled by the Mr. Zhang Wanneng, being the related party of the Company before December 2023
Zhongjian Xinlian (Xiamen)	Being the associate of the Company from 5 August 2022 (see Note 13(b)(i))
Fuzhou Taijiang District Yungongyunneng Investment Partnership (Limited Partnership) ("福州台江區允公允能投資合夥企業(有限合夥)") ("Fuzhou Yungongyunneng")	Entity controlled by Mr. Chen Changhua, being the related party of the Company before 13 October 2022
Healthy Road Investment centre	A shareholder of certain subsidiary
Affluent Base Limited	The immediate controlling party of the Company

\* The entity was previously known as "福州健康快車健康管理有限公司". In January 2022, the entity changed its name to "福州界佳健康管理有限公司".



**(b) Key management personnel remuneration**

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 8 and certain of the highest paid employees as disclosed in Note 9, is as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Short-term employee benefits	3,742	1,034	1,261	533	1,092
Equity-settled share-based payment expenses (Note 25)	31,344	–	–	–	–
Contributions to retirement benefit scheme	<u>60</u>	<u>19</u>	<u>20</u>	<u>10</u>	<u>22</u>
	<u>35,146</u>	<u>1,053</u>	<u>1,281</u>	<u>543</u>	<u>1,114</u>

Total remuneration is included in “staff costs” (see Note 6(b)).

(c) Significant related party transactions

The particulars of significant transactions between the Group and the above related parties during the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2023 and 2024 are as follows:

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Purchase of goods and service from					
– Baidu Group	700	146	3,034	87	146
– Fujian Sanping Bencao	2,814	–	–	–	–
Provision of service to					
– Baidu Group	50,584	24,932	17,417	8,734	7,963
Advances to related parties:					
– Fuzhou Yungongyunneng	–	452	–	–	–
– Mr. Chen Chen	212	–	–	–	–
– Mr. Chen Changhua	120	150	–	–	–
– Healthway Guangzhou	–	960	1,100	100	–
Repayments from related parties:					
– Fuzhou Yungongyunneng	–	256	–	–	–
– Mr. Chen Chen	319	–	–	–	–
– Mr. Chen Changhua	140	–	–	–	–
– Healthway Guangzhou	–	–	1,360	–	–
Consideration received from a related party					
– Healthway Guangzhou	–	–	1,000	1,000	–
Repayments to related parties:					
– Fuzhou Jiejia	100	–	–	–	–
– Zhongjian Xinlian (Xiamen)	–	450	2,160	120	–
– Mr. Zhang Wanneng	–	–	1,433	1,433	–
– Healthy Road Investment centre	–	–	800	–	–
Advances from related parties:					
– Zhongjian Xinlian (Xiamen)	–	300	120	120	–
– Mr. Zhang Wanneng	–	–	663	680	–
– Affluent Base Limited	–	–	3,597	–	–
– Healthy Road Investment centre	–	–	800	–	–

All of the transactions above were carried out on terms as agreed between the transacting parties.

(d) Significant balances with related parties

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	2024
				RMB'000
<b>Trade receivables from related parties</b>				
– Baidu Group	<u>4,267</u>	<u>3,165</u>	<u>1,465</u>	<u>2,337</u>
<b>Non-trade</b>				
<b>Amounts due from related parties</b>				
– Healthway Guangzhou <sup>#</sup>	–	960	–	–
– Baidu Group	310	64	27	78
– Fuzhou Yungongyunneng <sup>*</sup>	<u>156</u>	<u>–</u>	<u>–</u>	<u>–</u>
	<u>466</u>	<u>1,024</u>	<u>27</u>	<u>78</u>
<b>Consideration receivables from a related party</b>				
– Healthway Guangzhou	<u>1,000</u>	<u>1,000</u>	<u>–</u>	<u>–</u>
<b>Amounts due to related parties</b>				
– Zhongjian Xinlian (Xiamen)	–	2,040	–	–
– Fujian Sanping Bencao	<u>150</u>	<u>–</u>	<u>–</u>	<u>–</u>
	<u>150</u>	<u>2,040</u>	<u>–</u>	<u>–</u>
<b>Amounts due to shareholders</b>				
– Mr. Zhang Wanneng	1,433	1,433	663	668
– Affluent Base Limited	<u>–</u>	<u>–</u>	<u>3,597</u>	<u>3,621</u>
	<u>1,433</u>	<u>1,433</u>	<u>4,260</u>	<u>4,289</u>

\* These parties ceased to be related parties of the Group since October 2022. The balances as at 31 December 2022 and 2023 and 30 June 2024 were included in other receivables set out in Note 18.

# This party ceased to be related parties of the Group since December 2023. The balances as at 31 December 2023 and 30 June 2024 were included in other receivables set out in Note 18.

All of the balances are unsecured, interest-free and repayable on demand at the end of each reporting period.

The directors of the Company are of the view that all the amounts of non-trade nature receivables from related parties and payables to related parties as at 30 June 2024 will be fully settled prior to listing.

(e) Bank loans guaranteed by related parties

Guarantees provided by the Controlling Shareholder relating to bank loans were disclosed in Note 22(ii). The guarantee provided by related parties will be released prior to listing.

### 31 IMMEDIATE CONTROLLING PARTY

At 31 December 2021, 2022 and 2023 and 30 June 2024, the directors consider the immediate controlling party is Affluent Base Limited after the Reorganisation.

### 32 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE RELEVANT PERIODS

Up to the date of this report, the IASB has issued a number of amendments and a new standard, which have not been adopted in these financial statements. These developments include the following:

	Effective for accounting periods beginning on or after
Amendments to IAS 21, <i>Lack of Exchangeability</i>	1 January 2025
Amendments to IFRS 10 and IAS 28, <i>Sale or contribution of assets between an investor and its associate or joint venture</i>	to be determined by the IASB
Amendments to IFRS 9 and IFRS 7: <i>Amendments to the Classification and Measurement of Financial Instruments</i>	1 January 2026
Annual Improvements to IFRS Accounting Standards — Volume 11	1 January 2026
IFRS 18, <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
IFRS 19, <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

### 33 NON-ADJUSTING EVENTS AFTER REPORTING PERIOD

The following events took place after 30 June 2024:

The Group expects to conduct share subdivision prior to listing, pursuant to which each share in issued and unissued share capital with a nominal value of US\$0.0001 will be subdivided into five shares with a nominal value of US\$0.00002 each. All shares resulting from the share subdivision rank *pari passu* with each other. Immediately after the share subdivision and before listing, the Group will have 852,704,800 shares in issue.

### Subsequent financial statements

No audited financial statements have been prepared by the Company and its subsidiaries comprising the Group in respect of any period subsequent to 30 June 2024.