

**Bayzed Health Group Inc**

Consolidated Financial Statements  
for the years ended 31 December 2022, 2023 and 2024



KPMG Huazhen LLP  
8th Floor, KPMG Tower  
Oriental Plaza  
1 East Chang An Avenue  
Beijing 100738  
China  
Telephone +86 (10) 8508 5000  
Fax +86 (10) 8518 5111  
Internet kpmg.com/cn

毕马威华振会计师事务所  
(特殊普通合伙)  
中国北京  
东长安街1号  
东方广场毕马威大楼8层  
邮政编码:100738  
电话 +86 (10) 8508 5000  
传真 +86 (10) 8518 5111  
网址 kpmg.com/cn

**Independent auditor's report**  
**to the directors of Bayzed Health Group Inc**  
*(Incorporated in the Cayan Islands with limited liability)*

**Opinion**

We have audited the consolidated financial statements of Bayzed Health Group Inc (“the Company”) and its subsidiaries (“the Group”) set out on pages 4 to 69, which comprise the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2022, 2023 and 2024, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements for each of the years ended 31 December 2022, 2023 and 2024 and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the Company’s and the Group’s financial position as at 31 December 2022, 2023 and 2024 and of the Group’s consolidated financial performance and the Group’s consolidated cash flows for each of the years ended 31 December 2022, 2023 and 2024 in accordance with the basis of preparation and presentation set out in Note 1 to the consolidated financial statements.

**Basis for opinion**

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). Our responsibilities under those standards are further described in the “Auditor’s responsibilities for the audit of the consolidated financial statements” section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (“the Code”) together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Emphasis of Matter – Basis of Preparation and Presentation**

We draw attention to Note 1 to the consolidated financial statements, which describes the basis of preparation and presentation. The consolidated financial statements are prepared for the purpose of the preparation of a prospectus by the directors of the Company in connection with the initial public offering of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited. As a result, the consolidated financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

### **Responsibilities of the directors for the consolidated financial statements**

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

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

### **Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. The report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

*KPMG Huashen LLP*

8/F, KPMG Tower  
Oriental Plaza  
No. 1 East Chang An Ave.  
Beijing

13 June 2025



**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
(Expressed in Renminbi ("RMB"))

		Year ended 31 December		
	Note	2022	2023	2024
		RMB '000	RMB '000	RMB '000
<b>Revenue</b>	4	802,652	1,072,173	1,188,846
Cost of sales		(723,095)	(894,009)	(980,649)
<b>Gross profit</b>		79,557	178,164	208,197
Other net income	5	5,025	5,181	4,971
Selling expenses		(12,019)	(13,467)	(11,834)
General and administrative expenses		(108,587)	(147,172)	(165,696)
Impairment loss on trade and bills receivables		(2,063)	(274)	(649)
<b>(Loss)/profit from operations</b>		(38,087)	22,432	34,989
Finance cost	6(a)	(24,437)	(27,042)	(21,677)
<b>(Loss)/profit before taxation</b>		(62,524)	(4,610)	13,312
Income tax	7(a)	(12,991)	(19,796)	(16,869)
<b>Loss for the year</b>		(75,515)	(24,406)	(3,557)
<b>Other comprehensive income for the year that may be reclassified subsequently to profit or loss (after tax and reclassification adjustments)</b>				
Exchange differences on translation of financial statements of foreign operations		(32)	(1,657)	1,270
<b>Total comprehensive income for the year</b>		(75,547)	(26,063)	(2,287)
<b>Loss for the year attributable to:</b>				
Equity shareholders of the Company		(58,018)	(26,389)	(13,457)
Non-controlling interests		(17,497)	1,983	9,900
		(75,515)	(24,406)	(3,557)
<b>Total comprehensive income attributable to:</b>				
Equity shareholders of the Company		(58,050)	(28,046)	(12,187)
Non-controlling interests		(17,497)	1,983	9,900
		(75,547)	(26,063)	(2,287)
<b>Loss per share</b>	10			
Basic and diluted (RMB)		N/A	N/A	N/A

The accompanying notes form part of the consolidated financial statements.

# **CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Expressed in RMB)

	Note	As at 31 December		
		2022	2023	2024
		RMB '000	RMB '000	RMB '000
<b>Non-current assets</b>				
Property, plant and equipment	11	378,492	368,884	364,021
Right-of-use assets	12	220,770	211,056	184,887
Intangible assets	13	247,442	243,415	236,395
Goodwill	14	643,049	643,049	643,049
Deferred tax assets	25(b)	4,688	5,662	6,765
Other non-current assets		2,710	6,158	9,977
		<u>1,497,151</u>	<u>1,478,224</u>	<u>1,445,094</u>
		-----	-----	-----
<b>Current assets</b>				
Inventories	15	55,898	59,659	62,758
Trade and bills receivables	16	198,912	196,339	262,087
Prepayments and other receivables	17	213,228	214,572	120,637
Restricted cash	18(a)	20,574	20,621	18,270
Cash and cash equivalents	18(a)	125,188	241,991	294,240
		<u>613,800</u>	<u>733,182</u>	<u>757,992</u>
		-----	-----	-----
<b>Current liabilities</b>				
Trade and bills payables	19	264,246	251,225	313,880
Other payables	20	154,704	113,526	115,177
Contract liabilities	21	83,378	75,581	30,739
Interest-bearing borrowings	22	202,010	257,314	292,090
Lease liabilities	23	21,368	21,997	22,908
Current taxation	25(a)	16,756	15,745	6,979
		<u>742,462</u>	<u>735,388</u>	<u>781,773</u>
		-----	-----	-----
<b>Net current liabilities</b>		<u>(128,662)</u>	<u>(2,206)</u>	<u>(23,781)</u>
		-----	-----	-----
<b>Total assets less current liabilities</b>		<u>1,368,489</u>	<u>1,476,018</u>	<u>1,421,313</u>
		-----	-----	-----

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)***(Expressed in RMB)*

	<i>Note</i>	<b>As at 31 December</b>		
		<b>2022</b>	<b>2023</b>	<b>2024</b>
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Non-current liabilities</b>				
Interest-bearing borrowings	22	74,365	94,042	65,100
Lease liabilities	23	159,867	156,914	137,160
Deferred tax liabilities	25(b)	47,767	49,544	48,987
		<u>281,999</u>	<u>300,500</u>	<u>251,247</u>
<b>NET ASSETS</b>		<u>1,086,490</u>	<u>1,175,518</u>	<u>1,170,066</u>
<b>CAPITAL AND RESERVES</b>	26			
Share capital		43	78	78
Reserves		<u>987,861</u>	<u>1,084,046</u>	<u>1,069,162</u>
<b>Total equity attributable to equity shareholders of the Company</b>		987,904	1,084,124	1,069,240
<b>Non-controlling interests</b>		<u>98,586</u>	<u>91,394</u>	<u>100,826</u>
<b>TOTAL EQUITY</b>		<u>1,086,490</u>	<u>1,175,518</u>	<u>1,170,066</u>

Approved and authorised for issue by the Board of Directors on 13 June 2025.



Zhao YongKai  
Director



Chen HaoYang  
Director

The accompanying notes form part of the consolidated financial statements.



# STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(Expressed in RMB)

	Note	As at 31 December		
		2022	2023	2024
		RMB'000	RMB'000	RMB'000
<b>Non-current assets</b>				
Investments in subsidiaries	1	—	*	*
Prepayments and other receivables	17	8,356	16,855	79,340
		<u>8,356</u>	<u>16,855</u>	<u>79,340</u>
		-----	-----	-----
<b>Current assets</b>				
Prepayments and other receivables	17	—	43	6,230
Cash and cash equivalents		—	117,263	55,825
		<u>—</u>	<u>117,263</u>	<u>55,825</u>
		-----	-----	-----
		—	117,306	62,055
		-----	-----	-----
<b>Current liabilities</b>				
Other payables	20	1,831	15,999	37,158
Interest-bearing borrowings		131	—	—
		<u>1,962</u>	<u>15,999</u>	<u>37,158</u>
		-----	-----	-----
<b>Net current (liabilities)/assets</b>		<u>(1,962)</u>	<u>101,307</u>	<u>24,897</u>
		-----	-----	-----
<b>Total assets less current liabilities</b>		<u>6,394</u>	<u>118,162</u>	<u>104,237</u>
		-----	-----	-----
<b>NET ASSETS</b>		<u>6,394</u>	<u>118,162</u>	<u>104,237</u>
		=====	=====	=====
<b>CAPITAL AND RESERVES</b>				
Share capital	26(b)	43	78	78
Reserves	26(a)	6,351	118,084	104,159
		<u>6,394</u>	<u>118,162</u>	<u>104,237</u>
		-----	-----	-----
<b>TOTAL EQUITY</b>		<u>6,394</u>	<u>118,162</u>	<u>104,237</u>
		=====	=====	=====

\* The balance represents an amount less than RMB500.

Approved and authorised for issue by the Board of Directors on 13 June 2025.



Zhao YongKai  
Director



Chen HaoYang  
Director

The accompanying notes form part of the consolidated financial statements.

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
(Expressed in RMB)

Attributable to equity shareholders of the Company									
Note	Share capital RMB '000 Note 26(b)	Share premium RMB '000 Note 26(c)(i)	Capital reserve RMB '000 Note 26(c)(ii)	Exchange reserve RMB '000 Note 26(c)(iii)	Other reserve RMB '000 Note 26(c)(iv)	Accumulated losses RMB '000	Total RMB '000	Non-controlling interests RMB '000	Total equity RMB '000
Balance at 1 January 2022	43	-	1,279,988	-	(49,337)	(208,339)	1,022,355	82,070	1,104,425
Changes in equity for 2022:									
Loss for the year	-	-	-	-	-	(58,018)	(58,018)	(17,497)	(75,515)
Other comprehensive income	-	-	-	(32)	-	-	(32)	-	(32)
Total comprehensive income	-	-	-	(32)	-	(58,018)	(58,050)	(17,497)	(75,547)
-----									
Issuance of shares and capital contributions to subsidiaries	26(b)	*	6,668	25,000	-	-	31,668	11,000	42,668
Effect on equity arising from group reorganisation	26(c)(ii)	-	-	(6,824)	-	-	(6,824)	-	(6,824)
Acquisition of NCI	28(a)	-	-	-	(6,520)	-	(6,520)	(3,302)	(9,822)
Acquisition of subsidiaries	27(c)	-	-	-	-	-	-	10,214	10,214
Disposal of equity interest in a subsidiary without loss of control		-	-	-	-	(1,345)	(1,345)	8,145	6,800
Equity-settled share-based payment	24	-	-	-	-	6,620	6,620	7,956	14,576
Balance at 31 December 2022	43	6,668	1,298,164	(32)	(50,582)	(266,357)	987,904	98,586	1,086,490

\* The balance represents an amount less than RMB500.

# **CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)**

(Expressed in RMB)

	Attributable to equity shareholders of the Company						
	Share capital RMB'000 Note 26(b)	Share premium RMB'000 Note 26(c)(i)	Capital reserve RMB'000 Note 26(c)(ii)	Exchange reserve RMB'000 Note 26(c)(iii)	Other reserve RMB'000 Note 26(c)(iv)	Accumulated losses RMB'000	Total RMB'000
Note						Non-controlling interests RMB'000	Total equity RMB'000
<b>Balance at 1 January 2023</b>	43	6,668	1,298,164	(32)	(50,582)	98,586	1,086,490
<b>Changes in equity for 2023:</b>							
(Loss)/profit for the year	-	-	-	-	-	1,983	(24,406)
Other comprehensive income	-	-	-	(1,657)	-	-	(1,657)
<b>Total comprehensive income</b>	-	-	-	(1,657)	-	1,983	(26,063)
<hr/>							
Issuance of shares	35	128,507	-	-	-	-	128,542
Effect on equity arising from group reorganisation	-	-	(4,276)	-	-	-	(4,276)
Dividend declared by subsidiary to non-controlling shareholder	-	-	-	-	-	(9,175)	(9,175)
<b>Balance at 31 December 2023</b>	78	135,175	1,293,888	(1,689)	(50,582)	91,394	1,175,518



**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)**  
(Expressed in RMB)

Note	Attributable to equity shareholders of the Company							Non-controlling interests RMB '000	Total equity RMB '000
	Share capital RMB '000 Note 26(b)	Share premium RMB '000 Note 26(c)(i)	Capital reserve RMB '000 Note 26(c)(ii)	Exchange reserve RMB '000 Note 26(c)(iii)	Other reserve RMB '000 Note 26(c)(iv)	Accumulated losses RMB '000	Total RMB '000		
<b>Balance at 1 January 2024</b>	78	135,175	1,293,888	(1,689)	(50,582)	(292,746)	1,084,124	91,394	1,175,518
<b>Changes in equity for 2024:</b>									
(Loss)/profit for the year	-	-	-	-	-	(13,457)	(13,457)	9,900	(3,557)
Other comprehensive income	-	-	-	1,270	-	-	1,270	-	1,270
Total comprehensive income	-	-	-	1,270	-	(13,457)	(12,187)	9,900	(2,287)
Acquisition of NCI	-	-	-	-	(2,697)	-	(2,697)	(468)	(3,165)
<b>Balance at 31 December 2024</b>	78	135,175	1,293,888	(419)	(53,279)	(306,203)	1,069,240	100,826	1,170,066

The accompanying notes form part of the consolidated financial statements.

## CONSOLIDATED CASH FLOW STATEMENTS

(Expressed in RMB)

	Note	Year ended 31 December		
		2022	2023	2024
		RMB'000	RMB'000	RMB'000
<b>Operating activities</b>				
Cash generated from operations	18(b)	123,374	148,375	195,835
Income tax paid	25(a)	(8,979)	(20,004)	(27,295)
<b>Net cash generated from operating activities</b>		114,395	128,371	168,540
<b>Investing activities</b>				
Payment for purchase of property, plant and equipment		(29,437)	(45,368)	(43,874)
Payment for purchase of intangible assets		(6,913)	(8,440)	(2,580)
Payment for acquisition of subsidiaries, net of cash acquired	27	(149,356)	—	—
Received from related parties		11,362	1,400	98,620
Loans to related parties		(34,336)	(6,198)	—
<b>Net cash (used in)/generated from investing activities</b>		(208,680)	(58,606)	52,166
<b>Financing activities</b>				
Proceeds from issuance of shares and capital contributions to subsidiaries		35,520	128,542	—
Proceeds from interest-bearing borrowings	18(c)	184,901	243,587	206,808
Repayment of interest-bearing borrowings	18(c)	(81,136)	(220,197)	(350,849)
Capital element of lease rentals paid	18(c)	(10,516)	(17,729)	(19,001)
Interest element of lease rentals paid	18(c)	(8,347)	(8,249)	(8,038)

# **CONSOLIDATED CASH FLOW STATEMENTS (CONTINUED)**

(Expressed in RMB)

	Note	Year ended 31 December		
		2022	2023	2024
		RMB '000	RMB '000	RMB '000
Interest expense paid	18(c)	(15,270)	(18,407)	(13,462)
Increase in deposits with banks		(60)	(47)	(20)
Withdrawal of deposits with banks		—	—	20,641
Acquisition of non-controlling interests	18(c)	(20,874)	(1,011)	(3,771)
Disposal of equity interest in a subsidiary without loss of control		5,000	—	—
Advances from related parties	18(c)	6,628	—	—
Repayment to related parties	18(c)	(70,554)	(46,510)	(1,498)
Dividend declared by subsidiary to non-controlling shareholder		—	(9,175)	—
Proceeds from equity-settled share-based payment		35,592	2,332	3,600
Effect on equity arising from group reorganisation	26(c)(ii)	(6,824)	(4,276)	—
Expenses paid in connection with the proposed issuance of new shares		(635)	(1,822)	(2,867)
<b>Net cash generated from/(used in) financing activities</b>		<u>53,425</u>	<u>47,038</u>	<u>(168,457)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		(40,860)	116,803	52,249
<b>Cash and cash equivalents at the beginning of the year</b>	18(a)	<u>166,048</u>	<u>125,188</u>	<u>241,991</u>
<b>Cash and cash equivalents at the end of the year</b>	18(a)	<u><u>125,188</u></u>	<u><u>241,991</u></u>	<u><u>294,240</u></u>

The accompanying notes form part of the consolidated financial statements.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*(Expressed in RMB unless otherwise indicated)*

### 1 BASIS OF PREPARATION AND PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

#### 1.1 General information

Bayzed Health Group Inc (the “Company”) was incorporated in Cayman Islands on 9 December 2021 as an exempted company with limited liability under the Companies Act (As Revised) of the Cayman Islands.

The Company is an investment holding company and has not carried on any business since the date of its incorporation save for the group reorganisation mentioned below. The Company and its subsidiaries (together, “the Group”) primarily focused on hospital business and hospital management business, the revenue of the Group generated from (i) operating six private for-profit hospitals and providing healthcare services including full-cycle oncology healthcare services and other medical services, (ii) managing and operating, and receiving management fees from two private not-for-profit hospitals and (iii) supply of pharmaceuticals, medical equipment and consumables in the People’s Republic of China (the “PRC”).

Prior to the incorporation of the Company, the above-mentioned principal activities were carried out by Bayzed Medical Investment Group Company Limited (佰澤醫療投資集團有限公司, “Bayzed Medical Investment”) and its subsidiaries (together, the “Bayzed Medical Group”). To rationalise the corporate structure in preparation of the listing of the Company’s shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the Group underwent a corporate reorganisation (the “Reorganisation”) as detailed in the section headed “History, Reorganization and Corporate Structure” in the Prospectus. Upon completion of the Reorganisation on 8 August 2023, the Company became the holding company of the companies now comprising the Group. Details of the Group’s principal subsidiaries are set out in Note 1.2.

The Reorganisation only involved interspersing the Company and certain investment holding companies, which are newly formed entities with no substantive business operations, as the new holding companies of Bayzed Medical Group. There were no changes in the economic substance of the ownership of and the business of the Group before and after the Reorganisation. Accordingly, the consolidated financial statements have been prepared and presented as a continuation of the consolidated financial statements of Bayzed Medical Group with the assets and liabilities recognised and measured at their historical carrying amounts prior to the Reorganisation.

The consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements of the Group include the financial performance and cash flows of the companies now comprising the Group for each of the years ended 31 December 2022, 2023 and 2024 (the “Track Record Period”) as if the current group structure had been in existence throughout the Track Record Period (or where a company now comprising the Group was incorporated/established/acquired at a date later than 1 January 2022, for the period from the date of incorporation/establishment/acquisition, where this is a shorter period). The consolidated statements of financial position of the Group as at 31 December 2022, 2023 and 2024 have been prepared to present the state of financial position of the companies now comprising of the Group as at those dates as if the current group structure had been in existence as at the respective dates, taking into account the respective dates of incorporation or establishment, where applicable.

Intra-group balances, transactions and unrealised gains/losses on intra-group transactions are eliminated in full in preparing the consolidated financial statements.

There are no audited statutory financial statements prepared for the Company.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

### 1 BASIS OF PREPARATION AND PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 1.2 Subsidiaries

At the date of this report, particulars of the Company's principal subsidiaries are as follows:

Company name	Place and date of establishment and operation	Registered capital	Paid-up capital	Effective interest	Principal activities
Bayzed Medical Investment Group Company Limited. ("Bayzed Medical Investment") 佰澤醫療投資集團有限公司 (Notes (i), (ii), (iv), (v) and (vi))	The PRC, 31 July 2017	RMB1,234,216,046	RMB1,217,823,318	100.00%	Investment holding
Anhui Baihui Hospital Management Company Limited. 安徽佰惠醫院管理有限責任公司 (Notes (i), (ii), (iv), (v) and (vi))	The PRC, 6 September 2019	RMB300,000,000	RMB300,000,000	100.00%	Hospital management and consulting service
Bayway Rehabilitation Health Management Company Limited. 佰惠康復健康管理有限公司 (Notes (i), (ii), (vi) and (vii))	The PRC, 4 September 2020	RMB300,000,000	RMB100,000,000	100.00%	Hospital management and consulting service
Beijing Baize Medical Management Co., Ltd. 北京佰澤醫療管理有限公司 (Notes (i), (ii), (iv), (v) and (vi))	The PRC, 19 May 2020	RMB10,000,000	RMB10,000,000	100.00%	Hospital management and consulting service
Bayway Early Screening Health Technology (Beijing) Company Limited. 佰惠早篩健康技術(北京)有限公司 (Notes (i), (ii), (vi) and (vii))	The PRC, 27 July 2018	RMB300,000,000	RMB300,000,000	100.00%	Hospital management and consulting service
Shanxi Bayway Hospital Management Partnership (Limited Partnership) 山西佰惠醫院管理合夥企業(有限合夥) (Notes (i), (iii) and (vii))	The PRC, 16 November 2018	RMB100,000,000	RMB30,000,000	99.00%	Hospital management and consulting service
Henan Baihui Medical Investment Management Co., Ltd. 河南佰惠醫療投資管理有限公司 (Notes (i), (ii), (vi) and (vii))	The PRC, 23 December 2021	RMB100,000,000	RMB100,000,000	85.00%	Hospital management and consulting service
Tianjin Bayway Hospital Management Partnership (Limited Partnership) ("Tianjin Bayway Management") 天津佰惠醫院管理合夥企業(有限合夥) (Notes (i), (iii) and (vii))	The PRC, 27 August 2018	RMB94,000,000	RMB79,000,000	100.00%	Hospital management and consulting service
Tianjin Baihui Medical Management Co., Ltd. ("Tianjin Baihui Medical Management") 天津佰惠醫療管理有限公司 (Notes (i), (ii), (iv), (v) and (vi))	The PRC, 13 September 2018	RMB20,000,000	RMB20,000,000	70.00%	Hospital management and consulting service
Tianjin Yizhong Junan Hospital Management Partnership (Limited Partnership) ("Yizhong Junan Hospital Management") 天津醫眾君安醫院管理合夥企業(有限合夥) (Notes (i), (iii), and (vii))	The PRC, 30 July 2019	RMB37,066,000	RMB30,332,000	64.62%	Hospital management and consulting service
Taiyuan Peace Hospital Management Company Limited. 太原市和平醫院管理有限公司 (Notes (i), (ii), (iv), (v) and (vi))	The PRC, 1 November 2018	RMB100,000,000	RMB44,250,000	59.40%	Hospital management and consulting service
Zhengzhou Baikang Hospital Management Company Limited. 鄭州佰康醫院管理有限公司 (Notes (i), (ii), (vi) and (vii))	The PRC, 19 January 2022	RMB60,000,000	RMB60,000,000	85.00%	Hospital management and consulting service



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

### 1 BASIS OF PREPARATION AND PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Company name	Place and date of establishment and operation	Registered capital	Paid-up capital	Effective interest	Principal activities
Anhui Shoukang Medical Investment Company Limited. (“Anhui Shoukang Investment”) 安徽首康醫療投資有限公司 (Notes (i), (ii), (iv), (v) and (vi))	The PRC, 19 December 2014	RMB104,109,000	RMB104,109,000	69.92%	Hospital management and Investment service
Hefei Bayway Hospital Co., Ltd. (“Hefei Bayway Hospital”) 合肥佰惠醫院有限公司 (Notes (i), (ii), (iv), (v) and (vi))	The PRC, 13 November 2020	RMB30,000,000	RMB30,000,000	67.00%	General healthcare services
Tianjin Nankai Jixing Hospital Company Limited. (“Tianjin Nankai Jixing Hospital”) 天津南開濟興醫院有限責任公司 (Notes (i), (ii), (iv), (v) and (vi))	The PRC, 23 November 2015	RMB6,000,000	RMB6,000,000	70.00%	General healthcare services
Tianjin Shishi Hospital Company Limited. 天津石氏醫院有限公司 (Notes (i), (ii), (iv), (v) and (vi))	The PRC, 4 March 2020	RMB50,000,000	RMB50,000,000	56.00%	General healthcare services
Beijing Medical Creation United Technology Development Company Limited. (“Beijing Medical Creation”) 北京醫創聯合科技發展有限公司 (Notes (i), (ii), (v), (vi) and (vii))	The PRC, 26 December 2016	RMB72,000,000	RMB22,000,000	100.00%	Scientific research center
Western Beijing Cancer Hospital Company Limited. (“Western Beijing Cancer Hospital”) 北京京西腫瘤醫院有限公司 (Notes (i), (ii), (iv), (v) and (vi))	The PRC, 17 October 2011	RMB50,000,000	RMB50,000,000	66.46%	General healthcare services
Taiyuan Peace Hospital Company Limited. (“Taiyuan Peace Hospital”) 太原和平醫院有限公司 (Notes (i), (ii), (v), (vi) and (vii))	The PRC, 11 May 2021	RMB5,000,000	RMB5,000,000	59.40%	General healthcare services
Wuzhi Jimin Hospital Company Limited. (“Wuzhi Jimin Hospital”) 武陟濟民醫院有限責任公司 (Notes (i), (ii), (v), (vi) and (vii))	The PRC, 13 April 2017	RMB40,000,000	RMB40,000,000	68.00%	General healthcare services
Henan Huibai Medical Equipment Co., Ltd. 河南惠佰醫療設備有限公司 (Notes (i), (ii), (vi) and (vii))	The PRC, 13 July 2022	RMB5,000,000	RMB5,000,000	68.00%	Supply of medical equipment and consumables
Henan Tengfang Medical Equipment Co., Ltd. 河南騰方醫療設備有限公司 (Notes (i), (ii), (vi) and (vii))	The PRC, 21 September 2022	RMB3,000,000	–	68.00%	Supply of medical equipment and consumables
Huangshan Bokang Pharmacy Co., Ltd. (“Huangshan Bokang”) 黃山博康大藥房有限公司 (Notes (i), (ii), (iv), (v) and (vi))	The PRC, 17 November 2014	RMB600,000	RMB600,000	69.92%	Supply of pharmaceuticals, medical equipment and consumables
Anhui Ruizhong Medical Technology Company Limited. (“Anhui Ruizhong”) 安徽省瑞眾醫療科技有限公司 (Notes (i), (ii), (iv), (v) and (vi))	The PRC, 31 December 2020	RMB10,000,000	RMB2,500,000	69.92%	Supply of medical equipment and consumables
Huangshan Bohong Pharmaceutical Sales Company Limited. (“Huangshan Bohong”) 黃山博宏醫藥銷售有限公司 (Notes (i), (ii), (iv), (v) and (vi))	The PRC, 24 May 2018	RMB3,500,000	RMB3,500,000	69.92%	Supply of pharmaceuticals, medical equipment and consumables
Anhui Weizhong Medical Equipment Sales Co., Ltd. 安徽省衛眾醫療器械銷售有限責任公司 (Notes (i), (ii), (vi) and (vii))	The PRC, 6 June 2022	RMB5,000,000	–	69.92%	Supply of medical equipment and consumables



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

### 1 BASIS OF PREPARATION AND PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Company name	Place and date of establishment and operation	Registered capital	Paid-up capital	Effective interest	Principal activities
Beiyi Baihui Medical Management (Shanghai) Co., Ltd. (“Beiyi Baihui Medical (Shanghai)”) 北醫佰惠醫療管理(上海)有限公司 (Notes (i), (ii), (v), (vi) and (vii))	The PRC, 29 July 2021	RMB94,497,341	RMB78,104,613	100.00%	Investment holding
Beijing Huishi Medical Equipment Sales Co., Ltd. 北京惠世醫療器械銷售有限公司 (Notes (i), (ii), (vi) and (vii))	The PRC, 11 September 2023	RMB1,000,000	RMB1,000,000	100.00%	Supply of medical equipment and consumables

Notes:

- (i) The official name of these entities is in Chinese. The English translation is included for identification only.
- (ii) These entities were registered as limited liability companies under the laws and regulations in the PRC.
- (iii) These entities were registered as limited partnership companies under the laws and regulations in the PRC.
- (iv) These entities prepared the financial statements for the year ended 31 December 2022 in accordance with the PRC GAAP. The financial statements were audited by Beijing Dongshen Certified Public Accountants LLP (北京東審會計師事務所(特殊普通合夥)).
- (v) These entities prepared the financial statements for the year ended 31 December 2023 in accordance with the PRC GAAP. The financial statements were audited by Beijing Dongshen Certified Public Accountants LLP (北京東審會計師事務所(特殊普通合夥)).
- (vi) These entities prepared the financial statements for the year ended 31 December 2024 in accordance with the PRC GAAP. The financial statements were audited by Beijing Dongshen Certified Public Accountants LLP (北京東審會計師事務所(特殊普通合夥)).
- (vii) No audited financial statements were prepared for these entities during the Track Record Period except for the audited financial statements mentioned in Notes (iv), (v) and (vi).

All companies now comprising the Group have adopted 31 December as their financial year end date.

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (the “IASB”). As the Group’s first consolidated financial statements prepared in accordance with IFRS Accounting Standards, IFRS 1 “First-time Adoption of International Financial Reporting Standards” has been applied save for certain presentation and disclosure provisions therein. The date of transition to IFRS Accounting Standards was 1 January 2022, i.e. beginning of the Track Record Period. Further details of the material accounting policies adopted by the Group 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 consolidated financial statements, the Group has adopted all applicable new and revised IFRS Accounting Standards to the Track Record Period, except for any new and revised or amended standards that are not yet effective for the accounting period beginning on 1 January 2024. The new and revised or amended accounting standards issued but not yet effective for the accounting period beginning on 1 January 2024 are set out in Note 32.

The consolidated financial statements also comply 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 consolidated financial statements.

The consolidated financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

*(Expressed in RMB unless otherwise indicated)*

### 1 BASIS OF PREPARATION AND PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The consolidated financial statements have been prepared on the assumption that the Group will continue as a going concern, notwithstanding that the Group recorded net current liabilities as at 31 December 2022, 2023 and 2024. The directors of the Company have reviewed the Group's working capital forecast for the 12 months after 31 December 2024, and are of the opinion that the Group will have necessary liquid funds to finance its working capital and capital expenditure requirements taking into account forecasted cash inflow from operations and unutilised banking facilities at 31 December 2024.

### 2 MATERIAL ACCOUNTING POLICY INFORMATION

#### (a) Basis of measurement

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

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

The preparation of consolidated 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 consolidated 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 to, 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. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. 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.

For each business combination, the Group can elect to measure any non-controlling interests ("NCI") at the NCI's proportionate share of the subsidiary's net identifiable assets.

NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the company. NCI 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 year between NCI and the equity shareholders of the company. Loans from holders of NCI and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 2(m) and (n) depending on the nature of the liability.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

*(Expressed in RMB unless otherwise indicated)*

### 2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(h)), unless it is classified as held for sale (or included in a disposal group classified as held for sale).

#### (d) 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(h)(ii)).

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

#### (e) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses (see Note 2(h)(ii)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see Note 2(s)).

Items may be produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling any such items and the related costs are recognised in profit or loss.

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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

### 2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Depreciation is calculated to write off the cost 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:

– Leasehold improvement	Shorter of the lease term and 20 years
– Buildings	8 – 50 years
– Medical equipment	5 – 10 years
– Motor vehicles	5 – 10 years
– Office and other equipment	5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

#### (f) Intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note 2(h)(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 on a straight-line basis over the 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 useful lives are as follows:

– Software	5 to 10 years
– Management contracts	40 years
– Medical licenses	20 years
– GSP Certificate	5 years
– Cooperation relationship	6 years

Both the period and method of amortisation are reviewed annually.

#### *Software*

Costs incurred to acquire and bring the computer software into use are capitalised. Costs associated with maintaining computer software are recognised as expense as incurred.

#### *Management contracts*

Management contracts are the contractual rights to provide management services to hospitals. These contractual rights acquired in a business combination are recognised at fair value at the acquisition date. The management determine the useful life of management contracts based on the service periods agreed in the contractual agreements.

#### *Medical licenses*

Medical licenses acquired in a business combination are recognised at fair value at the acquisition date. In considering the estimated useful lives, renewal periods are considered only if there is evidence to support renewal by the Group without significant cost. The management estimated useful life of the medical licenses based on industry practice and regulatory landscapes.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

*(Expressed in RMB unless otherwise indicated)*

### 2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### *The Good Supply Practices for Pharmaceutical Products Certificate ("GSP Certificate")*

GSP certificate acquired in a business combination is recognised at fair value at the acquisition date. The management estimated useful life of the GSP certificate based on industry practice and regulatory landscapes.

#### *Cooperation relationship*

Cooperation relationship acquired in a business combination are recognised at fair value at the acquisition date. The estimated useful life of the cooperation relationship is based on an analysis of the relationships with the business partner.

#### **(g) 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. 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 Note 2(h)(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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

*(Expressed in RMB unless otherwise indicated)*

### 2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

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.

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.

#### (h) Credit losses and impairment of assets

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

The Group recognises a loss allowance for expected credit losses (ECLs) on financial assets measured at amortised cost (including cash and cash equivalents, trade receivables and other receivables).

##### *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 effective interest rate determined at initial recognition or an approximation thereof for trade and other receivables.

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 the 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.

For all other financial instruments (including loan commitments issued), the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument 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 (including a loan commitment) 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 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). 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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

*(Expressed in RMB unless otherwise indicated)*

### 2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

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 instrument's 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.

#### *Basis of calculation of interest income*

Interest income recognised in accordance with Note 2(q)(iv) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

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;
- a breach of contract, such as a default or past due event;
- 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

*(Expressed in RMB unless otherwise indicated)*

### 2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### *(ii) Impairment of other non-current 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;
- goodwill; and
- investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, 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). A portion of the carrying amount of a corporate asset (for example, head office building) is allocated to an individual cash-generating unit if the allocation can be done on a reasonable and consistent basis, or to the smallest group of cash-generating units if otherwise.

- 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 years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

#### **(i) 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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

*(Expressed in RMB unless otherwise indicated)*

### 2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

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.

A right to recover returned goods is recognised for the right to recover products from customers sold with a right of return.

#### **(j) 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.

#### **(k) Contract liabilities**

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 2(q)). 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(j)).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see Note 2(s)).

#### **(l) 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(h)(i).

#### **(m) Trade and other payables**

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

#### **(n) 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. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see Note 2(s)).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

*(Expressed in RMB unless otherwise indicated)*

### 2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### (o) 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 year 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.

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

The fair value of share granted to employees is recognised as an employee cost with a corresponding increase in other reserve within equity. 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.

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 the other reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the company's shares.

##### (iii) *Termination benefits*

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

#### (p) Income tax

Income tax for the year 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 year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

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.

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 Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

*(Expressed in RMB unless otherwise indicated)*

### 2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

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.

#### (q) Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable for the goods or services in the ordinary course of the Group's activities. The Group recognises revenue when it transfers control of the goods or services to a customer.

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

#### (i) Inpatient services and outpatient services

For inpatient service, the customers normally receive inpatient treatment which contains various treatment components that are all highly relevant and regarded as one performance obligation. Relevant revenue of inpatient treatment is recognised over time because the customer simultaneously receives and consumes the benefits provided by the Group. The progress towards the complete satisfaction of performance obligation is measured by direct measurements of the value of the goods or services transferred by the Group to the customer.

For outpatient services, revenue from the provision of outpatient services is recognised at a point in time when the services are provided. Revenue is recognised when the customer obtains the control of the completed services and the Group has satisfied its performance obligations with present right to payment and the collection of the consideration is probable.

#### (ii) Hospital management service

The Group provides the management related services to private not-for-profit hospitals over the service period. The hospital receives and consumes the benefits provided by the Group's performance as the Group performs. The Group uses a time-based measure of progress. Revenue from provision of managed hospital management services is recognised over the period in which the services are rendered. For revenue from hospital management services, service fee is calculated based on pre-set formulas set out in the arrangements, which primarily relating to the managed hospital's revenue.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

*(Expressed in RMB unless otherwise indicated)*

### 2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### *(iii) Supply of pharmaceuticals, medical equipment and consumables*

Revenue from supplying of pharmaceutical, medical equipment and consumables is recognised when control of the inventory has been transferred, i.e. when the goods are delivered to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the goods.

#### *(iv) Interest income*

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset.

#### *(v) 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.

#### **(r) Translation of foreign currencies**

The Company has its functional currency in USD. As the Group's operations are conducted by the subsidiaries of the Group in Chinese Mainland in RMB, the consolidated financial statements are presented in RMB.

Foreign currency transactions during the year 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 Group 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, the Group's presentation currency, 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.

#### **(s) Borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

*(Expressed in RMB unless otherwise indicated)*

### 2 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### (f) 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.

#### (u) 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 lines of business and geographical locations.

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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

### 3 ACCOUNTING JUDGEMENTS AND ESTIMATES

Key sources of estimation uncertainty are as follows:

#### (a) Impairment of non-current assets

If circumstances indicate that the carrying amount of a non-current asset may not be recoverable, the asset may be considered “impaired”, and an impairment loss may be recognised in accordance with accounting policy for impairment of non-current assets as described in Note 2(h)(ii). These assets are tested for impairment whenever the events or changes in circumstances indicate that their recorded carrying amounts may not be fully recoverable.

When such a decline has occurred, the carrying amount is reduced to recoverable amount. The recoverable amount is the greater of the fair value less costs of disposal and the value in use. In determining the value in use, expected future cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to the level of revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of the level of revenue and amount of operating costs. Changes in these estimates could have a significant impact on the recoverable amount of the assets and could result in additional impairment charge or reversal of impairment in future periods.

### 4 REVENUE AND SEGMENT REPORTING

#### (a) Revenue

The Group is principally engaged in hospital business, hospital management services, supply of pharmaceuticals, medical equipment and consumables and other business.

#### Disaggregation of revenue

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
<b>Over time:</b>			
– Inpatient services	379,389	515,940	544,428
– Hospital management services	37,315	41,121	39,567
	<u>416,704</u>	<u>557,061</u>	<u>583,995</u>
	-----	-----	-----
<b>At point in time:</b>			
– Outpatient services	216,542	289,881	400,737
– Supply of pharmaceuticals, medical equipment and consumables	146,730	215,158	190,686
– Other business	22,676	10,073	13,428
	<u>385,948</u>	<u>515,112</u>	<u>604,851</u>
	-----	-----	-----
<b>Revenue from contracts with customers</b>	<u><u>802,652</u></u>	<u><u>1,072,173</u></u>	<u><u>1,188,846</u></u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

### 4 REVENUE AND SEGMENT REPORTING (CONTINUED)

All of the revenue of the Group is generated from contracts with customers within the scope of IFRS 15.

The Group has applied the practical expedient in paragraph 121(a) of IFRS 15 and therefore the information about remaining performance obligations is not disclosed for contracts that have an expected duration of one year or less.

#### (b) Segment reporting

The Group's most senior executive management assesses performance and allocates resources on a group basis. Accordingly, no operating segment information is presented.

The Group generated all revenue in the PRC and its non-current assets are substantially located in the PRC, and accordingly, no analysis of geographic information is presented.

#### (c) Information about major customers

During the Track Record Period, there is one single customer, Huangshan Shoukang Hospital with whom transactions has exceeded 10% of the Group's revenue in the respective reporting periods. Details of the transactions are disclosed in Note 30(c). Other than this customer, none of the Group's customers contributed 10% or more of the Group's revenue during the Track Record Period.

### 5 OTHER NET INCOME

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Government grants	2,273	4,029	1,219
Interest income	1,317	1,191	2,840
(Loss)/gains on disposal of property, plant and equipment and intangible assets	(44)	(179)	2
Others	1,479	140	910
	<u>5,025</u>	<u>5,181</u>	<u>4,971</u>

### 6 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

#### (a) Finance cost

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Interest on interest-bearing borrowings	15,270	18,407	13,462
Interest on lease liabilities	8,347	8,249	8,038
Others	820	386	177
	<u>24,437</u>	<u>27,042</u>	<u>21,677</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

### 6 LOSS BEFORE TAXATION (CONTINUED)

#### (b) Staff cost

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Salaries, wages and other benefits	222,457	274,989	291,411
Contributions to defined contribution retirement plan (Note)	17,836	24,368	26,615
Equity-settled share-based payment expenses	178	—	—
	<u>240,471</u>	<u>299,357</u>	<u>318,026</u>

Note: The employees of the subsidiaries of the Group established in the Chinese mainland participate in defined contribution retirement benefit plans managed by the local government authorities, whereby these subsidiaries are required to contribute funds which are calculated based on certain percentages of the average employee salary as agreed by the local municipal governments to the scheme to fund the retirement benefits of the employees.

The Group has no further material obligation for payment of other retirement benefits beyond the above contributions. Contributions to the plans vest immediately, there is no forfeited contributions that may be used by the Group to reduce the existing level of contributions.

#### (c) Other items

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Amortisation cost of intangible assets (Note 13)	9,266	10,276	11,053
Depreciation charge			
– owned property, plant and equipment (Note 11)	41,857	50,876	49,997
– right-of-use assets (Note 12)	23,421	25,119	26,346
Listing expenses	—	14,791	16,053
Auditors' remuneration	620	202	189
Cost of inventories (Note 15(a))	458,562	575,128	660,986
	<u>492,666</u>	<u>665,582</u>	<u>774,624</u>

### 7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

#### (a) Taxation in the consolidated statements of profit or loss and other comprehensive income represents:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
<b>Current tax – the PRC Enterprise Income Tax</b>			
Provision for the year (Note 25(a))	16,984	18,993	18,529
<b>Deferred tax</b>			
Origination and reversal of temporary differences (Note 25(b))	(3,993)	803	(1,660)
	<u>12,991</u>	<u>19,796</u>	<u>16,869</u>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

### 7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS (CONTINUED)

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

	Note	Year ended 31 December		
		2022	2023	2024
		RMB'000	RMB'000	RMB'000
(Loss)/profit before taxation		(62,524)	(4,610)	13,312
Notional tax on (loss)/profit before taxation, calculated at the rates applicable in the jurisdictions concerned	(i), (ii), (iii)	(15,631)	(1,153)	3,328
Tax effect of non-deductible expenses		304	241	699
Effect of PRC tax concessions	(iv)	(377)	(21)	(26)
Tax effect of unused tax losses and other temporary differences not recognised		28,695	22,550	17,859
Tax effect of utilisation of previously unrecognised tax losses		—	(1,821)	(4,991)
Actual tax expense		12,991	19,796	16,869

Notes:

- (i) Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.
- (ii) The subsidiaries of the Group established in the Chinese mainland are subject to PRC Enterprise Income Tax rate of 25% during the Track Record Period.
- (iii) The provision for Hong Kong Profits Tax is subject to Hong Kong's two-tiered profits tax regime, under which the tax rate is 8.25% for assessable profits on the first HK\$2 million and 16.50% for any assessable profits in excess of HK\$2 million. The Group's subsidiary in Hong Kong SAR did not have any assessable profits during the Track Record Period.
- (iv) Certain subsidiaries of the Group have been approved as Small Low-profit Enterprise ("SLE"). The entitled subsidiaries are subject to a preferential income tax rate from 5% to 20% during the Track Record Period.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

### 8 DIRECTORS' EMOLUMENTS

Details of the emoluments of the directors during the Track Record Period are as follows:

Year ended 31 December 2022					
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
Executive directors					
Zhao Yongkai	—	920	595	60	1,575
Xu Xu	—	710	249	60	1,019
Chen Haoyang	—	630	304	—	934
Lu Jizhong	—	559	443	61	1,063
Feng Yu	—	400	118	—	518
	—	3,219	1,709	181	5,109

Year ended 31 December 2023					
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
Executive directors					
Zhao Yongkai	—	928	560	65	1,553
Xu Xu	—	807	480	65	1,352
Chen Haoyang	—	720	480	—	1,200
Lu Jizhong	—	645	379	65	1,089
Feng Yu	—	480	320	—	800
	—	3,580	2,219	195	5,994

Year ended 31 December 2024					
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
Executive directors					
Zhao Yongkai	—	918	647	68	1,633
Xu Xu	—	800	532	68	1,400
Chen Haoyang	—	708	553	—	1,261
Lu Jizhong	—	681	477	70	1,228
Feng Yu	—	632	416	—	1,048
	—	3,739	2,625	206	6,570

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

### 8 DIRECTORS' EMOLUMENTS (CONTINUED)

Xu Xu and Zhao Yongkai were appointed as executive directors of the Company in December 2021. Chen Haoyang, Lu Jizhong and Feng Yu were appointed as executive directors of the Company in July 2023. The directors' emoluments represented the amounts paid or payable for their services rendered to the Group during the Track Record Period, including those for services rendered by them as key management personnel prior to their appointments as directors of the Company.

Chan Hok Leung, Liu Shuang and Guo Wei were appointed as independent non-executive directors of the Company on 9 June 2025.

During the Track Record Period, no director has waived or agreed to waive any emoluments and no amounts were paid or payable by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group.

### 9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

During the Track Record Period, of the five individuals with the highest emoluments, three, four, and four are directors of the Company for each of the years ended 31 December 2022, 2023 and 2024, respectively, whose emoluments are disclosed in Note 8. The aggregate of the emoluments in respect of the remaining highest paid individuals are as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB '000	RMB '000	RMB '000
Salaries and other emoluments	1,218	568	659
Discretionary bonuses	720	320	349
Retirement scheme contributions	115	65	65
	<u>2,053</u>	<u>953</u>	<u>1,073</u>

The emoluments of the individuals who are not directors and who are amongst the five highest paid individuals of the Group are within the following bands:

#### Number of individuals

	Year ended 31 December		
	2022	2023	2024
HKD			
0 – 1,000,000	–	–	–
1,000,001 – 1,500,000	2	1	1
	<u>2</u>	<u>1</u>	<u>1</u>

During the Track Record Period, no amounts were paid or payable by the Group to the above non-director highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group.

### 10 LOSS PER SHARE

No loss per share information is presented as its inclusion, for the purpose of this report, is not considered meaningful due to the basis of preparation and presentation of the result of the Group for the Track Record Period as disclosed in Note 1 to the consolidated financial statements.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

## 11 PROPERTY, PLANT AND EQUIPMENT

### (a) Reconciliation of carrying amount

	Leasehold improvement RMB '000	Buildings RMB '000	Medical equipment RMB '000	Motor vehicles RMB '000	Office and other equipment RMB '000	Construction in progress RMB '000	Total RMB '000
<b>Cost:</b>							
At 1 January 2022	174,022	—	94,178	2,607	20,915	12,461	304,183
Additions	4,300	—	35,952	9	2,842	16,402	59,505
Acquisition of subsidiaries (Notes 27(a), (b) and (c))	18,971	79,374	33,698	486	3,170	1,400	137,099
Transfer in/(out)	24,261	—	1,980	—	529	(26,770)	—
Disposals	—	—	(3,700)	—	(364)	—	(4,064)
At 31 December 2022 and 1 January 2023	221,554	79,374	162,108	3,102	27,092	3,493	496,723
Additions	4,097	—	22,888	2,033	3,797	8,668	41,483
Transfer in/(out)	3,669	—	—	—	161	(3,830)	—
Disposals	—	—	(251)	—	(150)	—	(401)
At 31 December 2023 and 1 January 2024	229,320	79,374	184,745	5,135	30,900	8,331	537,805
Additions	1,899	—	31,285	299	2,313	10,130	45,926
Transfer in/(out)	11,237	—	598	—	1,050	(12,885)	—
Disposals	—	—	(5,923)	—	(1,065)	—	(6,988)
At 31 December 2024	242,456	79,374	210,705	5,434	33,198	5,576	576,743
<b>Accumulated depreciation:</b>							
At 1 January 2022	(42,744)	—	(25,896)	(1,246)	(10,184)	—	(80,070)
Charge for the year	(12,346)	(4,271)	(21,255)	(459)	(3,526)	—	(41,857)
Written back on disposals	—	—	3,342	—	354	—	3,696
At 31 December 2022 and 1 January 2023	(55,090)	(4,271)	(43,809)	(1,705)	(13,356)	—	(118,231)
Charge for the year	(15,636)	(5,693)	(24,558)	(1,004)	(3,985)	—	(50,876)
Written back on disposals	—	—	89	—	97	—	186
At 31 December 2023 and 1 January 2024	(70,726)	(9,964)	(68,278)	(2,709)	(17,244)	—	(168,921)
Charge for the year	(16,935)	(5,693)	(22,781)	(535)	(4,053)	—	(49,997)
Written back on disposals	—	—	5,175	—	1,021	—	6,196
At 31 December 2024	(87,661)	(15,657)	(85,884)	(3,244)	(20,276)	—	(212,722)
<b>Net book value:</b>							
At 31 December 2024	154,795	63,717	124,821	2,190	12,922	5,576	364,021
At 31 December 2023	158,594	69,410	116,467	2,426	13,656	8,331	368,884
At 31 December 2022	166,464	75,103	118,299	1,397	13,736	3,493	378,492

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

### 12 RIGHT-OF-USE ASSETS

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	Property leased RMB'000	Land use right RMB'000	Total RMB'000
<b>Cost:</b>			
At 1 January 2022	221,149	—	221,149
Additions	1,221	—	1,221
Acquisition of subsidiaries (Notes 27(a) and (b))	7,333	28,569	35,902
Lease modification (Note)	17,328	—	17,328
	<hr/>	<hr/>	<hr/>
At 31 December 2022 and 1 January 2023	247,031	28,569	275,600
Additions	15,405	—	15,405
Lease matured	(1,416)	—	(1,416)
	<hr/>	<hr/>	<hr/>
At 31 December 2023 and 1 January 2024	261,020	28,569	289,589
Additions	1,847	—	1,847
Disposals	(2,226)	—	(2,226)
Lease matured	(990)	—	(990)
	<hr/>	<hr/>	<hr/>
At 31 December 2024	259,651	28,569	288,220
	<hr/>	<hr/>	<hr/>
<b>Accumulated depreciation:</b>			
At 1 January 2022	(31,409)	—	(31,409)
Charge for the year	(22,933)	(488)	(23,421)
	<hr/>	<hr/>	<hr/>
At 31 December 2022 and 1 January 2023	(54,342)	(488)	(54,830)
Charge for the year	(24,467)	(652)	(25,119)
Lease matured	1,416	—	1,416
	<hr/>	<hr/>	<hr/>
At 31 December 2023 and 1 January 2024	(77,393)	(1,140)	(78,533)
Charge for the year	(25,694)	(652)	(26,346)
Disposals	556	—	556
Lease matured	990	—	990
	<hr/>	<hr/>	<hr/>
At 31 December 2024	(101,541)	(1,792)	(103,333)
	<hr/>	<hr/>	<hr/>
<b>Net book value:</b>			
At 31 December 2024	158,110	26,777	184,887
	<hr/>	<hr/>	<hr/>
At 31 December 2023	183,627	27,429	211,056
	<hr/>	<hr/>	<hr/>
At 31 December 2022	192,689	28,081	220,770
	<hr/>	<hr/>	<hr/>

Note: The Group entered into a new agreement with the lessor to extend the contractual lease term.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

### 12 RIGHT-OF-USE ASSETS (CONTINUED)

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

	Note	Year ended 31 December		
		2022	2023	2024
		RMB '000	RMB '000	RMB '000
Depreciation charge of right-of-use assets		23,421	25,119	26,346
Interest on lease liabilities	6(a)	8,347	8,249	8,038
Expense relating to short-term leases		540	3,118	363
COVID-19-related rent concessions received		(2,741)	—	—

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in Note 18(d) and Note 23 respectively.

The Group has adopted the Amendment to IFRS 16, *Leases*, *COVID-19-related rent concessions*, and applies the practical expedient to all eligible rent concessions received by the Group.

The Group leases hospital buildings and office under leases expiring in no more than twenty years. None of the leases includes variable lease payments.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

### 13 INTANGIBLE ASSETS

	Software RMB '000	Management contracts RMB '000	Medical licenses RMB '000	GSP Certificate RMB '000	Cooperation relationship RMB '000	Total RMB '000
<b>Cost:</b>						
At 1 January 2022	9,046	190,400	42,200	2,700	–	244,346
Addition	6,913	–	–	–	–	6,913
Acquisition of subsidiaries (Notes 27(a), (b) and (c))	270	–	19,000	–	1,989	21,259
At 31 December 2022 and 1 January 2023	16,229	190,400	61,200	2,700	1,989	272,518
Addition	6,249	–	–	–	–	6,249
At 31 December 2023 and 1 January 2024	22,478	190,400	61,200	2,700	1,989	278,767
Addition	4,033	–	–	–	–	4,033
At 31 December 2024	26,511	190,400	61,200	2,700	1,989	282,800
<b>Accumulated amortisation and impairment:</b>						
At 1 January 2022	(1,069)	(7,934)	(5,907)	(900)	–	(15,810)
Amortisation	(1,143)	(4,760)	(2,823)	(540)	–	(9,266)
At 31 December 2022 and 1 January 2023	(2,212)	(12,694)	(8,730)	(1,440)	–	(25,076)
Amortisation	(1,584)	(4,760)	(3,060)	(540)	(332)	(10,276)
At 31 December 2023 and 1 January 2024	(3,796)	(17,454)	(11,790)	(1,980)	(332)	(35,352)
Amortisation	(2,361)	(4,760)	(3,060)	(540)	(332)	(11,053)
At 31 December 2024	(6,157)	(22,214)	(14,850)	(2,520)	(664)	(46,405)
<b>Net book value:</b>						
At 31 December 2024	20,354	168,186	46,350	180	1,325	236,395
At 31 December 2023	18,682	172,946	49,410	720	1,657	243,415
At 31 December 2022	14,017	177,706	52,470	1,260	1,989	247,442

The amortisation charge is included in “cost of sales”, “selling expenses” and “general and administrative expenses” according to the function of amortisation charge.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

### 14 GOODWILL

	<i>RMB'000</i>
<b>Cost:</b>	
At 1 January 2022	531,462
Acquisition of subsidiaries (Notes 27(b) and (c))	<u>135,578</u>
At 31 December 2022, 31 December 2023 and 31 December 2024	667,040
	-----
<b>Accumulated impairment losses:</b>	
At 1 January 2022, 31 December 2022, 31 December 2023 and 31 December 2024	23,991
	-----
<b>Carrying amount:</b>	
At 31 December 2022, 31 December 2023 and 31 December 2024	<u><u>643,049</u></u>

Goodwill is allocated to the Group's cash-generating units identified according to operation and operating segment as follows:

	As at 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Western Beijing Cancer Hospital	323,465	323,465	323,465
Tianjin Nankai Jixing Hospital	22,741	22,741	22,741
Anhui Shoukang Investment	98,340	98,340	98,340
Hefei Bayway Hospital	62,925	62,925	62,925
Wuzhi Jimin Hospital	110,143	110,143	110,143
Beijing Medical Creation	<u>25,435</u>	<u>25,435</u>	<u>25,435</u>
	<u><u>643,049</u></u>	<u><u>643,049</u></u>	<u><u>643,049</u></u>

The recoverable amounts of the cash-generating units were determined based on the higher of fair value less costs of disposal and value in use calculations of the underlying assets with reference to valuation reports issued by an independent valuer. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. These cash flow projections adopted annual sales growth rates, which are based on the Group's historical experience with these operations and adjusted for other factors that are specific to each cash-generating unit. Cash flows beyond the five-year period are extrapolated using an estimated growth rate. The discount rates used are pre-taxed and reflect specific risks relating to the respective cash generating units.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

### 14 GOODWILL (CONTINUED)

The key assumptions used in the value-in-use calculations for the above cash-generating units are as follows:

	As at 31 December		
	2022	2023	2024
<b>Western Beijing Cancer Hospital</b>			
Annual sales growth rate beyond five-year period	2.50%	2.50%	2.00%
Discount rate	17.75%	17.86%	18.25%
<b>Tianjin Nankai Jixing Hospital</b>			
Annual sales growth rate beyond five-year period	2.50%	2.50%	2.00%
Discount rate	20.22%	20.03%	20.19%
<b>Anhui Shoukang Investment</b>			
Annual sales growth rate beyond five-year period	2.50%	2.50%	2.00%
Discount rate	19.33%	19.25%	19.30%
<b>Hefei Bayway Hospital</b>			
Annual sales growth rate beyond five-year period	2.50%	2.50%	2.00%
Discount rate	18.67%	18.46%	18.39%
<b>Wuzhi Jimin Hospital</b>			
Annual sales growth rate beyond five-year period	2.50%	2.50%	2.00%
Discount rate	19.07%	18.94%	18.70%
<b>Beijing Medical Creation</b>			
Annual sales growth rate beyond five-year period	2.50%	2.50%	2.00%
Discount rate	19.49%	19.87%	20.25%

Cash flows beyond the five-year period are extrapolated using an estimated growth rate by reference to the long-term inflation rate of China and the growth rate which is consistent with the market consensus on long-term growth rate of relevant market in the PRC.

As a result of the impairment tests, the managements are of the view that there was no impairment of goodwill as of 31 December 2022, 2023 and 2024. Reasonably possible changes in key assumptions would not lead to impairment as of 31 December 2022, 2023 and 2024.

The headroom calculated by deducting the carrying amount from the recoverable amount of each of cash-generating units is as follows:

	31 December 2022	31 December 2023	31 December 2024
	RMB '000	RMB '000	RMB '000
Western Beijing Cancer Hospital	12,153	51,570	91,299
Tianjin Nankai Jixing Hospital	18,857	28,004	24,166
Anhui Shoukang Investment	183,112	174,703	148,820
Hefei Bayway Hospital	19,662	37,421	50,670
Wuzhi Jimin Hospital	10,452	19,298	28,304
Beijing Medical Creation	1,154	6,466	11,279



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

### 14 GOODWILL (CONTINUED)

Management have undertaken sensitivity analysis on the impairment test of goodwill. The following table sets out the hypothetical changes to annual growth rate and pre-tax discount rate that would, in isolation, have removed the headroom respectively as at 31 December 2022, 2023 and 2024:

	31 December 2022	31 December 2023	31 December 2024
<b>Western Beijing Cancer Hospital</b>			
Decrease in annual growth rate	0.32%	1.92%	4.26%
Increase in pre-tax discount rate	0.26%	1.34%	2.79%
<b>Tianjin Nankai Jixing Hospital</b>			
Decrease in annual growth rate	7.32%	10.54%	9.07%
Increase in pre-tax discount rate	7.19%	10.91%	8.89%
<b>Anhui Shoukang Investment</b>			
Decrease in annual growth rate	12.49%	11.86%	10.42%
Increase in pre-tax discount rate	11.25%	12.51%	8.89%
<b>Hefei Bayway Hospital</b>			
Decrease in annual growth rate	2.18%	4.16%	7.96%
Increase in pre-tax discount rate	1.41%	2.86%	4.52%
<b>Wuzhi Jimin Hospital</b>			
Decrease in annual growth rate	0.79%	1.25%	1.89%
Increase in pre-tax discount rate	4.07%	1.05%	1.38%
<b>Beijing Medical Creation</b>			
Decrease in annual growth rate	1.10%	5.64%	9.60%
Increase in pre-tax discount rate	0.42%	2.89%	6.15%

As a result of the impairment tests, the Company is of the view that there was no impairment of goodwill as at 31 December 2022, 2023 and 2024.

### 15 INVENTORIES

	As at 31 December		
	2022	2023	2024
	RMB '000	RMB '000	RMB '000
Pharmaceuticals	34,745	39,242	45,499
Medical consumables	17,071	15,263	11,584
Medical equipment	2,741	3,218	4,410
Spare parts	1,341	1,936	1,265
	<u>55,898</u>	<u>59,659</u>	<u>62,758</u>

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

	Year ended 31 December		
	2022	2023	2024
	RMB '000	RMB '000	RMB '000
Carrying amount of inventories sold	<u>458,562</u>	<u>575,128</u>	<u>660,986</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

### 16 TRADE AND BILLS RECEIVABLES

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Trade receivables			
– Related parties	39,072	44,209	44,857
– Third parties	113,249	129,951	187,043
Less: loss allowance	(3,347)	(3,621)	(4,270)
	<u>148,974</u>	<u>170,539</u>	<u>227,630</u>
Bills receivables	<u>49,938</u>	<u>25,800</u>	<u>34,457</u>
	<u>198,912</u>	<u>196,339</u>	<u>262,087</u>

#### Ageing analysis

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

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within 3 months	126,326	151,885	156,536
3 to 6 months	7,297	10,274	61,977
6 to 9 months	4,406	943	4,162
9 to 12 months	10,945	4,032	3,159
Over 1 year	–	3,405	1,796
	<u>148,974</u>	<u>170,539</u>	<u>227,630</u>

Further details on the Group's credit policy and credit risk arising from trade receivables are set out in Note 29(a).

### 17 PREPAYMENTS AND OTHER RECEIVABLES

#### The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Prepayments for inventories and services	12,158	12,473	15,917
Prepayment for cost incurred in connection with the proposed issuance of the Company's shares (i)	635	2,457	5,324
Receivables from related parties (ii)	180,624	185,422	86,802
Deposits	5,115	4,339	6,864
Amounts due from staffs in relation to share-based payments	5,370	4,070	470
Amounts due from non-controlling shareholders of subsidiary	7,191	–	–
Others	2,135	5,811	5,260
	<u>213,228</u>	<u>214,572</u>	<u>120,637</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

### 17 PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

- (i) Prepayment for listing expenses will be deducted from equity upon the listing of the Company's shares on the Stock Exchange.
- (ii) Receivables from related parties represent the unsecured, interest-free loans due from hospitals managed by the Group, which expected to be settled within 1 year.

#### The Company

Prepayments and other receivables represent the unsecured, interest-free loans due from subsidiary with no fixed term of repayment and prepayment for cost incurred in connection with the proposed issuance of the Company's shares.

### 18 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

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

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Cash on hand	997	1,277	884
Cash at bank	144,765	261,335	311,626
Less: restricted deposits	20,574	20,621	18,270
Cash and cash equivalents	125,188	241,991	294,240

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

		Year ended 31 December		
	Note	2022	2023	2024
		RMB'000	RMB'000	RMB'000
(Loss)/profit before taxation		(62,524)	(4,610)	13,312
Adjustments for:				
Depreciation and amortisation	6(c)	74,544	86,271	87,396
Finance costs	6(a)	24,437	27,042	21,677
Net loss/(gain) on disposal of property, plant and equipment	5	44	179	(2)
COVID-19-related rent concessions from a lessor		(2,741)	—	—
Impairment loss on trade and bills receivables, net		2,063	274	649
Share-based payment transactions		178	—	—
Changes in working capital:				
– inventories		(7,341)	(3,761)	(3,099)
– trade and bills receivables		(33,083)	(26,271)	(86,415)
– prepayments and other receivables		(4,962)	4,012	(4,624)
– trade and bills payables		46,342	67,140	232,530
– other payables		17,089	5,896	(2,477)
– contract liabilities		69,328	(7,797)	(44,842)
– restricted cash		—	—	(18,270)
Cash generated from operations		123,374	148,375	195,835



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

### 18 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

#### (c) Reconciliation of liabilities arising from financing activities

The tables below detail changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Interest-bearing borrowings RMB'000 (Note 22)	Lease liabilities RMB'000 (Note 23)	Advances from related parties RMB'000 (Note 20)	Payable for acquisition of non-controlling interests RMB'000 (Note 20)	Total RMB'000
<b>At 1 January 2022</b>	172,610	176,275	26,934	14,469	390,288
<b>Changes from financing cash flows:</b>					
Proceeds from interest-bearing borrowings	184,901	—	—	—	184,901
Repayment of interest-bearing borrowings	(81,136)	—	—	—	(81,136)
Interest expense paid	(15,270)	—	—	—	(15,270)
Advances from related parties	—	—	6,628	—	6,628
Repayment to related parties	—	—	(70,554)	—	(70,554)
Payment for acquisition of non-controlling interests	—	—	—	(20,874)	(20,874)
Capital element of lease rentals paid	—	(10,516)	—	—	(10,516)
Interest element of lease rentals paid	—	(8,347)	—	—	(8,347)
<b>Total changes from financing cash flows</b>	88,495	(18,863)	(63,926)	(20,874)	(15,168)
<b>Other changes:</b>					
COVID-19-related rent concessions received (Note 12)	—	(2,741)	—	—	(2,741)
Increase in lease liabilities from entering into new leases during the year	—	1,221	—	—	1,221
Lease modification	—	16,996	—	—	16,996
Acquisition of subsidiaries	—	—	85,000	—	85,000
Acquisition of non-controlling interests	—	—	—	8,022	8,022
Interest expenses (Note 6(a))	15,270	8,347	—	—	23,617
<b>Total other changes</b>	15,270	23,823	85,000	8,022	132,115
<b>At 31 December 2022 and 1 January 2023</b>	276,375	181,235	48,008	1,617	507,235

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

## 18 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

	Interest-bearing borrowings RMB'000 (Note 22)	Lease liabilities RMB'000 (Note 23)	Advances from related parties RMB'000 (Note 20)	Payable for acquisition of non-controlling interests RMB'000 (Note 20)	Total RMB'000
<b>Changes from financing cash flows:</b>					
Proceeds from interest-bearing borrowings	243,587	—	—	—	243,587
Repayment of interest-bearing borrowings	(220,197)	—	—	—	(220,197)
Interest expense paid	(18,407)	—	—	—	(18,407)
Repayment to related parties	—	—	(46,510)	—	(46,510)
Payment for acquisition of non-controlling interests	—	—	—	(1,011)	(1,011)
Capital element of lease rentals paid	—	(17,729)	—	—	(17,729)
Interest element of lease rentals paid	—	(8,249)	—	—	(8,249)
<b>Total changes from financing cash flows</b>	<b>4,983</b>	<b>(25,978)</b>	<b>(46,510)</b>	<b>(1,011)</b>	<b>(68,516)</b>
<b>Other changes:</b>					
Interest-bearing borrowings arising from supplier finance arrangements	80,161	—	—	—	80,161
Increase in lease liabilities from entering into new leases during the year	—	15,405	—	—	15,405
Discounted bill receivables matured	(28,570)	—	—	—	(28,570)
Interest expenses (Note 6(a))	18,407	8,249	—	—	26,656
<b>Total other changes</b>	<b>69,998</b>	<b>23,654</b>	<b>—</b>	<b>—</b>	<b>93,652</b>
<b>At 31 December 2023</b>	<b>351,356</b>	<b>178,911</b>	<b>1,498</b>	<b>606</b>	<b>532,371</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

## 18 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

	Interest-bearing borrowings RMB '000 (Note 22)	Lease liabilities RMB '000 (Note 23)	Advances from related parties RMB '000 (Note 20)	Payable for acquisition of non-controlling interests RMB '000 (Note 20)	Total RMB '000
At 1 January 2024	351,356	178,911	1,498	606	532,371
<b>Changes from financing cash flows:</b>					
Proceeds from interest-bearing borrowings	206,808	—	—	—	206,808
Repayment of interest-bearing borrowings	(350,849)	—	—	—	(350,849)
Interest expense paid	(13,462)	—	—	—	(13,462)
Repayment to related parties	—	—	(1,498)	—	(1,498)
Payment for acquisition of non-controlling interests	—	—	—	(3,771)	(3,771)
Capital element of lease rentals paid	—	(19,001)	—	—	(19,001)
Interest element of lease rentals paid	—	(8,038)	—	—	(8,038)
<b>Total changes from financing cash flows</b>	(157,503)	(27,039)	(1,498)	(3,771)	(189,811)
<b>Other changes:</b>					
Interest-bearing borrowings arising from supplier finance arrangements	169,875	—	—	—	169,875
Acquisition of non-controlling interests	—	—	—	3,165	3,165
Increase in lease liabilities from entering into new leases during the year	—	1,847	—	—	1,847
Lease disposals	—	(1,689)	—	—	(1,689)
Discounted bill receivables matured	(20,000)	—	—	—	(20,000)
Interest expenses (Note 6(a))	13,462	8,038	—	—	21,500
<b>Total other changes</b>	163,337	8,196	—	3,165	174,698
At 31 December 2024	357,190	160,068	—	—	517,258



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

### 18 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

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

Amounts included in the cash flow statements for leases represented lease rentals paid and comprise the following:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within operating cash flows	540	3,118	363
Within financing cash flows	18,863	25,978	27,039
	<u>19,403</u>	<u>29,096</u>	<u>27,402</u>

### 19 TRADE AND BILLS PAYABLES

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Trade payables	251,415	249,473	292,183
Bills payables	12,831	1,752	21,697
	<u>264,246</u>	<u>251,225</u>	<u>313,880</u>

All trade and bills payables are expected to be settled within one year or are repayable on demand.

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

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within 3 months	134,335	158,132	163,593
3 to 6 months	81,217	58,430	74,983
6 to 12 months	32,227	17,164	33,401
Over 1 year	3,636	15,747	20,206
	<u>251,415</u>	<u>249,473</u>	<u>292,183</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

### 20 OTHER PAYABLES

#### The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Salary and welfare payables	41,963	54,235	63,116
Other taxes payable	13,994	13,193	4,567
Advances from related parties (i)	48,008	1,498	—
Payable for acquisition of non-controlling interests	1,617	606	—
Payables for purchase of property, plant and equipment	13,635	11,007	18,331
Others	35,487	32,987	29,163
	<u>154,704</u>	<u>113,526</u>	<u>115,177</u>

(i) Advances from related parties are unsecured, interest-free and have no fixed term of payment.

All other payables and accrued expenses are expected to be settled within one year or are repayable on demand.

#### The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Advances from subsidiaries	<u>1,831</u>	<u>15,999</u>	<u>37,158</u>

Advances from subsidiaries are unsecured, interest-free and have no fixed term of payment.

### 21 CONTRACT LIABILITIES

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Supply of pharmaceuticals, medical equipment and consumables	79,901	71,854	25,570
Providing services	<u>3,477</u>	<u>3,727</u>	<u>5,169</u>
	<u>83,378</u>	<u>75,581</u>	<u>30,739</u>

Contract liabilities primarily relate to the considerations received from customers before the Group satisfying performance obligations. It would be recognised as revenue upon the rendering of goods and services. The contract liabilities balance as at 1 January 2022, 2023 and 2024 has been substantially recognised as revenue during the respective years.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

### 22 INTEREST-BEARING BORROWINGS

(a) The Group's interest-bearing borrowings comprise:

	Note	As at 31 December		
		2022 RMB '000	2023 RMB '000	2024 RMB '000
Bank borrowings				
Guaranteed by subsidiaries of the Group		69,110	262,835	335,190
Secured by assets of a related party	i	3,850	—	—
Guaranteed by third party guarantee companies		15,000	10,000	—
Guaranteed by the Group and secured by the trade receivables		9,990	9,990	20,000
Secured by restricted deposits and secured by the equity of a subsidiary		75,000	50,000	—
Unsecured and unguaranteed		31,569	1,000	2,000
		<u>204,519</u>	<u>333,825</u>	<u>357,190</u>
Other borrowings from third parties				
Secured by property, plant and equipment	ii	11,515	2,006	—
Unsecured and unguaranteed		131	—	—
		<u>11,646</u>	<u>2,006</u>	<u>—</u>
Other borrowings from related parties				
Secured by property, plant and equipment	ii	60,210	15,525	—
		<u>60,210</u>	<u>15,525</u>	<u>—</u>
<b>Total</b>		<u>276,375</u>	<u>351,356</u>	<u>357,190</u>

Notes:

- (i) This bank borrowing was secured by the property of a subsidiary's vice president.
- (ii) These borrowings were secured by property, plant and equipment with an aggregated carrying value of RMB107,830,000 and RMB82,151,000 as at 31 December 2022 and 2023, respectively. The terms of these borrowings are three years and interest-bearing at 7%-10% per annum.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

### 22 INTEREST-BEARING BORROWINGS (CONTINUED)

(b) The Group's interest-bearing borrowings are repayable as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Within 1 year or on demand	202,010	257,314	292,090
1 to 2 years	53,324	21,042	20,500
2 to 5 years	21,041	73,000	44,600
	74,365	94,042	65,100
	276,375	351,356	357,190

### (c) Interest-bearing borrowings arising from supplier finance arrangements

The Group has entered into certain reverse factoring arrangements with banks, under which the Group obtained extended credit in respect of the invoice amounts owed to certain suppliers of household electronic materials.

Under these arrangements, the banks pay suppliers the amounts owed by the Group on the original due dates, which are normally 0-180 days after the invoice date. The Group then settles with the banks between 30-364 days after the original due dates with the suppliers.

In the consolidated statement of financial position, the Group has presented the payables to the banks under these arrangements as "interest-bearing borrowings", in view of the nature and function of such liabilities when compared with the Group's trade payables to suppliers. At 31 December 2022, 2023 and 2024, the carrying amount of financial liabilities under these arrangements amounted to RMB0, RMB80,010,000, RMB129,423,000, respectively, of which suppliers have received payments from the banks.

At 31 December 2022, 2023 and 2024, in the consolidated statement of cash flows, payments to the banks are included within financing cash flows based on the nature of the arrangements, and payments to the suppliers by the banks amounting to RMB0, RMB80,161,000 and RMB169,875,000 are non-cash transactions, respectively.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

### 23 LEASE LIABILITIES

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

	2022		As at 31 December 2023		2024	
	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	21,368	28,246	21,997	30,593	22,908	29,746
1 to 2 years	14,725	20,347	20,947	27,656	18,130	23,697
2 to 5 years	46,216	66,289	57,942	74,977	59,059	73,659
Over 5 years	98,926	125,460	78,025	98,089	59,971	77,359
	159,867	212,096	156,914	200,722	137,160	174,715
	181,235	240,342	178,911	231,315	160,068	204,461
Less: total future interest expenses		(59,107)		(52,404)		(44,393)
Present value of lease liabilities		181,235		178,911		160,068

### 24 EQUITY-SETTLED SHARE-BASED TRANSACTIONS

#### (a) Western Beijing Cancer Hospital

In July 2019, Western Beijing Cancer Hospital, a subsidiary of the Group, adopted a share scheme for its employees for the purpose of attracting and retaining the best available personnel, and to provide incentive to employees. Pursuant to the shares scheme, Western Beijing Cancer Hospital are authorised, at its discretion, to invite senior management talents and high-level technicians of Western Beijing Cancer Hospital to subscribe for Western Beijing Cancer Hospital's shares up to 5 million shares. The grantees can only exercise the right at the date of grant and the granted shares vest immediately.

The number of instruments granted is as follows:

	Number of shares	Aggregated exercise price RMB'000
Shares granted to employees:		
– 2 September 2019	345,000	2,967
– 5 February 2021	655,000	5,633
– 29 April 2022	810,000	6,968
Total shares granted	1,810,000	15,568

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

### 24 EQUITY-SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

The fair value of the right to subscribe for Western Beijing Cancer Hospital's shares is calculated as the difference between the exercise price and the fair value of Western Beijing Cancer Hospital's shares. As the exercise price is not lower than the fair value of Western Beijing Cancer Hospital's shares, the fair value of the right is considered as nil.

#### (b) Anhui Shoukang Investment

On 11 November 2021, Anhui Shoukang Investment, a subsidiary of the Group, adopted a share scheme for its employees for the purpose of attracting and retaining the best available personnel, and to provide additional incentive to employees. Pursuant to the shares scheme, Anhui Shoukang Investment are authorised, at its discretion, to invite senior management talents and high-level technicians of Huangshan Shoukang Hospital to subscribe for Anhui Shoukang Investment's shares up to 8.32 million shares. The grantees can only exercise the right at the date of grant and the granted shares vest immediately.

The number of instruments granted is as follows:

	Number of shares	Aggregation exercise price RMB'000
Shares granted to employees:		
– 19 December 2021	5,875,659	26,558
– 4 October 2022	316,363	1,430
	<hr/>	<hr/>
Total shares granted	6,192,022	27,988
	<hr/>	<hr/>

The fair value of the right to subscribe for Anhui Shoukang Investment's shares is calculated as the difference between the exercise price and the fair value of Anhui Shoukang Investment's shares. As the exercise price is not lower than the fair value of Anhui Shoukang Investment's shares, the fair value of the right is considered as nil.

#### (c) Tianjin Baihui Medical Management

On 25 September 2022, Tianjin Baihui Medical Management, a subsidiary of the Group, adopted a share scheme for its employees for the purpose of attracting and retaining the best available personnel, and to provide additional incentive to employees. Tianjin Baihui Medical Management is authorised, at its discretion, to invite senior management talents and high-level technicians of Tianjin Baihui Medical Management to subscribe for an aggregate of 6,000,000 shares, representing 30% of the enlarged capital of Tianjin Baihui Medical Management. The grantees can only exercise the right at the date of grant and the granted shares vest immediately.

The number of instruments granted is as follows:

	Number of instruments	Aggregated exercise price RMB'000
Shares granted to employees in 2022:	6,000,000	6,000

The fair value of the right to subscribe for Tianjin Baihui Medical Management's shares is estimated to be RMB0.03 per share, which is calculated as the difference between the exercise price and the fair value of Tianjin Baihui Medical Management's shares.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

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

#### (a) Current taxation in the consolidated statements of financial position represents:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
At the beginning of the year	8,751	16,756	15,745
Provision for the year	16,984	18,993	18,529
Income tax paid	(8,979)	(20,004)	(27,295)
At the end of the year	<u>16,756</u>	<u>15,745</u>	<u>6,979</u>

#### (b) Deferred tax assets and liabilities recognised:

The components of deferred tax assets and liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Accelerated tax allowance for depreciation expenses	Fair value adjustments on intangible assets and related amortisation	Lease liabilities	Right-of-use assets	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Deferred tax arising from:</b>					
At 1 January 2022	(134)	(44,083)	42,620	(40,227)	(41,824)
Effect of business combinations	–	(5,248)	–	–	(5,248)
(Charged)/credited to profit or loss	<u>50</u>	<u>1,742</u>	<u>2,241</u>	<u>(40)</u>	<u>3,993</u>
At 31 December 2022 and 1 January 2023	(84)	(47,589)	44,861	(40,267)	(43,079)
(Charged)/credited to profit or loss	<u>(3,688)</u>	<u>1,887</u>	<u>(133)</u>	<u>1,131</u>	<u>(803)</u>
At 31 December 2023 and 1 January 2024	(3,772)	(45,702)	44,728	(39,136)	(43,882)
(Charged)/credited to profit or loss	<u>(1,244)</u>	<u>1,884</u>	<u>(3,961)</u>	<u>4,981</u>	<u>1,660</u>
At 31 December 2024	<u>(5,016)</u>	<u>(43,818)</u>	<u>40,767</u>	<u>(34,155)</u>	<u>(42,222)</u>

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Deferred tax assets	4,688	5,662	6,765
Deferred tax liabilities	<u>(47,767)</u>	<u>(49,544)</u>	<u>(48,987)</u>
	<u>(43,079)</u>	<u>(43,882)</u>	<u>(42,222)</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

### 25 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

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

In accordance with the accounting policy set out in Note 2(p), the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB281,782,000, RMB358,268,000, and RMB333,630,000 at 31 December 2022, 2023 and 2024 respectively, as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity.

Pursuant to the relevant laws and regulations in the PRC, the unrecognised tax losses at the end of each of the reporting period will expire in the following years:

	As at 31 December		
	2022	2023	2024
	RMB '000	RMB '000	RMB '000
2023	4,785	—	—
2024	49,429	49,429	—
2025	63,752	63,752	63,752
2026	63,533	63,533	60,824
2027	100,283	92,474	75,373
2028	—	89,080	63,009
2029	—	—	70,672
	<u>281,782</u>	<u>358,268</u>	<u>333,630</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

### 26 CAPITAL, RESERVES AND DIVIDENDS

#### (a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity during the Track Record Period 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 out below:

	Share capital RMB'000	Share premium RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
<b>Balance at 1 January 2022</b>	43	—	—	—	43
<b>Changes in equity for 2022:</b>					
Loss for the year	—	—	—	(358)	(358)
Other comprehensive income	—	—	41	—	41
Total comprehensive income	—	—	41	(358)	(317)
Issuance of shares	*	6,668	—	—	6,668
<b>Balance at 31 December 2022 and 1 January 2023</b>	43	6,668	41	(358)	6,394
<b>Changes in equity for 2023:</b>					
Loss for the year	—	—	—	(15,357)	(15,357)
Other comprehensive income	—	—	(1,417)	—	(1,417)
Total comprehensive income	—	—	(1,417)	(15,357)	(16,774)
Issuance of shares	35	128,507	—	—	128,542
<b>Balance at 31 December 2023 and 1 January 2024</b>	78	135,175	(1,376)	(15,715)	118,162
<b>Changes in equity for 2024:</b>					
Loss for the year	—	—	—	(14,596)	(14,596)
Other comprehensive income	—	—	671	—	671
Total comprehensive income	—	—	671	(14,596)	(13,925)
<b>Balance at 31 December 2024</b>	78	135,175	(705)	(30,311)	104,237

\* The balance represents an amount less than RMB500.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

### 26 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

#### (b) Share capital

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 9 December 2021, with an authorised share capital of US\$50,000, divided into 5,000,000,000 shares with par value of US\$0.00001 each.

#### Issued share capital

	2022		As at 31 December 2023		2024	
	No. of shares	RMB'000	No. of shares	RMB'000	No. of shares	RMB'000
At 1 January	677,717,786	43	682,266,228	43	1,185,361,023	78
Issuance of shares	4,548,442	*	503,094,795	35	—	—
31 December	<u>682,266,228</u>	<u>43</u>	<u>1,185,361,023</u>	<u>78</u>	<u>1,185,361,023</u>	<u>78</u>

\* The balance represents an amount of less than RMB500.

#### (c) Nature and purpose of reserves

##### (i) Share premium

Share premium represents the difference between the consideration and the par value of the issued and paid-up shares of the Company.

##### (ii) Capital reserve

In July 2021, Beiyi Baihui Medical (Shanghai) entered into a share purchase agreement with then equity holders to acquire 100% equity interest in Bayzed Medical Investment ("the acquisition"). Capital reserve represented the paid-in capital and capital reserve of Bayzed Medical Investment before the acquisition, Beiyi Baihui Medical (Shanghai) after the acquisition but before the completion of Reorganisation, and the consideration paid for the Reorganisation.

Before the Company was incorporated, Bayzed Medical Investment entered into an onshore shareholders agreement with certain investors, pursuant to which, the investors agreed to invest RMB389,488,000 and RMB25,000,000 to acquire 19.42% and 2.02% of the then equity of Bayzed Medical Investment in 2021 and 2022, respectively. The amounts were reflected as capital contributions to subsidiaries in the statement of changes in equity.

As part of the Reorganisation, the Company, through its wholly-owned subsidiary Bayway Medical Group Limited ("Bayway Medical"), acquired the 60.13% and 39.87% equity interests in Beiyi Baihui Medical (Shanghai) from Beiyi Baihui Medical (Shanghai)'s then equity holder at a total consideration of RMB6,824,000 in 2022 and RMB4,276,000 in 2023, respectively. The consideration paid was reflected as a deemed distribution in the statement of changes in equity. Immediately following the acquisition, Beiyi Baihui Medical (Shanghai) became an indirectly wholly-owned subsidiary of the Company.

##### (iii) Exchange reserve

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

##### (iv) Other reserve

The balance of other reserve at the end of each reporting period represents the differences between consideration paid/received and non-controlling interests acquired/disposed; and accumulated fair value of equity-settled share-based payment in accordance with accounting policy in Note 2(o)(ii).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

### 26 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

#### (d) Dividend

The Company did not declare and pay any dividends since its incorporation.

#### (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.

### 27 BUSINESS COMBINATIONS AND ACQUISITION OF SUBSIDIARIES

#### (a) Taiyuan Peace Hospital

Taiyuan Peace Hospital entered into a purchase agreement with the sole shareholder of Taiyuan City Peace Hospital, to acquire the business and the net assets of Taiyuan Peace Hospital for a cash consideration of RMB12,720,000.

The acquisition was completed on 1 January 2022, and after the acquisition, the financial results of the business was consolidated into the financial statements of the Group.

The fair value of the identifiable assets and liabilities of the Taiyuan City Peace Hospital as at the date of acquisition is set out as follows:

	<i>RMB'000</i>
Property, plant and equipment	38,050
Right-of-use assets	7,333
Intangible assets	95
Inventories	1,006
Trade and bills receivables	23,243
Prepayments and other receivables	4,077
Cash and cash equivalents	2,305
Trade and bills payables	(19,664)
Other payables	(42,449)
Contract liabilities	(1,276)
Net identifiable assets acquired	12,720
Total consideration	12,720

Since the acquisition, the business contributed revenue of RMB93,737,000 and profit of RMB2,305,000 to the Group's results for the year ended 31 December 2022.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

### 27 BUSINESS COMBINATIONS AND ACQUISITION OF SUBSIDIARIES (CONTINUED)

Analysis of the cash flows in respect of the acquisition during the year ended 31 December 2022 is as follows:

	RMB'000
Cash consideration paid by the Group	12,720
Less: cash and cash equivalents acquired	<u>2,305</u>
Net cash outflow in respect of the acquisition	<u><u>10,415</u></u>

The trade receivables comprise gross contractual amounts due of RMB23,243,000 at the date of acquisition.

#### (b) Wuzhi Jimin Hospital

In March 2022, the Group entered into an equity transfer agreement to acquire 80% equity interests in Wuzhi Jimin Hospital for a cash consideration of RMB151,000,000.

The acquisition was completed on 1 April, 2022, and after the acquisition, Wuzhi Jimin Hospital became a subsidiary of the Group and the financial results were consolidated into the financial statements of the Group.

The fair value of the identifiable assets and liabilities of the Wuzhi Jimin Hospital as at the date of acquisition is set out as follows:

	RMB'000
Property, plant and equipment	93,702
Right-of-use assets	28,569
Intangible assets	
– Medical licenses	19,000
– Software	175
Inventories	12,994
Trade and bills receivables	36,924
Prepayments and other receivables	651
Cash at bank and on hand	11,097
Trade and bills payables	(43,887)
Other payables	(99,909)
Contract liabilities	(3,494)
Deferred tax liabilities	<u>(4,751)</u>
Net identifiable assets acquired	51,071
Less: Non-controlling interests	10,214
Add: Goodwill arising from acquisition (Note 14)	<u>110,143</u>
Total consideration	<u><u>151,000</u></u>

The goodwill is attributable mainly to the skills and technical talent of Wuzhi Jimin Hospital's work force and the synergies expected to be achieved from integrating the company into the Group's existing full-cycle oncology healthcare services. None of the goodwill recognised is expected to be deductible for tax purposes.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

### 27 BUSINESS COMBINATIONS AND ACQUISITION OF SUBSIDIARIES (CONTINUED)

Analysis of the cash flows in respect of the acquisition during the year ended 31 December 2022 is as follows:

	RMB'000
Cash consideration paid by the Group	151,000
Less: cash and cash equivalents acquired	11,097
	<hr/>
Net cash outflow in respect of the acquisition	139,903
	<hr/> <hr/>

Since the acquisition, the subsidiary contributed revenue of RMB144,496,000 and profit of RMB1,109,000 to the Group's results for the year ended 31 December 2022.

If the acquisition had occurred on 1 January 2022, consolidated revenue and loss for the year ended 31 December 2022 would have been RMB855,155,000 and RMB75,771,000 respectively.

The trade receivables comprise gross contractual amounts due of RMB36,924,000 at the date of acquisition.

#### (c) Beijing Medical Creation

In 2022, the Group entered into an equity transfer agreement to acquire 100% equity interest of Beijing Medical Creation for a cash consideration of RMB24,921,000.

The acquisition was completed on 31 December, 2022, and after the acquisition, Beijing Medical Creation became a subsidiary of the Group and the financial results were consolidated into the financial statements of the Group.

The fair value of the identifiable assets and liabilities of the Beijing Medical Creation as at the date of acquisition is set out as follows:

	RMB'000
Property, plant and equipment	5,347
Intangible assets	1,989
Prepayments and other receivables	526
Cash and cash equivalents	962
	<hr/>
Trade and bills payables	(254)
Other payables	(8,587)
Deferred tax liabilities	(497)
	<hr/>
Net identifiable liabilities	(514)
Add: Goodwill arising from acquisition (Note 14)	25,435
	<hr/>
Total consideration	24,921
	<hr/> <hr/>

The goodwill is attributable mainly to the skills and technical talent of Beijing Medical Creation's work force and the synergies expected to be achieved from integrating the company into the Group's existing full-cycle oncology healthcare services. None of the goodwill recognised is expected to be deductible for tax purposes.

Since the acquisition, the subsidiary has not contributed any revenue or profit to the Group's results for the year ended 31 December 2022.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

### 27 BUSINESS COMBINATIONS AND ACQUISITION OF SUBSIDIARIES (CONTINUED)

Analysis of the cash flows in respect of the acquisition is as follows:

	RMB'000
Cash consideration paid by the Group in 2021	24,921
Less: cash and cash equivalents acquired	<u>962</u>
Net cash outflow in respect of the acquisition	<u><u>23,959</u></u>

If the acquisition had occurred on 1 January 2022, consolidated revenue and loss for the year ended 31 December 2022 would have been RMB884,716,000 and RMB80,090,000, respectively.

#### (d) Acquisition-related cost

The acquisition-related costs were not significant and had been charged to general and administrative expenses in the consolidated statement of profit or loss and other comprehensive income as incurred.

#### (e) Fair value measurement

The valuation technique used for measuring the fair value of intangible assets acquired is multi-period excess earning method ("MEEM"), which is based on expected future economic earnings attributable to the intangible assets.

### 28 ACQUISITIONS OF NON-CONTROLLING INTERESTS

- (a) In April 2022, the Group acquired additional 30% non-controlling interests of Tianjin Baihui Medical Management at a consideration of RMB6,000,000 and certain in equity interests of a subsidiary with fair value of RMB1,800,000. As a result of the acquisition, the Group's shareholding in Tianjin Baihui Medical Management increased from 70% to 100%.

The decrease in equity attributable to equity shareholders of the Company is calculated as follows:

	RMB'000
Carrying amount of NCI acquired	3,380
Less: Cash consideration paid	6,000
Less: Fair value of equity interests of a subsidiary transferred	<u>1,800</u>
A decrease in equity attributable to equity shareholders of the Company	<u><u>(4,420)</u></u>

In December 2022, the Group acquired additional 10.64% non-controlling interests of Tianjin Bayway Management at the consideration of RMB2,022,000. As a result of the acquisition, the Group's shareholding in Tianjin Bayway Management increased from 89.36% to 100%.

The decrease in equity attributable to equity shareholders of the Company is calculated as follows:

	RMB'000
Carrying amount of NCI acquired	(78)
Less: Cash consideration paid in 2022	405
Less: Cash consideration paid in 2023	1,011
Less: Cash consideration paid in 2024	<u>606</u>
A decrease in equity attributable to equity shareholders of the Company	<u><u>(2,100)</u></u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

### 28 ACQUISITIONS OF NON-CONTROLLING INTERESTS (CONTINUED)

- (b) In June 2024, the Group acquired 6.62% non-controlling interests of Yizhong Junan Hospital Management at the consideration of RMB3,165,000. As a result of the acquisition, the Group's shareholding in Yizhong Junan Hospital Management increased from 58.00% to 64.62%.

The decrease in equity attributable to equity shareholders of the Company is calculated as follows:

	<i>RMB'000</i>
Carrying amount of NCI acquired	468
Less: Cash consideration paid in 2024	<u>3,165</u>
A decrease in equity attributable to equity shareholders of the Company	<u><u>(2,697)</u></u>

### 29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, and interest rate arises in the normal course of the Group's business. The Group is not exposed to significant 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 receivables and prepayments, deposits and other receivables. The Group's exposure to credit risk arising from cash at bank is limited because the counterparties are banks with good credit standing, for which the Group considers having low credit risk. Except for the financial guarantee given by the Group as set out in note 30(d), the Group does not provide any other guarantees which would expose the Group to credit risk.

#### *Trade receivables*

The Group's trade receivables due from third parties are mainly arose from providing hospital service to patients and supplying pharmaceuticals, medical equipment and consumables, without any single customer contributing material revenue.

For the receivables from hospital service, the Group has concentrated debtor's portfolio, as majority patients will claim their medical bill from public medical insurance program. The reimbursement from these organisations may take one to three months. The Group has policy in place to ensure the treatments and medicines prescribed and provided to such insured patients are in line with the policies of the respective organisations, and fulfilling all ethics and moral responsibilities as a healthcare provider. The carrying amount of receivables from public medical insurance programs is RMB89,839,000, RMB115,235,000 and RMB160,006,000 at 31 December 2022, 2023 and 2024 respectively.

For the receivables from supplying pharmaceuticals, medical equipment and consumables, the Group has granted credit terms of one to three months and would follow up actively on the settlement with respective counterparties to avoid any overdue receivables.

The Group has performed an impairment analysis at the end of each reporting period using a provision matrix to measure expected credit losses. The provision rates are based on aging of trade receivables for groupings of various debtor segments with similar loss patterns. The calculation reflects the historical credit losses experienced and reasonable and supportable information that is available at the year end date about past events, current conditions and forecasts of future economic conditions.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

### 29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

The following tables provides information about the Group's exposure to credit risk and ECLs for trade receivables mainly from supplying pharmaceuticals, medical equipment and consumables:

	As at 31 December 2022		
	Gross carrying amount RMB'000	Expected loss rate %	Loss allowance RMB'000
Current (not past due)	18,129	0.60%	(109)
0 – 3 months past due	1,961	9.38%	(184)
4 – 6 months past due	512	48.24%	(247)
7 – 9 months past due	148	99.32%	(147)
10 – 12 months past due	875	100.00%	(875)
More than 1 year past due	1,785	100.00%	(1,785)
	<u>23,410</u>		<u>(3,347)</u>

	As at 31 December 2023		
	Gross carrying amount RMB'000	Expected loss rate %	Loss allowance RMB'000
Current (not past due)	10,440	3.19%	(333)
0 – 3 months past due	957	24.03%	(230)
4 – 6 months past due	248	59.27%	(147)
7 – 9 months past due	1,123	85.75%	(963)
10 – 12 months past due	73	100.00%	(73)
More than 1 year past due	1,875	100.00%	(1,875)
	<u>14,716</u>		<u>(3,621)</u>

	As at 31 December 2024		
	Gross carrying amount RMB'000	Expected loss rate %	Loss allowance RMB'000
Current (not past due)	20,281	1.65%	(334)
0 – 3 months past due	3,045	20.16%	(614)
4 – 6 months past due	440	35.91%	(158)
7 – 9 months past due	235	54.47%	(128)
10 – 12 months past due	185	100.00%	(185)
More than 1 year past due	2,851	100.00%	(2,851)
	<u>27,037</u>		<u>(4,270)</u>

Expected loss rates are based on actual loss experience over the past 12 months. 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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

### 29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

Movements in the loss allowance account in respect of trade receivables from supplying pharmaceuticals, medical equipment and consumables and providing hospital service during the Track Record Period are as follows:

	As at 31 December		
	2022 RMB '000	2023 RMB '000	2024 RMB '000
Balance at 1 January	1,284	3,347	3,621
Impairment losses recognised during the year	2,063	274	649
Balance at 31 December	3,347	3,621	4,270

#### Other receivables and due from related parties

In respect of trade receivables due from related parties, other receivables on behalf of deposits and prepayments, the Group has assessed that the expected credit loss for these receivables is immaterial under 12-month expected losses method.

#### (b) Liquidity risk

As disclosed in note 22(c), the Group has entered into certain reverse factoring arrangements with banks, under which the Group obtained extended credit in respect of the invoice amounts owed to certain suppliers. This results in the Group being required to settle a larger amount with a single counterparty, rather than smaller amounts with several counterparties. However, the amounts of payables subject to the arrangements are limited.

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 table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the 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 on which the Group can be required to pay:

	As at 31 December 2022				Total RMB '000	Carrying amount RMB '000
	Contractual 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	More than 5 years RMB '000		
Interest-bearing borrowings	213,783	56,327	22,242	—	292,352	276,375
Lease liabilities	28,246	20,347	66,289	125,460	240,342	181,235
Trade and bills payables	264,246	—	—	—	264,246	264,246
Other payables	154,704	—	—	—	154,704	154,704
	660,979	76,674	88,531	125,460	951,644	876,560

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

### 29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

	As at 31 December 2023				Total	Carrying amount
	Contractual	undiscounted	cash outflow			
	More than	More than				
Within	1 year but	2 years but	More than			
1 year or	less than	less than	5 years			
on demand	2 years	5 years	5 years			
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest-bearing borrowings	262,373	22,102	76,312	—	360,787	351,356
Lease liabilities	30,593	27,656	74,977	98,089	231,315	178,911
Trade and bills payables	251,225	—	—	—	251,225	251,225
Other payables	113,526	—	—	—	113,526	113,526
	<u>657,717</u>	<u>49,758</u>	<u>151,289</u>	<u>98,089</u>	<u>956,853</u>	<u>895,018</u>
	As at 31 December 2024				Total	Carrying amount
	Contractual	undiscounted	cash outflow			
	More than	More than				
Within	1 year but less	2 years but	More than			
1 year or	than	less than	5 years			
on demand	2 years	5 years	5 years			
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest-bearing borrowings	303,014	21,367	46,665	—	371,046	357,190
Lease liabilities	29,746	23,697	73,659	77,359	204,461	160,068
Trade and bills payables	313,880	—	—	—	313,880	313,880
Other payables	115,177	—	—	—	115,177	115,177
	<u>761,817</u>	<u>45,064</u>	<u>120,324</u>	<u>77,359</u>	<u>1,004,564</u>	<u>946,315</u>

#### (c) Interest rate risk

The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

### 29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

#### (i) Interest rate risk profile

The following table, as reported to the management of the Group, details the interest rate risk profile of the Group's borrowings at the end of each reporting period:

	2022		As at 31 December 2023		2024	
	Effective interest rate		Effective interest rate		Effective interest rate	
	%	RMB'000	%	RMB'000	%	RMB'000
Fixed rate borrowings:						
– Interest-bearing borrowings	3.21% – 10.00%	161,425	0.00% – 10.00%	272,642	0.00% – 4.65%	301,811
– Lease liabilities	4.65% – 4.85%	181,235	4.65% – 4.85%	178,911	4.65% – 4.85%	160,068
		342,660		451,553		461,879
Variable rate instruments:						
– Interest-bearing borrowings	3.80% – 7.01%	114,950	3.80% – 7.01%	78,714	3.35% – 4.95%	55,379
Total		457,610		530,267		517,258

#### (ii) Sensitivity analysis

At 31 December 2022, 2023 and 2024, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's loss after tax and accumulated loss by approximately RMB1,092,000, RMB748,000, and RMB415,000, respectively.

The sensitivity analysis above indicates the instantaneous change in the Group's loss after tax and accumulated loss that would arise assuming that the change in interest rates had occurred at the end of each reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of each of the reporting period, the impact on the Group's loss after tax (and retained profits) and other components of consolidated equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis during the Track Record Period.

#### (d) Fair value measurement

##### *Fair value of financial instruments carried at other than fair value*

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values at the end of each reporting period.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

### 30 MATERIAL RELATED PARTY TRANSACTIONS

#### (a) Names and relationships with related parties

The directors of the Company are of the view that the following parties/companies were related parties that had transactions or balances with the Group during the years ended 31 December 2022, 2023 and 2024:

Name of related parties	Relationship with the Group
Zhengqi Holdings Co., Ltd.	The entity has significant influence over the Group
Huangshan Shoukang Hospital	Entity managed by the Group
Taiyuan Wanbailin District Peace Community Health Service Center	Entity managed by the Group
Chang Xiaosong	Non-controlling shareholder and key management personnel of a subsidiary
Shi Yu	Non-controlling shareholder and key management personnel of a subsidiary
Beijing Bayway Investment Fund Management Co., Ltd.	Entity controlled by ultimate controlling shareholder
Suzhou Beiyi Baihui Investment Partnership (Limited Partnership)	Entity controlled by ultimate controlling shareholder

#### (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		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Short-term employee benefits	5,747	7,562	8,351
Post-employment benefits	234	315	340
	<u>5,981</u>	<u>7,877</u>	<u>8,691</u>

Total remuneration is included in "staff cost" (see Note 6(b)).



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

### 30 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

#### (c) Significant related party transactions

The principal transactions which were carried out in the ordinary course of business are as follows:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Sale of goods to related parties			
– Huangshan Shoukang Hospital	67,218	137,519	111,571
– Taiyuan Wanbailin District Peace Community Health Service Center	379	–	24
Provision of service to related parties			
– Huangshan Shoukang Hospital	36,106	39,478	37,797
– Taiyuan Wanbailin District Peace Community Health Service Center	1,209	1,643	1,770
Provision of interest-free advances to related parties, net of repayment from related parties			
– Huangshan Shoukang Hospital	31,737	6,147	(96,769)
– Taiyuan Wanbailin District Peace Community Health Service Center	–	51	(51)
– Shi Yu	(1,050)	–	–
– Zhengqi Holdings Co., Ltd.	2,600	(1,400)	(1,800)
Provision of interest-free advances by related parties, net of repayment to related parties			
– Taiyuan Wanbailin District Peace Community Health Service Center	6,628	(5,130)	(1,498)
– Beijing Bayway Investment Fund Management Co. Ltd.	(14)	–	–
– Chang Xiaosong	(55,000)	(30,000)	–
– Suzhou Beiyi Baihui Investment Partnership (Limited Partnership)	(15,540)	(11,380)	–
Proceeds of loans from related party			
– Zhengqi Holdings Co., Ltd.	47,000	–	–
Repayment of loans from related party			
– Zhengqi Holdings Co., Ltd.	(29,928)	(48,143)	(16,194)
Interest expenses			
– Zhengqi Holdings Co., Ltd.	5,080	3,458	669

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

### 30 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

#### (d) Balances with related parties

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Trade related:			
Trade receivables			
– Huangshan Shoukang Hospital	37,911	42,571	42,981
– Taiyuan Wanbailin District Peace Community Health Service Center	1,161	1,638	1,876
Contract liabilities			
– Huangshan Shoukang Hospital	79,858	69,338	25,360
Non-trade related:			
Amount due from related parties			
Other receivables:			
– Huangshan Shoukang Hospital (i)	177,424	183,571	86,802
– Taiyuan Wanbailin District Peace Community Health Service Center	–	51	–
– Zhengqi Holdings Co., Ltd.	3,200	1,800	–
Amount due to related parties			
Other payables:			
– Taiyuan Wanbailin District Peace Community Health Service Center	6,628	1,498	–
– Chang Xiaosong	30,000	–	–
– Suzhou Beiyi Baihui Investment Partnership (Limited Partnership)	11,380	–	–
Interest-bearing borrowings:			
– Zhengqi Holdings Co., Ltd.	60,210	15,525	–
Guarantees provided in respect of loans of			
– Huangshan Shoukang Hospital (ii)	118,370	132,180	177,615

(i) The non-trade balances from related parties will not be settled prior to the Listing.

(ii) The Group has issued guarantees to certain banks in respect of the credit facilities of RMB254,000,000, RMB234,000,000 and RMB288,000,000 granted to Huangshan Shoukang Hospital as at 31 December 2022, 2023 and 2024, respectively. The Group does not intend to release the guarantees to related parties prior to the Listing.

### 31 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

As at 31 December 2024, the directors consider the immediate parent company of the Group to be Bayway Fund L.P. The ultimate controlling shareholder of the Group is considered to be Xu Xu.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

*(Expressed in RMB unless otherwise indicated)*

### 32 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR BEGINNING ON 1 JANUARY 2024

Up to the date of issue of the consolidated financial statements, the IASB has issued a number of new or amended standards, which are not yet effective for the accounting period beginning on 1 January 2024 and which have not been adopted in the consolidated financial statements.

	Effective for accounting periods beginning on or after
Lack of Exchangeability (Amendments to IAS 21)	1 January 2025
Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)	1 January 2026
Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)	1 January 2026
Presentation and Disclosure in the Financial Statements (IFRS 18)	1 January 2027
Subsidiaries without Public Accountability: Disclosures (IFRS 19)	1 January 2027
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	To be determined

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 SUBSEQUENT EVENTS

No significant subsequent events have occurred subsequent to 31 December 2024.