BETTERS MEDICAL INVESTMENT HOLDINGS LIMITED
(百德医疗投资控股有限公司)
(incorporated in the Cayman Islands with limited liability)

Report and Consolidated Financial Statements
For the years ended 31 December 2019, 2020 and 2021 and the five months ended 31 May 2022

BDO

BETTERS MEDICAL INVESTMENT HOLDINGS LIMITED
(百德医疗投资控股有限公司)

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2019, 2020 AND 2021 AND THE FIVE MONTHS ENDED 31 MAY 2022

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INDEPENDENT AUDITOR'S REPORT
TO THE DIRECTORS OF BETTERS MEDICAL INVESTMENT HOLDINGS LIMITED (百德医疗投资控股有限公司)

(incorporated in the Cayman Islands with limited liability)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Betters Medical Investment Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 5 to 150, which comprise the consolidated statements of financial position as at 31 December 2019, 2020 and 2021 and 31 May 2022 and the statements of financial position of the Company as at 31 December 2021 and 31 May 2022, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2019, 2020 and 2021 and the five months ended 31 May 2022 (the "Track Record Period") and notes to the consolidated financial statements, including a summary of significant accounting policies .

In our opinion, the consolidated financial statements, for the purpose of forming the basis of the historical financial information (see "Emphasis of Matter" section of this report), give a true and fair view of the financial position of the Company as at 31 December 2021 and 31 May 2022, the consolidated financial position of the Group as at 31 December 2019, 2020 and 2021 and 31 May 2022, and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of presentation and preparation set out in Note 2 to the consolidated financial statements.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by 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"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT
TO THE DIRECTORS OF BETTERS MEDICAL INVESTMENT HOLDINGS LIMITED
(百德医疗投资控股有限公司)
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Emphasis of Matter - Basis of Presentation and Preparation and Restriction on Distribution and Use

We draw attention to Note 2 to the consolidated financial statements, which describes the basis of presentation and preparation. These consolidated financial statements are prepared to form the basis of the historical financial information for inclusion in the prospectus of the Company in connection with the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited and accordingly may not be suitable for another purpose. Our report is intended solely for the directors of the Company and should not be distributed to or used by parties other than the directors of the Company. Our opinion is not modified in respect of this matter.

Directors' Responsibilities for the Consolidated Financial Statements

The directors are responsible for the preparation of the consolidated financial statements that gives a true and fair view in accordance with the basis of presentation and preparation set out in Note 2 to the consolidated financial statements, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

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. This report is made solely to you, as a body, in accordance with the terms of our engagement, 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 HKSAs 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.

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

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism 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.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

INDEPENDENT AUDITOR'S REPORT
TO THE DIRECTORS OF BETTERS MEDICAL INVESTMENT HOLDINGS LIMITED
(百德医疗投资控股有限公司)
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REPORT ON THE REVIEW OF THE STUB PERIOD COMPARATIVE FINANCIAL INFORMATION

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the five months ended 31 May 2021 and other explanatory information (together the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the presentation and preparation of the Stub Period Comparative Financial Information in accordance with the basis of presentation and preparation set out in Note 2 to the consolidated financial statements. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purpose of forming the basis of the historical financial information (see "Emphasis of Matter" section of this report), is not prepared, in all material respects, in accordance with the basis of presentation and preparation set out in Note 2 to the consolidated financial statements.

BDO Limited

BDO Limited
Certified Public Accountants
Ho Yee Man
Practising Certificate no. P07395

Hong Kong, 22 September 2022

BETTERS MEDICAL INVESTMENT HOLDINGS LIMITED
(百德医疗投资控股有限公司)

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019, 2020 AND 2021 AND THE FIVE MONTHS ENDED 31 MAY 2022

		Year ended 31 December			Five months ended 31 May	
	Notes	2019	2020	2021	2021	2022
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(Unaudited)	
Revenue	6	85,029	118,287	188,664	59,605	63,764
Cost of sales		(9,042)	(16,391)	(31,923)	(7,483)	(9,724)
Gross profit		75,987	101,896	156,741	52,122	54,040
Other income and gains	7	5,547	5,568	10,326	2,055	8,763
Selling and distribution expenses		(20,184)	(18,538)	(29,150)	(9,114)	(12,492)
Research and development expenses		(8,048)	(4,899)	(9,773)	(2,177)	(4,252)
Administrative expenses		(10,488)	(12,724)	(30,115)	(7,747)	(10,241)
Listing expenses		-	(4,974)	(15,860)	(4,712)	(2,554)
Reversal of impairment losses /(Impairment losses) on financial and contract assets, net		387	(2,442)	2,646	(2,278)	612
Fair value changes on convertible loans	31	(86,893)	(25,355)	-	-	-
Gains on redemption of convertible loans	31	3,620	25,047	-	-	-
Fair value change on convertible redeemable preference shares	32	-	-	7,100	-	(6,700)
Finance costs	8	(646)	(1,052)	(975)	(446)	(562)
(Loss)/Profit before income tax expense	9	(40,718)	62,527	90,940	27,703	26,614
Income tax expense	12	(8,943)	(15,835)	(16,083)	(5,570)	(5,468)
(Loss)/Profit for the year/period		(49,661)	46,692	74,857	22,133	21,146

BETTERS MEDICAL INVESTMENT HOLDINGS LIMITED
(百德医疗投资控股有限公司)

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2019, 2020 AND 2021 AND THE FIVE MONTHS ENDED 31 MAY 2022

	Notes	Year ended 31 December			Five months ended 31 May	
		2019 RMB'000	2020 RMB'000	2021 RMB'000	2021 RMB'000 (Unaudited)	2022 RMB'000
Other comprehensive income						
Item that will not be reclassified to profit or loss in subsequent periods:						
Exchange differences on translation to presentation currency		-	-	-	-	(108)
Other comprehensive income for the year/period		-	-	-	-	(108)
Total comprehensive income for the year/period		(49,661)	46,692	74,857	22,133	21,038
(Loss)/Profit for the year/period attributable to:						
Owners of the Company		(50,021)	46,348	74,205	21,955	20,976
Non-controlling interests		360	344	652	178	170
		(49,661)	46,692	74,857	22,133	21,146
Total comprehensive income for the year/period attributable to:						
Owners of the Company		(50,021)	46,348	74,205	21,955	20,868
Non-controlling interests		360	344	652	178	170
		(49,661)	46,692	74,857	22,133	21,038

BETTERS MEDICAL INVESTMENT HOLDINGS LIMITED
(百德医疗投资控股有限公司)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019, 2020 AND 2021 AND 31 MAY 2022

	Notes	As at 31 December			As at 31 May
		2019 RMB'000	2020 RMB'000	2021 RMB'000	2022 RMB'000
ASSETS AND LIABILITIES					
Non-current assets					
Property, plant and equipment	15	5,471	9,146	15,489	13,562
Right-of-use assets	16	6,098	9,409	5,652	4,237
Intangible asset	17	1,000	700	400	275
Goodwill	18	422	422	422	422
Prepayment and deposits	23	6,512	3,797	566	6,145
Deferred tax assets	19	2,026	2,411	1,142	1,123
		21,529	25,885	23,671	25,764
Current assets					
Inventories	20	4,940	5,288	10,635	11,456
Trade receivables	21	31,747	53,725	78,483	84,309
Contract assets	22	-	-	621	-
Prepayments, deposits and other receivables	23	19,018	19,192	26,768	57,392
Amounts due from shareholders	24	-	-	2,212	1,840
Current tax assets		3,110	-	2,795	2,029
Cash and cash equivalents	25	1,535	6,993	20,820	24,090
		60,350	85,198	142,334	181,116
Current liabilities					
Trade payables	26	698	399	2,168	815
Other payables and accruals	27	29,163	27,725	20,704	21,667
Bank borrowings	28	-	9,000	13,000	28,000
Lease liabilities	29	1,080	4,090	2,369	1,997
Contract liabilities	30	6,884	5,089	4,067	3,799
Convertible loans	31	182,864	4,572	-	-
Convertible redeemable preference shares	32	-	-	87,300	94,000
Amounts due to a director	24	249	-	-	-
Amounts due to a shareholder	24	12,467	2,417	-	-
Current tax liabilities		593	7,104	2,664	1,748
		233,998	60,396	132,272	152,026
Net current (liabilities)/assets		(173,648)	24,802	10,062	29,090
Total assets less current liabilities		(152,119)	50,687	33,733	54,854
Non-current liabilities					
Lease liabilities	29	4,821	6,360	2,832	2,090
Deferred tax liabilities	19	250	175	100	69
		5,071	6,535	2,932	2,159
Net (liabilities)/assets		(157,190)	44,152	30,801	52,695

BETTERS MEDICAL INVESTMENT HOLDINGS LIMITED
(百德医疗投资控股有限公司)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION - CONTINUED
AS AT 31 DECEMBER 2019, 2020, AND 2021 AND 31 MAY 2022

	Notes	As at 31 December			As at 31 May
		2019 RMB'000	2020 RMB'000	2021 RMB'000	2022 RMB'000
EQUITY					
Share capital	33	-	-	74	74
Reserves	34	(152,429)	47,081	32,994	54,718
(Capital deficiency)/Equity attributable to owners of the Company		(152,429)	47,081	33,068	54,792
Non-controlling interests		(4,761)	(2,929)	(2,267)	(2,097)
Total (deficiency)/equity		(157,190)	44,152	30,801	52,695

The consolidated financial statements on pages 5 to 150 were approved and authorised for issue by the board of directors of the Company on 22 SEP 2022 and are signed on its behalf by:

吴海梅

Ms. Wu Haimei
Executive director

邱荃

Ms. Qiu Quan
Executive director

BETTERS MEDICAL INVESTMENT HOLDINGS LIMITED
(百德医疗投资控股有限公司)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021 AND 31 MAY 2022

	Notes	As at 31 December 2021 RMB'000	As at 31 May 2022 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Investment in a subsidiary	38	*	*
Amounts due from subsidiaries	24	8,938	5,737
		8,938	5,737
Current assets			
Prepayments	23	4,255	4,757
Amount due from shareholders	24	1,723	1,678
Cash and cash equivalents	25	1,498	622
		7,476	7,057
Current liabilities			
Other payables and accruals	27	10,155	10,106
Convertible redeemable preference shares	32	87,300	94,000
		97,455	104,106
Net current liabilities		(89,979)	(97,049)
Net liabilities		(81,041)	(91,312)
EQUITY			
Share capital	33	74	74
Reserves	34	(81,115)	(91,386)
Total deficiency		(81,041)	(91,312)

*The balance represents an amount less than RMB1,000.

Approved and authorised for issue by the board of directors on 22 SEP 2022 and signed on its behalf by:

吴海美

Ms. Wu Haimei
Executive director

邱荃

Ms. Qiu Quan
Executive director

BETTERS MEDICAL INVESTMENT HOLDINGS LIMITED
(百德医疗投资控股有限公司)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENED 31 DECEMBER 2019, 2020 AND 2021 AND THE FIVE MONTHS ENDED 31 MAY 2022

	Attributable to owners of the Company						
	Merger reserve* RMB'000 (Note 34)	Capital reserve* RMB'000 (Note 34)	Statutory surplus reserve* RMB'000 (Note 34)	Accumulated losses* RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2019	11,000	1,454	727	(59,823)	(46,642)	(2,087)	(48,729)
(Loss)/Profit and total comprehensive income for the year	-	-	-	(50,021)	(50,021)	360	(49,661)
Transfer of profit appropriations to statutory surplus reserve	-	-	979	(979)	-	-	-
Acquisition of non-controlling interests (Note 36)	-	(55,766)	-	-	(55,766)	(3,034)	(58,800)
At 31 December 2019 and 1 January 2020	11,000	(54,312)	1,706	(110,823)	(152,429)	(4,761)	(157,190)
Profit and total comprehensive income for the year	-	-	-	46,348	46,348	344	46,692
Transfer of profit appropriations to statutory surplus reserve	-	-	3,204	(3,204)	-	-	-
Contributions from shareholders arising from group reorganisation	30,005	-	-	-	30,005	-	30,005
Deemed distributions arising from group reorganisation	(25,671)#	-	-	-	(25,671)	-	(25,671)
Conversion of shares from convertible loans (Note 31)	148,828	-	-	-	148,828	1,488	150,316
At 31 December 2020	164,162	(54,312)	4,910	(67,679)	47,081	(2,929)	44,152

BETTERS MEDICAL INVESTMENT HOLDINGS LIMITED
(百德医疗投资控股有限公司)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY - CONTINUED
FOR THE YEAR ENED 31 DECEMBER 2019, 2020 AND 2021 AND THE FIVE MONTHS ENDED 31 MAY 2022

	Attributable to owners of the Company									
	Share capital RMB'000 (Note 33)	Share premium RMB'000 (Note 34)	Merger reserve* RMB'000 (Note 34)	Capital reserve* RMB'000 (Note 34)	Share option reserve* RMB'000 (Note 35)	Statutory surplus reserve* RMB'000 (Note 34)	Accumulated losses* RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2021	-	-	164,162	(54,312)	-	4,910	(67,679)	47,081	(2,929)	44,152
Profit and total comprehensive income for the year	-	-	-	-	-	-	74,205	74,205	652	74,857
Transfer of profit appropriations to statutory surplus reserve	-	-	-	-	-	14,868	(14,868)	-	-	-
Issue of shares (Note 33)	84	-	-	-	-	-	-	84	-	84
Repurchase of shares (Note 33)	(10)	(66,764)	-	-	-	-	-	(66,774)	-	(66,774)
Dividend declared to shareholders of a subsidiary (Note 13)	-	-	-	-	-	-	(35,000)	(35,000)	-	(35,000)
Contributions from shareholders arising from group reorganisation	-	-	12,930	-	-	-	-	12,930	10	12,940
Recognition of equity-settled share-based payments (Note 35)	-	-	-	-	542	-	-	542	-	542
At 31 December 2021	74	(66,764)	177,092	(54,312)	542	19,778	(43,342)	33,068	(2,267)	30,801
At 1 January 2021	-	-	164,162	(54,312)	-	4,910	(67,679)	47,081	(2,929)	44,152
Profit and total comprehensive income for the period	-	-	-	-	-	-	21,955	21,955	178	22,133
Transfer of profit appropriations to statutory surplus reserve	-	-	-	-	-	10,647	(10,647)	-	-	-
Issue of shares (Note 33)	84	-	-	-	-	-	-	84	-	84
Dividend declared to shareholders of a subsidiary (Note 13)	-	-	-	-	-	-	(35,000)	(35,000)	-	(35,000)
Contributions from shareholders arising from group reorganisation	-	-	12,930	-	-	-	-	12,930	10	12,940
At 31 May 2021 (Unaudited)	84	-	177,092	(54,312)	-	15,557	(91,371)	47,050	(2,741)	44,309

BETTERS MEDICAL INVESTMENT HOLDINGS LIMITED
(百德医疗投资控股有限公司)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY - CONTINUED
FOR THE YEAR ENED 31 DECEMBER 2019, 2020 AND 2021 AND THE FIVE MONTHS ENDED 31 MAY 2022

	Attributable to owners of the Company										
	Share capital RMB'000 (Note 33)	Share premium RMB'000 (Note 34)	Merger reserve* RMB'000 (Note 34)	Capital reserve* RMB'000 (Note 34)	Share option reserve* RMB'000 (Note 35)	Statutory surplus reserve* RMB'000 (Note 34)	Translation reserve* RMB'000 (Note 34)	Accumulated losses* RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2022	74	(66,764)	177,092	(54,312)	542	19,778	-	(43,342)	33,068	(2,267)	30,801
Profit for the period	-	-	-	-	-	-	-	20,976	20,976	170	21,146
Other comprehensive income for the period:											
Exchange difference on translation to presentation currency	-	-	-	-	-	-	(108)	-	(108)	-	(108)
Total comprehensive income for the period	-	-	-	-	-	-	(108)	20,976	20,868	170	21,038
Transfer of profit appropriations to statutory surplus reserve	-	-	-	-	-	2,856	-	(2,856)	-	-	-
Recognition of equity-settled share-based payments (Note 35)	-	-	-	-	856	-	-	-	856	-	856
At 31 May 2022	74	(66,764)	177,092	(54,312)	1,398	22,634	(108)	(25,222)	54,792	(2,097)	52,695

* These reserve accounts comprise the consolidated reserves as at 31 December 2019, 2020 and 2021 and 31 May 2022 in the consolidated statements of financial position.

The deemed distribution comprises (i) an amount of RMB14,671,000, being the difference between the investment costs in subsidiaries paid to the vendors and the share capital of certain entities arising from the equity transfer in Baide (Suzhou) Medical Company Limited ("Baide Suzhou"), the subsidiaries of the Group; and (ii) share capital of Baide Suzhou of RMB11,000,000, pursuant to group reorganisation.

BETTERS MEDICAL INVESTMENT HOLDINGS LIMITED
(百德医疗投资控股有限公司)

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEAR ENED 31 DECEMBER 2019, 2020 AND 2021 AND THE FIVE MONTHS ENDED 31 MAY 2022

	Notes	Year ended 31 December 2019 RMB'000	2020 RMB'000	2021 RMB'000	Five months ended 31 May 2021 RMB'000 (Unaudited)	2022 RMB'000
Cash flows from operating activities						
(Loss)/Profit before income tax expense		(40,718)	62,527	90,940	27,703	26,614
Adjustments for:						
Interest income	7	(22)	(11)	(15)	(4)	(11)
Depreciation of property, plant and equipment	9	2,131	3,679	4,882	1,601	2,602
Depreciation of right-of-use assets	9	2,012	2,998	3,757	1,673	1,415
Amortisation of intangible asset	9	300	300	300	125	125
Recognition of equity-settled share-based payments	35	-	-	542	-	856
Finance costs	8	646	1,052	975	446	562
COVID-19-related rent concessions from a lessor	7	-	-	(341)	(180)	-
Fair value changes on convertible loans	31	86,893	25,355	-	-	-
Gains on redemption of convertible loans	31	(3,620)	(25,047)	-	-	-
Fair value change on convertible redeemable preference shares	32	-	-	(7,100)	-	6,700
Transaction costs directly attributable to the issuance of convertible redeemable preference shares	32	-	-	5,505	-	-
(Reversal of impairment losses)/Impairment losses on financial and contract assets, net	9	(387)	2,442	(2,646)	2,278	(612)
Loss on disposals of property, plant and equipment	9	173	-	355	-	-
Operating profit before working capital changes		47,408	73,295	97,154	33,642	38,251
Increase in inventories		(2,730)	(400)	(5,530)	(375)	(1,070)
Decrease/(Increase) in trade receivables		413	(24,574)	(22,108)	16,892	(4,982)
(Increase)/Decrease in contract assets		-	-	(636)	(195)	636
(Increase)/Decrease in prepayments, deposits and other receivables		(11,441)	1,158	(2,977)	(5,742)	(30,327)
Increase/(Decrease) in trade and other payables and accruals		10,604	(15,506)	3,311	12,716	(390)
Increase/(Decrease) in contract liabilities		2,249	(1,795)	(1,022)	463	(268)
Cash generated from operations		46,503	32,178	68,192	57,401	1,850
Income tax paid		(15,791)	(6,674)	(22,124)	(13,439)	(5,630)
Net cash generated from/(used in) operating activities		30,712	25,504	46,068	43,962	(3,780)
Cash flows from investing activities						
Interest received		8	11	15	4	11
Payment for purchase of property, plant and equipment		(603)	(550)	(8,175)	(784)	(368)
Prepayment for purchase of property, plant and equipment		(6,247)	(3,728)	(258)	(3,192)	(5,636)
Repayments from/(Advance to) shareholders		5,214	(9,910)	9,910	9,910	330
Repayment from a non-controlling interest		9,690	-	-	-	-
Proceeds from disposal of property, plant and equipment		172	-	1	-	-
Net cash generated from/(used in) investing activities		8,234	(14,177)	1,493	5,938	(5,663)

BETTERS MEDICAL INVESTMENT HOLDINGS LIMITED
(百德医疗投资控股有限公司)

CONSOLIDATED STATEMENTS OF CASH FLOWS - CONTINUED
FOR THE YEARS ENED 31 DECEMBER 2019, 2020 AND 2021 AND THE FIVE MONTHS ENDED 31 MAY 2022

		Year ended 31 December			Five months ended 31 May	
	Notes	2019 RMB'000	2020 RMB'000	2021 RMB'000	2021 RMB'000 (Unaudited)	2022 RMB'000
Cash flows from financing activities						
Proceeds from issue of shares of the Company		-	-	84	84	-
Consideration for repurchase of shares of the Company		-	-	(66,774)	-	-
Proceeds from issue of convertible redeemable preference shares	40	-	-	94,400	-	-
Transaction costs directly attributable to the issuance of convertible redeemable preference shares paid	40	-	-	(5,505)	-	-
Interest paid on other payable	40	(426)	-	-	-	-
Interest paid on bank borrowings	40	-	(232)	(581)	(218)	(442)
Repayment of obligations under lease liabilities	40	(2,751)	(1,760)	(4,908)	(2,160)	(1,114)
Interest paid on obligations under lease liabilities	40	(220)	(394)	(394)	(228)	(120)
Payment of deferred listing expenses		-	(1,487)	(4,255)	(918)	(503)
Repayment to a director	40	-	(249)	-	-	-
Advance from/(Repayments to) shareholders	40	12,467	(12,467)	(2,279)	(11,728)	-
Early redemption of convertible loans	40	(2,000)	(4,300)	-	-	-
Repayment of convertible loans	40	-	(13,230)	(4,572)	(4,572)	-
Proceeds from bank borrowings	40	-	9,000	23,000	19,000	24,000
Repayment of bank borrowings	40	(849)	-	(19,000)	(13,000)	(9,000)
Dividend paid to the shareholders of a subsidiary	40	-	-	(35,000)	(35,000)	-
Proceeds paid for acquisition of non-controlling interests	36	(46,040)	-	-	-	-
Consideration paid arising from group reorganisation	40	-	-	(20,890)	(20,890)	-
Contribution from shareholders arising from group reorganisation		-	19,250	12,940	12,940	-
Net cash (used in)/generated from financing activities		(39,819)	(5,869)	(33,734)	(56,690)	12,821
Net (decrease)/increase in cash and cash equivalents		(873)	5,458	13,827	(6,790)	3,378
Cash and cash equivalents at the beginning of the year/period		2,408	1,535	6,993	6,993	20,820
Effect of foreign exchange rate changes, net		-	-	-	-	(108)
Cash and cash equivalents at the end of the year/period	25	1,535	6,993	20,820	203	24,090

1. CORPORATE INFORMATION

The Company was incorporated in Cayman Islands under the Cayman Companies Act as an exempted company with limited liability on 22 January 2021. The address of its registered office is Cricket Square, Hutchins Drive, PO Box 2861, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business is located at Unit 901, 9/F, Prosperity Tower, 39 Queen's Road Central, Central, Hong Kong.

The Company is principally engaged in investment holding. The principal business activities of the Group during the Track Record Period is engaged in research and development, manufacture and sales of microwave ablation ("MWA") and other medical devices in the People's Republic of China (the "PRC").

The Company and its subsidiaries now comprising the Group underwent a group reorganisation (the "Reorganisation") as set out in the section headed "History, Reorganisation and Corporate Structure - Reorganisation" in the prospectus of the Company. Apart from the Reorganisation, the Company had not commenced any business or operation since its incorporation.

As at the date of this report, the Company has direct and indirect interests in the following subsidiaries:

Name	Place and date of incorporation or establishment/ and type of legal entity	Place of operation	Particulars of issued ordinary/ paid-up share capital	Percentage of ownership interests attributable to the Company				Principal activities
				As at 31 December			As at 31 May	
				2019	2020	2021	2022	
Held by the Company								
Tycoon Choice Global Limited ("Tycoon Choice")	The British Virgin Islands (the "BVI"), 8 January 2021, limited liability company	The BVI	Ordinary shares of US$1	N/A	N/A	100%	100%	Investment holding

1. CORPORATE INFORMATION - Continued

As at the date of this report, the Company has direct and indirect interests in the following subsidiaries: - Continued

Name	Place and date of incorporation or establishment/ and type of legal entity	Place of operation	Particulars of issued ordinary/ paid-up share capital	Percentage of ownership interests attributable to the Company				Principal activities
				As at 31 December			As at 31 May	
				2019	2020	2021	2022	
Held by the subsidiaries								
百德醫療投資有限公司 Baide Medical Investment Company Limited ("Baide HK")	Hong Kong, 29 January 2021, limited liability company	Hong Kong	Ordinary shares of HK$1	N/A	N/A	100%	100%	Investment holding
百德(廣東)資本管理有限公司 Baide (Guangdong) Capital Management Company Limited*	The PRC, 3 March 2021, limited liability company/ wholly foreign owned enterprise	The PRC	Paid up capital of RMB5,000,000	N/A	N/A	100%	100%	Sales of MWA medical devices and investment holding
廣州德道資本管理有限公司 Guangzhou Dedao Capital Management Company Limited*	The PRC, 4 March 2021, limited liability company	The PRC	Paid up capital of RMB10,100	N/A	N/A	99%	99%	Investment holding

1. CORPORATE INFORMATION - Continued

As at the date of this report, the Company has direct and indirect interests in the following subsidiaries: - Continued

Name	Place and date of incorporation or establishment/ and type of legal entity	Place of operation	Particulars of issued ordinary/ paid-up share capital	Percentage of ownership interests attributable to the Company				Principal activities
				As at 31 December			As at 31 May	
				2019	2020	2021	2022	
Held by the subsidiaries								
廣州百輝企業管理有限公司 Guangzhou Baihui Corporate Management Company Limited*	The PRC, 4 December 2020, limited liability company	The PRC	Paid up capital of RMB19,250,300	N/A	99%	99%	99%	Investment holding
廣州正德企業管理有限公司 Guangzhou Zhengde Corporate Management Company Limited*	The PRC, 4 December 2020, limited liability company	The PRC	Paid up capital of RMB11,369,300	N/A	99%	99%	99%	Investment holding
廣州易德資本管理有限公司 Guangzhou Yide Capital Management Company Limited*	The PRC, 10 December 2020, limited liability company	The PRC	Paid up capital of Nil	N/A	99%	99%	99%	Investment holding

1. CORPORATE INFORMATION - Continued

As at the date of this report, the Company has direct and indirect interests in the following subsidiaries: - Continued

Name	Place and date of incorporation or establishment/ and type of legal entity	Place of operation	Particulars of issued ordinary/ paid-up share capital	Percentage of ownership interests attributable to the Company				Principal activities
				As at 31 December			As at 31 May	
				2019	2020	2021	2022	
Held by the subsidiaries								
百德 (蘇州) 醫療有限公司 Baide Suzhou*	The PRC, 5 June 2012, limited liability company	The PRC	Paid up capital of RMB40,985,000	99%	99%	99%	99%	Research and development, sales of MWA and other medical devices and investment holding
河南瑞德醫療器械有限公司 Henan Ruide Medical Instrument Company Limited*	The PRC, 6 July 2018, limited liability company	The PRC	Paid up capital of RMB1,000,000	99%	99%	99%	99%	Sales of MWA and other medical devices
南京長城醫療設備有限公司 Nanjing Changcheng Medical Equipment Company Limited ("Nanjing Changcheng")*	The PRC, 28 January 2016, limited liability company	The PRC	Paid up capital of RMB5,000,000	99%	99%	99%	99%	Research and development, manufacture and sales of MWA and othe medical devices

1. CORPORATE INFORMATION - Continued

As at the date of this report, the Company has direct and indirect interests in the following subsidiaries: - Continued

Name	Place and date of incorporation or establishment / and type of legal entity	Place of operation	Particulars of issued ordinary/ paid-up share capital	Percentage of ownership interests attributable to the Company				Principal activities
				As at 31 December			As at 31 May	
				2019	2020	2021	2022	
Held by the subsidiaries								
貴州百源醫療有限公司 Guizhou Baiyuan Medical Company Limited*	The PRC, 21 September 2017, limited liability company	The PRC	Paid up capital of RMB1,000,000	99%	99%	99%	99%	Sales of other medical devices
國科百德 (廣東) 醫療有限公司 Guoke Baide (Guangdong) Medical Company Limited*	The PRC, 5 July 2019, limited liability company	The PRC	Paid up capital of RMB3,770,000	99%	99%	99%	99%	Sales of MWA medical devices
湖南百德醫療科技有限公司 Hunan Baide Medical Technology Company Limited*	The PRC, 26 November 2019, limited liability company	The PRC	Paid up capital of RMB1,701,000	99%	99%	99%	99%	Sales of MWA medical devices

1. CORPORATE INFORMATION - Continued

As at the date of this report, the Company has direct and indirect interests in the following subsidiaries: - Continued

Name	Place and date of incorporation or establishment / and type of legal entity	Place of operation	Particulars of issued ordinary/ paid-up share capital	Percentage of ownership interests attributable to the Company				Principal activities
				As at 31 December			As at 31 May	
				2019	2020	2021	2022	
Held by the subsidiaries								
瑞科德生物科技(廈門)有限公司 Ruikede Biological Technology (Xiamen) Company Limited*	The PRC, 17 July 2019, limited liability company	The PRC	Paid up capital of RMB3,120,000	79%	79%	79%	79%	Inactive

* The English names of the subsidiaries represent the best efforts made by the directors of the Company in translating the Chinese names of these subsidiaries as they do not have official English names.

2. BASIS OF PRESENTATION AND PREPARATION

Pursuant to the Reorganisation as set out in the section headed "History, Reorganisation and Corporate Structure - Reorganisation" in the prospectus of the Company, the Company became the holding company of the companies now comprising the Group on 23 March 2021. The companies now comprising the Group were under common control of Ms. Wu Haimei ("Ms. Wu") (the "Controlling Shareholder") immediately before and after the completion of the Reorganisation. The Company was newly incorporated as part of the Reorganisation and did not carried out any business or operation since its incorporation. The Reorganisation only involved inserting the Company as holding company of companies now comprising the Group, which has no substance. The Company has not been involved in any business and do not meet the definition of a business. Accordingly, for the purpose of this report, the consolidated financial statements has been prepared by applying the principle of merger accounting as if the Reorganisation had been completed at the beginning of the Track Record Period.

The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the Track Record Period include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the subsidiaries and/or businesses first came under the common control of the Controlling Shareholder, where this is a shorter period. The consolidated statements of financial position of the Group as at 31 December 2019, 2020 and 2021 and 31 May 2022 have been prepared to present the assets and liabilities of the subsidiaries and/or businesses using the existing book values from the Controlling Shareholder's perspective. No adjustments are made to recognise any new assets or liabilities as a result of the Reorganisation and no amount is recognised as consideration for goodwill or excess of acquirer's interest in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost at the time of the combination, to the extent of the continuation of the controlling shareholder's interest. Any differences between the cost of acquisition and the amount at which the assets and liabilities are recorded have been recognised directly in equity as part of reserve.

2. BASIS OF PRESENTATION AND PREPARATION - Continued

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). HKFRSs include all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations ("HK(IFRIC)-Int"). In preparing the consolidated financial statements, the Group has adopted, at the beginning of the Track Record Period, all the new or revised HKFRSs effective for annual period beginning on or after 1 January 2021, including the amendments to HKFRS 16 "COVID-19-Related Rent Concession beyond 2021", together with the relevant transitional provisions, have been early adopted and consistently applied by the Group in the preparation of the consolidated financial statements throughout the Track Record period. The consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and of the Rules Governing the Listing of Securities on the Stock Exchange.

The financial statements have been prepared on the historical cost basis except for convertible loans and convertible redeemable preference shares which are measured at fair value. The measurement bases are fully described in the accounting policies below.

The functional currency of the Company is HK$. The consolidated financial statements is presented in RMB because the main operations of the Group are located in the PRC. All values in the consolidated financial statements are rounded to the nearest thousand except when otherwise indicated.

3. NEW OR REVISED HKFRSs ISSUED BUT NOT YET EFFECTIVE

The Group has not early applied the following new or revised HKFRSs that have been issued and are potentially relevant to the Group's financial statements but are not yet effective:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current[1]
HK Interpretation 5 (2020)	Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[1]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

[1] Effective for annual periods beginning on or after 1 January 2023

Amendments to HKAS 1 - Classification of Liabilities as Current or Non-current

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and explain that rights are in existence if covenants are complied with at the end of the reporting period. The amendments also introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

HK Interpretation ("Int") 5 (2020) - Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

HK Int 5 (2020) is revised as a consequence of the Amendments to HKAS 1 issued in August 2020. The revision to HK Int 5 (2020) updates the wordings in the interpretation to align with the Amendments to HKAS 1 with no change in conclusion and do not change the existing requirements.

3. NEW AND AMENDMENTS TO HKFRSs ISSUED BUT NOT YET EFFECTIVE - Continued

Amendments to HKAS 1 and HKFRS Practice Statement 2 – Disclosure of Accounting Policies

The amendments change the requirements in HKAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in HKAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

Amendments to HKAS 8 – Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The definition of a change in accounting estimates was deleted. However, the concept of changes in accounting estimates was retained following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error.
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

Two examples (Example 4-5) were added to the Guidance on implementing HKAS 8, which accompanies the Standard and one example (Example 3) was deleted as it could cause confusion in light of the amendments.

3. NEW AND AMENDMENTS TO HKFRSs ISSUED BUT NOT YET EFFECTIVE - Continued

Amendments to HKAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset under HKFRS 16 at the commencement date of a lease. Following the amendments to HKAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in HKAS 12. An illustrative example was also added to HKAS 12 that explains how the amendments are applied.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences, with the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

The directors of the Company anticipate that these pronouncements will be adopted in the Group's accounting policies for the first period beginning after the respective effective date of the pronouncements. The new or revised HKFRSs have been issued but are not yet effective and not adopted in advance are not expected to have a material impact on the Group's financial statements in the future periods.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of combination

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries now comprising the Group for the Track Record Period. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

Inter-company transactions and balances between group companies together with unrealised profits arising from inter-company transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from inter-company transactions are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in consolidated profit or loss.

4.2 Subsidiaries

Subsidiaries are investee over which the Company is able to exercise control. The Company controls an entity when it has power over the investee, exposure, or rights, to variable returns from its involvement with the investee, and the ability to affect those returns through its power over the investee. Control is reassessed when facts and circumstances indicate that there are changes to one or more of the elements of control.

In the Company's statement of financial position, investment in a subsidiary is stated at cost less impairment loss, if any. The results of subsidiary are accounted for by the Company on the basis of dividend received and receivable.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4.3 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

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

Property, plant and equipment are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Leasehold improvement	Over the lease term or estimated useful lives of 5 years, whichever is shorter
Plant and machinery	3 - 10 years
Furniture, fixtures and equipment	3 - 5 years
Motor vehicles	4 years
Medical equipment	6 years

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

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net disposal proceeds, if any, and its carrying amount, and is recognised in profit or loss on disposal.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4.4 Leases

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

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

The Group as lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date except for leases of low value assets and leases that have a lease term of twelve months or less and do not contain a purchase option in which the Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4.4 Leases - Continued

The Group as lessee - Continued

On initial recognition, the right-of-use asset is measured at the initial amount of the lease liability, adjusted for any lease payments made at or before the commencement of the lease, plus any initial direct costs incurred and the amount of any provision recognised where the Group is contractually required to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date of the lease over the shorter of the lease term or the useful life of the underlying asset. In addition, the right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- the amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise;
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4.4 Leases - Continued

The Group as lessee - Continued

As a practical expedient, the Group elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The lease liability is subsequently measured by (i) increasing the carrying amount to reflect interest on the lease liability and (ii) reducing the carrying amount to reflect the lease payments made. The Group remeasured the lease liability to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payments.

The Group as lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. Rental income is the consideration in the contract with customer allocated to lease component. Rental income under operating leases that is variable and do not depend on an index or rate is recognised in profit or loss in the period in which the event or condition that triggers those payments occurs.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4.4 Leases - Continued

The Group as lessor - Continued

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to reporting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

4.5 Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

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

Impairment is determined by assessing the recoverable amount of the CGU (group of CGUs) to which the goodwill is allocated. Where the recoverable amount of the CGU (group of CGUs) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4.5 Goodwill - Continued

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

4.6 Intangible assets (other than goodwill)

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a business combination is fair value at the date of acquisition. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

Amortisation is provided on a straight-line basis over their useful lives as follows. The amortisation expense is recognised in profit or loss and included in administrative expenses.

Patent	6 years

The estimates and associated assumptions of useful life determined by the Group are based on technical and commercial obsolescence, legal or contractual limits on the use of the asset and other relevant factors. Based on the current functionalities and its expiry date, the Group considers a useful life of 6 years to be their best estimation.

Both the period and method of amortisation are reviewed annually.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4.6 Intangible assets (other than goodwill) - Continued

Intangible assets with finite lives are tested for impairment when there is an indication that an asset may be impaired. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that they may be impaired. Intangible assets are tested for impairment by comparing their carrying amounts with their recoverable amounts (see Note 4.15).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as revaluation decrease to the extent of its revaluation surplus.

4.7 Financial Instruments

(a) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4.7 Financial Instruments - Continued

(a) Financial assets - Continued

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Impairment loss on financial assets

The Group recognises loss allowance for expected credit loss ("ECL") on trade receivables and other financial assets measured at amortised cost. The ECL is measured on either of the following bases: (1) 12 months ECL: this is ECL that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECL: this is ECL that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

ECL is a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4.7 Financial Instruments - Continued

(a) Financial assets - Continued

Impairment loss on financial assets - Continued

The Group measured loss allowances for trade receivables using HKFRS 9 simplified approach and has calculated ECL based on lifetime ECL. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For other financial assets measured at amortised cost, ECL is based on the 12-month ECL. However, when there has been a significant increase in credit risk since origination, the allowance will be based on lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4.7 Financial Instruments - Continued

(a) Financial assets - Continued

Impairment loss on financial assets - Continued

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; and
- the disappearance of an active market for that financial asset because of financial difficulties.

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables or trade-related amounts due from related parties, when the amounts are over three years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4.7 Financial Instruments - Continued

(a) Financial assets - Continued

Impairment loss on financial assets - Continued

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets, interest income is calculated based on the gross carrying amount.

(b) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at FVTPL are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost
Financial liabilities at amortised cost are subsequently measured at amortised cost, using effective interest method. The related interest expense is recognised in profit or loss. Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Convertible loans
Convertible loans issued by the subsidiary of the Group can be converted into the share capital of the subsidiary at the option of the investor.

The Group designates convertible loans as financial liabilities at fair value through profit or loss. They are initially recognised at fair value. In subsequent period, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, and the remaining amount of change in the fair value of convertible loans is recognised in profit or loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4.7 Financial Instruments - Continued

(b) Financial liabilities - Continued

Convertible loans - Continued

The convertible loans are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liabilities for at least 12 months after the reporting date.

If the convertible loans are converted, the shares issued are measured at fair value and any difference between the fair value of convertible loans at the date of conversion and the existing carrying amounts of the convertible loans are recognised in profit or loss. If the convertible loans are redeemed, any difference between the amounts paid and the carrying amounts of the convertible loans are recognised in profit or loss.

Puttable shares

A contract that contains an obligation for the Group to repurchase or redeem its own equity instruments for cash or another financial asset (i.e. puttable shares) upon exercising a share put option is classified as a financial liability. The financial liabilities are initially measured at the present value of the redemption amount.

Such financial liability is subsequently measured at amortised cost, using effective interest method, in order to accrete the liability up to the amount payable under the option at the date at which it first becomes exercisable. The charge arising is recorded as a finance cost. In the event that the option expires unexercised, the liability is derecognised with a corresponding adjustment to equity.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4.7 Financial Instruments - Continued

(b) Financial liabilities - Continued

Convertible redeemable preference shares

Financial liabilities designated upon initial recognition as at FVTPL are designated at the initial date of recognition, and only if the criteria in HKFRS 9 are satisfied. The convertible redeemable preference shares that the Group has contractual obligation to redeem and the conversion option of which may be settled by the exchange of variable number of the Group's own equity are designated at fair value through profit or loss. The amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of convertible redeemable preference shares is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to accumulated losses upon derecognition of the financial liability. Fair value is determined in the manner described in Note 32.

The convertible redeemable preference shares are classified as current liabilities unless the Company has the right to defer settlement of the liability for at least twelve months at each reporting period.

(c) Effective interest method

Effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the Track Record Period. Effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4.7 Financial Instruments - Continued

(d) Equity instruments

Equity instruments issued by the entities are recorded at the proceeds received, net of direct issue costs.

(e) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the year.

4.8 Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4.9 Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents of the Group comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the statements of financial position, cash and cash equivalents of the Company and the Group comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

4.10 Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4.10 Revenue recognition - Continued

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

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4.10 Revenue recognition - Continued

The Group acts as a principal in the sales of medical devices to hospitals (i.e. directly or through deliverers) and distributors as the Group controls the medical devices before that they are transferred to customers, and accordingly recognises the revenue which the Group expects to be entitled from the sales of goods to its end-customers.

Various sources of revenue of the Group is recognised on the following bases:

(i) Sales of goods (i.e. contracts with multiple performance obligations, including allocation of transaction price)

Customers obtain control of goods when they are delivered to and have been accepted. Revenue is thus recognised upon when the customers accepted the goods.

For contracts that contain more than one performance obligation (i.e. sales of MWA needles, MWA therapeutic apparatus and rights to acquire MWA therapeutic apparatus), the Group allocates the transaction price to each performance obligation on a relative stand-alone selling prices basis.

The stand-alone selling price of the distinct goods underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised goods separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods to the customer.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4.10 Revenue recognition - Continued

(i) Sales of goods (i.e. contracts with multiple performance obligations, including allocation of transaction price) - Continued

Some of the Group's contracts with customers from the sale of goods provides customers a right of return. These rights of return allow the returned goods to be refund in cash. The right of return gives rise to variable consideration. The variable consideration is estimated at contract inception and constrained until the associated uncertainty is subsequently resolved. The application of the constraint on variable consideration increases the amount of revenue that will be deferred. In addition, a refund liability and a right to recover returned goods assets are recognised.

Some of the Group's contract with customers from the sales of goods provides customers a right of return (a right to exchange for the same product due to faulty products). These rights of return do not allow the returned goods to be refund in cash. The Group's obligation to replace faulty products is recognised as a provision as set out in Note 4.17.

(ii) Rental income
Rental income is the consideration in the contract with customer allocated to lease component. Rental income under operating leases that is variable and do not depend on an index or rate is recognised in profit or loss in the period in which the event or condition that triggers those payments occurs.

(iii) Interest income
Interest income is accrued on a time basis on the principal outstanding at the applicable interest rate.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4.10 Revenue recognition - Continued

Contract assets
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment using HKFRS 9 simplified approach, details of which are included in the accounting policies for impairment loss on financial assets set out in Note 4.7(a).

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

Contract costs
Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

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

The capitalised contract costs are amortised and charged to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4.11 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Grants for general purposes are recorded as income when the right to receive payment is established. Grants for specific purposes are initially recorded as deferred income and released to the consolidated statements of profit or loss and other comprehensive income as income when the related expenditure on the specific purposes are incurred.

4.12 Income tax

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4.12 Income tax - Continued

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

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4.12 Income tax - Continued

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

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

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

4.13 Foreign currency

Transactions entered into by the group entities in currencies other than the currency of the primary economic environment in which they operate (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4.13 Foreign currency

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

The results and financial position of all group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows: assets and liabilities are translated into presentation currency of the Group (i.e. RMB) at the rate ruling at the end of the reporting period; and income and expenses are translated into RMB at average exchange rate for the year unless these do not approximate to the exchange rates ruling at the dates of the transactions in which case income and expenses are translated at the dates of the transactions; and all resulting exchange differences are recognised in other comprehensive income.

On consolidation, income and expense items of foreign operations are translated into RMB at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as translation reserve (attributed to non-controlling interest as appropriate). Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as translation reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the translation reserve relating to that operation up to the date of disposal are reclassified to profit or loss as part of the profit or loss on disposal.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4.14 Employee benefits

(a) Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short-term employee benefits are recognised in the year when the employees render the related service.

(b) Defined contribution retirement plan

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees.

(c) Termination benefits

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4.14 Employee benefits - Continued

(d) Share-based compensation

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share option reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option reserve. When share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to accumulated losses.

4.15 Impairment of non-financial assets (other than goodwill)

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- right-of-use assets; and
- intangible assets

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4.15 Impairment of non-financial assets (other than goodwill) - Continued

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value-in-use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Value-in-use is based on the estimated future cash flows expected to be derived from the asset or CGU, 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 or CGU.

4.16 Research and development costs

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4.17 Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which it is probable will result in an outflow of economic benefits that can be reliably estimated.

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

4.18 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 key management personnel of the Group or the Group's parent.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4.18 Related parties - Continued

(b) An entity is related to the Group if any of the following conditions apply:

- (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 the employees of 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 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 and include:

- (i) Person's children and spouse or domestic partner;
- (ii) Children of that person's spouse or domestic partner; and
- (iii) Dependants of that person or that person's spouse or domestic partner.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4.19 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

Level 1 - quoted prices items in active markets for identical items;
Level 2 - observable direct or indirect inputs other than level 1 inputs; and
Level 3 - unobservable inputs (i.e. not derived from market data)

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

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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.

(i) Critical judgments in applying accounting policies

(a) Determining performance obligations

The Group considers the detailed criteria for the recognition of the revenue set out in HKFRS 15. In determining performance obligations, the Group considers whether the customer benefits from each goods or services on its own and whether it is distinct in the context of the contract with customer. Specifically, when concluding a contract has multiple performance obligations, the Group considers that the individual performance obligation is regularly sold separately and the service is separately identifiable from other promises within the contract.

(b) Determining the method to estimate variable consideration and assessing the constraint for the sale of goods

Certain contracts for the sale of goods include a right of return that give rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method which better predicts the amount of consideration to which it will be entitled.

The Group determines that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of goods with rights of return, given the large number of customer contracts that have similar characteristics.

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY - Continued

(i) Critical judgments in applying accounting policies - Continued

(b) Determining the method to estimate variable consideration and assessing the constraint for the sale of goods - Continued

Before including any amount of revenue in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determines that the estimates of variable consideration are not constrained based on historical experience, business forecast and the current economic environment, as well as the uncertainty being resolved within a short period of time.

(ii) Key sources of estimation uncertainty

(a) Estimated useful lives and residual value of property, plant and equipment

The Group determines the estimated useful lives and residual values for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. The depreciation charge will be increased where useful lives are less than previously estimated lives. It will write-off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives; actual residual values may differ from estimated residual values. Periodic view could result in a change in depreciable lives and residual values and therefore depreciation expense in the future periods.

(b) Estimated useful lives of intangible asset

The Group determines the estimated useful lives and related amortisation charges for its intangible asset. The estimated useful live reflects the Group's estimates of the periods that the Group intends to derive future economic benefits from the use of the intangible asset.

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY - Continued

(ii) Key sources of estimation uncertainty - Continued

(c) Net realisable value of inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The net realisable value of inventories is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated distribution and selling expenses. The Group reassesses the estimation at each reporting date to ensure inventories are shown at the lower of cost and net realisable value.

(d) Estimated impairment of goodwill

The Group assesses whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the CGUs to which the goodwill is allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the CGUs and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(e) Estimated impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that the non-financial assets may be impaired. If any such indication exists, the Group makes an estimate of the recoverable amount of the asset. This requires an estimation of the value-in-use of the CGUs to which the asset is allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the CGUs and also to choose a suitable discount rate in order to calculate the present value of those cash flows. A change in the estimated future cash flows and/or the discount rate applied will result in an adjustment to the estimated impairment provision previously made.

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY - Continued

(ii) Key sources of estimation uncertainty - Continued

(f) Impairment losses on trade receivables, contract assets and other financial assets measured at amortised cost

The measurement of impairment losses under HKFRS 9 of financial assets measure at amortised cost and contract assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, forward-looking analysis.

(g) Income tax and deferred tax

Determining income tax provisions requires the Group to make judgements on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions in accordance with prevailing tax regulations and makes tax provisions accordingly. In addition, deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. This requires significant judgement on the tax treatments of certain transactions and also assessment on the probability that adequate future taxable profits will be available for the deferred tax assets to be recovered.

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY - Continued

(ii) Key sources of estimation uncertainty - Continued

(h) Valuation of convertible loans and convertible redeemable preference shares

The directors of the Company use judgement in selecting an appropriate valuation technique for the Group's convertible loans and convertible redeemable preference shares which are not quoted in the active market. Valuation techniques commonly used by market practitioners are applied. The fair value of the convertible loans and convertible redeemable preference shares varies with different variables of certain subjective assumptions. Any change in these variables so adopted may materially affect the estimation of the fair value of the convertible loans and convertible redeemable preference shares.

6. SEGMENT INFORMATION AND REVENUE

(a) Operating segments

During the Track Record Period, the Group was principally engaged in research and development, manufacture and sales of MWA and other medical devices in the PRC. Information reported to the Group's chief operating decision maker, for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group as a whole, as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, the Group has only one business segment and no further analysis of this single segment is considered necessary.

6. SEGMENT INFORMATION AND REVENUE - Continued

(b) Geographical information

The Group is domiciled in the PRC, which is the location of the Group's principal office. The Group's revenues from external customers are divided into the following geographical areas:

	Year ended 31 December			Five months ended 31 May	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
The PRC	85,029	118,287	188,664	59,605	63,764

The Group's revenue information above is based on the delivery destinations of the Group's products and services requested by the customers. The geographical location of non-current assets is based on the physical location of the assets. As at 31 December 2019, 2020 and 2021 and 31 May 2022, all of the Group's non-current assets are located in the PRC.

(c) Information about major customers

Revenue attributed from customers that accounted for 10% or more of the Group's total revenue during the Track Record Period is as follows:

	Year ended 31 December			Five months ended 31 May	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Customer A	11,701	14,072	#	#	#
Customer B	8,753	#	#	#	#
Customer C	#	#	27,742	8,301	7,184
Customer D	#	#	23,515	6,712	7,215

Nil/less than 10% of the Group's total revenue.

6. SEGMENT INFORMATION AND REVENUE - Continued

(d) Disaggregation of the Group's total revenue from major products and service

	Year ended 31 December			Five months ended 31 May	
	2019 RMB'000	2020 RMB'000	2021 RMB'000	2021 RMB'000 (Unaudited)	2022 RMB'000
Sales of goods:					
- MWA needles	72,954	88,043	146,017	46,778	52,608
- MWA therapeutic apparatus	4,740	10,861	11,209	3,513	1,910
- Other medical devices	4,382	16,786	27,724	6,494	8,488
Other (Note)	2,953	2,597	3,714	2,820	758
	85,029	118,287	188,664	59,605	63,764

Timing of revenue recognition under HKFRS 15

At a point in time	82,076	115,690	184,950	56,785	63,006

Note: Other mainly represents the rental income from leasing of medical equipment.

The following table provides information about trade receivables, contract assets and contract liabilities from contracts with customers.

	As at 31 December			As at 31 May
	2019 RMB'000	2020 RMB'000	2021 RMB'000	2022 RMB'000
Trade receivables (Note 21)	31,747	53,725	78,483	84,309
Contract assets (Note 22)	-	-	621	-
Contract liabilities (Note 30)	6,884	5,089	4,067	3,799

As at 31 December 2019, 2020 and 2021 and 31 May 2022, contract liabilities regarding unsatisfied performance obligations as at end of each reporting period resulting from sale of goods amounted to RMB6,884,000, RMB5,089,000, RMB4,067,000 and RMB3,799,000 respectively. These amounts represent revenue expected to be recognised in the future. The Group will recognise the expected revenue in future when performance obligation is completed, which is expected to occur in one to two years.

7. OTHER INCOME AND GAINS

	Year ended 31 December			Five months ended 31 May	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Interest income	22	11	15	4	11
Covid-19-related rent concession from a lessor	-	-	341	180	-
Government grants (Note i)	5,522	4,968	7,580	718	8,680
Immediate refund of Value-added Tax ("VAT") levied (Note ii)	-	458	1,652	939	58
Others	3	131	738	214	14
	5,547	5,568	10,326	2,055	8,763

Notes:

(i) Government grants mainly represent incentives offered by the PRC local government authorities to the Company's subsidiaries in the PRC for encouraging their local investments. There are no unfulfilled conditions or contingencies relating to these grants.

(ii) Immediate refund of VAT levied represented the refund of VAT from the PRC tax authorities attributable to the self-developed systems and monitoring software which are embedded into the MWA therapeutic apparatus sold by the Company's subsidiaries in the PRC as these subsidiaries had satisfied certain criteria to enjoy relevant tax refund laid down by the PRC tax authorities.

8. FINANCE COSTS

	Year ended 31 December			Five months ended 31 May	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Interest on bank borrowings	-	232	581	218	442
Interest expense on other payables	426	426	-	-	-
Interest on lease liabilities	220	394	394	228	120
	646	1,052	975	446	562

9. (LOSS)/PROFIT BEFORE INCOME TAX EXPENSE

(Loss)/Profit before income tax expense is arrived at after charging/(crediting):

	Year ended 31 December			Five months ended 31 May	
	2019 RMB'000	2020 RMB'000	2021 RMB'000	2021 RMB'000 (Unaudited)	2022 RMB'000
Cost of inventories recognised as expenses	8,701	16,029	31,631	7,362	9,580
Employee cost (Note 10)	12,798	11,036	18,450	7,035	13,167
Depreciation on:					
- Property, plant and equipment (Note 15)	2,131	3,679	4,882	1,601	2,602
- Right-of-use assets (Note 16)	2,012	2,998	3,757	1,673	1,415
Amortisation of intangible asset (Note 17)	300	300	300	125	125
Impairment losses/(Reversal of impairment losses) on financial and contract assets, net:					
- Trade receivables	1,057	2,596	(2,650)	1,681	(844)
- Contract assets	-	-	15	8	(15)
- Deposits and other receivables	(1,103)	(154)	(78)	236	205
- Amounts due from shareholders	(119)	-	67	353	42
- Amount due from a non-controlling interest	(222)	-	-	-	-
	(387)	2,442	(2,646)	2,278	(612)
Loss on disposals of property, plant and equipment	173	-	355	-	-
Auditor's remuneration	20	31	40	-	-
Short-term leases charges	85	97	318	226	87

10. EMPLOYEE COSTS

	Year ended 31 December			Five months ended 31 May	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Employee costs (including directors' emoluments) comprise:					
Wages and salaries	10,279	9,578	15,520	5,784	10,405
Retirement benefits scheme contributions*	2,088	1,021	1,599	844	1,565
Equity-settled share-based payments (Note 35)	-	-	542	-	856
Other employee benefits	431	437	789	407	341
	12,798	11,036	18,450	7,035	13,167

* During the Track Record Period, the Group had no forfeited contributions available to reduce its contributions to the retirement benefits schemes in future years.

11. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

Details of emoluments paid by the entities comprising the Group to the directors of the Company are as follows:

	Fees RMB'000	Salaries and allowances RMB'000	Discretionary bonus RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
Year ended 31 December 2019					
Executive directors					
Ms. Wu (Note i)	-	346	-	94	440
Ms. Qiu Quan ("Ms. Qiu") (Note i)	-	126	-	21	147
Mr. Hou Wei ("Mr. Hou") (Note ii)	-	214	200	54	468
	-	686	200	169	1,055
Non-executive director					
Ms. Liu Jiayi ("Ms. Liu") (Note iii)	-	-	-	-	-
	-	-	-	-	-
Independent non-executive directors (Note v)					
Prof. Xing Michael Mingzhao ("Prof. Xing")	-	-	-	-	-
Mr. Chu Chun Ming ("Mr. Chu")	-	-	-	-	-
Prof. Ma Jianguo ("Prof. Ma")	-	-	-	-	-
	-	-	-	-	-
	-	686	200	169	1,055

11. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS - Continued

(a) Directors' emoluments - Continued

	Fees RMB'000	Salaries and allowances RMB'000	Discretionary bonus RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
Year ended 31 December 2020					
Executive directors					
Ms. Wu (Note i)	-	346	-	44	390
Ms. Qiu (Note i)	-	139	60	21	220
Mr. Hou (Note ii)	-	261	-	60	321
	-	746	60	125	931
Non-executive director					
Ms. Liu (Note iii)	-	-	-	-	-
Independent non-executive directors (Note v)					
Prof. Xing	-	-	-	-	-
Mr. Chu	-	-	-	-	-
Prof. Ma	-	-	-	-	-
	-	-	-	-	-
	-	746	60	125	931

11. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS - Continued

(a) Directors' emoluments - Continued

	Fees RMB'000	Salaries and allowances RMB'000	Discretionary bonus RMB'000	Retirement benefit scheme contributions RMB'000	Equity-settled share-based payments RMB'000	Total RMB'000
Year ended 31 December 2021						
Executive directors						
Ms. Wu (Note i)	-	346	-	45	290	681
Ms. Qiu (Note i)	-	277	-	18	68	363
Mr. Hou (Note ii)	-	259	-	39	18	316
	-	882	-	102	376	1,360
Non-executive director						
Ms. Liu (Note iii)	-	-	-	-	-	-
Independent non-executive directors (Note v)						
Prof. Xing	-	-	-	-	-	-
Mr. Chu	-	-	-	-	-	-
Prof. Ma	-	-	-	-	-	-
	-	-	-	-	-	-
	-	882	-	102	376	1,360

11. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS - Continued

(a) Directors' emoluments - Continued

	Fees RMB'000	Salaries and allowances RMB'000	Discretionary bonus RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
Five months ended 31 May 2021 (Unaudited)					
Executive directors					
Ms. Wu (Note i)	-	124	-	10	134
Ms. Qiu (Note i)	-	65	54	6	125
Mr. Hou (Note ii)	-	98	-	6	104
	-	287	54	22	363
Non-executive director					
Ms. Liu (Note iii)	-	-	-	-	-
Independent non-executive directors (Note v)					
Prof. Xing	-	-	-	-	-
Mr. Chu	-	-	-	-	-
Prof. Ma	-	-	-	-	-
	-	-	-	-	-
	-	287	54	22	363

11. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS - Continued

(a) Directors' emoluments - Continued

	Fees RMB'000	Salaries and allowances RMB'000	Discretionary bonus RMB'000	Retirement benefit scheme contributions RMB'000	Equity-settled share-based payments RMB'000	Total RMB'000
Five months ended 31 May 2022						
Executive directors						
Ms. Wu (Note i)	-	113	126	23	458	720
Ms. Qiu (Note i)	-	104	45	17	107	273
Mr. Hou (Note ii)	-	80	45	20	29	174
	-	297	216	60	594	1,167
Non-executive director						
Ms. Liu (Note iii)	-	-	-	-	-	-
Independent non-executive directors (Note v)						
Prof. Xing	-	-	-	-	-	-
Mr. Chu	-	-	-	-	-	-
Prof. Ma	-	-	-	-	-	-
	-	-	-	-	-	-
	-	297	216	60	594	1,167

Notes:

(i) Ms. Wu and Ms. Qiu were appointed as directors of the Company on 22 January 2021 and were designated as executive directors on 9 September 2021.

(ii) Mr. Hou was appointed as a director of the Company on 24 September 2021 and was designated as an executive director on 24 September 2021.

11. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS - Continued

(a) Directors' emoluments - Continued

Notes: - Continued

(iii) Ms. Liu was appointed as a director of the Company on 5 July 2021 and was designated as a non-executive director on 9 September 2021.

(iv) The emoluments shown above represents emoluments received or receivable from the Group by these directors in their capacity as directors of companies comprising the Group during the Track Record Period.

(v) Independent non-executive directors of the Company were appointed on 11 September 2022 with the payment of their fees commencing upon the listing of the Company. There were no fees or other emoluments payable to them during the Track Record Period.

(vi) There was no arrangement under which a director waived or agreed to waive any emoluments during the Track Record Period. No emolument was paid by the Group to the directors as an inducement to join or upon joining the Group, nor as compensation for loss of office.

(b) Emoluments of five highest paid individuals

Of the five individuals with the highest emoluments in the Group, included two, two, one, Nil and one directors of the Company for each of the years ended 31 December 2019, 2020 and 2021 and the five months ended 31 May 2021 and 2022 respectively, whose emoluments are disclosed above. The emoluments of the remaining three, three, four, five and four individuals for each of the years ended 31 December 2019, 2020 and 2021 and the five months ended 31 May 2021 and 2022 respectively, whose emoluments are analysed below:

	Year ended 31 December			Five months ended 31 May	
	2019	2020	2021	2021	2022
	Number of individuals				
				(Unaudited)	
Directors	2	2	1	-	1
Non-directors	3	3	4	5	4
	5	5	5	5	5

11. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS - Continued

(b) Emoluments of five highest paid individuals - Continued

The emoluments payable to the remaining non-directors, highest paid individuals during the Track Record Period are as follows:

	Year ended 31 December			Five months ended 31 May	
	2019 RMB'000	2020 RMB'000	2021 RMB'000	2021 RMB'000 (Unaudited)	2022 RMB'000
Salaries and allowances	1,194	1,396	3,074	1,259	986
Discretionary bonus	-	-	69	69	472
Retirement benefit scheme contributions	81	64	98	22	51
Equity-settled share-based payments	-	-	54	-	85
	1,275	1,460	3,295	1,350	1,594

During the Track Record Period, no emolument was paid by the Group to the above remaining individuals as compensation for loss of office.

The emoluments of these remaining non-directors, highest paid individuals fell within the following bands:

	Year ended 31 December			Five months ended 31 May	
	2019	2020	2021	2021	2022
	Number of individuals				
				(Unaudited)	
Nil - HK$1,000,000	3	2	2	5	4
HK$1,000,001 - HK$1,500,000	-	1	2	-	-
	3	3	4	5	4

12. INCOME TAX EXPENSE

	Year ended 31 December			Five months ended 31 May	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Current tax - PRC Enterprise Income Tax					
- Tax for the year/period	8,921	16,295	14,889	5,344	5,480
Deferred tax					
- Origination and reversal of temporary differences (Note 19)	22	(460)	1,194	226	(12)
Total income tax expense	8,943	15,835	16,083	5,570	5,468

The Group is subject to income tax on an entity basis on assessable profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operated. Pursuant to the rules and regulations of the Cayman Islands and BVI, the Group is not subject to any income tax under these jurisdictions during the Track Record Period.

No provision for Hong Kong profit tax has been made as no assessable profits is derived from Hong Kong.

Pursuant to the income tax rules and regulations of the PRC, the provision for PRC income tax of the subsidiaries of the Group is calculated based on the statutory tax rate of 25% during the Track Record Period, except for Nanjing Changcheng who is registered as a High and New-Tech enterprises according to the PRC tax regulations and entitled to a preferential tax rate of 15% for the years ended 31 December 2020 and 2021 and the five months ended 31 May 2022; and Baide Suzhou who is registered as a High and New-Tech enterprises according to the PRC tax regulations and entitled to a preferential tax rate of 15% for the year ended 31 December 2021 and the five months ended 31 May 2022.

12. INCOME TAX EXPENSE - Continued

	Year ended 31 December			Five months ended 31 May	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
(Loss)/Profit before income tax expense	(40,718)	62,527	90,940	27,703	26,614
Tax calculated at PRC statutory tax rate of 25%	(10,180)	15,632	22,735	6,925	6,653
Tax effect of income not taxable for tax purposes	(1,952)	(9,628)	(3,418)	(488)	(1,042)
Tax effect of expenses not deductible for tax purposes	24,220	13,083	6,846	2,118	3,639
Tax effect of incentives for research and development expenses	(1,273)	(1,242)	(2,370)	(504)	(1,008)
Tax effect of tax exemptions and incentives granted to PRC subsidiaries	-	(2,801)	(8,908)	(3,091)	(3,821)
Utilisation of unrecognised tax loss	(2,443)	(30)	-	-	-
Tax effect of tax loss not recognised	571	821	1,198	610	1,047
	8,943	15,835	16,083	5,570	5,468

13. DIVIDEND

No dividend was declared or paid during the Track Record Period by the Company since its incorporation.

The dividend declared and paid by a subsidiary of the Company to the then shareholders during the Track Record Period before the completion of Reorganisation is as follow:

	Year ended 31 December			Five months ended 31 May	
	2019	2020	2021	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Baide Suzhou	-	-	35,000	35,000	-

14. (LOSS)/EARNINGS PER SHARE

No (loss)/earnings per share information is present as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation and the basis of presentation and preparation of the results for the Track Record Period as described in Note 2 to the consolidated financial statements.

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement RMB'000	Plant and machinery RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Medical equipment RMB'000	Total RMB'000
Cost						
As at 1 January 2019	3,608	3,494	593	718	887	9,300
Additions	-	-	206	397	-	603
Disposals	-	-	-	(683)	-	(683)
Transfer from inventories	-	-	-	-	1,169	1,169
As at 31 December 2019 and 1 January 2020	3,608	3,494	799	432	2,056	10,389
Additions	6,398	11	628	265	-	7,302
Transfer from inventories	-	-	-	-	754	754
Transfer to inventories	-	-	-	-	(989)	(989)
As at 31 December 2020 and 1 January 2021	10,006	3,505	1,427	697	1,821	17,456
Additions	8,149	1,411	1,837	-	-	11,397
Disposals	-	(581)	(140)	-	-	(721)
Transfer from inventories	-	-	-	-	433	433
Transfer to inventories	-	-	-	-	(289)	(289)
As at 31 December 2021 and 1 January 2022	18,155	4,335	3,124	697	1,965	28,276
Additions	-	87	339	-	-	426
Transfer from inventories	-	-	-	-	394	394
Transfer to inventories	-	-	-	-	(165)	(165)
As at 31 May 2022	18,155	4,422	3,463	697	2,194	28,931
Accumulated depreciation						
As at 1 January 2019	2,104	345	254	344	78	3,125
Provided for the year	1,135	611	127	22	236	2,131
Eliminated on disposals	-	-	-	(338)	-	(338)
As at 31 December 2019 and 1 January 2020	3,239	956	381	28	314	4,918
Provided for the year	2,333	607	278	101	360	3,679
Eliminated on transfers	-	-	-	-	(287)	(287)
As at 31 December 2020 and 1 January 2021	5,572	1,563	659	129	387	8,310
Provided for the year	3,314	604	533	139	292	4,882
Eliminated on disposals	-	(255)	(111)	-	-	(366)
Eliminated on transfers	-	-	-	-	(39)	(39)
As at 31 December 2021 and 1 January 2022	8,886	1,912	1,081	268	640	12,787
Provided for the period	1,784	441	173	58	146	2,602
Eliminated on transfers	-	-	-	-	(20)	(20)
As at 31 May 2022	10,670	2,353	1,254	326	766	15,369
Net carrying amount						
As at 31 December 2019	369	2,538	418	404	1,742	5,471
As at 31 December 2020	4,434	1,942	768	568	1,434	9,146
As at 31 December 2021	9,269	2,423	2,043	429	1,325	15,489
As at 31 May 2022	7,485	2,069	2,209	371	1,428	13,562

16. RIGHT-OF-USE ASSETS

The right-of-use assets represent the warehouses and office buildings leased for own use, carried at depreciated cost, reconciliation of the carrying amount is as follows:

	RMB'000
Cost	
As at 1 January 2019	2,488
Commencement of lease	4,127
Lease modification	2,852
Lease expiration	(2,189)
As at 31 December 2019 and 1 January 2020	7,278
Commencement of lease	6,309
As at 31 December 2020, 1 January 2021, 31 December 2021, 1 January 2022 and 31 May 2022	13,587
Accumulated depreciation	
As at 1 January 2019	1,357
Provided for the year	2,012
Lease expiration	(2,189)
As at 31 December 2019 and 1 January 2020	1,180
Provided for the year	2,998
As at 31 December 2020 and 1 January 2021	4,178
Provided for the year	3,757
As at 31 December 2021 and 1 January 2022	7,935
Provided for the period	1,415
As at 31 May 2022	9,350
Net carrying amount	
As at 31 December 2019	6,098
As at 31 December 2020	9,409
As at 31 December 2021	5,652
As at 31 May 2022	4,237

16. RIGHT-OF-USE ASSETS - Continued

During the years ended 31 December 2019, 2020 and 2021 and the five months ended 31 May 2022, there is commencement of leases amounted to RMB4,127,000, RMB6,309,000, Nil and Nil respectively. Maturity analysis of lease liabilities are set out in Note 29. Total cash outflow for leases within operating and financing activities amounted to RMB3,056,000, RMB2,251,000, RMB5,620,000, RMB2,614,000 and RMB1,321,000 for each of the years ended 31 December 2019, 2020 and 2021 and the five months ended 31 May 2021 and 2022, respectively. The Group leases warehouses and office buildings under lease terms of 2 to 5 years. Some leases include an option to renew the lease with all terms subject to negotiation. None of the leases includes variable lease payments.

17. INTANGIBLE ASSET

	Patent RMB'000
Cost	
As at 1 January 2019, 31 December 2019, 1 January 2020, 31 December 2020, 1 January 2021, 31 December 2021, 1 January 2022 and 31 May 2022	1,800
Accumulated amortisation	
As at 1 January 2019	500
Provided for the year	300
As at 31 December 2019 and 1 January 2020	800
Provided for the year	300
As at 31 December 2020 and 1 January 2021	1,100
Provided for the year	300
As at 31 December 2021 and 1 January 2022	1,400
Provided for the period	125
As at 31 May 2022	1,525
Net carrying amount	
As at 31 December 2019	1,000
As at 31 December 2020	700
As at 31 December 2021	400
As at 31 May 2022	275

Patent is arising from the business combination of obtaining control of Nanjing Changcheng in April 2017. Amortisation on patent is charged on straight-line method over its estimated useful life of 6 years and is included in administrative expenses in the consolidated statements of profit or loss and other comprehensive income. The remaining useful life is 3.3 years, 2.3 years, 1.3 years and 0.9 year as at 31 December 2019, 2020 and 2021 and 31 May 2022 respectively.

18. GOODWILL

	As at 31 December			As at 31 May
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Gross and net carrying amount	422	422	422	422

Goodwill is arising from the business combination of Nanjing Changcheng in April 2017.

The impairment assessment was based on the recoverable amount of the CGU. In the opinion of the directors of the Company, there is no impairment of the above CGU to which goodwill is allocated for the Track Record Period.The recoverable amount of the above CGU is determined based on a value-in-use calculation performed by the directors of the Company with the assistance from APAC Asset Valuation and Consulting Limited, independent professional qualified valuers. The address of APAC Asset Valuation and Consulting Limited is 5th Floor, Blissful Building, 243-247 Des Voeux Road, Central, Hong Kong. The key assumptions for the value-in-use calculation are those regarding the discount rate, growth rates and expected changes to selling prices and operating expenses during the forecast period. The directors of the Company estimate discount rate using pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the CGU. The growth rates are by reference to industry growth forecasts. Changes in selling prices and operating expenses are based on past practices and expectations of future changes in the market.

The major underlying assumptions are summarised below:

The value-in-use calculations use cash flow projections based on financial budgets approved by the directors of the Company covering five-year period and pre-tax discount rates of 19.17%, 17.57%, 20.32% and 18.86% as at 31 December 2019, 2020 and 2021 and 31 May 2022 respectively. Cash flows beyond that five-year period have been extrapolated using an estimated growth rate. This growth rates do not exceed the long-term average growth rates for the market in which the Group operates during the Track Record Period.

18. GOODWILL - Continued

The directors of the Company have determined the values assigned to each of the key assumptions as follows:

Revenue growth rate:	Average revenue growth rate over the five-year forecast period is based on past performance and management's expectation of market development.
Operating expenses:	The bases used to determine the values assigned are cost of inventories, staff costs and other operating expenses. The value assigned to operating expenses reflect past experience and management's commitment to maintain its operating expenses at an acceptable level.
Terminal growth rate:	The terminal growth rate was estimated on the basis of the long-term inflation rate in the PRC. It is a commonly used valuation assumption that the long-term growth rate of a company would approximate the long-term growth rate of the country in which it operates.

Based on the assessment result, the recoverable amounts of CGU of approximately RMB44,610,000, RMB48,620,000, RMB178,270,000 and RMB161,967,000 is greater than its carrying amounts of approximately RMB6,014,000, RMB8,531,000, RMB12,595,000 and RMB11,163,000 as at 31 December 2019, 2020 and 2021 and 31 May 2022, respectively.

18. GOODWILL - Continued

The management performed the sensitivity analysis assuming the abovementioned key assumptions have been changed. Had the estimated key assumptions during the forecast period been changed as below, the headroom would be decreased to as below:

	Year ended 31 December			Five months ended 31 May
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Decrease in revenue growth rate by:				
- 5%	31,122	32,882	153,166	139,998
- 10%	23,649	25,674	140,657	129,191
Increase in operating expenses by:				
- 5%	34,241	35,889	162,063	146,686
- 10%	29,886	31,689	158,451	142,567
Decrease in terminal growth rate by:				
- 5%	38,215	39,638	164,302	149,584
- 10%	37,840	39,194	162,948	148,380
Increase in pre-tax discount rate by:				
- 5%	36,035	37,227	157,470	143,000
- 10%	33,734	34,657	150,063	135,974

The directors of the Company believe that any reasonably possible changes in the key assumptions on which recoverable amount is based would not cause the carrying amount of CGU to exceed its recoverable amount. No impairment loss on its goodwill has been recognised for the years ended 31 December 2019, 2020 and 2021 and the five months ended 31 May 2022.

19. DEFERRED TAX

The following are the major deferred tax assets and (liabilities) recognised by the Group and movements thereon during the Track Record Period:

	Impairment loss on financial and contract assets RMB'000	Provision for inventories RMB'000	Fair value adjustment on intangible asset RMB'000	Total RMB'000
As at 1 January 2019	1,748	375	(325)	1,798
(Charged)/Credited to profit or loss	(97)	-	75	(22)
As at 31 December 2019 and 1 January 2020	1,651	375	(250)	1,776
Credited/(Charged) to profit or loss	571	(186)	75	460
As at 31 December 2020 and 1 January 2021	2,222	189	(175)	2,236
(Charged)/Credited to profit or loss	(1,269)	-	75	(1,194)
As at 31 December 2021 and 1 January 2022	953	189	(100)	1,042
(Charged)/Credited to profit or loss	(19)	-	31	12
As at 31 May 2022	934	189	(69)	1,054

The following is the analysis of the deferred tax balances for financial reporting purposes:

	As at 31 December			As at 31 May
	2019 RMB'000	2020 RMB'000	2021 RMB'000	2022 RMB'000
Deferred tax assets	2,026	2,411	1,142	1,123
Deferred tax liabilities	(250)	(175)	(100)	(69)
	1,776	2,236	1,042	1,054

19. DEFERRED TAX - Continued

The Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB2,874,000, RMB6,039,000, RMB10,831,000 and RMB15,019,000 as at 31 December 2019, 2020 and 2021 and 31 May 2022 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. The tax losses will expire in five years from the dates they were incurred, if unused.

20. INVENTORIES

	As at 31 December			As at 31 May
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	1,510	1,198	3,320	3,881
Work-in-progress	621	1,384	2,462	2,519
Finished goods	4,309	3,462	5,609	5,812
	6,440	6,044	11,391	12,212
Less: provision for impairment	(1,500)	(756)	(756)	(756)
	4,940	5,288	10,635	11,456

21. TRADE RECEIVABLES

	As at 31 December			As at 31 May
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	37,748	62,322	83,173	88,155
Less: impairment loss allowance	(6,001)	(8,597)	(4,690)	(3,846)
	31,747	53,725	78,483	84,309

21. TRADE RECEIVABLES - Continued

The Group's trading terms with trade debtors are mainly on credit. The credit period granted to its trade debtors is generally 30 to 90 days. Each trade debtor has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are regularly reviewed by senior management.

An ageing analysis of trade receivables, net of allowance of impairment losses provision, as at the reporting date, based on the invoice dates is as follows:

	As at 31 December			As at 31 May
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Within 90 days	24,754	31,545	51,786	52,570
91 to 180 days	5,869	11,183	23,196	22,195
181 to 365 days	561	10,967	2,808	9,311
Over 1 year	563	30	693	233
	31,747	53,725	78,483	84,309

Further details on the Group's credit policy and credit risk arising from trade receivable are set out in Note 43(a).

22. CONTRACT ASSETS

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

	As at 31 December			As at 31 May
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Contract assets	-	-	636	-
Less: impairment loss allowance	-	-	(15)	-
	-	-	621	-

Further details on the Group's credit policy and credit risk arising from contract assets are set out in Note 43(a).

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group

	As at 31 December			As at 31 May
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Current				
Other receivables	12,669	1,416	1,844	8,996
Deposits	255	425	1,039	1,678
Less: impairment loss allowance	(596)	(434)	(361)	(567)
	12,328	1,407	2,522	10,107
Prepaid listing expenses	-	1,487	5,742	6,245
Trade deposits to suppliers	6,030	1,584	3,424	2,357
Other prepayments	660	14,714	15,080	38,683
	19,018	19,192	26,768	57,392
Non-current				
Deposits	271	588	317	317
Less: impairment loss allowance	(6)	(14)	(9)	(8)
	265	574	308	309
Prepayments for property, plant and equipment	6,247	3,223	258	5,836
	6,512	3,797	566	6,145
	25,530	22,989	27,334	63,537

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES - Continued

The Company

	As at 31 December 2021 RMB'000	As at 31 May 2022 RMB'000
Current		
Prepaid listing expenses	4,255	4,757
	4,255	4,757

Further details on the Company's and the Group's credit policy and credit risk arising from deposits and other receivables are set out in Note 43(a).

24. AMOUNTS DUE FROM/(TO) SHAREHOLDERS/A DIRECTOR/SUBSIDIARIES

(a) Amounts due from shareholders

The Group

	As at 31 December			As at 31 May
	2019 RMB'000	2020 RMB'000	2021 RMB'000	2022 RMB'000
Gross carrying amount	-	-	2,279	1,949
Less: impairment loss allowance	-	-	(67)	(109)
	-	-	2,212	1,840

As at 31 December 2021 and 31 May 2022, gross carrying amounts of RMB640,000 and RMB310,000 were advanced to Ms. Wu, the controlling shareholder of the Company and RMB1,639,000 was advanced to Daily Charm Holdings Limited, the non-controlling shareholder of the Company. These amounts were non-trade nature, unsecured, interest-free and subsequently settled.

24. AMOUNTS DUE FROM/(TO) SHAREHOLDERS/A DIRECTOR/SUBSIDIARIES - Continued

(a) Amounts due from shareholders

The Company

	As at 31 December 2021 RMB'000	As at 31 May 2022 RMB'000
Gross carrying amount	1,774	1,774
Less: impairment loss allowance	(51)	(96)
	1,723	1,678

As at 31 December 2021 and 31 May 2022, gross carrying amounts of RMB135,000 and RMB1,639,000 were advanced to Ms. Wu and Daily Charm Holdings Limited, the controlling and non-controlling shareholders of the Company respectively, and were non-trade nature, unsecured, interest-free and subsequently settled.

(b) Amounts due from subsidiaries

The Company

	As at 31 December 2021 RMB'000	As at 31 May 2022 RMB'000
Gross carrying amount	9,200	5,891
Less: impairment loss allowance	(262)	(154)
	8,938	5,737

The amounts due from/(to) subsidiaries, and a director were non-trade in nature, unsecured, interest-free and repayable on demand.

Further details on the Company's and the Group's credit policy and credit risk arising from amounts due from shareholders are set out in Note 43(a).

25. CASH AND CASH EQUIVALENTS

The Group

	As at 31 December			As at 31 May
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances	1,535	6,993	20,820	24,090

The Company

	As at 31 December 2021	As at 31 May 2022
	RMB'000	RMB'000
Cash and bank balances	1,498	622

Cash at banks earns interest at floating rates based on daily bank deposit rates. The Group's cash and bank balances amounted to RMB1,535,000, RMB6,993,000, RMB19,234,000 and RMB23,423,000 were denominated in RMB as at 31 December 2019, 2020 and 2021 and 31 May 2022 respectively. Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations.

26. TRADE PAYABLES

	As at 31 December			As at 31 May
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	698	399	2,168	815

The Group's trade payables are non-interest bearing and generally have payment terms of 0 to 30 days. The aging analysis of trade payables of the Group as at respective reporting dates, based on the invoice dates, is as follows:

	As at 31 December			As at 31 May
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Within 90 days	604	216	2,049	624
91 to 180 days	84	133	29	44
181 to 365 days	-	-	78	79
Over 1 year	10	50	12	68
	698	399	2,168	815

The Group's trade payables are short-term in nature and hence, the carrying amount of trade payables are considered to approximate to their fair value.

27. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December			As at 31 May
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Accrued salaries and allowance	4,644	4,522	4,383	3,505
Accrued expenses	8,822	68	189	535
Accrued listing expenses	-	4,561	3,626	3,535
Other payables	15,697	18,574	5,761	7,306
Withholding tax payable	-	-	6,745	6,786
	29,163	27,725	20,704	21,667

As at 31 December 2019 and 2021, other payables were non interest-bearing, unsecured and repayable on demand, except for the balance of RMB12,760,000 (Note 36) as at 31 December 2019, which was the amount due to ex-controlling shareholder of a subsidiary which bore interest at a rate of 7.00% per annum.

As at 31 December 2020, other payables were non interest-bearing, unsecured and repayable on demand, except for the amounts of RMB12,731,000 due to related companies which were non interest-bearing, unsecured and repayable on 31 December 2021. These amounts related to the consideration payable for the equity transfer of Baide Suzhou from its former shareholders to a subsidiary of the Group pursuant to Reorganisation. Ms. Wu, the Controlling Shareholder and a director of the Company, was the general and executive partner of these related companies, these related companies are controlled by Ms. Wu. These amounts were settled during the year ended 31 December 2021.

27. OTHER PAYABLES AND ACCRUALS - Continued

The Group - Continued

The following table shows the amounts due to related companies included in other payables:

	As at 31 December			As at 31 May
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Guangzhou Baibang Corporate Management Partnership Enterprise (Limited Partnership)* 廣州百邦企業管理合夥企業(有限合夥)	-	3,082	-	-
Ruzhou Bairui Corporate Management Consultancy Centre (Limited Partnership)* 汝州百瑞企業管理諮詢中心(有限合夥)	-	6,567	-	-
Ruzhou Baide Chuangye Investment Management Centre (Limited Partnership)* 汝州市百德創業投資管理中心(有限合夥)	-	3,082	-	-
	-	12,731	-	-

* The English names of these related companies represent the best efforts made by the directors of the Company in translating the Chinese names of these companies as they do not have official English names.

27. OTHER PAYABLES AND ACCRUALS - Continued

The Company

	As at 31 December 2021 RMB'000	As at 31 May 2022 RMB'000
Accrued expenses	189	189
Accrued listing expenses	3,221	3,131
Withholding tax payables	6,745	6,786
	10,155	10,106

28. BANK BORROWINGS

	Effective interest rate (%) per annum	Repayment dates	As at 31 December 2019 RMB'000	2020 RMB'000	2021 RMB'000	As at 31 May 2022 RMB'000
Current						
Bank borrowings						
- Secured and guaranteed	4.35	February 2021	-	3,000	-	-
- Guaranteed	4.35	June 2021	-	6,000	-	-
	4.35	March 2022	-	-	9,000	-
	4.35	August 2022	-	-	4,000	4,000
	4.35	November 2022	-	-	-	3,000
	4.35	December 2022	-	-	-	15,000
	4.35	March 2023	-	-	-	6,000
			-	9,000	13,000	28,000

As at 31 December 2020 and 2021 and 31 May 2022, bank borrowings bore interest at fixed rates of 4.35%, 4.35% and 4.35% per annum respectively.

As at 31 December 2020, bank borrowings of RMB3,000,000 and RMB6,000,000 were secured by two registered patents and personal guarantee provided by Ms. Wu, a director of the Company and controlling shareholder of the Group; and secured by personal guarantee provided by Ms. Wu, a director of the Company and Controlling Shareholder of the Group, respectively.

28. BANK BORROWINGS - Continued

As at 31 December 2021 and 31 May 2022, bank borrowings of RMB13,000,000 and RMB28,000,000 were secured by corporate guarantee provided by the Company's subsidiaries in the PRC.

29. LEASE LIABILITIES

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

	As at 31 December			As at 31 May
	2019 RMB'000	2020 RMB'000	2021 RMB'000	2022 RMB'000
Present value of future lease payments				
- Within one year	1,080	4,090	2,369	1,997
- In the second to fifth years	4,821	6,360	2,832	2,090
	5,901	10,450	5,201	4,087
- Current	1,080	4,090	2,369	1,997
- Non-current	4,821	6,360	2,832	2,090
	5,901	10,450	5,201	4,087

The future lease payments of the Group's lease (excluding short-term leases) were scheduled to be repaid as follows:

	Minimum lease payments RMB'000	Interest RMB'000	Present value RMB'000
As at 31 December 2019			
Not later than one year	1,372	292	1,080
Later than one year but not later than five years	4,924	103	4,821
	6,296	395	5,901

29. LEASE LIABILITIES - Continued

	Minimum lease payments RMB'000	Interest RMB'000	Present value RMB'000
As at 31 December 2020			
Not later than one year	4,551	461	4,090
Later than one year but not later than five years	6,719	359	6,360
	11,270	820	10,450

	Minimum lease payments RMB'000	Interest RMB'000	Present value RMB'000
As at 31 December 2021			
Not later than one year	2,613	244	2,369
Later than one year but not later than five years	3,026	194	2,832
	5,639	438	5,201

	Minimum lease payments RMB'000	Interest RMB'000	Present value RMB'000
As at 31 May 2022			
Not later than one year	2,185	188	1,997
Later than one year but not later than five years	2,217	127	2,090
	4,402	315	4,087

30. CONTRACT LIABILITIES

	As at 31 December			As at 31 May
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Contract liabilities arising from sale of goods	6,884	5,089	4,067	3,799

Certain deposit received or receipt in advance of the Group in respect of sale of goods remains as contract liabilities until the sales transactions completed to date outweighs the amount received.

Movement in contract liabilities for the Track Record Period is as follows:

	Year ended 31 December			Five months ended 31 May
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	4,635	6,884	5,089	4,067
Additions	4,656	2,829	1,820	204
Realised to profit or loss	(2,407)	(4,624)	(2,842)	(472)
At the end of the year/period	6,884	5,089	4,067	3,799

31. CONVERTIBLE LOANS /PUTTABLE SHARES PAYABLE

Baide Suzhou, a PRC subsidiary of the Group, signed the pre-IPO investment agreements (the "Agreements") with eleven independent third parties (the "Pre-IPO investors") for issuing zero coupon convertible loans (the "Convertible Loans") with aggregated principal amount of RMB34,856,000 on several dates during the year ended 31 December 2018 (the "Issue Dates") which had a maturity date of 31 December 2020 (the "Maturity Date"). The principal amount of Convertible Loans was denominated in RMB which is also the functional currency of Baide Suzhou. The Convertible Loans entitled the Pre-IPO investors to convert no more than an aggregate amount of RMB12,961,000 out of the paid investment amount of RMB34,856,000 into the shares of Baide Suzhou (the "Conversion Option") for aggregated maximum of 31.62% of the entire issued share capital of Baide Suzhou immediately after the conversion before the Maturity Date. Any Convertible Loans not converted fully will be redeemed on Maturity Date at the principal amount.

31. CONVERTIBLE LOANS/ PUTTABLE SHARES PAYABLE - Continued

Simultaneously, a put option (the "Put Option") and early redemption option (the "Early Redemption Option") had been granted under each of the Agreements by Baide Suzhou. Baide Suzhou shall on the holder's option, repurchase its converted shares at the conversion price of the Convertible Loans and repay the principal amount of Convertible Loans partially or in full (before the Maturity Date, if it triggers any one of the following circumstances (trigger events):

1. if Baide Suzhou fails to meet the net profit targets at 31 December 2019 and 2020;
2. if Baide Suzhou fails to complete a listing of its shares or its holding company on the Main Board of the Stock Exchange on or before 31 December 2020;
3. if the issued shares of Baide Suzhou at the Issue Dates are failed to be paid in full by the existing shareholders;
4. if the existing shareholders of Baide Suzhou misappropriate Baide Suzhou's funds and assets and use of Baide Suzhou's assets and credit to provide guarantees for existing shareholders and related parties (except for normal business operation);
5. If the certificate for business operation and products licences and patents held by Baide Suzhou up to the Issue Dates are not valid;
6. If Baide Suzhou fails to engage professional parties to execute the capital verification, amendment of the Baide Suzhou's memorandum and article of association and registration in compliance with the laws and regulations of the PRC within 30 days since written notice was received from the Pre-IPO investors for the share conversion; or
7. If the Pre-IPO investors fail to be the shareholders of Baide Suzhou after the exercise of the Conversion Option attached to the Convertible Loans, under Reorganisation for the purpose of listing on the Main Board.

If Conversion Option or Early Redemption Option are not exercised by the Pre-IPO investors before the Maturity Date, Baide Suzhou has to repay the investment amount in full while if the Conversion Option or Early Redemption Option are partially exercised by the Pre-IPO investors before Maturity Date, Baide Suzhou has to repay the remaining portion of investment amount related to the unexercised Conversion Option or Early redemption Option to the Pre-IPO investors.

During the year ended 31 December 2019, there was no conversion of Convertible Loans into shares of Baide Suzhou.

31. CONVERTIBLE LOANS/ PUTTABLE SHARES PAYABLE - Continued

During the years ended 31 December 2019 and 2020, certain Pre-IPO investors early redeemed all of the outstanding Convertible Loans with the amount of RMB2,000,000 and RMB4,300,000 respectively in cash, resulted in gains on early redemption of approximately RMB3,620,000 and RMB25,047,000 which represented the difference between the redemption amounts and the carrying amounts of Convertible Loans.

On 3 December 2020, eight Pre-IPO investors entered into supplemental agreements with Baide Suzhou, pursuant to which each of them shall thereby exercise his/her/its conversion rights to convert part of the investment amount into equity interests in Baide Suzhou by subscription of the increased portion of the registered capital of Baide Suzhou through his/her/its directly or indirectly owned investment entity or investment entity owned together with other Pre-IPO investors. Pursuant to the supplemental agreements, for the purpose of Reorganisation, Baide Suzhou shall refund the investment amount paid under the Agreements to each of them without interest and such refunded amount shall be used for the payment of the subscription price of the subscription for the increased portion of the registered capital of Baide Suzhou through the investment entities owned by these Pre-IPO investors.

On 7 December 2020 (the "Conversion Date"), pursuant to the exercise of the conversion rights attaching to the Convertible Loans stated above, shares of RMB10,754,000 were allotted and issued by Baide Suzhou which representing the aggregated of 26.24% of its entire issued share capital, to the investment entities owned by the Pre-IPO investors. An aggregate investment amount of RMB13,230,000 was non-convertible and refunded by Baide Suzhou, and the remaining investment amount of RMB4,572,000 upon the expiry of the Conversion Option was repaid during the year ended 31 December 2021.

The Convertible Loans were measured as financial liabilities at fair value through profit or loss. During the Track Record Period, the changes in fair value of the Convertible Loans amounted to RMB86,893,000 and RMB25,355,000 for the years ended 31 December 2019 and 2020 respectively.

For the fair value measurement of the Convertible Loans, please refer to Note 43(f)(i) for details.

31. CONVERTIBLE LOANS/ PUTTABLE SHARES PAYABLE - Continued

Accordingly, the shares converted by the eight of the Pre-IPO investors on 7 December 2020 represent puttable shares and have consequently been accounted for as financial liabilities under the consolidated statement of financial position.

At initial recognition, puttable shares payable of RMB10,754,000 is recognised as a current liability in the consolidated statements of financial position due to a potential event triggers before the Maturity Date.

As at 31 December 2020, an aggregate amount of RMB150,316,000, which representing the carrying amount of Convertible Loans at the Conversion Date, in which RMB148,828,000 and RMB1,488,000 were transferred to merger reserve and non-controlling interests respectively.

The movements of the Convertible Loans during the Track Record Period are set out below:

	Year ended 31 December		
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
At the beginning of the year	101,591	182,864	4,572
Fair value changes	86,893	25,355	-
Gains on redemption	(3,620)	(25,047)	-
Early redemption	(2,000)	(4,300)	-
Repayment	-	(13,230)	(4,572)
Conversion	-	(150,316)	-
Recognised as puttable shares payable	-	(10,754)	-
At the end of the year	182,864	4,572	-

	As at 31 December		
	2019	2020	2021
	RMB'000	RMB'000	RMB'000
Analysed as:			
Current liabilities	182,864	4,572	-
Non-current liabilities	-	-	-
	182,864	4,572	-

31. CONVERTIBLE LOANS/ PUTTABLE SHARES PAYABLE - Continued

The movement of the puttable shares payable during the Track Record Period are as follows:

	Year ended 31 December 2020 RMB'000
At the beginning of the year	-
Initial recognition	10,754
Expired	(10,754)
At the end of the year	-

32. CONVERTIBLE REDEEMABLE PREFERENCE SHARES

On 30 June 2021, several independent third parties (the "Preference Shareholders") entered into the pre-IPO subscription agreement (the "Investment Agreement") with the Company, Tycoon Choice, Baide HK, the PRC Subsidiaries, Ms. Wu and Auto King International Limited, the entity wholly-owned by Ms. Wu (the "Ms. Wu BVI Entity"), pursuant to which the Preference Shareholders subscribed for an aggregate of 1,269,500 preference shares at an aggregate subscription consideration of RMB94,400,000 (the "Convertible Redeemable Preference Shares"). On 5 July 2021, the Company allotted and issued the Convertible Redeemable Preference Shares to these Preference Shareholders at the subscription consideration of RMB94,400,000, which was fully settled in cash.

All of the issued and outstanding Convertible Redeemable Preference Shares shall be automatically converted into such number of ordinary shares of the Company no later than the date immediately before the date on which the listing of the Company's shares was commenced on a recognised stock exchange pursuant to a qualified IPO. The initial conversion price for each Convertible Redeemable Preference Share shall be RMB74.36 per share (subject to adjustments for any recapitalisation including a split, subdivision, combination, consolidation, stock dividend, reclassification or the like) (the "Conversion Price").

The proceeds shall be used for (1) the expansion of the production and manufacturing capacities of the Group, research and development of new products, expansion of sales channel and marketing, clinical testing and products registrations; (2) the repurchases of certain ordinary shares of the Company; and (3) all the fees and expenses in relation to the listing, each as approved by the board of directors (if applicable).

32. CONVERTIBLE REDEEMABLE PREFERENCE SHARES - Continued

The transaction costs of the issuance of Convertible Redeemable Preference Shares of approximately RMB5,505,000 has been recognised in profit or loss during the year ended 31 December 2021.

The key terms of Convertible Redeemable Preference Shares are as follows:

(i) Conversion feature

Pursuant to the shareholders agreement (the "Shareholders Agreement"), each Convertible Redeemable Preference Share shall be convertible, at the option of the Preference Shareholders, at any time after the date of issuance of such Convertible Redeemable Preference Share, into such number of fully-paid ordinary shares of the Company as is determined by dividing the original issue price of such Preference Share (i.e. RMB74.36) by the applicable conversion price. Pursuant to the Shareholders Agreement, all of the issued and outstanding Convertible Redeemable Preference Shares shall automatically be converted into such number of shares using the then effective Conversion Price applicable to the Convertible Redeemable Preference Shares no later than the date immediately before the date on which the listing of the Company's share was commenced on a recognised stock exchange pursuant to a qualified IPO. As at 31 December 2021 and 31 May 2022, none of the Convertible Redeemable Preference Shares had been converted into ordinary shares of the Company.

32. CONVERTIBLE REDEEMABLE PREFERENCE SHARES - Continued

(ii) Special rights

Under the Investment Agreement, the Preference Shareholders were granted a number of special rights, including but not limited to (i) repurchase right; (ii) anti-dilution right; (iii) the right of inspection including the right to access, examine and copy books or account of the Company; (iv) the right to discuss the business, operations and conditions of the Group; (v) the right to appoint independent auditor to examine accounts of the member of the Group; (vi) drag-along right; (vii) pre-emption right of shareholders on new shares; (viii) right of first refusal; and (ix) right of co-sale, all of which are set forth in the Shareholders Agreement. One of the Preference Shareholders, BOCI Investment Limited ("BOCI Investment") was given the priority over others in respect of the appointment as the several roles of the professional parties for the listing. BOCI Investment shall be entitled to nominate 1 person (the "Preference Shareholder's Appointed Director") to be a member of the board of directors. Ms. Liu Jiayi was appointed as the Preference Shareholder's Appointed Director on 5 July 2021. BOCI Investment shall also be entitled to nominate the Preference Shareholder's Appointed Director to each committee of the board of directors and the board of directors of each of the companies of the Group. All the above special rights shall be terminated on the last date as explicitly required by applicable laws and/or the Listing Rules, or upon listing, whichever is earlier.

(iii) Repurchase rights:

Further to the special rights stated above which including the repurchase rights, in the event that a listing on the Main Board of Hong Kong Stock Exchange does not take place on or before 31 December 2022, each of the Preference Shareholder shall be entitled to serve a written notice to the Company, Ms. Wu and Ms. Wu BVI Entity and request the Company, Ms. Wu and Ms. Wu BVI Entity, on a joint and several basis, to redeem, repurchase or purchase (as applicable) from the requesting Preference Shareholder all or any part of the Convertible Redeemable Preference Shares held by such Preference Shareholder respectively for a consideration equal to the repurchase amount, which is the sum of (i) the Original Subscription Price; (ii) an amount sufficient to afford the Preference Shareholders its Minimum IRR (i.e. an internal rate of return of 15% calculated on compound basis), calculated as of the date of payment of the Repurchase Amount (taking into account the sum of any cash dividend paid to the Preference Shareholder on or before the date of payment of the Repurchase Amount); and (iii) all costs and disbursements reasonably incurred by the Preference Shareholders in connection with the repurchase.

32. CONVERTIBLE REDEEMABLE PREFERENCE SHARES - Continued

(iii) Repurchase rights - Continued:

The repurchase amount is payable by Ms. Wu, Ms. Wu BVI Entity and the Company in cash and in immediately available funds within 30 calendar days after their receipt of the written notice issued by the Preference Shareholders.

The repurchase rights of the Preference Shareholder shall lapse and cease to have effect on the date immediately before the date of listing of the Company.

(iv) Profit guarantee and net profit adjustment

Pursuant to the Investment Agreement, the Group has warranted and guaranteed to BOCI Investment that the audited consolidated net profit (excluding non-recurrent revenue, profit or loss) of the Company for the financial year ending 31 December 2021 shall be not less than RMB91,700,000 and for the financial year ending 31 December 2022 shall be not less than RMB126,000,000.

In the event the actual audited consolidated net profit (excluding non-recurrent revenue, profit or loss) (the "Actual Net Profit") of the Company for the financial year ended 31 December 2021 and year ending 31 December 2022 is less than the guaranteed profit, the Company shall compensate BOCI Investment for any shortfall as calculated according to the following formulae: Shortfall for the relevant financial year = subscription consideration x (1- (Actual Net Profit for the relevant financial year/the guaranteed net profit for the relevant financial year)).

The above right of BOCI Investment shall be terminated on the last date as explicitly required by applicable laws and/or the Listing Rules, or upon listing, whichever is earlier.

32. CONVERTIBLE REDEEMABLE PREFERENCE SHARES - Continued

The movement of the Convertible Redeemable Preference Shares during the Track Record Period are as follows:

The Group and the Company

	Year ended 31 December 2021 RMB'000	Five months ended 31 May 2022 RMB'000
At the beginning of the year/period	-	87,300
Initial recognition	94,400	-
Fair value change through profit or loss	(7,100)	6,700
At the end of the year/period	87,300	94,000

The Convertible Redeemable Preference Shares are designated as a whole as financial liabilities measured at fair value through profit or loss. The directors of the Company considered that the changes in the fair value on the Convertible Redeemable Preference Shares attributable to the change in credit risk of the Group is minimal. Change in fair value of the Convertible Redeemable Preference Shares of RMB7,100,000 and RMB6,700,000 are credited and charged to profit or loss for the year ended 31 December 2021 and the five months ended 31 May 2022, respectively.

For the fair value measurement of the Convertible Redeemable Preference Shares, please refer to Note 43(f)(ii) for details.

33. SHARE CAPITAL

The Group and the Company

	As at 31 December 2021 RMB'000	As at 31 May 2022 RMB'000
Issued and fully paid		
10,000,000 ordinary share of HK$0.01 each	74	74

33. SHARE CAPITAL - CONTINUED

A summary of movements in the Company's share capital is as follows:

	Number of Shares in issue	Share capital RMB'000
At 1 January 2021	-	-
Issuance of ordinary shares (Note i)	10,000,000	84
Share repurchase (Note ii)	(1,243,303)	(10)
At 31 December 2021, 1 January 2022 and 31 May 2022	8,756,697	74

Notes:

(i) The Company was incorporated in the Cayman Islands under Cayman Companies Act as an exempted company with limited liability on 22 January 2021 with authorised share capital of HK$380,000 divided into 38,000,000 shares of HK$0.01 each. On the date of incorporation, 10,000,000 ordinary shares of HK$0.01 were allotted and issued by the Company.

There was no share capital as at 1 January 2019, 31 December 2019 and 2020 since the Company was not yet incorporated by then.

(ii) On 1 September 2021, the Company as purchaser entered into the share repurchase agreement with several investors, as vendors in relation to the repurchase of 1,243,303 ordinary shares by the Company at the total consideration of RMB66,774,000 (the "Repurchase of Shares") which was fully settled on 1 September 2021. Repurchase of Shares was paid in cash and an aggregate of 1,243,303 ordinary shares repurchased under the Repurchase of Shares were cancelled on 1 September 2021. The Repurchase of Shares and the cancellation of the 1,243,303 ordinary shares were approved by the then shareholders of the Company.

34. RESERVES

The Group

The amount of the Group's reserves and the movement thereon during the Track Record Period are presented in the consolidated statements of changes in equity as set out on pages 10 to 12 of this report.

The Company

The movement in the reserves of the Company is presented below:

	Share premium RMB'000	Share option reserve RMB'000	Translation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
As at 22 January 2021 (date of incorporation)	-	-	-	-	-
Loss and total comprehensive income for the period	-	-	-	(14,893)	(14,893)
Repurchase of shares (Note 33)	(66,764)	-	-	-	(66,764)
Recognition of equity-settled share-based payments (Note 35)	-	542	-	-	542
As at 31 December 2021	(66,764)	542	-	(14,893)	(81,115)

34. RESERVES - Continued

The Company - Continued

	Share premium RMB'000	Share option reserve RMB'000	Translation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
As at 1 January 2022	(66,764)	542	-	(14,893)	(81,115)
Loss for the period	-	-	-	(11,053)	(11,053)
Other comprehensive income for the period:					
Exchange difference on translation to presentation currency	-	-	(74)	-	(74)
Total comprehensive income for the period	-	-	(74)	(11,053)	(11,127)
Recognition of equity-settled share-based payments (Note 35)	-	856	-	-	856
As at 31 May 2022	(66,764)	1,398	(74)	(25,946)	(91,386)

The following describes the nature and purpose of each reserve within owner's equity:

Share premium

The application of the share premium account is governed by the Companies Act of Cayman Islands. The share premium represents the difference between the nominal value of the ordinary shares issued by the Company and consideration paid for the share repurchased for the year ended 31 December 2021.

34. RESERVES - Continued

Capital reserve

Capital reserve represents the capital injection in excess of registered capital of Baide Suzhou and decrease in equity attributable to owners of the Company for acquiring the 49% equity interests of Nanjing Changcheng.

Merger reserve

Merger reserve represents the uneliminated share capital of the combining entity of the Group, the difference of aggregate consideration paid by the Group for the equity transfer of subsidiaries pursuant to the Reorganisation and the aggregate capital of subsidiaries after elimination of investments in subsidiaries.

Statutory surplus reserve

Pursuant to relevant laws and regulations in the PRC and articles of association of the entities incorporated in the PRC now comprising the Group, it is required to make appropriation from profit after taxation as reported in the PRC statutory financial statements to reserve fund at rates not less than 10% until the reserve fund balance reaches 50% of its registered capital.

Statutory surplus reserve can only be used, upon approval by the relevant authority, to offset accumulated losses or increase capital. However, the balance of the statutory surplus reserve must be maintained at the minimum of 25% of the capital after such usages.

Translation reserve

The exchange reserve comprises all exchange differences arising from the translation of the financial statements from functional to presentation currency.

35. SHARE OPTION SCHEME

The Company has conditionally adopted the Pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") which is approved and adopted by the written resolutions of the shareholders passed on 24 September 2021. The purpose of the Pre-IPO Share Option Scheme is to give eligible participants (i.e. (1) any directors, whether executive or non-executive and whether independent or not, of any member of the Group; and (2) any full time or part time employees of any member of the Group) an opportunity to have a personal stake in the Company and help motivate them to optimise their future performance and efficiency to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such eligible participants who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group.

The maximum number of Shares which may be issued upon exercise of all options which may be granted at any time under the Pre-IPO Share Option Scheme is 18,000,000 shares, representing 6% of the issued shares immediately following the completion of the global offering (assuming the over-allotment option is not exercised and without taking in account any shares which may be allotted and issued pursuant to the exercise of any options under any of the share option schemes). As at 31 December 2021 and 31 May 2022, number of shares in respect of which options had been granted and remained outstanding under the Pre-IPO Share Option Scheme was 18,000,000, representing 6% of the issued share capital of the Company on the basis that 300,000,000 Shares were in issue and assuming that (i) the Global Offering and the capitalisation issue had been completed on 31 December 2021/31 May 2022 and (ii) no exercise of the Over-allotment Option. No further options will be offered or granted under the Pre-IPO Share Option Scheme.

The options granted should be subject to the following vesting schedule:

(1) two-thirds of the total number of the options will be vested 24 months immediately following the date of listing; and
(2) the remaining one-third of the total number of the options will be vested 36 months immediately following the date of listing.

Notwithstanding the foregoing, the earliest vesting date shall not be earlier than the date of listing. Subject to the vesting schedule above, there is no other specified minimum period under the Pre-IPO Share Option Scheme for which an option must be held or specified performance target which must be achieved before an option can be exercised under the term of the Pre-IPO Share Option Scheme.

35. SHARE OPTION SCHEME - Continued

The Company has granted options to 11 participants under the Pre-IPO Share Option Scheme, all of whom are Directors, senior management or employees of the Group on 26 September 2021, prior to the date of listing. HK$1 was given by each of the grantees as the consideration for the share options.

The exercise of share options is subject to the conditions as follow:
Any option granted under the Pre-IPO Share Option Scheme shall become valid and exercisable upon all of the following conditions precedent being fulfilled:

(a) the Listing Committee of the Stock Exchange granting approval of the listing of and permission to deal in any Shares which may fall to be issued by the Company pursuant to the exercise of Options in accordance with the terms and conditions of the Pre-IPO Share Option Scheme;
(b) commencement of dealings in the Shares on the Stock Exchange; and
(c) any such conditions as may be specified in the relevant offer letter in respect of the grant of Options being satisfied or waived.

Details of the grantee under the Pre-IPO Share Option Scheme as at 31 December 2021 and 31 May 2022 are as follows:

Categories of grantee and position	Date of grant	Option period	Exercise period	Exercise price	Number of outstanding share options as at 31 December 2021	31 May 2022
Directors	26 September 2021	10 years from the date of grant	After the vesting date but before the expiry of the option period	HK$3.97 per share	12,457,024	12,457,024
Employees	26 September 2021	10 years from the date of grant	After the vesting date but before the expiry of the option period	HK$3.97 per share	5,542,976	5,542,976
					18,000,000	18,000,000

35. SHARE OPTION SCHEME - Continued

On 26 September 2021, 18,000,000 share options were granted. The estimated fair value of the share options granted on that date was RMB5,700,000.

Fair value of share options under the Pre-IPO Share Option Scheme:

The Group has used the discounted cash flow method to determine the fair value of underlying ordinary shares of the Company with the assistance of Ravia Global Appraisal Advisory Limited, independent professionally qualified valuers. The address of Ravia Global Appraisal Advisory Limited is 17/F., 83 Wan Chai Road, Wan Chai, Hong Kong. Based on the fair value of the underlying ordinary shares of the Company, the Group has used binomial option-pricing model to determine the fair value of the share option as of the grant date. Option valuation model requires the input of highly subjective assumptions, including the option's expected life and the price volatility of the underlying shares, and changes in the subjective input assumptions can materially affect the fair value estimate of share options.

Significant unobservable inputs	**26 September 2021**
Weighted average share price	RMB2.45 per share (equivalent to HK$2.91 per share)
Exercise price	HK$3.97 per share
Expected life	10 years
Expected volatility	16.09%
Expected dividend yield	0.00%
Risk-free rate	2.87%

The Company has recognised the equity-settled share-based payment of RMB542,000 and RMB856,000 in profit or loss during the year ended 31 December 2021 and the five months ended 31 May 2022, respectively, in relation to the share options issued under the Pre-IPO Share Option Scheme.

36. ACQUISITION OF NON-CONTROLLING INTERESTS

On 1 March 2019, Baide Suzhou acquired additional 49% equity interests of Nanjing Changcheng, a 51% owned subsidiary as at 31 December 2018. As a result of the acquisition, Baide Suzhou owned 100% equity interests in this subsidiary since then.

An analysis of the effects of changes in shareholdings in Nanjing Changcheng on the equity attributable to owners of the Company is as follows:

	RMB'000
Net assets attributable to 49% equity interests	3,034
Less: cash consideration paid for 49% equity interests	58,800
Decrease in equity attributable to owners of the Company (included in capital reserve)	(55,766)

Analysis of cash flows on acquisition of non-controlling interests	**RMB'000**
Cash consideration	(58,800)
Unsettled cash consideration as at 31 December 2019	12,760#
Net cash outflow on acquisition of non-controlling interests for the year ended 31 December 2019	(46,040)

#The unsettled cash consideration of RMB12,760,000 is included in other payable as at 31 December 2019 (Note 27). These amounts had been fully settled during the year ended 31 December 2020 by way of offsetting with other receivables (Note 40).

37. CAPITAL COMMITMENTS

As at 31 December 2019, 2020 and 2021 and 31 May 2022, the Group had outstanding capital commitments as follows:

	As at 31 December			As at 31 May
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Contracted, but not provided for:				
Property, plant and equipment	2,765	797	-	1,029

38. INVESTMENT IN A SUBSIDIARY

The Company

	As at 31 December 2021	As at 31 May 2022
	RMB'000	RMB'000
Unlisted investment, at cost	*	*

*The balance represents an amount of less than RMB1,000.

The particulars of the directly and indirectly held subsidiaries of the Company are set out on pages 15 to 20 of this report.

39. RELATED PARTY TRANSACTIONS

The key management personnel of the Group represent directors and other senior management of the Group. Details of the remuneration paid to them during the Track Record Period are set out in Note 11 to the consolidated financial statements.

Save as disclosed above, there are no related party transactions and balances between the Group and its related parties for the Track Record Period.

40. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

Reconciliation of liabilities arising from financing activities

	Lease liabilities RMB'000 (Note 29)	Bank borrowings RMB'000 (Note 28)	Convertible loans RMB'000 (Note 31)	Amount due (from)/to a shareholder RMB'000 (Note 24)	Other payables and accruals RMB'000 (Note 27)
As at 1 January 2019	1,673	849	101,591	(5,095)	6,121
Changes from financing cash flows:					
- Advance from a shareholder	-	-	-	12,467	-
- Repayments	(2,751)	(849)	-	-	-
- Interest paid	(220)	-	-	-	(426)
- Early redemption	-	-	(2,000)	-	-
	(2,971)	(849)	(2,000)	12,467	(426)
Other changes:					
- Cash flows from operating activities	-	-	-	-	23,042
- Cash flows from investing activities	-	-	-	5,214	-
- Commencement of lease	4,127	-	-	-	-
- Lease modification	2,852	-	-	-	-
- Finance costs	220	-	-	-	426
- Reversal of impairment loss	-	-	-	(119)	-
- Fair value change	-	-	86,893	-	-
- Gain on redemption	-	-	(3,620)	-	-
	7,199	-	83,273	5,095	23,468
As at 31 December 2019	5,901	-	182,864	12,467	29,163

40. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS - Continued

Reconciliation of liabilities arising from financing activities - Continued

	Lease liabilities RMB'000 (Note 29)	Bank borrowings RMB'000 (Note 28)	Convertible loans RMB'000 (Note 31)	Amount due to a director RMB'000 (Note 24)	Amount due to a shareholder RMB'000 (Note 24)	Other payables and accruals RMB'000 (Note 27)
As at 1 January 2020	5,901	-	182,864	249	12,467	29,163
Changes from financing cash flows:						
- New bank borrowings	-	9,000	-	-	-	-
- Repayments	(1,760)	-	(13,230)	(249)	(12,467)	-
- Interest paid	(394)	(232)	-	-	-	-
- Early redemption	-	-	(4,300)	-	-	-
	(2,154)	8,768	(17,530)	(249)	(12,467)	-
Other changes:						
- Cash flows from operating activities	-	-	-	-	-	(2,448)
- Cash flows from investing activities	-	-	-	-	(9,910)	-
- Commencement of lease	6,309	-	-	-	-	-
- Finance costs	394	232	-	-	-	426
- Fair value change	-	-	25,355	-	-	-
- Gain on redemption	-	-	(25,047)	-	-	-
- Conversion	-	-	(150,316)	-	-	-
- Offset with other receivables	-	-	-	-	-	(12,760)
- Deemed distribution arising from Reorganisation	-	-	-	-	12,327	13,344
- Recognised as puttable share payable	-	-	(10,754)	-	-	-
	6,703	232	(160,762)	-	2,417	(1,438)
As at 31 December 2020	10,450	9,000	4,572	-	2,417	27,725

40. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS - Continued

Reconciliation of liabilities arising from financing activities - Continued

	Lease liabilities RMB'000 (Note 29)	Bank borrowings RMB'000 (Note 28)	Convertible loans RMB'000 (Note 31)	Convertible redeemable preference shares RMB'000 (Note 32)	Amount due to/(from) shareholders RMB'000 (Note 24)	Other payables and accruals RMB'000 (Note 27)
As at 1 January 2021	10,450	9,000	4,572	-	2,417	27,725
Changes from financing cash flows:						
- New bank borrowings	-	23,000	-	-	-	-
- Repayments	(4,908)	(19,000)	(4,572)	-	-	-
- Interest paid	(394)	(581)	-	-	-	-
- Dividend paid to shareholders of a subsidiary	-	-	-	-	-	(35,000)
- Consideration paid arising from Reorganisation	-	-	-	-	(12,327)	(8,563)
-Proceed from issue of convertible redeemable preference shares	-	-	-	94,400	-	-
-Transaction costs directly attributable to the issuance of convertible redeemable preference shares paid	-	-	-	-	-	(5,505)
- Repayment to shareholders	-	-	-	-	(2,279)	-
	(5,302)	3,419	(4,572)	94,400	(14,606)	(49,068)
Other changes:						
- Cash flows from operating activities	-	-	-	-	-	36,542
- Cash flows from investing activities	-	-	-	-	9,910	-
- Fair value change	-	-	-	(7,100)	-	-
- Provision for impairment loss	-	-	-	-	67	-
-Transaction costs directly attributable to the issuance of convertible redeemable preference shares	-	-	-	-	-	5,505
- COVID-19-related rent concession from a lessor	(341)	-	-	-	-	-
- Finance costs	394	581	-	-	-	-
	53	581	-	(7,100)	9,977	42,047
As at 31 December 2021	5,201	13,000	-	87,300	(2,212)	20,704

40. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS - Continued

Reconciliation of liabilities arising from financing activities - Continued

	Lease liabilities RMB'000 (Note 29)	Bank borrowings RMB'000 (Note 28)	Convertible loans RMB'000 (Note 31)	Amount due to/(from) shareholders RMB'000 (Note 24)	Other payables and accruals RMB'000 (Note 27)
As at 1 January 2021	10,450	9,000	4,572	2,417	27,725
Changes from financing cash flows:					
- New bank borrowings	-	19,000	-	-	-
- Repayments	(2,160)	(13,000)	(4,572)	-	-
- Interest paid	(228)	(218)	-	-	-
- Dividend paid to shareholders of a subsidiary	-	-	-	-	(35,000)
- Consideration paid arising from Reorganisation	-	-	-	(12,327)	(8,563)
- Repayment to shareholders	-	-	-	(11,728)	-
	(2,388)	5,782	(4,572)	(24,055)	(43,563)
Other changes:					
- Cash flows from operating activities	-	-	-	-	46,211
- Cash flows from investing activities	-	-	-	9,910	-
- Provision for impairment loss	-	-	-	353	-
- COVID-19-related rent concession from a lessor	(180)	-	-	-	-
- Finance costs	228	218	-	-	-
	48	218	-	10,263	46,211
As at 31 May 2021 (Unaudited)	8,110	15,000	-	(11,375)	30,373

40. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS - Continued

Reconciliation of liabilities arising from financing activities - Continued

	Lease liabilities RMB'000 (Note 29)	Bank borrowings RMB'000 (Note 28)	Convertible redeemable preference shares RMB'000 (Note 32)
As at 1 January 2022	5,201	13,000	87,300
Changes from financing cash flows:			
- New bank borrowings	-	24,000	-
- Repayments	(1,114)	(9,000)	-
- Interest paid	(120)	(442)	-
	(1,234)	14,558	-
Other changes:			
- Fair value change	-	-	6,700
- Finance costs	120	442	-
	120	442	6,700
As at 31 May 2022	4,087	28,000	94,000

41. NON-CONTROLLING INTERESTS

As at 31 December 2018, Nanjing Changcheng, a 51% owned subsidiary of Baide Suzhou have material non-controlling interests (the "NCI"). During the year ended 31 December 2019, Nanjing Changcheng became a wholly-owned subsidiary of Baide Suzhou by acquiring 49% equity interests from the non-controlling interest which was completed on 1 March 2019 as set out in Note 36. Except for the abovementioned, the NCI of all other subsidiaries of the Group that are not 100% owned by the Group are considered to be immaterial.

Summarised financial information in relation to the material NCI of Nanjing Changcheng before intra-group eliminations, is presented below:

	RMB'000
For the period from 1 January 2019 to 1 March 2019	
Revenue	3,719
Loss for the period	(1,816)
Total comprehensive income	(1,816)
Loss allocated to material NCI	(890)
Dividends paid to material NCI	-
For the period from 1 January 2019 to 1 March 2019	
Cash flows generated from operating activities	822
Cash flows used in financing activities	(440)
Net cash inflow	382

	RMB'000
As at 1 March 2019	
Current assets	11,697
Non-current assets	4,706
Current liabilities	(16,413)
Net liabilities	(10)
Accumulated material NCI	N/A

42. SUMMARY OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

The carrying amounts of the Group's financial assets and liabilities recognised during the Track Record Period are categorised as follows:

The Group

	As at 31 December			As at 31 May
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
Non-current assets				
Financial assets measured at amortised cost:				
- Deposits and other receivables	265	574	308	309
Current assets				
Financial assets measured at amortised cost:				
- Trade receivables	31,747	53,725	78,483	84,309
- Deposits and other receivables	12,328	1,407	2,522	10,107
- Amounts due from shareholders	-	-	2,212	1,840
- Cash and cash equivalents	1,535	6,993	20,820	24,090
	45,875	62,699	104,345	120,655
Financial liabilities				
Current liabilities				
Financial liabilities measured at FVTPL:				
- Convertible loans	182,864	4,572	-	-
- Convertible redeemable preference shares	-	-	87,300	94,000
Financial liabilities measured at amortised cost:				
- Trade payables	698	399	2,168	815
- Other payables and accruals	29,163	27,725	13,959	14,881
- Bank borrowings	-	9,000	13,000	28,000
- Lease liabilities	1,080	4,090	2,369	1,997
- Amounts due to a director	249	-	-	-
- Amounts due to a shareholder	12,467	2,417	-	-
	226,521	48,203	118,796	139,693
Non-current liabilities				
Financial liabilities measured at amortised cost:				
- Lease liabilities	4,821	6,360	2,832	2,090
	4,821	6,360	2,832	2,090
	231,342	54,563	121,628	141,783

42. SUMMARY OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY - Continued

The Company

	As at 31 December 2021 RMB'000	As at 31 May 2022 RMB'000
Financial assets		
Non-current assets		
Financial assets measured at amortised cost:		
- Amounts due from subsidiaries	8,938	5,737
Current assets		
Financial assets measured at amortised cost:		
- Amount due from shareholders	1,723	1,678
- Cash and cash equivalents	1,498	622
	12,159	8,037
Financial liabilities		
Current liabilities		
Financial liabilities measured at FVTPL:		
- Convertible redeemable preference shares	87,300	94,000
Financial liabilities measured at amortised cost:		
- Other payables and accruals	3,410	3,320
	90,710	97,320

43. FINANCIAL RISK MANAGEMENT

The Group and the Company's principal financial assets are trade receivables, deposits and other receivables, amounts due from shareholders/subsidiaries and cash and cash equivalents that derive directly from its operations. Principal financial liabilities of the Group include trade payables, other payables, bank borrowings, lease liabilities, amounts due to a director/a shareholder, convertible loans and convertible redeemable preference shares. The main purpose of these financial liabilities is to finance the Group's operations.

Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The directors of the Company manage and monitor these exposures to ensure appropriate measures and implemented on timely and effective manner.

43. FINANCIAL RISK MANAGEMENT - Continued

(a) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables and contract assets) and deposits with banks.

In order to minimise the credit risk, the directors of the Company compile the credit and risk management policies, to approve credit limits and to determine any debt recovery action on those delinquent receivables. As at 31 December 2019, 2020 and 2021 and 31 May 2022, the carrying amount of these financial assets as disclosed in Note 42 represent the maximum exposure to credit risk. The Group's exposure to credit risk mainly arises from granting credit to trade debtors in the ordinary course of its business.

The Group has concentration of credit risk with respect to trade receivables and contract assets. As at 31 December 2019, 2020 and 2021 and 31 May 2022, the Group has 65.13%, 55.29%, 45.65% and 46.87% of trade receivables arising from 2, 2, 2 and 5 trade debtors, which representing RMB24,586,000, RMB34,458,000, RMB37,966,000 and RMB41,320,000. These trade debtors are with good settlement records and reputation. The management believes that the credit risk on the amounts due is minimal.

43. FINANCIAL RISK MANAGEMENT - Continued

(a) Credit risk - Continued

The Group continuously monitors defaults of trade debtors and other counterparties, either individually or by group, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties. The credit policy has been followed by the Group since prior years.

<u>Financial assets with credit risk exposure</u>

Trade receivables and contract assets

The Group measures loss allowances for trade receivables and contract assets at an amount equal to lifetime ECL, which is calculated using a provision matrix.

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

The following tables provide information about the Group's exposure to credit risk and ECL for trade receivables and contract assets during the Track Record Period:

43. FINANCIAL RISK MANAGEMENT - Continued

(a) Credit risk - Continued

Financial assets with credit risk exposure - Continued

Trade receivables and contract assets - Continued

As at 31 December 2019

Distributors	**Gross carrying amount RMB'000**	**Expected credit loss rate (%)**	**Loss allowance RMB'000**	**Net amount RMB'000**
Not yet past due	6,435	5.47%	352	6,083
1 - 90 days past due	6,698	16.18%	1,084	5,614
91 - 180 days past due	1,933	24.99%	483	1,450
181 - 365 days past due	1,109	58.70%	651	458
Over 1 year past due	1,808	98.45%	1,780	28
Total	17,983	24.19%	4,350	13,633

Deliverers	**Gross carrying amount RMB'000**	**Expected credit loss rate (%)**	**Loss allowance RMB'000**	**Net amount RMB'000**
Not yet past due	3,972	1.64%	65	3,907
1 - 90 days past due	14,743	7.74%	1,141	13,602
91 - 180 days past due	615	27.48%	169	446
181 - 365 days past due	335	56.12%	188	147
Total	19,665	7.95%	1,563	18,102

43. FINANCIAL RISK MANAGEMENT - Continued

(a) Credit risk - Continued

Financial assets with credit risk exposure - Continued

Trade receivables and contract assets - Continued

As at 31 December 2019 - Continued

Hospitals	**Gross carrying amount RMB'000**	**Expected credit loss rate (%)**	**Loss allowance RMB'000**	**Net amount RMB'000**
Not yet past due	12	0.00%	-	12
181 - 365 days past due	88	100.00%	88	-
Total	100	88.00%	88	12

Overall	**Gross carrying amount RMB'000**	**Expected loss rate (%)**	**Loss allowance RMB'000**	**Net amount RMB'000**
Not yet past due	10,419	4.00%	417	10,002
1 - 90 days past due	21,441	10.38%	2,225	19,216
91 - 180 days past due	2,548	25.59%	652	1,896
181 - 365 days past due	1,532	60.51%	927	605
Over 1 year past due	1,808	98.45%	1,780	28
Total	37,748	15.90%	6,001	31,747

43. FINANCIAL RISK MANAGEMENT - Continued

(a) Credit risk - Continued

Financial assets with credit risk exposure - Continued

Trade receivables and contract assets - Continued

As at 31 December 2020

Distributors	**Gross carrying amount RMB'000**	**Expected loss rate (%)**	**Loss allowance RMB'000**	**Net amount RMB'000**
Not yet past due	12,569	5.54%	696	11,873
1 - 90 days past due	4,914	14.59%	717	4,197
91 - 180 days past due	3,477	16.08%	559	2,918
181 - 365 days past due	9,773	28.23%	2,759	7,014
Over 1 year past due	2,770	98.99%	2,742	28
Total	33,503	22.31%	7,473	26,030

Deliverers	**Gross carrying amount RMB'000**	**Expected loss rate (%)**	**Loss allowance RMB'000**	**Net amount RMB'000**
Not yet past due	10,382	0.55%	57	10,325
1 - 90 days past due	9,629	1.34%	129	9,500
91 - 180 days past due	703	2.13%	15	688
181 - 365 days past due	2,866	7.08%	203	2,663
Over 1 year past due	28	89.29%	25	3
Total	23,608	1.82%	429	23,179

43. FINANCIAL RISK MANAGEMENT - Continued

(a) Credit risk - Continued

Financial assets with credit risk exposure - Continued

Trade receivables and contract assets - Continued

As at 31 December 2020 - Continued

Hospitals	**Gross carrying amount RMB'000**	**Expected loss rate (%)**	**Loss allowance RMB'000**	**Net amount RMB'000**
Not yet past due	3,533	2.41%	85	3,448
1 - 90 days past due	1,501	28.85%	433	1,068
91 - 180 days past due	63	100.00%	63	-
181 - 365 days past due	16	100.00%	16	-
Over 1 year past due	98	100.00%	98	-
Total	5,211	13.34%	695	4,516

Overall	**Gross carrying amount RMB'000**	**Expected loss rate (%)**	**Loss allowance RMB'000**	**Net amount RMB'000**
Not yet past due	26,484	3.16%	838	25,646
1 - 90 days past due	16,044	7.97%	1,279	14,765
91 - 180 days past due	4,243	15.01%	637	3,606
181 - 365 days past due	12,655	23.53%	2,978	9,677
Over 1 year past due	2,896	98.93%	2,865	31
Total	62,322	13.79%	8,597	53,725

43. FINANCIAL RISK MANAGEMENT - Continued

(a) Credit risk - Continued

Financial assets with credit risk exposure - Continued

Trade receivables and contract assets - Continued

As at 31 December 2021

Distributors	**Gross carrying amount RMB'000**	**Expected loss rate (%)**	**Loss allowance RMB'000**	**Net amount RMB'000**
Not yet past due	25,389	2.42%	615	24,774
1 - 90 days past due	20,917	6.11%	1,278	19,639
91 - 180 days past due	664	11.30%	75	589
181 - 365 days past due	310	88.39%	274	36
Over 1 year past due	34	100.00%	34	-
Total	47,314	4.81%	2,276	45,038

Deliverers	**Gross carrying amount RMB'000**	**Expected loss rate (%)**	**Loss allowance RMB'000**	**Net amount RMB'000**
Not yet past due	18,175	0.68%	123	18,052
1 - 90 days past due	8,531	1.61%	137	8,394
91 - 180 days past due	128	14.84%	19	109
181 - 365 days past due	9	100.00%	9	-
Over 1 year past due	5	100.00%	5	-
Total	26,848	1.09%	293	26,555

43. FINANCIAL RISK MANAGEMENT - Continued

(a) Credit risk - Continued

Financial assets with credit risk exposure - Continued

Trade receivables and contract assets - Continued

As at 31 December 2021 - Continued

Hospitals	**Gross carrying amount RMB'000**	**Expected loss rate (%)**	**Loss allowance RMB'000**	**Net amount RMB'000**
Not yet past due	2,513	4.97%	125	2,388
1 - 90 days past due	1,299	11.93%	155	1,144
91 - 180 days past due	3,913	29.36%	1,149	2,764
181 - 365 days past due	1,847	34.22%	632	1,215
Over 1 year past due	75	100.00%	75	-
Total	9,647	22.14%	2,136	7,511

Overall	**Gross carrying amount RMB'000**	**Expected loss rate (%)**	**Loss allowance RMB'000**	**Net amount RMB'000**
Not yet past due	46,077	1.87%	863	45,214
1 - 90 days past due	30,747	5.11%	1,570	29,177
91 - 180 days past due	4,705	26.42%	1,243	3,462
181 - 365 days past due	2,166	42.24%	915	1,251
Over 1 year past due	114	100.00%	114	-
Total	83,809	5.61%	4,705	79,104

43. FINANCIAL RISK MANAGEMENT - Continued

(a) Credit risk - Continued

Financial assets with credit risk exposure - Continued

Trade receivables and contract assets - Continued

As at 31 May 2022

Distributors	**Gross carrying amount RMB'000**	**Expected loss rate (%)**	**Loss allowance RMB'000**	**Net amount RMB'000**
Not yet past due	23,518	1.15%	270	23,248
1 - 90 days past due	7,095	2.96%	210	6,885
91 - 180 days past due	9,195	5.63%	518	8,677
181 - 365 days past due	434	12.90%	56	378
Over 1 year past due	41	100.00%	41	-
Total	40,283	2.72%	1,095	39,188

Deliverers	**Gross carrying amount RMB'000**	**Expected loss rate (%)**	**Loss allowance RMB'000**	**Net amount RMB'000**
Not yet past due	18,146	0.15%	27	18,119
1 - 90 days past due	13,971	0.32%	45	13,926
91 - 180 days past due	10,230	1.21%	124	10,106
181 - 365 days past due	58	18.97%	11	47
Over 1 year past due	13	100.00%	13	-
Total	42,418	0.52%	220	42,198

43. FINANCIAL RISK MANAGEMENT - Continued

(a) Credit risk - Continued

Financial assets with credit risk exposure - Continued

Trade receivables and contract assets - Continued

As at 31 May 2022 - Continued

Hospitals	**Gross carrying amount RMB'000**	**Expected loss rate (%)**	**Loss allowance RMB'000**	**Net amount RMB'000**
Not yet past due	2,137	6.08%	130	2,007
1 - 90 days past due	24	25.00%	6	18
181 - 365 days past due	3,214	72.06%	2,316	898
Over 1 year past due	79	100.00%	79	-
Total	5,454	46.41%	2,531	2,923

Overall	**Gross carrying amount RMB'000**	**Expected loss rate (%)**	**Loss allowance RMB'000**	**Net amount RMB'000**
Not yet past due	43,801	0.97%	427	43,374
1 - 90 days past due	21,090	1.24%	261	20,829
91 - 180 days past due	19,425	3.31%	642	18,783
181 - 365 days past due	3,706	64.30%	2,383	1,323
Over 1 year past due	133	100.00%	133	-
Total	88,155	4.36%	3,846	84,309

43. FINANCIAL RISK MANAGEMENT - Continued

(a) Credit risk - Continued

Financial assets with credit risk exposure - Continued

Trade receivables and contract assets - Continued

The movement in the loss allowance of trade receivables is as follows:

	Year ended 31 December			Five months ended 31 May
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	4,944	6,001	8,597	4,690
Provided/(Reversal)	1,057	2,596	(2,650)	(844)
Amount written-off as uncollectible	-	-	(1,257)	-
At the end of the year/period	6,001	8,597	4,690	3,846

The movement in the loss allowance of contract assets is as follows:

	Year ended 31 December			Five months ended 31 May
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	-	-	-	15
Provided/(Reversal)	-	-	15	(15)
At the end of the year/period	-	-	15	-

None of the Group's trade receivables and contract assets are secured by collaterals or other credit enhancement.

43. FINANCIAL RISK MANAGEMENT - Continued

(a) Credit risk - Continued

Financial assets with credit risk exposure - Continued

Other financial assets measure at amortised cost

Other financial assets measured at amortised cost of the Group and the Company include deposits and other receivables, amounts due from shareholders, subsidiaries and cash and cash equivalents. In respect of cash and cash equivalents, since there is no significant increase in credit risk, any loss allowance recognised during the Track Record Period is therefore limited to 12-months ECL. The probability of default is considered as low on these balances since the counterparties are financial institutions with high credit rating or with good reputation.

Impairment on deposits and other receivables measured at amortised cost during the Track Record Period under the stage of performing are recognised on 12-month ECL basis whilst those of under-performing and non-performing are recognised on lifetime ECL basis, as a result of a significant increase in credit risk for certain amounts.

Impairment on amounts due from shareholders measured at amortised cost, recognised during the Track Record Period is limited to 12-months ECL, since there is no significant increase in credit risk.

43. FINANCIAL RISK MANAGEMENT - Continued

(a) Credit risk - Continued

Financial assets with credit risk exposure - Continued

Other financial assets measure at amortised cost - Continued

The following tables provide information about the Group's exposure to credit risk and ECL for deposits and other receivables during the Track Record Period:

Gross carrying amount

	As at 31 December			As at 31 May
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Performing	12,816	1,981	2,808	10,660
Under-performing	28	11	59	-
Non-performing	351	437	333	331
Total	13,195	2,429	3,200	10,991

Expected credit loss rate

	As at 31 December			As at 31 May
	2019	2020	2021	2022
Performing	2.25%	2.78%	2.53%	2.56%
Under-performing	3.57%	0.00%	1.69%	-
Non-performing	89.17%	89.93%	89.49%	91.24%
Overall	4.56%	18.44%	11.56%	5.23%

43. FINANCIAL RISK MANAGEMENT - Continued

(a) Credit risk - Continued

Financial assets with credit risk exposure - Continued

Other financial assets measure at amortised cost - Continued

Expected credit loss allowance

	As at 31 December			As at 31 May
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Performing	288	55	71	273
Under-performing	1	-	1	-
Non-performing	313	393	298	302
Total	602	448	370	575

The movement in the loss allowance of deposits and other receivables is as follows:

Current

	Year ended 31 December			Five months ended 31 May
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	1,705	596	434	361
(Reversed)/Provided	(1,109)	(162)	(73)	206
At the end of the year/period	596	434	361	567

43. FINANCIAL RISK MANAGEMENT - Continued

(a) Credit risk - Continued

Financial assets with credit risk exposure - Continued

Other financial assets measure at amortised cost - Continued

Non-current

	Year ended 31 December 2019 RMB'000	Year ended 31 December 2020 RMB'000	Year ended 31 December 2021 RMB'000	Five months ended 31 May 2022 RMB'000
At the beginning of the year/period	-	6	14	9
Provided/(Reversed)	6	8	(5)	(1)
At the end of the year/period	6	14	9	8

The following tables provide information about the Company's and the Group's exposure to credit risk and ECL for amounts due from shareholders and amounts due from subsidiaries during the Track Record Period:

The Group

Amounts due from shareholders	Gross carrying amount RMB'000	Expected loss rate (%)	Loss allowance RMB'000	Net amount RMB'000
As at 31 December 2021	2,279	2.94%	67	2,212
As at 31 May 2022	1,949	5.59%	109	1,840

43. FINANCIAL RISK MANAGEMENT - Continued

(a) Credit risk - Continued

Financial assets with credit risk exposure - Continued

Other financial assets measure at amortised cost - Continued

The Company

Amounts due from shareholders	Gross carrying amount RMB'000	Expected loss rate (%)	Loss allowance RMB'000	Net amount RMB'000
As at 31 December 2021	1,774	2.87%	51	1,723
As at 31 May 2022	1,774	5.41%	96	1,678

Amounts due from subsidiaries	Gross carrying amount RMB'000	Expected loss rate (%)	Loss allowance RMB'000	Net amount RMB'000
As at 31 December 2021	9,200	2.85%	262	8,938
As at 31 May 2022	5,891	2.61%	154	5,737

43. FINANCIAL RISK MANAGEMENT - Continued

(a) Credit risk - Continued

Financial assets with credit risk exposure - Continued

Other financial assets measure at amortised cost - Continued

The movement in the loss allowance of amounts due from shareholders is as follows:

The Group

	Year ended 31 December			Five months ended 31 May
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	119	-	-	67
(Reversal)/Provided	(119)	-	67	42
At the end of the year/period	-	-	67	109

43. FINANCIAL RISK MANAGEMENT - Continued

(a) Credit risk - Continued

Financial assets with credit risk exposure - Continued

Other financial assets measure at amortised cost - Continued

The Company

	Year ended 31 December 2021 RMB'000	Five months ended 31 May 2022 RMB'000
At the beginning of the year/period	-	51
Provided	51	45
At the end of the year/period	51	96

The movement in the loss allowance of amounts due from subsidiaries is as follows:

The Company

	Year ended 31 December 2021 RMB'000	Five months ended 31 May 2022 RMB'000
At the beginning of the year/period	-	262
Provided/(Reversal)	262	(108)
At the end of the year/period	262	154

43. FINANCIAL RISK MANAGEMENT - Continued

(b) Liquidity risk

Liquidity risk related to the risk that the Group will not able to meet its obligation associated with its financial liabilities. In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the directors of the Company to finance the Group's operations and mitigate the effects of fluctuations in cash flows in the short and long term. The directors of the Company monitor the utilisation of bank borrowings and ensure compliance with loan covenants.

The liquidity policies have been followed by the Group consistently throughout the Track Record Period and are considered to have been effective in managing liquidity risk.

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

Specifically, for bank borrowings which contain a repayment on demand clause which can be exercised at the lender's sole discretion, the analysis shows the cash outflow based on the earliest period in which the entity can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect.

43. FINANCIAL RISK MANAGEMENT - Continued

(b) Liquidity risk

The Group

	Carrying amount RMB'000	Total contractual undiscounted cash flow RMB'000	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years RMB'000
As at 31 December 2019					
Trade payables	698	698	698	-	-
Other payables and accruals	29,163	29,589	29,589	-	-
Lease liabilities	5,901	6,296	1,372	2,934	1,990
Convertible loans	182,864	32,856	32,856	-	-
Amount due to a director	249	249	249	-	-
Amount due to a shareholder	12,467	12,467	12,467	-	-
	231,342	82,155	77,231	2,934	1,990

	Carrying amount RMB'000	Total contractual undiscounted cash flow RMB'000	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years RMB'000
As at 31 December 2020					
Trade payables	399	399	399	-	-
Other payables and accruals	27,725	27,725	27,725	-	-
Bank borrowings	9,000	9,232	9,232	-	-
Lease liabilities	10,450	11,270	4,551	3,693	3,026
Convertible loans	4,572	4,572	4,572	-	-
Amount due to a shareholder	2,417	2,417	2,417	-	-
	54,563	55,615	48,896	3,693	3,026

43. FINANCIAL RISK MANAGEMENT - Continued

(b) Liquidity risk - Continued

The Group - Continued

	Carrying amount RMB'000	Total contractual undiscounted cash flow RMB'000	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years RMB'000
As at 31 December 2021					
Trade payables	2,168	2,168	2,168	-	-
Other payables and accruals	13,959	13,959	13,959	-	-
Bank borrowings	13,000	13,289	13,289	-	-
Lease liabilities	5,201	5,639	2,613	1,400	1,626
Convertible redeemable preference shares	87,300	100,350	100,350	-	-
	121,628	135,405	132,379	1,400	1,626

	Carrying amount RMB'000	Total contractual undiscounted cash flow RMB'000	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years RMB'000
As at 31 May 2022					
Trade payables	815	815	815	-	-
Other payables and accruals	14,881	14,881	14,881	-	-
Bank borrowings	28,000	28,717	28,717	-	-
Lease liabilities	4,087	4,402	2,185	1,123	1,094
Convertible redeemable preference shares	94,000	107,500	107,500	-	-
	141,783	156,315	154,098	1,123	1,094

43. FINANCIAL RISK MANAGEMENT - Continued

(b) Liquidity risk - Continued

The Company

	Carrying amount RMB'000	Total contractual undiscounted cash flow RMB'000	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years RMB'000
As at 31 December 2021					
Other payables and accruals	3,410	3,410	3,410	-	-
Convertible redeemable preference shares	87,300	100,350	100,350	-	-
	90,710	103,760	103,760	-	-

	Carrying amount RMB'000	Total contractual undiscounted cash flow RMB'000	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years RMB'000
As at 31 May 2022					
Other payables and accruals	3,320	3,320	3,320	-	-
Convertible redeemable preference shares	94,000	107,500	107,500	-	-
	97,320	110,820	110,820	-	-

43. FINANCIAL RISK MANAGEMENT - Continued

(c) Interest rate risk

Interest rate risk means the risk on the fluctuation of fair value or future cash flows of financial instruments which arise from changes in interest rates. Floating interest rate instruments will result in the Group facing the risk of changes in cash flows, and fixed interest rate instruments will result in the Group facing the risk of changes in fair value. The Group is exposed to interest rate risk in relation to cash and cash equivalents (Note 25), other payables (Note 27), bank borrowings (Note 28), lease liabilities (Note 29), convertible loans (Note 31) and convertible redeemable preference shares (Note 32).

Cash and cash equivalents, other payables, bank borrowings and lease liabilities are excluded from sensitivity analysis as the directors of the Company consider that the exposure of cash flows interest rate risk is insignificant.

If interest rate on convertible loans had been 10% higher/lower with all other variables held constant, the Group's profit and total comprehensive income for the years ended 31 December 2019 and 2020 would decrease/increase by approximately RMB255,000 and Nil respectively.

If interest rate on convertible redeemable preference shares had been 10% higher/lower with all other variables held constant, the Group's profit and total comprehensive income for the year ended 31 December 2021 and five months ended 31 May 2022 would decrease/increase by approximately RMB73,000 and RMB32,000 respectively.

(d) Foreign currency risk

Currency risk refers to the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk to the Group is minimal as most of the Group's transactions are carried out in functional currency of the respective entities.

43. FINANCIAL RISK MANAGEMENT - Continued

(e) Capital risk management

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. No changes in the objectives, policies or processes were made during the Track Record Period.

The Group monitors capital using a gearing ratio, which is total debt divided by total capital plus total debt. Total debt is calculated as lease liabilities, Convertible Loans, convertible redeemable preference shares, interest-bearing other payables, amounts due to a director, amounts due to a shareholder and bank borrowings. Capital includes (capital deficiency)/equity attributable to owners of the Company.

	As at 31 December			As at 31 May
	2019	2020	2021	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Lease liabilities	5,901	10,450	5,201	4,087
Convertible loans	182,864	4,572	-	-
Convertible redeemable preference shares	-	-	87,300	94,000
Other payables (Note 27)	12,760	-	-	-
Amounts due to a director	249	-	-	-
Amounts due to a shareholder	12,467	2,417	-	-
Bank borrowings	-	9,000	13,000	28,000
Total debt	214,241	26,439	105,501	126,087
(Capital deficiency)/Equity attributable to owners of the Company	(152,429)	47,081	33,068	54,792
Total debt and equity	61,812	73,520	138,569	180,879
Gearing ratio	3.47	0.36	0.76	0.70

43. FINANCIAL RISK MANAGEMENT - Continued

(f) Fair value

The hierarchy groups financial assets and liabilities into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the financial assets and liabilities is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement. The financial assets and liabilities measured at fair value in the consolidated statements of financial position are grouped into the fair value hierarchy as follows:

	Level 1 RMB$'000	Level 2 RMB$'000	Level 3 RMB$'000	Total RMB$'000
As at 31 December 2019				
Financial liabilities at fair value through profit or loss:				
- Convertible loans (Note i)	-	-	182,864	182,864
As at 31 December 2020				
Financial liabilities at fair value through profit or loss:				
- Convertible loans (Note i)	-	-	4,572	4,572
As at 31 December 2021				
Financial liabilities at fair value through profit or loss:				
- Convertible redeemable preference shares (Note ii)	-	-	87,300	87,300
As at 31 May 2022				
Financial liabilities at fair value through profit or loss:				
- Convertible redeemable preference shares (Note ii)	-	-	94,000	94,000

43. FINANCIAL RISK MANAGEMENT - Continued

(f) Fair value - Continued

Notes:

(i) The reconciliation from the opening to the closing balances of the convertible loans during the Track Record Period is disclosed in Note 31. Fair value of Convertible Loans were determined by reference to valuations performed by APAC Asset Valuation and Consulting Limited, independent professionally qualified valuers, using the Binomial Option Pricing Model up to the Conversion Date during the Track Record Period.

The methods and valuation techniques used for the purpose of measuring fair value of Convertible Loans were changed to income approach of discounting cash flow method for the remaining balance on the Maturity Date of the Convertible Loans and for the year ended 31 December 2020.

Details of the parameters used in the valuation models for the Track Record Period are as follows:

	As at 31 December	
Significant unobservable inputs	**2019**	**2020**
Share price of Baide Suzhou	RMB524,000,000	N/A
Remaining life of the convertible loans	1 year	N/A
Risk-free rate	2.28%	N/A
Expected volatility	38.54%	N/A
Discount rate	N/A	7.30%

Generally, a change in Baide Suzhou's share price is accompanied by a directionally similar change to the fair value measurement. The following table illustrates the sensitivity of the carrying amount of the Convertible Loans during the Track Record Period to a change in the significant unobservable inputs while all other variable held constant. A positive number below indicates a decrease in profit (and increase in accumulated losses) for the year. For an increase in profit (and decrease in accumulated losses) for the year ended 31 December 2019, the balances below would be negative.

43. FINANCIAL RISK MANAGEMENT - Continued

(f) Fair value - Continued

Notes: (i) - Continued

	As at 31 December 2019	
	If higher RMB'000	If lower RMB'000
+/- 10% in the shares price of Baide Suzhou	16,050	(16,050)

(ii) The reconciliation from the opening to the closing balances of the convertible redeemable preference shares during the Track Record Period is disclosed in Note 32. Fair values of convertible redeemable preference shares were determined by reference to valuations performed by Ravia Global Appraisal Advisory Limited, independent professionally qualified valuers, using the discounted cash flow and back-solve method to determine the underlying share value of the Company and performed an equity allocation based on the Black-Scholes Option Pricing Model and weighted-probabilities of scenarios as of date of issuance and at the end of each reporting period.

Details of the parameters used in the valuation model are as follows:

Significant unobservable inputs	As at 31 December 2021	As at 31 May 2022
Share price of the Company	RMB2.45 per share	RMB2.73 per share
Time to liquidation	1.00 year	0.59 year
Risk-free rate	2.20%	1.64%
Expected volatility	48.21%	47.07%
Dividend yield	0.00%	0.00%
Possibilities under liquidation scenario	25%	25%
Possibilities under redemption scenario	15%	15%
Possibilities under IPO scenario	60%	60%

43. FINANCIAL RISK MANAGEMENT - Continued

(f) Fair value - Continued

Notes: (ii) - Continued

The directors of the Company estimated the risk-free rate based on the yield of the China Government Bonds with a maturity date close to period from the respective valuation dates to expected liquidation dates. Volatility was estimated based on average of historical volatilities of comparable companies in the same industry for a period from the valuation date to expected liquidation date. Dividend yield is based on management estimate at the valuation date.

(iii) Generally, a change in the Company's share price is accompanied by a directionally similar change to the fair value measurement. The following table illustrates the sensitivity of the carrying amount of the convertible redeemable preference shares during the Track Record Period to a change in the significant unobservable inputs while all other variable held constant. A positive number below indicates a decrease in profit for the period. For an increase in profit for the period, the balance below would be negative.

	As at 31 December 2021		As at 31 May 2022	
	If higher RMB'000	If lower RMB'000	If higher RMB'000	If lower RMB'000
+/- 10% in the shares price of the Company	5,432	(5,374)	5,889	(5,557)

44. SUBSEQUENT EVENTS

The directors believe that, based on information available as of the date of this report, the outbreak of COVID-19 did not and is not expected to result in a material disruption to the Group's business operations or have any material impact on the financial position of financial performance of the Group.

The above analysis is made by the management of the Company based on currently available information concerning COVID-19. It is difficult to predict the impact that COVID-19 will have on the Group's business, as the Group's business could be impacted by the current pandemic or future continuance or reoccurrence of COVID-19 in numerous ways.

Saved as disclosed above, there have been no other material events subsequent to the Track Record Period, which require adjustment or disclosure in accordance with HKFRS.