The following is the text of a report on MedSci Healthcare Holdings Limited, prepared for the purpose of incorporation in this document received from the reporting accountants of our Company, Ernst & Young, Certified Public Accountants, Hong Kong.

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF MEDSCI HEALTHCARE HOLDINGS LIMITED, CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED AND MACQUARIE CAPITAL LIMITED

Introduction

We report on the historical financial information of MedSci Healthcare Holdings Limited (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-4 to I-69, which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2019, 2020 and 2021 and the five months ended 31 May 2022 (the "**Relevant Periods**"), and the consolidated statements of financial position of the Group 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 a summary of significant accounting policies and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages I-4 to I-69 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [•] (the "**Document**") in connection with the initial [REDACTED] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

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

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group as at 31 December 2019, 2020 and 2021 and 31 May 2022 and the Company as at 31 December 2021 and 31 May 2022, and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the five months ended 31 May 2021 and other explanatory information (the "Interim Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively. Our responsibility is to express a conclusion on the Interim 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 Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

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

Adjustments

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

Dividends

We refer to note 11 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

No historical financial statements for the Company

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

[•]
Certified Public Accountants
Hong Kong
[Date]

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

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

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

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Five months ended 31 May	
		2019	2020	2021	2021	2022
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
REVENUE	5	165,391	215,854	297,731	90,274	120,437
Cost of sales		(69,477)	(98,822)	(107,921)	(34,745)	(46,249)
GROSS PROFIT		95,914	117,032	189,810	55,529	74,188
Other income and gains	5	2,593	4,411	7,918	1,038	7,377
Selling and distribution expenses		(38,000)	(46,587)	(83,217)	(27,730)	(39,941)
Administrative expenses		(21,072)	(22,318)	(39,619)	(14,520)	(36,547)
Research and development expenses	6	(19,918)	(18,078)	(24,412)	(10,140)	(8,119)
Impairment losses on financial and contract assets		(295)	(507)	(6,504)	(1,848)	(2,971)
Fair value losses on convertible redeemable preferred shares	23	—	—	(190,630)	—	(91,380)
Other expenses		(44)	(359)	(133)	(45)	(121)
Finance costs	7	(455)	(421)	(271)	(128)	(113)
PROFIT/(LOSS) BEFORE TAX	6	18,723	33,173	(147,058)	2,156	(97,627)
Income tax expense	10	(1,706)	(4,259)	(3,972)	(488)	(437)
PROFIT/(LOSS) FOR THE YEAR/PERIOD		17,017	28,914	(151,030)	1,668	(98,064)
Attributable to:						
Owners of the parent		17,017	28,914	(151,030)	1,668	(98,064)
OTHER COMPREHENSIVE INCOME/(LOSS)						
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:						
Translation difference of the Company's financial statements into presentation currency		—	—	(438)	—	(13,814)
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:						
Exchange differences on translation of the foreign operations		84	(126)	(61)	60	97
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD, NET OF TAX		84	(126)	(499)	60	(13,717)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD		17,101	28,788	(151,529)	1,728	(111,781)
Attributable to:						
Owners of the parent		17,101	28,788	(151,529)	1,728	(111,781)
EARNINGS/LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT						
Basic and diluted	12	1.76	3.03	(17.64)	0.18	(12.57)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		At as 31 December			As at 31 May
		2019	2020	2021	2022
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS					
Property, plant and equipment	13	17,773	18,114	18,020	17,849
Right-of-use assets	14(a)	14,199	10,039	4,599	14,233
Deferred tax assets	15	—	65	1,199	1,604
Total non-current assets		31,972	28,218	23,818	33,686
CURRENT ASSETS					
Trade receivables	16	16,277	17,537	29,693	20,972
Contract assets	17	11,599	22,088	50,942	63,822
Due from related parties	29(b)	1,300	250	250	250
Prepayments, deposits and other receivables	18	4,881	5,875	8,508	20,619
Financial assets at fair value through profit or loss	19	30,479	—	—	—
Cash and bank balances	20	96,393	276,972	596,002	571,071
Total current assets		160,929	322,722	685,395	676,734
CURRENT LIABILITIES					
Trade payables	21	2,264	2,388	1,587	1,741
Other payables and accruals	22	107,068	142,277	159,756	143,282
Lease liabilities	14(b)	6,077	6,353	3,404	6,946
Tax payable		2,000	300	8,018	7,796
Total current liabilities		117,409	151,318	172,765	159,765
NET CURRENT ASSETS		43,520	171,404	512,630	516,969
TOTAL ASSETS LESS CURRENT LIABILITIES		75,492	199,622	536,448	550,655
NON-CURRENT LIABILITIES					
Convertible redeemable preferred shares	23	—	—	603,067	719,052
Lease liabilities	14(b)	7,499	2,910	596	7,689
Deferred tax liabilities	15	69	—	—	—
Total non-current liabilities		7,568	2,910	603,663	726,741
NET ASSETS/(LIABILITIES)		67,924	196,712	(67,215)	(176,086)
EQUITY					
Equity attributable to owners of the parent					
Share capital	24	—	—	5	5
Convertible preferred shares	23	—	—	53,417	53,417
Reserves	26	67,924	196,712	(120,637)	(229,508)
TOTAL EQUITY/(DEFICIENCY IN ASSETS)		67,924	196,712	(67,215)	(176,086)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the parent							
	Issued capital	Capital reserve*	Merger reserve*	Statutory surplus reserve*	Exchange fluctuation reserve*	Share-based payment reserve*	Accumulated losses*	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 24	*Note 26*	*Note 26*	*Note 26*		*Note 25*		
At 1 January 2019	—	68,588	9,694	—	—	86,962	(114,421)	50,823
Profit for the year	—	—	—	—	—	—	17,017	17,017
Other comprehensive income for the year								
Exchange differences on translation of foreign operations	—	—	—	—	84	—	—	84
Total comprehensive income for the year	—	—	—	—	84	—	17,017	17,101
At 31 December 2019 and 1 January 2020	—	68,588	9,694	—	84	86,962	(97,404)	67,924
Profit for the year	—	—	—	—	—	—	28,914	28,914
Other comprehensive loss for the year								
Exchange differences on translation of foreign operations	—	—	—	—	(126)	—	—	(126)
Total comprehensive income/(loss) for the year	—	—	—	—	(126)	—	28,914	28,788
Capital contribution from the then equity holders of a subsidiary	—	99,515	485	—	—	—	—	100,000
At 31 December 2020	—	168,103	10,179	—	(42)	86,962	(68,490)	196,712

	Attributable to owners of the parent									
	Issued capital	Treasury Shares	Convertible preferred shares	Capital reserve*	Merger reserve*	Statutory surplus reserve*	Exchange fluctuation reserve*	Share-based payment reserve*	Accumulated losses*	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 24	*Note 24*	*Note 23*	*Note 26*	*Note 26*	*Note 26*		*Note 25*		
At 31 December 2020 and 1 January 2021	—	—	—	168,103	10,179	—	(42)	86,962	(68,490)	196,712
Loss for the year	—	—	—	—	—	—	—	—	(151,030)	(151,030)
Other comprehensive loss for the year:										
Exchange differences on translation of the Company's financial statements	—	—	—	—	—	—	(438)	—	—	(438)
Exchange differences on translation of foreign operations	—	—	—	—	—	—	(61)	—	—	(61)
Total comprehensive loss for the year	—	—	—	—	—	—	(499)	—	(151,030)	(151,529)
Capital reduction of the then holding company	—	—	—	—	(125)	—	—	—	(3,750)	(3,875)
Reacquired and held shares by the Company for share award scheme *(note 25)*	—	—**	—	—	—	—	—	—	—	—
Share-based payments	—	—	—	—	—	—	—	8,151	—	8,151
Issue of the ordinary shares of the Company	5	—	—	—	—	—	—	—	—	5
Conversion into convertible preferred shares from ordinary shares of a subsidiary	—	—	53,417	(53,417)	—	—	—	—	—	—
Conversion into convertible redeemable preferred shares from ordinary shares of a subsidiary	—	—	—	(116,679)	—	—	—	—	—	(116,679)
At 31 December 2021	5	—**	53,417	(1,993)	10,054	—	(541)	95,113	(223,270)	(67,215)

	Attributable to owners of the parent									
	Issued capital	Treasury Shares	Convertible preferred shares	Capital reserve*	Merger reserve*	Statutory surplus reserve*	Exchange fluctuation reserve*	Share-based payment reserve*	Accumulated losses*	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 24	*Note 24*	*Note 23*	*Note 26*	*Note 26*	*Note 26*		*Note 25*		
At 31 December 2020 and 1 January 2021	—	—	—	168,103	10,179	—	(42)	86,962	(68,490)	196,712
Profit for the period (Unaudited)	—	—	—	—	—	—	—	—	1,668	1,668
Other comprehensive income for the period (Unaudited):										
Exchange differences on translation of foreign operations (Unaudited)	—	—	—	—	—	—	60	—	—	60
Total comprehensive income for the period (Unaudited)	—	—	—	—	—	—	60	—	1,668	1,728
Capital reduction of the then holding company (Unaudited)	—	—	—	—	(125)	—	—	—	(3,750)	(3,875)
Share-based payments (Unaudited)	—	—	—	—	—	—	—	3,397	—	3,397
At 31 May 2021 (Unaudited)	—	—	—	168,103	10,054	—	18	90,359	(70,572)	197,962

	Attributable to owners of the parent									
	Issued capital	Treasury Shares	Convertible preferred shares	Capital reserve*	Merger reserve*	Statutory surplus reserve*	Exchange fluctuation reserve*	Share-based payment reserve*	Accumulated losses*	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 24	*Note 24*	*Note 23*	*Note 26*	*Note 26*	*Note 26*		*Note 25*		
At 31 December 2021 and 1 January 2022	5	—**	53,417	(1,993)	10,054	—	(541)	95,113	(223,270)	(67,215)
Loss for the period	—	—	—	—	—	—	—	—	(98,064)	(98,064)
Other comprehensive loss for the period:										
Exchange differences on translation of the Company’s financial statements	—	—	—	—	—	—	(13,814)	—	—	(13,814)
Exchange differences on translation of foreign operations	—	—	—	—	—	—	97	—	—	97
Total comprehensive loss for the period	—	—	—	—	—	—	(13,717)	—	(98,064)	(111,781)
Capital contribution from the then equity holders of a subsidiary	—	—	—	—	100	—	—	—	—	100
Share-based payments	—	—	—	—	—	—	—	2,810	—	2,810
Conversion into convertible redeemable preferred shares from ordinary shares of a subsidiary	—**	—	—	—	—	—	—	—	—	—**
At 31 May 2022	5	—**	53,417	(1,993)	10,154	—	(14,258)	97,923	(321,334)	(176,086)

* *These reserve accounts comprise the consolidated reserves of RMB67,924,000, RMB196,712,000 and RMB(120,637,000) and RMB(229,508,000) in the consolidated statements of financial position as at 31 December 2019, 2020 and 2021 and 31 May 2022, respectively.*

** *Amount less than RMB1,000.*

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December			Five months ended 31 May	
		2019	2020	2021	2021	2022
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit/(loss) before tax		18,723	33,173	(147,058)	2,156	(97,627)
Adjustments for:						
Interest income	5	(992)	(1,469)	(4,845)	(886)	(3,358)
Impairment/(reversal of impairment) of trade receivable	6, 16	148	174	673	109	(182)
Impairment of contract assets	6, 17	137	333	5,750	1,735	3,116
Impairment of other receivables	6, 18	10	—	81	4	37
Depreciation of property, plant and equipment	6, 13	765	770	983	397	461
Depreciation of right-of-use assets	6, 14	5,717	6,335	7,493	2,848	3,149
Gain on disposal of subsidiaries	5, 27	—	—	(836)	—	—
Loss on deregistration of a subsidiary	6, 27	—	—	—	—	71
Fair value losses on convertible redeemable preferred shares	6, 23	—	—	190,630	—	91,380
Fair value gain of financial assets at fair value through profit or loss	5, 6	(479)	(996)	—	—	—
Finance costs	7	455	421	271	128	113
Equity-settled share-based payments	6, 25	—	—	8,151	3,397	2,810
		24,484	38,741	61,293	9,888	(30)
(Increase)/decrease in trade receivables		(9,979)	(1,434)	(12,829)	2,915	8,903
Increase in contract assets		(8,244)	(10,822)	(34,604)	(18,063)	(15,996)
Increase in prepayments, deposits and other receivables		(4,519)	(994)	(3,234)	(5,620)	(9,169)
Increase/(decrease) in trade payables		2,264	124	(795)	913	154
Increase/(decrease) in other payables and accruals		24,739	35,209	20,063	14,113	(16,474)
Cash generated from/(used in) operations		28,745	60,824	29,894	4,146	(32,612)
Interest received		992	1,469	4,845	886	376
Income tax (paid)/refund		(340)	(6,093)	2,612	—	(1,064)
Net cash flows from/(used in) operating activities		29,397	56,200	37,351	5,032	(33,300)

		Year ended 31 December			Five months ended 31 May	
		2019	2020	2021	2021	2022
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of items of property, plant and equipment	13	(181)	(1,111)	(889)	(175)	(290)
Proceeds from disposal of financial assets at fair value through profit and loss		—	31,475	—	—	—
Disposal of subsidiaries	27	—	—	(1,145)	—	—
Advance to a related party		—	(250)	—	—	—
Repayment from a director		—	1,300	—	—	—
Purchase of financial assets at fair value through profit and loss		(30,000)	—	—	—	—
Net cash flows (used in)/from investing activities		**(30,181)**	**31,414**	**(2,034)**	**(175)**	**(290)**
CASH FLOWS FROM FINANCING ACTIVITIES						
Lease payments (including related interests)		(6,086)	(6,909)	(7,671)	(2,470)	(2,329)
Capital contribution from the then equity holders of a subsidiary		—	100,000	—	—	100
Issue of convertible redeemable preferred shares		—	—	297,102	—	—
Deemed distribution to the then equity holders of a subsidiary		—	—	(3,875)	(3,875)	—
Net cash flows (used in)/from financing activities		(6,086)	93,091	285,556	(6,345)	(2,229)

		Year ended 31 December			Five months ended 31 May	
		2019	2020	2021	2021	2022
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(6,870)	180,705	320,873	(1,488)	(35,819)
Cash and cash equivalents at beginning of year/period		103,179	96,393	276,972	276,972	596,002
Effect of foreign exchange rate changes, net		84	(126)	(1,843)	60	10,888
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		96,393	276,972	596,002	275,544	571,071
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and bank balances	20	96,393	276,972	596,002	275,544	571,071

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December 2021	As at 31 May 2022
		RMB'000	RMB'000
NON-CURRENT ASSETS			
Investment in a subsidiary		—*	—*
Total non-current assets		—*	—*
CURRENT ASSETS			
Other receivables		5	1,229
Cash and bank balances	20	296,055	294,959
Total current assets		296,060	296,188
NON-CURRENT LIABILITIES			
Convertible redeemable preferred shares	23	603,067	719,052
Total non-current liabilities		603,067	719,052
NET LIABILITIES		(307,007)	(422,864)
EQUITY			
Equity attributable to owners of the parent			
Share capital	24	5	5
Convertible preferred shares	23	53,417	53,417
Reserves	26	(360,429)	(476,286)
DEFICIENCY IN ASSETS		(307,007)	(422,864)

* *Amount less than RMB1,000.*

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

MedSci Healthcare Holdings Limited (the "**Company**") is incorporated in Cayman Islands on 22 June 2021 as an exempted company with limited liability under the laws of the Cayman Islands. The registered office address of the Company is 89 Nexus Way, Camana Bay, Grand Cayman, KY1-9009, Cayman Islands.

The Company is an investment holding company. During the Relevant Periods, the principal activities of the Company and its subsidiaries (collectively referred to as the "**Group**") are provision of physician platform solutions, precision omni-channel marketing solutions, and real-world study solutions (collectively the "**[REDACTED] Business**") in the People's Republic of China (the "**PRC**").

The Company and its subsidiaries now comprising the Group underwent the Reorganisation as set out in the paragraph headed "Reorganisation" in the section headed "History, Reorganisation and Corporate Structure" in the Document. Apart from the Reorganisation, the Company has not commenced any business or operation since its incorporation.

As at the end of the Relevant Periods, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies (if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Name	*Notes*	Place and date of incorporation/ establishment and place of operations	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company	Principal activities
Directly held:					
MedSci Healthcare Holdings (BVI) Limited ("**Medsci Healthcare BVI**")	(1)	British Virgin Islands ("**BVI**") 24 June 2021	United States Dollar ("**USD**") 1	100%	Investment holding
Indirectly held:					
MedSci Healthcare Holdings (Hong Kong) Limited ("**Medsci Healthcare HK**")	(1)	Hong Kong 6 August 2021	Hong Kong Dollar ("**HKD**") 1	100%	Investment holding
Medsci Inc. ("**Medsci INC**")	(1)	the United States 18 April 2018	USD200,000	100%	Medical big data, medical education and training
Shanghai Meiyi Hehong Technology Co., Ltd. 上海梅益合宏科技有限公司 ("**Shanghai Meiyi Hehong**")*	(1)	PRC/Mainland China 9 October 2021	RMB10,000,000	100%	Investment holding
Shanghai MedSci MedTech Co., Ltd. 上海梅斯醫藥科技有限公司 ("**Shanghai MedSci**")	(2),(3)	PRC/Mainland China 6 November 2012	RMB10,053,624	100%	Investigator initiated clinical research, investigator initiated trials post-marketing clinical research, and omni-channel marketing

Name	*Notes*	Place and date of incorporation/ establishment and place of operations	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company	Principal activities
Shanghai Chungu Bio Medical Technology Co., Ltd. 上海春谷生物醫藥科技有限公司 ("**Shanghai Chungu**")	(1),(3)	PRC/Mainland China 21 January 2013	RMB10,000,000	100%	Precision omni-channel marketing
Beijing Jianyiyun Medical Technology Co., Ltd. 北京簡醫雲醫藥科技有限公司 ("**Beijing Jianyiyun**")	(1),(3),(4)	PRC/Mainland China 28 January 2019	RMB1,000,000	100%	Precision omni-channel marketing
Hangzhou Yilan Information Technology Co., Ltd. 杭州醫覽信息科技有限公司 ("**Hangzhou Yilan**")	(1),(3)	PRC/Mainland China 31 May 2018	RMB10,000,000	100%	Internet data services
Medical Internet Hospital (Guangzhou) Co., Ltd. 醫咖互聯網醫院(廣州)有限公司 ("**Yika Internet**")	(1),(3)	PRC/Mainland China 3 September 2018	RMB1,000,000	100%	Precision omni-channel marketing
Hangzhou Yika Technology Co., Ltd. 杭州醫咖科技有限公司 ("**Hangzhou Yika**")	(1),(3),(4)	PRC/Mainland China 31 May 2018	RMB1,000,000	100%	Precision omni-channel marketing
Anhui Yixunda Technology Co., Ltd. 安徽醫訊達科技有限公司 ("**Anhui Yixunda**")	(1),(3),(4)	PRC/Mainland China 29 March 2019	RMB5,000,000	100%	Precision omni-channel marketing
Shanghai Yicheng Information Technology Co., Ltd. 上海醫呈信息技術有限公司 ("**Shanghai Yicheng**")	(1),(3)	PRC/Mainland China 19 August 2021	RMB1,000,000	100%	Precision omni-channel marketing
Hefei Kangen Information Technology Co., Ltd. 合肥康恩信息技術有限公司 ("Hefei Kangen")	(1),(3)	PRC/Mainland China 8 June 2021	RMB1,000,000	100%	Precision omni-channel marketing

* *Shanghai Meiyi Hehong is registered as a wholly-foreign-owned enterprise under PRC law.*

(1) No audited financial statements have been prepared for these entities for the years ended 31 December 2019, 2020 and 2021 as the entities were not subject to any statutory audit requirements under the relevant rules and regulations in their jurisdictions of incorporation or establishment.

(2) The statutory financial statements of the entity for the years ended 31 December 2019 and 2020 prepared in accordance with PRC generally accepted accounting principles ("**PRC GAAP**") and regulations have been audited by Zhonglei Certified Public Accountants (中磊會計師事務所), a certified public accounting firm registered in the PRC. The statutory financial statements of the entity for the year ended 31 December 2021 was prepared in accordance with PRC generally accepted accounting principles ("**PRC GAAP**") and regulations were audited by present by Chengyu Certified Public Accountants (澄宇會計師事務所), a certified public accounting firm registered in the PRC.

(3) During the Relevant Periods, the [REDACTED] Business was carried out by Shanghai MedSci and its subsidiaries in the Mainland China as listed in the above table (collectively the "**PRC Operating Entities**").

(4) Hangzhou Yika and Beijing Jianyiyun were deregistered on 15 December 2021 and 8 February 2022, respectively. In addition, Anhui Yixunda and Hefei Ruilekang Pharmacy Co., Ltd., have been disposed of in November 2021 (note 27).

The Group's subsidiaries registered in the PRC are all limited liability companies.

The English names of the subsidiaries registered in the PRC represent the best efforts of management of the Company in directly translating the Chinese names of these subsidiaries as no official English names have been registered.

2.1 BASIS OF PRESENTATION

Pursuant to the Reorganisation as more fully explained in the paragraph headed "Reorganisation" in the section headed "History, Reorganisation and Corporate Structure" in the Document, the Company became the holding company of the companies now comprising the Group on 25 April 2022. The insertion of new holding companies and the contractual arrangements ("**the Contractual Arrangements**") did not result in any change of economic substance and no real alteration to the composition or ownership of the PRC Operating Entities. Accordingly, the consolidated financial statements of the Company reflect the continuation of Shanghai MedSci and its subsidiaries.

The [REDACTED] Business was carried out by the PRC Operating Entities. As part of the Reorganisations, the wholly-owned subsidiary of the Company, Shanghai Meiyi Hehong, has entered into the Contractual Arrangements with, among others, the PRC Operating Entities and their respective legal equity holders (referred to as "**Registered Shareholders**"). The Contractual Arrangements enable Shanghai Meiyi Hehong to exercise effective control over the PRC Operating Entities and obtain substantially all economic benefits and assume substantially all the risk of the PRC Operating Entities.

Accordingly, the Company regards the PRC Operating Entities as indirect subsidiaries for the purposes of the Historical Financial Information and they are consolidated in the Historical Financial Information continuously. Details of the Contractual Arrangements are disclosed in the section headed "Contractual Arrangements" in the Document.

The consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for the Relevant Periods include the results and cash flows of all companies now comprising the Group from the earliest date presented. 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 using the existing book values. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

All intra-group transactions and balances have been eliminated on consolidation in full.

As at 31 December 2021 and 31 May 2022, the Group recorded deficiency in assets of approximately RMB67.2 million and RMB176.1 million, respectively, mainly resulting from convertible redeemable preferred shares with an aggregate carrying amount of approximately RMB603.1 million and RMB719.1 million, respectively. The directors of the Company are of the opinion that the Group will have sufficient working capital from its operation to meet its financial liabilities and obligations as and when they fall due and to sustain its operations for the next 12 months from 31 May 2022 after taking into account, *inter alia*, the historical operating performance of the Group and the expectation that the Company's convertible redeemable preferred shares are not required to be settled in the next 12 months. Accordingly, the consolidated financial statements of the Group have been prepared on a going concern basis.

2.2 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") which comprise all standards and interpretations approved by the International Accounting Standards Board (the "**IASB**"). All IFRSs effective for the accounting period commencing from 1 January 2022, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention, except for financial assets measured at fair value through profit or loss and the convertible redeemable preferred shares (classified as financial liabilities) which have been measured at fair value at the end of each of the Relevant Periods.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs

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

Amendments to IFRS 10 and IAS28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[1]
IFRS 17	*Insurance Contracts*[2]
Amendments to IFRS 17	*Insurance Contracts*[2, 3]
Amendment to IFRS 17	*Initial Application of IFRS17 and IFRS9 Comparative Information*[4]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[2]
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*[2]
Amendments to IAS 8	*Definition of Accounting Estimates*[2]
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[2]

1 No mandatory effective date yet determined but available for adoption

2 Effective for annual periods beginning on or after 1 January 2023

3 As a consequence of the amendments to IFRS 17 issued in 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023

4 The IASB amends IFRS17 to permit a classification overlay for financial assets presented in comparative periods on initial application of IFRS17

The Group is in the process of making a detailed assessment of the impact of these new and revised IFRSs upon initial application. So far, the Group considers that these new and revised IFRSs may result in changes in certain accounting policies and are unlikely to have a significant impact on the Group's financial performance and financial position in the period of initial application.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investments retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Fair value measurement

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

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 Historical Financial Information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

For assets and liabilities that are recognised in the Historical Financial Information 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 of the Relevant Periods.

Impairment of non-financial assets

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

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

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

Related parties

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

(a) the party is a person or a close member of that person's family and that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is controlled or jointly controlled by a person identified in (a);

(vi) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(vii) the entity, or any member of a group of which it is a part, provides key management personnel services to Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

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

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

Buildings	2.09%
Furniture and facilities	19.00%
Devices and equipment	19.00%–31.67%

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

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

Leases

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

Group as a lessee

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

(a) Right-of-use assets

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

Leased office buildings	24 to 72 months

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

(b) Lease liabilities

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

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

(c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of employee's apartment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

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

Research and development costs

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

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

Investment and other financial assets

Initial recognition and measurement

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

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

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Financial assets at fair value through profit or loss

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

Derecognition of financial assets

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

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

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

General approach

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

At the end of each of the Relevant Periods, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

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

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at the end of each of the Relevant Periods. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and financial liabilities at amortised cost, as appropriate.

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

The Group's financial liabilities include trade payables, other payables and accruals and lease liabilities as well as convertible redeemable preferred shares.

Subsequent measurement

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

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

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

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

Convertible preferred shares

The Series A-1, A-2, B and C of convertible preferred shares (collectively, the "**Preferred Shares**") issued by the Company are classified, on the basis of their component parts, as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

The preferred shares issued are classified as equity if they are non-redeemable by the Company or redeemable only at the Company's option, and any dividends are discretionary. Dividends on preferred shares capital classified as equity are recognised as distributions within equity. The preferred shares are classified as financial liabilities if they are redeemable on a specific date or at the option of the holders of the preferred shares (including options that are only exercisable in case of triggering events having occurred).

The Series A-1 preferred shares issued by the Company are non-redeemable and meet the definition of an equity instrument in accordance with IAS 32.16 since the Company does not have contractual obligation to make any payment. The Series A-2, B and C preferred shares issued by the Company are redeemable upon occurrence of certain future events which are outside the control of the Company and meet the definition of financial liabilities. These instruments can also be converted into ordinary shares of the Company at any time at the option of the holders, or automatically upon occurrence of an [REDACTED] of the Company, or other conditions as detailed in note 23 to the Historical Financial Information.

The Group designated the Series A-2, B and C preferred shares as financial liabilities at fair value through profit or loss. They are initially recognised at fair value. Any directly attributable transaction costs are recognised as finance costs in profit or loss as incurred. The component of fair value changes relating to the Company's own credit risk is recognised in other comprehensive income. Amounts recorded in other comprehensive income related to credit risk are not subject to subsequent recycling in profit or loss, but are transferred to retained earnings when realised. Fair value changes relating to market risk are recognised in profit or loss.

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in profit or loss or other comprehensive income for the purchase, sale, issue or cancellation of the Company's own equity instruments.

Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents 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 consolidated statements of financial position, cash and bank balances comprise cash on hand and at banks, including time deposits, and assets similar in nature to cash, which are not restricted as to use.

Income tax

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

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

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

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

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

- 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, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward 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.

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

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

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

Government grants

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

Revenue recognition

Revenue from contracts with customers

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

The Group transfers control of goods or services over time and recognises revenue over time, if one of the following criteria is met:

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

If control of the goods 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 services.

The Group derives revenue from rendering of services of physician platform solutions, precision omni-channel marketing solutions, real-world study solutions and sales of goods.

(a) Physician platform solutions

Physician platform solutions provide medical knowledge and clinical study assistance services to physicians, addressing physicians' lifelong research and learning needs. Medical knowledge services involve provision of professional medical information to physicians, covering the lifelong learning needs of physicians and the needs of other healthcare industry professionals. Clinical study assistance services involve provision of initiate clinical study, or investigator initiated trials ("**IITs**"), which are complex with the purpose of exploring the origins, development and treatment of diseases to enhance overall healthcare quality.

Revenue from medical knowledge service is recognised over the expected usage periods because the customer simultaneously receives and consumes the benefits provided by the Group.

For clinical study assistance services, the customer simultaneously receives and consumes the benefits provided by the Group and the Group has an enforceable right to payment from the customer for its performance completed to date according to the contracts. As a result, revenue from clinical study assistance service is recognised over time.

Input method is used to measure progress towards complete satisfaction of the service. The input method recognised revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the service.

(b) Precision omni-channel marketing solutions

Precision omni-channel marketing solutions enable pharmaceutical and medical device companies to efficiently reach target physicians and effectively convey information about medical products. Contracts include a single performance obligation as delivery of integrated services over a period of time. The contract is normally at fixed price and paid according to progress specified in the contract. Revenue is recognised over time, as the customer simultaneously receives and consumes the benefits provided by the Group, and the Group uses an input method to measure progress towards complete satisfaction of the service.

(c) Real-world study solutions

Real-world study solutions involve provision of a comprehensive package of highly interdependent and interrelated services, including protocol design, data collection and assessment, project operation, statistical analysis and publication plan, to support pharmaceutical and medical device companies' real-world evidence-based research.

For the real-world study solutions, the Group considers that the series of ingredient activities undertaken are substantially the same and have the same pattern of transfer to the customers, and therefore accounts for them as one performance obligation. The Group recognises revenue for the real-world study solutions ratably during the service period as the customers simultaneously receive and consume the benefits.

(d) Others

The Group sells medical products in offline pharmacies. Revenue from the sales of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of goods. For sales of goods, the Group acts as principal and is primarily responsible for selling goods to the customers, the Group recognises the fee received or receivable from customers as its revenue and all related goods costs as its cost of sales.

Other income

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

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, details of which are included in the accounting policies for impairment of financial assets.

Contract liabilities

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

Share-based payments

The Group operates a share award scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("**equity-settled transactions**").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a discounted cash flow model, further details of which are given in note 25 to the Historical Financial Information.

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

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

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

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

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

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

Pension scheme

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

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders of the Company in a general meeting.

Foreign currencies

The Historical Financial Information is presented in RMB. Each entity in the Group determines its own functional currency and items included in the financial information of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each of the financial periods.

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

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

The functional currency of the Company is HKD and certain subsidiaries' functional currencies are currencies other than RMB. As at the end of each of the Relevant Periods, the assets and liabilities of the Company and these foreign operations are translated into presentation currency of RMB at the exchange rates prevailing at the end of the reporting periods and their profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions for each of the Relevant Periods. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Contractual Arrangements

As disclosed in note 2.1, the Group exercises control over the PRC Operating Entities and enjoys substantially all economic benefits and is exposed to risk of the PRC Operating Entities through the Contractual Arrangements.

The Company does not have any direct equity interests in the PRC Operating Entities. However, as a result of the Contractual Arrangements, the Company has power over the PRC Operating Entities, has rights to variable returns from its involvement with the PRC Operating Entities and has the ability to affect those returns through its power over the PRC Operating Entities. Consequently, the Company regards the PRC Operating Entities as indirect subsidiaries and has consolidated the financial position and results of the PRC Operating Entities in the Historical Financial Information throughout the Relevant Periods.

Estimation uncertainty

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

Provision for expected credit losses on trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type). The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The provision of contract assets is made based on assessment of their recoverability and ageing as well as other quantitative and qualitative information and on management's judgment and assessment of the forward-looking information.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in notes 16 and 17 to the Historical Financial Information, respectively.

Fair value of convertible redeemable preferred shares

The fair value of the convertible redeemable preferred shares is determined using the valuation techniques, including the discounted cash flow method and the option-pricing method. Such valuation is based on key parameters about discounts for lack of marketability and volatility, which are subject to uncertainty and might materially differ from the actual results. The fair value of convertible redeemable preferred shares at 31 December 2021 and 31 May 2022 were RMB603,067,000 and RMB719,052,000, respectively. Further details are included in notes 23 and 31 to the Historical Financial Information.

Leases — Estimating the incremental borrowing rate

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

4. OPERATING SEGMENT INFORMATION

As explained in note 1 to the Historical Financial Information, the Group is principally engaged in the provision of physician platform solutions, precision omni-channel marketing solutions and real-world study solutions in the PRC.

IFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reporting about components of the Group that are regularly reviewed by the chief operating decision-maker in order to allocate resources to segments and to assess their performance. The information reported to the directors of the Company, who are the chief operating decision-makers, for the purpose of the resource allocation and assessment of performance does not contain discrete operating segment financial information and directors reviewed the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

Geographical information

(a) Revenue from external customers

	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*
Mainland China.	162,734	215,847	297,731	90,274	120,437
United States of America .	2,657	7	—	—	—
	165,391	215,854	297,731	90,274	120,437

The revenue information above is based on the locations of the customers.

(b) Non-current assets

Almost all of the Group's non-current assets as at the end of each of the Relevant Periods were located in Mainland China. Accordingly, no geographical information of segment assets is presented.

Information about major customers

No revenue from sales to a single customer accounted for 10% or more of the Group's revenue for each of the Relevant Periods. The revenue from sales to a group of customers under common control accounted for 10% or more of the Group's revenue during each of the Relevant Periods is set out below:

	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 group A	17,335	23,361	NA*	NA*	NA*
Customer group B	NA*	NA*	31,293	11,547	NA*

* *The corresponding revenue is not disclosed as the revenue amount did not account for 10% or more of the Group's revenue for each of the Relevant Periods.*

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue 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*
Revenue					
Revenue from contracts with customers	165,391	215,854	297,731	90,274	120,437

Revenue from contracts with customers

(a) Disaggregated revenue information

For the year ended 31 December 2019

	Physician platform solutions	Precision omni-channel marketing solutions	Real-world study solutions	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Types of goods or services					
Sale of goods	—	—	—	211	211
Provision of services	54,220	100,183	10,777	—	165,180
Total revenue from contracts with customers	54,220	100,183	10,777	211	165,391
Geographical markets					
Mainland China	54,220	97,526	10,777	211	162,734
Overseas	—	2,657	—	—	2,657
Total revenue from contracts with customers	54,220	100,183	10,777	211	165,391
Timing of revenue recognition					
At a point in time	—	—	—	211	211
Over time	54,220	100,183	10,777	—	165,180
Total revenue from contracts with customers	54,220	100,183	10,777	211	165,391

For the year ended 31 December 2020

	Physician platform solutions	Precision omni-channel marketing solutions	Real-world study solutions	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Types of goods or services					
Sale of goods	—	—	—	907	907
Provision of services	72,602	130,608	11,737	—	214,947
Total revenue from contracts with customers	72,602	130,608	11,737	907	215,854
Geographical markets					
Mainland China	72,602	130,601	11,737	907	215,847
Overseas	—	7	—	—	7
Total revenue from contracts with customers	72,602	130,608	11,737	907	215,854
Timing of revenue recognition					
At a point in time	—	—	—	907	907
Over time	72,602	130,608	11,737	—	214,947
Total revenue from contracts with customers	72,602	130,608	11,737	907	215,854

For the year ended 31 December 2021

	Physician platform solutions	Precision omni-channel marketing solutions	Real-world study solutions	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Types of goods or services					
Sale of goods	—	—	—	625	625
Provision of services	76,446	184,070	36,590	—	297,106
Total revenue from contracts with customers	76,446	184,070	36,590	625	297,731
Geographical markets					
Mainland China	76,446	184,070	36,590	625	297,731
Timing of revenue recognition					
At a point in time	—	—	—	625	625
Over time	76,446	184,070	36,590	—	297,106
Total revenue from contracts with customers	76,446	184,070	36,590	625	297,731

For the five months ended 31 May 2021 (Unaudited)

	Physician platform solutions	Precision omni-channel marketing solutions	Real-world study solutions	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Types of goods or services					
Sale of goods	—	—	—	279	279
Provision of services	24,127	57,015	8,853	—	89,995
Total revenue from contracts with customers	24,127	57,015	8,853	279	90,274
Geographical markets					
Mainland China	24,127	57,015	8,853	279	90,274
Timing of revenue recognition					
At a point in time	—	—	—	279	279
Over time	24,127	57,015	8,853	—	89,995
Total revenue from contracts with customers	24,127	57,015	8,853	279	90,274

For the five months ended 31 May 2022

	Physician platform solutions	Precision omni-channel marketing solutions	Real-world study solutions	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Types of goods or services					
Provision of services	31,566	69,126	19,745	—	120,437
Geographical markets					
Mainland China	31,566	69,126	19,745	—	120,437
Timing of revenue recognition					
Over time	31,566	69,126	19,745	—	120,437
Total revenue from contracts with customers	31,566	69,126	19,745	—	120,437

The following table shows the amounts of revenue recognised in each of the Relevant Periods that were included in the contract liabilities at the beginning of each of the Relevant Periods:

	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)	
Revenue recognised that was included in contract liabilities at the beginning of year/period	62,172	86,927	118,970	41,456	58,038

(b) Performance obligations

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

Physician platform solutions

The performance obligation is satisfied over time as services are rendered and payment in advance is normally required. The Group has elected the practical expedient for not disclosing the remaining performance obligations for these types of contracts.

Precision omni-channel marketing solutions and real-world study solutions

The performance obligation is satisfied over time as services are rendered and payment is generally due within 30 to 180 days from the date of billing. The Group has elected the practical expedient for not disclosing the remaining performance obligations for these types of contracts.

Others

The performance obligation is satisfied upon delivery of goods and payment is generally due on receipt of goods. There was no unsatisfied performance obligation at the end of each of the Relevant Periods.

		Year ended 31 December			Five months ended 31 May	
		2019	2020	2021	2021	2022
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Other income						
Bank interest income		992	1,469	4,845	886	3,358
Tax linked incentives by local authorities		868	1,667	1,624	27	1,629
Tax incentives on value-added tax		197	266	521	70	146
Others		40	13	92	55	43
		2,097	3,415	7,082	1,038	5,176
Gains						
Foreign exchange difference, net		17	—	—	—	2,201
Fair value gain of financial assets at fair value through profit or loss		479	996	—	—	—
Gain on disposal of subsidiaries	27	—	—	836	—	—
		496	996	836	—	2,201
		2,593	4,411	7,918	1,038	7,377

6. PROFIT/(LOSS) BEFORE TAX

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

		Year ended 31 December			Five months ended 31 May	
		2019	2020	2021	2021	2022
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Cost of services provided		49,803	66,202	59,243	14,845	24,171
Cost of goods sold		148	595	428	194	—
Depreciation of property, plant and equipment	13	765	770	983	397	461
Depreciation of right-of-use assets	14	5,717	6,335	7,493	2,848	3,149
Research and development expenses*		19,918	18,078	24,412	10,140	8,119
Impairment of financial assets, net:						
— Trade receivables	16	148	174	673	109	(182)
— Contract assets	17	137	333	5,750	1,735	3,116
— Other receivables	18	10	—	81	4	37
Lease payment not included in the measurement of lease liabilities	14(c)	278	104	175	73	33
Bank interest income	5	(992)	(1,469)	(4,845)	(886)	(3,358)
Tax incentives	5	(1,065)	(1,933)	(2,145)	(97)	(1,775)
Fair value losses on convertible redeemable preferred shares	23	—	—	190,630	—	91,380
Fair value gain of financial assets at fair value through profit or loss	5	(479)	(996)	—	—	—
Gain on disposal of subsidiaries	5	—	—	(836)	—	—
Loss on deregistration of a subsidiary		—	—	—	—	71
[REDACTED] fee		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Employee benefit expenses (including directors' and chief executive's remuneration *(note 8)*)						
Salaries, bonus and other allowances		62,599	88,962	125,627	47,202	57,358
Pension scheme contributions and social welfare		16,221	10,749	32,030	11,501	14,730
Equity-settled share-based payments	25	—	—	8,151	3,397	2,810
		78,820	99,711	165,808	62,100	74,898

* *The amounts disclosed for research and development expenses included direct employee costs and overhead costs (e.g., depreciation of the related equipment)*

7. FINANCE COSTS

An analysis of finance costs 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*
Interest on lease liabilities	455	421	271	128	113

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Certain of the directors received remunerations from entities now comprising the Group prior to their appointment as the directors of the Company. Details of the remuneration received or receivable by the directors from the Group entities and included in the Historical Financial Information are 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*
Fees					
Other emoluments:					
Salaries, allowances and benefits in kind	1,654	1,778	1,963	800	1,080
Performance-related bonuses*	162	194	253	105	138
Pension scheme contributions and social welfare	304	195	394	155	173
Total	2,120	2,167	2,610	1,060	1,391

* *Certain executive directors of the Company are entitled to bonus payments which are determined as a percentage of the operating profit after tax which excluded the non-recurring items of the Group.*

(a) Independent non-executive directors

Ms. Liu Tao, Mr. Yu Mingyang and Mr. Lau Yiu Kwan Stanley were appointed as independent non-executive directors of the Company on 21 April 2022.

There was no emolument paid or payable to the independent non-executive directors of the Company during the Relevant Periods.

(b) Executive directors and non-executive directors

The Company did not have any chief executive, executive directors, non-executive directors and independent non-executive directors before 22 June 2021, the date of incorporation of the Company.

Dr. Zhang Fabao and Mr. Wang Shuai were appointed as executive directors of the Company in November 2021.

Dr. Li Xinmei was appointed as the Company's chief executive officer in November 2021 and an executive director of the Company in June 2021.

Mr. Fan Jie was appointed as an executive director and co-chief executive officer of the Company in April 2022.

Mr. Hu Xubo and Mr. Yan Shengfeng were appointed as non-executive directors of the Company in November 2021.

Year ended 31 December 2019

	Salaries, allowances and benefits in kind	**Performance related bonuses***	**Pension scheme contributions and social welfare**	**Total remuneration**
		RMB'000	*RMB'000*	*RMB'000*
Executive directors:				
— Dr. Zhang Fabao	743	60	100	903
— Dr. Li Xinmei	327	50	91	468
— Mr. Wang Shuai.	584	52	113	749
— Mr. Fan Jie	—	—	—	—
Non-executive directors:				
— Mr. Hu Xubo.	—	—	—	—
— Mr. Yan Shengfeng . . .	—	—	—	—
	1,654	162	304	2,120

Year ended 31 December 2020

	Salaries, allowances and benefits in kind	**Performance related bonuses***	**Pension scheme contributions and social welfare**	**Total remuneration**
		RMB'000	*RMB'000*	*RMB'000*
Executive directors:				
— Dr. Zhang Fabao	700	50	68	818
— Dr. Li Xinmei	342	—	69	411
— Mr. Wang Shuai.	736	144	58	938
— Mr. Fan Jie	—	—	—	—
Non-executive directors:				
— Mr. Hu Xubo.	—	—	—	—
— Mr. Yan Shengfeng . . .	—	—	—	—
	1,778	194	195	2,167

Year ended 31 December 2021

	Salaries, allowances and benefits in kind	Performance related bonuses*	Pension scheme contributions and social welfare	Total remuneration
		RMB'000	*RMB'000*	*RMB'000*
Executive directors:				
— Dr. Zhang Fabao	733	48	136	917
— Dr. Li Xinmei	399	30	139	568
— Mr. Wang Shuai	831	175	119	1,125
— Mr. Fan Jie	—	—	—	—
Non-executive directors:				
— Mr. Hu Xubo	—	—	—	—
— Mr. Yan Shengfeng	—	—	—	—
	1,963	253	394	2,610

For the five months ended 31 May 2021 (Unaudited)

	Salaries, allowances and benefits in kind	Performance related bonuses*	Pension scheme contributions and social welfare	Total remuneration
		RMB'000	*RMB'000*	*RMB'000*
Executive directors:				
— Dr. Zhang Fabao	306	20	55	381
— Dr. Li Xinmei	154	13	55	222
— Mr. Wang Shuai.	340	72	45	457
— Mr. Fan Jie	—	—	—	—
Non-executive directors:				
— Mr. Hu Xubo.	—	—	—	—
— Mr. Yan Shengfeng . . .	—	—	—	—
	800	105	155	1,060

For the five months ended 31 May 2022

	Salaries, allowances and benefits in kind	Performance related bonuses* *RMB'000*	Pension scheme contributions and social welfare *RMB'000*	Total remuneration *RMB'000*
Executive directors:				
— Dr. Zhang Fabao	305	20	61	386
— Dr. Li Xinmei	175	13	61	249
— Mr. Wang Shuai	350	105	51	506
— Mr. Fan Jie	250	—	—	250
Non-executive directors:				
— Mr. Hu Xubo	—	—	—	—
— Mr. Yan Shengfeng	—	—	—	—
	1,080	138	173	1,391

* Certain executive directors of the Company are entitled to bonus payments which are determined as a percentage of the operating profit after tax which excluded the non-recurring items of the Group.

During the Relevant Periods, no remuneration was paid or payable by the Group to the directors and the chief executive as an inducement to join or upon joining the Group or as compensation for the loss of office.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Relevant Periods.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees for the years ended 31 December 2019, 2020 and 2021 and the five months ended 31 May 2021 and 2022 included 2 directors, 2 directors, 1 director, 1 director and 1 director respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration for the years ended 31 December 2019, 2020 and 2021 and the five months ended 31 May 2021 and 2022 of the remaining 3, 3, 4, 4, and 4 highest paid employees who are neither a director nor chief executive of the Company, respectively, are 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*
Salaries, allowances and benefits in kind	2,282	1,556	2,081	1,015	1,084
Performance-related bonuses*	157	204	615	260	315
Pension scheme contributions and social welfare	217	130	336	124	159
Equity-settled share-based payments	—	—	5,620	2,186	2,081
Total	2,656	1,890	8,652	3,585	3,639

* *Certain employees of the Company are entitled to bonus payments which are determined as a percentage of the operating profit after tax which excluded the non-recurring items of the Group.*

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

	Year ended 31 December			Five months ended 31 May	
	2019	**2020**	**2021**	**2021**	**2022**
				(Unaudited)	
Less than HK$500,000	—	—	—	—	—
HK$500,001 to HK$1,000,000	1	3	—	3	3
HK$1,000,001 to HK$1,500,000	2	—	1	—	—
HK$1,500,001 to HK$2,000,000	—	—	2	—	—
HK$2,000,001 to HK$2,500,000	—	—	—	1	1
HK$5,500,001 to HK$6,000,000	—	—	1	—	—

During the Relevant Periods, no remuneration was paid or payable by the Group to the non-director and non-chief executive highest paid employees as an inducement to join or upon joining the Group or as compensation for the loss of office.

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Company and the Group's subsidiary incorporated in the British Virgin Islands are not subject to any income tax. The Group's subsidiaries incorporated in Hong Kong and the United States were not liable for income tax as the subsidiary in Hong Kong did not have any assessable profits arising in Hong Kong and the subsidiary in the United States has tax losses during the Relevant Periods.

The provision for current income tax in Mainland China is based on a statutory tax rate of 25% of the assessable profits of the PRC subsidiaries of the Group as determined in accordance with the PRC Corporate Income Tax Law, except for Shanghai MedSci, a subsidiary of the Group. Shanghai MedSci was accredited as a high and new technology enterprise ("**HNTE**") in 2017 and reapplied the certification in 2020, as the certification was valid for three years. For each of the Relevant Periods, Shanghai MedSci was entitled to a preferential PRC Corporate Income tax rate of 15%.

Corporate income tax of the Group has been provided at the applicable tax rates on the estimated taxable profits arising in Mainland China during the Relevant Periods. The major components of income tax expense of the Group are as follows:

	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)	
Current — Mainland China:					
Charge for the year/period	1,716	4,393	5,106	814	842
Deferred tax *(note 15)*	(10)	(134)	(1,134)	(326)	(405)
Total tax charge for the year/period	1,706	4,259	3,972	488	437

A reconciliation of tax expense applicable to profit/(loss) before tax at the statutory rate for the jurisdictions in which the majority of the Company's subsidiaries are domiciled to the income tax expense at the effective tax rate for each of the Relevant Periods 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*
Profit/(loss) before tax	18,723	33,173	(147,058)	2,156	(97,627)
Tax at the statutory tax rate of 25% in Mainland China	4,681	8,293	(36,765)	539	(24,407)
Preferential tax rates enacted by local authority	(2,168)	(4,072)	(3,400)	(627)	(501)
Fair value losses on convertible redeemable preferred shares not deductible for tax	—	—	47,658	—	22,845
Additional deductible allowance for qualified research and development expenses	(1,571)	(1,881)	(2,587)	(990)	(881)
Expenses not deductible for tax	31	35	1,110	534	3,112
Income not subject to tax	—	—	(1,677)	—	(232)
Tax losses utilised from previous years	(1,912)	(3)	(473)	—	(163)
Tax losses not recognised	2,645	1,887	106	1,032	664
Tax charge at the Group's effective tax rate	1,706	4,259	3,972	488	437

11. DIVIDENDS

No dividends have been paid or declared by the Company since its incorporation.

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

The calculation of the basic earnings/loss per share amounts are based on the profit/loss attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares and similar shares of 9,694,118, 9,551,501, 8,563,135, 9,227,907 and 7,804,332 in issue during the years ended 31 December 2019, 2020 and 2021 and the five months ended 31 May 2021 and 2022, respectively, which represented the adjusted number of ordinary shares taking into consideration of the share issuance (note 24).

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2019 and 2020.

No adjustment has been made to the basic loss per share amounts presented for the year ended 31 December 2021 and the five months ended 31 May 2022 in respect of a dilution as the impact of the convertible redeemable preferred shares and the awarded interests/shares of the Company's/Shanghai MedSci's share incentive plan (note 25) had an antidilutive effect on the basic earnings/loss per share amounts presented.

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Furniture and facilities	Devices and equipment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2019				
At 31 December 2018 and 1 January 2019:				
Cost	19,207	294	2,646	22,147
Accumulated depreciation	(1,574)	(193)	(2,023)	(3,790)
Net carrying amount	17,633	101	623	18,357
At 1 January 2019, net of accumulated depreciation	17,633	101	623	18,357
Additions	—	—	181	181
Depreciation provided during the year	(402)	(27)	(336)	(765)
At 31 December 2019, net of accumulated depreciation	17,231	74	468	17,773
At 31 December 2019:				
Cost	19,207	294	2,827	22,328
Accumulated depreciation	(1,976)	(220)	(2,359)	(4,555)
Net carrying amount	17,231	74	468	17,773
31 December 2020				
At 31 December 2019 and 1 January 2020:				
Cost	19,207	294	2,827	22,328
Accumulated depreciation	(1,976)	(220)	(2,359)	(4,555)
Net carrying amount	17,231	74	468	17,773
At 1 January 2020, net of accumulated depreciation	17,231	74	468	17,773
Additions	—	8	1,103	1,111
Depreciation provided during the year	(402)	(28)	(340)	(770)
At 31 December 2020, net of accumulated depreciation	16,829	54	1,231	18,114
At 31 December 2020:				
Cost	19,207	302	3,930	23,439
Accumulated depreciation	(2,378)	(248)	(2,699)	(5,325)
Net carrying amount	16,829	54	1,231	18,114

	Buildings	Furniture and facilities	Devices and equipment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2021				
At 31 December 2020 and 1 January 2021:				
Cost	19,207	302	3,930	23,439
Accumulated depreciation	(2,378)	(248)	(2,699)	(5,325)
Net carrying amount	16,829	54	1,231	18,114
At 1 January 2021, net of accumulated depreciation	16,829	54	1,231	18,114
Additions	—	52	837	889
Depreciation provided during the year	(402)	(13)	(568)	(983)
At 31 December 2021, net of accumulated depreciation	16,427	93	1,500	18,020
At 31 December 2021:				
Cost	19,207	354	4,767	24,328
Accumulated depreciation	(2,780)	(261)	(3,267)	(6,308)
Net carrying amount	16,427	93	1,500	18,020
31 May 2022				
At 31 December 2021 and 1 January 2022:				
Cost	19,207	354	4,767	24,328
Accumulated depreciation	(2,780)	(261)	(3,267)	(6,308)
Net carrying amount	16,427	93	1,500	18,020
At 1 January 2022, net of accumulated depreciation	16,427	93	1,500	18,020
Additions	—	—	290	290
Depreciation provided during the period	(168)	(5)	(288)	(461)
At 31 May 2022, net of accumulated depreciation	16,259	88	1,502	17,849
At 31 May 2022:				
Cost	19,207	354	5,057	24,618
Accumulated depreciation	(2,948)	(266)	(3,555)	(6,769)
Net carrying amount	16,259	88	1,502	17,849

14. LEASES

The Group as a lessee

The Group has lease contracts for office buildings used in its operations. Leases of office buildings generally have lease terms between 2 and 6 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

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

	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at 1 January	3,980	14,199	10,039
Additions	15,936	2,175	3,176
Reduction as a result of disposal of subsidiaries *(note 27)*	—	—	(1,123)
Deprecation charge	(5,717)	(6,335)	(7,493)
Carrying amount at 31 December	14,199	10,039	4,599

	31 May 2022
	RMB'000
Carrying amount at 1 January	4,599
Additions	13,287
Reduction as a result of deregistration of a subsidiary *(note 27)*	(504)
Deprecation charge	(3,149)
Carrying amount at 31 May	14,233

(b) Lease liabilities

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

	2019	2020	2021
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at 1 January	3,271	13,576	9,263
New leases	15,936	2,175	3,176
Reduction as a result of disposal of subsidiaries *(note 27)*	—	—	(1,039)
Accretion of interest recognised during the year	455	421	271
Payments	(6,086)	(6,909)	(7,671)
Carrying amount at 31 December	13,576	9,263	4,000
Analysed into:			
Current portion	6,077	6,353	3,404
Non-current portion	7,499	2,910	596

	2022
	RMB'000
Carrying amount at 1 January	4,000
New leases	13,287
Reduction as a result of deregistration of a subsidiary *(note 27)*	(436)
Accretion of interest recognised during the period	113
Payments	(2,329)
Carrying amount at 31 May	14,635
Analysed into:	
Current portion	6,946
Non-current portion	7,689

The maturity analysis of lease liabilities is disclosed in note 32 to the Historical Financial Information.

(c) The amounts recognised in profit or loss in relation to leases are 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*
Interest on lease liabilities	455	421	271	128	113
Expenses relating to short-term leases	278	104	175	73	33
Depreciation charge of right-of-use assets	5,717	6,335	7,493	2,848	3,149
Total amount recognised in profit or loss	6,450	6,860	7,939	3,049	3,295

(d) The total cash outflow for leases relating to leases are disclosed in note 28(c) to the Historical Financial Information.

15. DEFERRED TAX

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

Deferred tax liabilities

	Fair value change through profit or loss *RMB'000*	**Right-of-use assets** *RMB'000*	**Total** *RMB'000*
At 1 January 2019	—	152	152
Deferred tax charged to profit or loss during the year *(note 10)*	72	894	966
Gross deferred tax liabilities at 31 December 2019 and 1 January 2020	72	1,046	1,118
Deferred tax credited to profit or loss during the year *(note 10)*	(72)	(267)	(339)
Gross deferred tax liabilities at 31 December 2020 and 1 January 2021	—	779	779
Deferred tax credited to profit or loss during the year *(note 10)*	—	(422)	(422)
Gross deferred tax liabilities at 31 December 2021 and 1 January 2022	—	357	357
Deferred tax charged to profit or loss during the period *(note 10)*	—	1,299	1,299
Gross deferred tax liabilities at 31 May 2022	—	1,656	1,656

Deferred tax assets

	Accrued expenses *RMB'000*	Impairment of financial and contract assets *RMB'000*	Lease liabilities *RMB'000*	Total *RMB'000*
At 1 January 2019	—	16	57	73
Deferred tax credited to profit or loss during the year *(note 10)*	—	34	942	976
Gross deferred tax assets at 31 December 2019 and 1 January 2020	—	50	999	1,049
Deferred tax credited/(charged) to profit or loss during the year *(note 10)*	—	76	(281)	(205)
Gross deferred tax assets at 31 December 2020 and 1 January 2021	—	126	718	844
Deferred tax credited/(charged) to profit or loss during the year *(note 10)*	139	987	(414)	712
Gross deferred tax assets at 31 December 2021 and 1 January 2022	139	1,113	304	1,556
Deferred tax credited/(charged) to profit or loss during the period *(note 10)*	(139)	434	1,409	1,704
Gross deferred tax assets at 31 May 2022	—	1,547	1,713	3,260

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statements of financial position as at 31 December 2019, 2020 and 2021 and 31 May 2022. The following is an analysis of the deferred tax balances for financial reporting purposes:

	At 31 December			At 31 May
	2019	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net deferred tax liabilities recognised in the statements of financial position	69	—	—	—
Net deferred tax assets recognised in the statements of financial position	—	65	1,199	1,604

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

	At 31 December			At 31 May
	2019	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Tax losses	15,062	22,598	14,996	14,262

The Group has tax losses arising in Mainland China of RMB14,978,000, RMB20,260,000, RMB13,073,000 and RMB12,992,000 as at 31 December 2019, 2020 and 2021 and 31 May 2022, respectively, that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. Deferred tax has not been recognised for withholding taxes that would be payable on the unremitted earnings of the Group's subsidiaries established in Mainland China. In the opinion of the Company's directors, it is not probable that these subsidiaries will distribute these unremitted earnings in the foreseeable future.

16. TRADE RECEIVABLES

	At 31 December			At 31 May
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade Receivables	16,486	17,920	30,749	21,846
Impairment	(209)	(383)	(1,056)	(874)
	16,277	17,537	29,693	20,972

Trade receivable mainly arise from real-world study solutions and precision omni-channel marketing solutions.

The Group's trading terms with its customers are generally on credit, details of which are included in note 5 to the Historical Financial Information. The credit terms granted ranged up to 180 days, depending on the specific payment terms in each contract. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	At 31 December			At 31 May
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 6 months	15,463	15,279	25,205	16,778
Over 6 months and within 1 year	481	1,724	3,886	3,760
1 to 2 years	324	512	546	392
2 to 3 years	9	22	56	42
	16,277	17,537	29,693	20,972

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

	At 31 December			At 31 May
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of year/period	61	209	383	1,056
Impairment losses/(reversal of impairment losses), net *(note 6)*	148	174	673	(182)
At end of year/period	209	383	1,056	874

An impairment analysis is performed at the end of each of the Relevant Periods using a provision matrix to measure expected credit losses. The provision rates for past due balances are estimated taking into consideration of the ageing analysis of trade receivables based on invoice date. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the end of each of the Relevant Periods about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

		Past due and with ageing			
	Current	**Within 1 year**	**1 to 2 years**	**2 to 3 years**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2019					
Expected credit loss rate	Note	1.6%	23.4%	75.0%	1.3%
Gross carrying amount	10,898	5,129	423	36	16,486
Expected credit losses	—	83	99	27	209
At 31 December 2020					
Expected credit loss rate	Note	2.1%	22.4%	80.7%	2.1%
Gross carrying amount	10,288	6,858	660	114	17,920
Expected credit losses	—	143	148	92	383
At 31 December 2021					
Expected credit loss rate	Note	4.3%	38.4%	85.6%	3.4%
Gross carrying amount	20,632	8,842	886	389	30,749
Expected credit losses	—	383	340	333	1,056
At 31 May 2022					
Expected credit loss rate	Note	5.6%	41.0%	85.6%	4.0%
Gross carrying amount	14,623	6,267	664	292	21,846
Expected credit losses	—	352	272	250	874

Note: During the relevant periods, the Group estimated the expected credit loss rate to be minimal on the current trade receivables.

17. CONTRACT ASSETS

	At 31 December			At 31 May
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contract assets arising from:				
Real-world study solutions	2,702	3,491	17,149	21,684
Precision omni-channel marketing solutions	9,046	19,079	40,025	51,486
	11,748	22,570	57,174	73,170
Impairment	(149)	(482)	(6,232)	(9,348)
	11,599	22,088	50,942	63,822

Contract assets are initially recognised in relation to revenue earned from the provision of real-world study solutions and precision omni-channel marketing solutions as the receipt of consideration is conditional on a successfully completion of milestones in the agreements. Upon the milestone completion and issuance of bills of services according to the agreements, the amounts recognised as contract assets are reclassified to trade receivables. The increase in contract assets during the Relevant Periods were the result of increase in the ongoing provision of services at the end of each of the Relevant Periods.

As at 31 December 2019, 2020 and 2021 and 31 May 2022, RMB149,000, RMB482,000, RMB6,232,000 and RMB9,348,000 were recognised as allowance for expected credit losses on contract assets, respectively. The Group's trading terms and credit policy with customers are disclosed in note 5 to the Historical Financial Information.

The expected timing of recovery or settlement for contract assets as at the end of each of the Relevant Periods is as follows:

	At 31 December			At 31 May
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	11,599	22,088	50,942	63,822

The movements in the loss allowance for impairment of contract assets are as follows:

	At 31 December			At 31 May
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of year/period	12	149	482	6,232
Impairment losses, net *(note 6)*	137	333	5,750	3,116
At end of year/period	149	482	6,232	9,348

An impairment analysis is performed at the end of each of the Relevant Periods using a provision matrix to measure expected credit losses. The provision rates for the measurement of the expected credit losses of the contract assets are based on those of trade receivables as the contract assets and the trade receivables are from the same customer bases. The provision rates of contract assets are based on days past due of trade receivables for groupings of various customer segments with similar loss pattern. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the end of each of the Relevant Periods about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's contract assets using a provision matrix:

	At 31 December			At 31 May
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Expected credit loss rate	1.3%	2.1%	10.9%	12.8%
Gross carrying amount	11,748	22,570	57,174	73,170
Expected credit losses	149	482	6,232	9,348

The increase of expected credit loss rate during the Relevant Periods was mainly due to the special impairment provision for contract assets aged over two years and an increase of proportion of trade receivables and contract assets aged over one year which deteriorates the provision matrix result.

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 31 December			At 31 May
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments to suppliers	2,898	3,989	4,068	13,428
Advance to employees	523	140	66	114
Other current assets	207	430	97	276
Deposits	1,196	1,204	1,462	2,349
Other receivables	108	163	2,947	4,621
	4,932	5,926	8,640	20,788
Impairment loss allowance	(51)	(51)	(132)	(169)
	4,881	5,875	8,508	20,619

Other receivables are unsecured, non-interest-bearing and have no fixed terms of repayment.

The movements in the loss allowance for impairment of other receivables and deposits are as follows:

	At 31 December			At 31 May
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of year/period	41	51	51	132
Impairment losses, recognised	10	—	81	37
At end of year/period	51	51	132	169

The following table provides information about the exposure to credit risk and ECLs for deposits and other receivables which are assessed collectively based on an estimated average credit loss rate as at 31 December 2019, 2020 and 2021 and 31 May 2022.

	At 31 December 2019			At 31 December 2020			At 31 December 2021		
	Average loss rate	Gross carrying amount	Impairment loss allowance	Average loss rate	Gross carrying amount	Impairment loss allowance	Average loss rate	Gross carrying amount	Impairment loss allowance
		RMB'000	*RMB'000*		*RMB'000*	*RMB'000*		*RMB'000*	*RMB'000*
Deposits and other receivables	3.9%	1,304	51	3.7%	1,367	51	3.0%	4,409	132

	At 31 May 2022		
	Average loss rate	**Gross carrying amount**	**Impairment loss allowance**
		RMB'000	*RMB'000*
Deposits and other receivables	2.4%	6,970	169

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 31 December			At 31 May
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unlisted investments at fair value:				
Wealth management products	30,479	—	—	—

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

The fair value of wealth management products is determined using valuation model for which not all inputs are observable and is within Level 3 of the fair value hierarchy (note 31).

20. CASH AND BANK BALANCES

Group

	At 31 December			At 31 May
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and bank balances	96,393	276,972	596,002	304,643
Time deposits	—	—	—	266,428
	96,393	276,972	596,002	571,071
Cash and bank balances				
Denominated in RMB	93,294	276,150	298,570	275,323
Denominated in USD	3,099	822	297,432	29,308
Denominated in HKD	—	—	—	12
	96,393	276,972	596,002	304,643
Time deposits:				
Denominated in USD	—	—	—	266,428

Company

	At 31 December 2021	At 31 May 2022
	RMB'000	*RMB'000*
Cash and bank balances	296,055	28,531
Time deposits	—	266,428
	296,055	294,959
Cash and bank balances:		
Denominated in USD	296,055	28,512
Denominated in HKD	—	12
Denominated in RMB	—	7
	296,055	28,531
Time deposits:		
Denominated in USD	—	266,428

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

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

The term of time deposit was 1 year. Interest income will be obtained at maturity according to the bank's fixed deposit rate of 2.26%.

21. TRADE PAYABLES

An ageing analysis of the trade payables based on the invoice date, is as follows:

	At 31 December			At 31 May
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 3 months	2,264	2,388	1,587	1,741

The trade payables are non-interest-bearing and are normally settled on terms of three months.

22. OTHER PAYABLES AND ACCRUALS

	At 31 December			At 31 May
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contract liabilities	86,927	118,970	124,341	103,615
Payables to employees	11,236	14,825	22,223	14,461
Other tax payables (other than income tax)	7,973	6,981	12,326	8,300
Other payables and accruals	372	941	866	16,906
Deferred income (government grants)	560	560	—	—
	107,068	142,277	159,756	143,282

(a) Details of contract liabilities are as follows:

	At 1 January	At 31 December			At 31 May
	2019	**2019**	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Short-term advances received from customers:					
Physician platform solutions	41,616	50,318	59,662	67,051	59,561
Precision omni-channel marketing solutions	18,344	29,780	49,729	47,974	39,692
Real-world study solutions	2,212	6,829	9,579	9,316	4,362
	62,172	86,927	118,970	124,341	103,615

Contract liabilities include short-term advances received to render services. The increase in contract liabilities during the three years ended 31 December 2021 was mainly due to the increase in short-term advances received from customers in relation to the provision of services at the end of each of the years. The decrease during the five months ended 31 May 2022 was mainly due to the decrease in advances received from customers and more provision of services.

23. CONVERTIBLE PREFERRED SHARES

Presentation and classification

The convertible preferred shares including Series A-1, A-2, B and C preferred shares (the "**Preferred Shares**") issued by the Company can be converted into ordinary shares of the Company at any time at the option of the holders, or automatically upon occurrence of an [REDACTED] of the Company's shares, or when agreed by the holders of ordinary shares and the holders of each class of the Preferred Shares.

Since the date of incorporation, the Company has completed several rounds of financing by issuing series of Preferred Shares.

In 2015, Shanghai MedSci, the then holding company of the PRC Operating Entities, issued 1,411,761 ordinary shares to series A-1 shareholder ("**Series A-1 Shareholder**") at a total cash consideration of RMB70 million. In 2020, Series A-1 Shareholder transferred 334,446 ordinary shares of Shanghai MedSci to series A-2 shareholders ("**Series A-2 Shareholders**"), and Shanghai MedSci issued 484,706 ordinary shares to series B shareholders ("**Series B Shareholders**") at a cash consideration of RMB100 million. Later in 2020, certain shareholders other than Series A-1, A-2 and B Shareholders transferred 96,941 ordinary shares of Shanghai MedSci to Series B Shareholders.

On 4 November 2021, the Company entered into a warrant subscription agreement ("**Warrant Subscription Agreement**") with Dr. Zhang Fabao, Dr. Li Xinmei, the Series A-1 Shareholder, Series A-2 Shareholders and Series B Shareholders ("**Warrantors**"), pursuant to which Series A-1 Shareholder was entitled to subscribe for 1,077,315 series A-1 Preferred Shares of the Company ("**Series A-1 Preferred Shares**"), Series A-2 Shareholders were entitled to subscribe for 334,446 series A-2 Preferred Shares of the Company ("**Series A-2 Preferred Shares**") and Series B Shareholders were entitled to subscribe for 581,647 series B Preferred Shares of the Company ("**Series B Preferred Shares**"), as a step of the Reorganisation to mirror the shareholding in Shanghai MedSci before the Reorganisation by the Company. The warrants is exercisable at USD0.0001 per Preferred Share. Upon completion of the Reorganisation, the ordinary shares of Shanghai Medsci held by the Series A-1, A-2 and B Shareholders will be replaced with the Preferred Shares of the Company. On 25 November 2021, the Company entered into a shareholders' agreement with all the then shareholders of the Company, including holders of Preferred Shares and ordinary shareholders, pursuant to which each of the Series A-1, A-2 and B Preferred Shareholders, prior to the exercise of the warrant under the Warrant Subscription Agreement, shall enjoy the same rights, powers and preferences of a holder of Preferred Shares as if each of them has exercised the warrant under the Warrant Subscription Agreement in full and has become a holder of Preferred Shares.

As at 31 December 2021, 339,294 Series B Preferred Shares have been subscribed by certain Series B Shareholders. Other Series A-1, A-2 and B Shareholders have not exercised warrants as they have not obtained all the regulatory approvals or completed the registrations required for outbound investment by domestic enterprises from the relevant PRC governmental authorities (the "**ODI Approvals**") in relation to the Preferred Shares. As at 31 May 2022, all the remaining Warrantees have exercised the warrants and successfully obtained the Preferred Shares of the Company.

In October 2021, the Company and series C shareholder ("**Series C Shareholder**") entered into a share subscription agreement for series C preferred shares whereby Series C Shareholder made a total investment of USD46,437,000 for 754,015 series C preferred shares of the Company ("**Series C Preferred Shares**"). On 25 November 2021, all 754,015 series C Preferred Shares were issued and the consideration of USD46,437,000 was fully paid, which is equivalent to RMB297,102,000 based on the exchange rate on that date.

On 6 May 2022, 71,813 ordinary shares of the Company with a par value of US$0.0001 each were transferred to Suzhou Lintai Enterprise Management Consulting Partnership (Limited Partnership) from Microhealth Limited at a cash consideration of RMB15 million, which were re-designated as 71,813 Series B Preferred Shares with a par value of US$0.0001 each on the same day.

The Group designated the Series A-2, B and C Preferred Shares as financial liabilities measured as fair value through profit or loss, presented as "Convertible redeemable preferred shares" in the consolidated statements of financial position. Subsequent to initial recognition, changes in fair value of convertible redeemable preferred shares were recorded in "Fair value losses on convertible redeemable preferred shares" in profit or loss. The directors of the Company considered that the fair value change of the convertible redeemable preferred shares attributable to changes of own credit risk is not significant.

The movements of the Company's convertible redeemable preferred shares (including the related warrants) are as follows:

	RMB'000
At 1 January 2021	—
Issuance of Series C Preferred Shares	297,102
Conversion into convertible redeemable preferred shares from ordinary shares of Shanghai MedSci	116,679
Fair value losses on convertible redeemable preferred shares	190,630
Exchange differences	(1,344)
At 31 December 2021 and 1 January 2022	603,067
Conversion into convertible redeemable preferred shares from ordinary shares of the Company	—*
Fair value losses on convertible redeemable preferred shares	91,380
Exchange differences	24,605
At 31 May 2022	719,052

* *Amount less than RMB1,000*

The Group applied the discount cash flow method to determine the underlying share value of the Company and adopted option-pricing method to determine the fair value of the convertible redeemable preferred shares as at 31 December 2021 and 31 May 2022. Key valuation assumptions used to determine the fair value of the convertible redeemable preferred shares are set out in note 31 to the Historical Financial Information.

Series A-1 Preferred Shares are non-redeemable by the Company, accordingly the Company classified Series A-1 Preferred Shares as equity, presented as "Convertible preferred shares" in the statements of financial position.

The movements of the Company's convertible preferred shares are set out as below:

	Number of Series A-1 Preferred Shares	Amount
		RMB'000
At 1 January 2021	—	—
Conversion into convertible preferred shares from ordinary shares of Shanghai MedSci	1,077,315	53,417
At 31 December 2021 and 31 May 2022	1,077,315	53,417

Pursuant to shareholders' agreement with all the then shareholders of the Company dated on 25 November 2021, each of the Series A-1, A-2 and B Preferred Shareholders, prior to the exercise of the warrant under the Warrant Subscription Agreement, shall enjoy the same rights, powers and preferences of a holder of Preferred Shares as if each of them has exercised the warrant under the Warrant Subscription Agreement in full and has become a holder of Preferred Shares. Thus, these warrants were granted to these shareholders prior to the obtaining of requisite overseas direct investment approvals ("ODI Approvals") and were treated in accounting as Preferred Shares in substance over form. As of 31 May 2022, these warranted were all exercised after the ODI Approvals had been obtained and the related administrative procedures had been completed to register the related shareholders as holders of the Preferred Shares.

Key terms of the Preferred Shares

All the Preferred Shares are denominated in USD and the key terms of the Preferred Shares are summarised as follows:

Conversion rights

Each holder of the Preferred Shares shall have the right to convert Preferred Shares into ordinary shares of the Company after the issuance date into such number of ordinary shares as determined by dividing the relevant issue price by the then-effective conversion price ("**Conversion Price**"). The initial Conversion Price is at the conversion ratio of 1:1, and shall be subject to adjustment from time to time, including but not limited to share splits and combinations, share dividends and distributions, reorganisation, consolidations or reclassifications, and adjustment upon issuance of new securities for a consideration per share less than the Conversion Price.

All outstanding Preferred Shares shall automatically be converted into ordinary shares at the applicable ratio upon the closing of an [REDACTED] ("**[REDACTED]**") implying a pre-[REDACTED] valuation of the Group that is no less than RMB[REDACTED] (the "**Qualified [REDACTED]**"), and the prior written approval of the holder of such Preferred Share.

Redemption features

For Series A-2, Series B, and Series C Preferred Shares, if any of the following redemption events ("**Redemption Events**") occurs, each of the holders of Preferred Shares shall be entitled to require the Company to repurchase all or part of the outstanding Preferred Shares at the price per share equal to the subscription price per share, which is adjusted for any share splits, share dividends, share combinations, recapitalisations or the like, plus a simple interest of 6% per annum calculated from the issuance date up to and the including the put completion date plus any dividends declared but unpaid for each put share held by such holders of Preferred Shares.

The holders of Series A-1 Preferred Shares have no right to call the Company for redemption.

Redemption Events:

i) any variable interest entity ("**VIE**") termination event or any material breach by the Warrantors of any provision in any transaction documents, and such breach is not remedied within 60 business days since the Series C Shareholder informs the Warrantors of such breach;

ii) that a Qualified [REDACTED] does not occur within 60 months upon Series C issuance date (i.e., 25 November 2021); or

iii) Dr. Zhang Fabao, Dr. Li Xinmei, Microhealth Limited and Dtx Health Limited (collectively the "**Founders**"), and Dighealth Limited (a holding company controlled by a shareholder of Shanghai MedSci) collectively hold less than fifty percent (50%) of issued shares, including ordinary shares and preference shares, held by all of them at the date of which Series C Shareholder has completed the subscription of Series C Preferred Shares.

Liquidation preferences

In the event of any liquidation, dissolution or winding up of the Company and/or all or substantially all of the business of the Company and its subsidiaries (taken as a group), either voluntary or involuntary, the assets and funds of the Company and its subsidiaries legally available for distribution shall be distributed among the holders of the outstanding shares in the following order:

(a) Series C Preferred Shares

(b) Series B Preferred Shares

(c) Series A-2 Preferred Shares

(d) Series A-1 Preferred Shares

If the assets and surplus funds distributable are insufficient to permit the payment for the full amount, equal to the subscription price per share (as adjusted for any share splits, share dividends, share combinations, recapitalisations or the like), plus all declared but unpaid dividends on each such Preferred Share (the "**Preference Amount**"), then the entire assets and surplus funds legally available for distribution to the Series C Preferred Shareholders shall be distributed ratably among such holders of the Series C Preferred Shares in proportion to the number of Series C Preferred Shares owned by each such holder;

If the assets and surplus funds distributable are insufficient to permit the payment for the full Series B Preference Amount, then the entire assets and surplus funds legally available for distribution to the holders of Series B Preferred Shares shall be distributed ratably among such holders of Series B Preferred Shares in proportion to the number of Series B Preferred Shares owned by each such holder;

If the assets and surplus funds distributable are insufficient to permit the payment for the full Series A-2 Preference Amount, then the entire assets and surplus funds legally available for distribution to the holders of Series A-2 Preferred Shares shall be distributed ratably among such holders of Series A-2 Preferred Shares in proportion to the number of Series A Preferred Shares owned by each such holder; and

If there are any assets or funds remaining after the Series C Preference Amount, Series B Preference Amount, and the Series A-2 Preference Amount have been distributed or paid in full to the holders of Series C Preferred Share, the holders of Series B Preferred Share, and the holders of Series A-2 Preferred Share above, then the entire assets and surplus funds legally available for distribution shall be distributed on a pro rata, *pari passu* basis among the holders of the Preferred Shares (on an as-converted basis), together with the holders of the Series A-1 Preferred Shares and the holders of the ordinary shares of the Company.

Voting rights

The holder of each Preferred Share shall be entitled to votes equal to the number of votes attaching to the number of ordinary shares of the Company to which such Preferred Shares hold by such holder could be converted. The holders of Preferred Shares shall vote with the holders of ordinary shares, and not as a separate class.

Dividends

The board of directors of the Company (the "**Board**") may on behalf of the Company declare and pay dividends (including interim dividends) at such times and in such amounts as it shall determine. The Board may fix as the record date for determination of shareholders entitled to a dividend a date prior to the declaration of the dividend.

24. SHARE CAPITAL

The Company was incorporated in the Cayman Islands with limited liability on 22 June 2021 with an authorised share capital of USD50,000 divided into 50,000 with a par value of USD1.00 each. Upon incorporation, the Company issued one share to Ogier Global Subscriber (Cayman) Limited, an independent third party. On 9 July 2021, the said one share was transferred to Microhealth Limited and was cancelled on 24 September 2021 for the purpose of the Reorganisation.

On 24 September 2021, the Company carried out a share subdivision, pursuant to which the ordinary share with a par value of US$1.00 was divided into 10,000 ordinary shares with a par value of US$0.0001 per share, and the authorized share capital of our Company became USD50,000 divided into 500,000,000 shares, including 388,000,000 ordinary shares and 112,000,000 Preferred Shares.

On the same date, the Company issued and allotted 3,630,408 shares, 2,832,254 shares, 276,245 shares, 836,978 shares and 484,331 shares at par value of USD0.0001 to Microhealth Limited, Dtx Health Limited, Dighealth Limited, Meiyue Limited and Meilong Limited, respectively. Microhealth Limited, Dtx Health Limited and Dighealth Limited were incorporated in the BVI on 16 June 2021 with limited liability and wholly-owned by Dr. Li Xinmei, Dr. Zhang Fabao and Mr. Yang Chun, respectively.

Both Meiyue Limited and Meilong Limited were incorporated in BVI with limited liability on 15 July 2021, and acted as the holding vehicle for the administration of the share award scheme (note 25) of the Company. As the Group had the power to govern the financial and operating policies of the share award scheme before the vesting conditions of the Award Interests or Award Shares (see definition in note 25) are met, the Group accounts for the ordinary shares issued and allotted to Meiyue Limited and Meilong Limited as treasury shares.

On 6 May 2022, 71,813 ordinary shares of the Company with a par value of US$0.0001 each were transferred to Suzhou Lintai Enterprise Management Consulting Partnership (Limited Partnership) from Microhealth Limited at a cash consideration of RMB15 million, which were re-designated as 71,813 Series B Preferred Shares with a par value of US$0.0001 each on the same day.

	At 31 December 2021		At 31 May 2022	
	Number of shares	**Amount**	**Number of shares**	**Amount**
		RMB'000		*RMB'000*
Authorised:				
Ordinary shares of USD0.0001	388,000,000	248	388,000,000	248
Issued:				
Ordinary shares of USD0.0001	8,060,216	5	7,988,403	5
Treasury shares held	(1,321,309)	—*	(1,321,309)	—*

A summary of the movement in the Company's preferred shares is included in note 23 to the Historical Financial Information. A summary of movements in the Company's ordinary share capital is as follows:

	Number of shares	**Amount**	**Number of treasury shares**	**Amount**
		RMB'000		*RMB'000*
At 22 June 2021 (date of incorporation)	—	—	—	—
Issue of ordinary shares	8,060,216	5	—	—
Issue of treasury shares	—	—	(1,321,309)	—*
At 31 December 2021 and 1 January 2022	8,060,216	5	(1,321,309)	—*
Conversion into convertible redeemable preferred shares	(71,813)	—*	—	—
At 31 May 2022	7,988,403	5	(1,321,309)	—*

* *Amount less than RMB1,000.*

25. SHARE-BASED PAYMENTS

The Company operates a share award scheme (the "**Scheme**") for certain personnel in order to recognise and reward the contribution of certain employees of the Group ("**Share Incentive Participants**") to the growth and development of the Group, and retain eligible employees for the continuous operation and development of the Group.

The 2021 Plan

A share incentive plan of Shanghai MedSci (the "**2021 Plan**") became effective in January 2021. Under the 2021 Plan, Shihezi Meilong Equity Investment Partnership (Limited Partnership) ("**Meilong Investment**") and Shanghai Meiyue Management Consulting Partnership (Limited Partnership) ("**Shanghai Meiyue**"), the legal shareholders of Shanghai MedSci, granted certain limited partners' equity interests of Meilong Investment and Shanghai Meiyue ("**Award Interests**") to certain employees of the PRC Operating Entities. As part of the Reorganisation of the Group, the New Plan (see definition below) was adopted to replace the 2021 Plan.

The New Plan

A new share incentive plan (the "**New Plan**") became effective on 20 April 2022 when the Board and the shareholders of the Company approved the New Plan, which has replaced the 2021 Plan. The Award Interests granted under the 2021 Plan were replaced and superseded by the ordinary shares of Meilong Limited and Meiyue Limited, respectively (the "**Award Shares**"). The vesting schedule and other key terms of the New Plan are the same as those of the 2021 Plan. As mentioned in note 24 to the Historical Financial Information, since 24 September 2021, Meiyue Limited and Meilong Limited hold 836,978 shares and 484,331 ordinary shares of the Company, respectively.

Award Interests

In January 2021, 9.1571% equity interests of Meilong Investment were granted to 19 selected employees for a total consideration of RMB566,000, and 19.90% equity interests of Shanghai Meiyue were granted to 13 selected employees for a total consideration of RMB2,122,000 under the 2021 Plan. These thirty-two employees are collectively referred to as "Share Incentive Participants".

All of the Award Interests (and the subsequent Award Shares) granted to the Share Incentive Participants shall be subject to both a [REDACTED] vesting condition (the "**[REDACTED] Condition**") and a service-based vesting condition (the "**Service Condition**"). The [REDACTED] Condition would be satisfied when the ordinary shares of the Company are successfully [REDACTED] on a recognised stock exchange. Subject to the satisfaction of the [REDACTED] Condition, the Service Condition would be satisfied over a 5-year lockup periods, in which the Award Interests or Award Shares held by Share Incentive Participants shall be unlocked in the proportion up to 20% of the total number of the Award Interests/Shares granted upon the expiry of each of 5-year lockup periods provided that the [REDACTED] Condition is met. Under this Service Condition, the Share Incentive Participants are required to provide services to the Group during the 5-year period.

The fair value of the Award Interests granted during the year ended 31 December 2021 was determined at RMB37,297,000, and the Group recognised share-based payment expenses of RMB8,151,000, RMB3,397,000 (unaudited) and RMB2,810,000 in profit or loss for the year ended 31 December 2021 and the five months ended 31 May 2021 and 2022, respectively.

The fair value of the Award Interests granted is measured using a discounted cash flow model at the grant date. The key assumptions used in the model included the discount rate, terminal growth rate and discounts for lack of marketability ("DLOM") and are determined by the directors of the Company with best estimate as follows:

	Granted on 1 January 2021
Discount rate	14%
Terminal growth rate	3%
DLOM	8%

26. RESERVES

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

(a) Capital reserve

The capital reserve of the Group represents the excess of the consideration received for ordinary shares subscription of Shanghai MedSci, the then holding company of the PRC Operating Entities over the par value of the ordinary shares subscribed.

(b) Merger reserve

The merger reserve of the Group represents the issued capital of the then holding company of the companies now comprising the Group.

(c) Statutory surplus reserve

In accordance with the PRC Company Law and the articles of association of the subsidiaries established in the PRC, the Group is required to appropriate 10% of its net profits after tax, as determined under the Chinese Accounting Standards, to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of the subsidiaries, the statutory surplus reserve may be used either to offset losses, or to be converted to increase share capital, provided that the balance after such conversion is not less than 25% of the registered capital of the respective entities. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

(d) Share-based payment reserve

The Group's share-based payments reserve represents the share-based compensation reserve due to equity-settled share award, details of the movements are set out in the consolidated statements of changes in equity.

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

	At 31 December 2021	**At 31 May 2022**
	RMB'000	*RMB'000*
Capital reserve	(170,096)	(170,096)
Exchange fluctuation reserve	(438)	(14,252)
Accumulated losses	(189,895)	(291,938)
	(360,429)	(476,286)

	Capital reserve	Exchange fluctuation reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Loss for the period (from date of incorporation to 31 December 2021)	—	—	(189,895)	(189,895)
Other comprehensive loss for the period:				
Translation difference of the Company's financial statements into presentation currency	—	(438)	—	(438)
Total comprehensive loss for the period	—	(438)	(189,895)	(190,333)
Conversion into convertible preferred shares from ordinary shares of a subsidiary	(53,417)	—	—	(53,417)
Conversion into convertible redeemable preferred shares from ordinary shares of a subsidiary	(116,679)	—	—	(116,679)
At 31 December 2021 and 1 January 2022	(170,096)	(438)	(189,895)	(360,429)
Loss for the period	—	—	(102,043)	(102,043)
Other comprehensive loss for the period:				
Translation difference of the Company's financial statements into presentation currency	—	(13,814)	—	(13,814)
Total comprehensive loss for the period	—	(13,814)	(102,043)	(115,857)
At 31 May 2022	(170,096)	(14,252)	(291,938)	(476,286)

27. DISPOSAL OF SUBSIDIARIES

During the year ended 31 December 2021, the Group disposed Anhui Yixunda and Hefei Ruilekang Pharmacy Co., Ltd. ("**Hefei Ruilekang**"). The principal activities of Anhui Yixunda and Hefei Ruilekang are precision omni-channel marketing and sales of medical products, respectively.

During the five months ended 31 May 2022, the Group deregistered Beijing Jianyiyun whose principal activity is precision omni-channel marketing.

	Notes	**31 December 2021** *RMB'000*	**31 May 2022** *RMB'000*
Net assets disposed of:			
Right-of-use assets	14	1,123	504
Cash and bank balances		1,146	—
Prepayments, deposits and other receivables		525	3
Trade payables		(6)	—
Other payables and accruals		(2,584)	—
Lease liabilities	14	(1,039)	(436)
		(835)	71
Gain on disposal of subsidiaries/(loss on deregistration of a subsidiary)	5, 6	836	(71)
		1	—
Satisfied by			
Cash and bank balances		1	—

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

	At 31 December 2021 *RMB'000*	**At 31 May 2022** *RMB'000*
Cash consideration	1	—
Cash and bank balances disposed of	(1,146)	—
Net outflow of cash and cash equivalents in respect of the disposal included in cash flows used in investing activities	(1,145)	—

28. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOW

(a) During the years ended 31 December 2019, 2020 and 2021 and the five months ended 31 May 2021 and 2022, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB15,936,000, RMB2,175,000 and RMB3,176,000, RMB262,000 (Unaudited) and RMB13,287,000, respectively, in respect of lease arrangements for office premises.

(b) Changes in liabilities arising from financing activities

	Lease liabilities *RMB'000*	**Convertible redeemable preferred shares** *RMB'000*	**Total** *RMB'000*
At 1 January 2019	3,271	—	3,271
New leases	15,936	—	15,936
Cash flows used in financing activities	(6,086)	—	(6,086)
Interest expense	455	—	455
At 31 December 2019 and 1 January 2020	13,576	—	13,576
Cash flows used in financing activities	(6,909)	—	(6,909)
New leases	2,175	—	2,175
Interest expense	421	—	421
At 31 December 2020 and 1 January 2021	9,263	—	9,263
New leases	3,176	—	3,176
Converted from ordinary shares of Shanghai MedSci	—	116,679	116,679
Reduction as a result of disposal of subsidiaries	(1,039)	—	(1,039)
Cash flows (used in)/from financing activities	(7,671)	297,102	289,431
Exchange differences	—	(1,344)	(1,344)
Interest expense	271	—	271
Fair value losses	—	190,630	190,630
At 31 December 2021 and 1 January 2022	4,000	603,067	607,067
New leases	13,287	—	13,287
Conversion from ordinary shares	—	—*	—*
Reduction as a result of deregistration of a subsidiary	(436)	—	(436)
Cash flows used in financing activities	(2,329)	—	(2,329)
Exchange differences	—	24,605	24,605
Interest expense	113	—	113
Fair value losses	—	91,380	91,380
At 31 May 2022	14,635	719,052	733,687

* *Amount less than RMB1,000.*

	Lease liabilities	Convertible redeemable preferred shares	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2021	9,263	—	9,263
New leases	262	—	262
Cash flows used in financing activities	(2,470)	—	(2,470)
Interest expense	128	—	128
At 31 May 2021 (Unaudited)	7,183	—	7,183

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statements of cash flows 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*
Within operating activities	278	104	175	73	33
Within financing activities	6,086	6,909	7,671	2,470	2,329
	6,364	7,013	7,846	2,543	2,362

29. RELATED PARTY TRANSACTIONS

(a) Name and relationship

The directors of the Group are of the view that the following parties/companies are related parties that had transactions or balances with the Group during the Relevant Periods.

Name of related party	Relationship with the Group
Mr. Wang Shuai	An executive director of the Company
Shanghai Meiyue	A legal shareholder of the Shanghai MedSci (holding 7.74% shares of Shanghai MedSci)

(b) Outstanding balances with related parties

	At 31 December			At 31 May
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Due from related parties:				
Non trade related				
Mr. Wang Shuai	1,300	—	—	—
Shanghai Meiyue	—	250	250	250
	1,300	250	250	250

The amounts due from related parties as at 31 December 2019 and 2020 are aged within one year while the balances as at 31 December 2021 and 31 May 2022 are aged over one year.

The amounts due from related parties are unsecured, interest-free and repayable on demand. The maximum outstanding balance due by the director is amounted to RMB1,300,000 for the year ended 31 December 2019.

The Group has assessed the recoverability and ageing of the amounts due from related parties, as well as other quantitative and qualitative information and on management's judgment and assessment of the forward-looking information. The Group assessed that the expected credit losses are immaterial.

[Amounted to RMB250,000 of due from related companies which was non-trade in nature would be settled prior to [REDACTED]].

(c) Compensation of key management personnel of the Group:

	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*
Short-term employee benefits	2,623	3,278	4,730	1,807	2,155
Pension scheme contributions	201	31	322	114	156
	2,824	3,309	5,052	1,921	2,311

Further details of directors' emoluments are included in note 8 to the Historical Financial Information.

30. FINANCIAL INSTRUMENTS BY CATEGORY

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

At 31 December 2019

Financial assets

	Financial assets at amortised cost *RMB'000*	**Financial assets at fair value through profit or loss** *RMB'000*	**Total** *RMB'000*
Trade receivables *(note 16)*	16,277	—	16,277
Due from related parties *(note 29(b))*	1,300	—	1,300
Financial assets included in prepayments deposits and other receivables *(note 18)*	1,253	—	1,253
Financial assets at fair value through profit or loss *(note 19)*	—	30,479	30,479
Cash and bank balances *(note 20)*	96,393	—	96,393
	115,223	30,479	145,702

Financial liabilities

	Financial liabilities at amortised cost *RMB'000*
Trade payables *(note 21)*	2,264
Financial liabilities included in other payables and accruals *(note 22)*	372
	2,636

At 31 December 2020

Financial assets

	Financial assets at amortised cost *RMB'000*
Trade receivables *(note 16)*	17,537
Due from related parties *(note 29(b))*	250
Financial assets included in prepayments deposits and other receivables *(note 18)*	1,316
Cash and bank balances *(note 20)*	276,972
	296,075

Financial liabilities

	Financial liabilities at amortised cost *RMB'000*
Trade payables *(note 21)*	2,388
Financial liabilities included in other payables and accruals *(note 22)*	941
	3,329

At 31 December 2021

Financial assets

	Financial assets at amortised cost *RMB'000*
Trade receivables *(note 16)*	29,693
Due from related parties *(note 29(b))*	250
Financial assets included in prepayments deposits and other receivables *(note 18)*	4,277
Cash and bank balances *(note 20)*	596,002
	630,222

Financial liabilities

	Financial liabilities at amortised cost *RMB'000*	Financial liabilities at fair value through profit or loss *RMB'000*	Total *RMB'000*
Trade payables *(note 21)*	1,587	—	1,587
Financial liabilities included in other payables and accruals *(note 22)*	866	—	866
Convertible redeemable preferred shares *(note 23)*	—	603,067	603,067
	2,453	603,067	605,520

At 31 May 2022

Financial assets

	Financial assets at amortised cost *RMB'000*
Trade receivables *(note 16)*	20,972
Due from related parties *(note 29(b))*	250
Financial assets included in prepayments deposits and other receivables *(note 18)*	6,801
Cash and bank balances *(note 20)*	571,071
	599,094

Financial liabilities

	Financial liabilities at amortised cost *RMB'000*	**Financial liabilities at fair value through profit or loss** *RMB'000*	**Total** *RMB'000*
Trade payables *(note 21)*	1,741	—	1,741
Financial liabilities included in other payables and accruals *(note 22)*	16,906	—	16,906
Convertible redeemable preferred shares *(note 23)*	—	719,052	719,052
	18,647	719,052	737,699

31. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of trade receivables, due from related parties, financial assets included in prepayments, deposits and other receivables, cash and bank balances, trade payables and financial liabilities included in other payables and accruals, approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's corporate finance team is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the board of directors of the Company. At the end of each of the Relevant Periods, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation.

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

The Group invests in unlisted investments, which represent wealth management products issued by banks in Mainland China. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the expected interest rate per annum of instruments with similar terms and risks.

The fair values of convertible redeemable preferred shares are determined by using the Option-Pricing Method using significant unobservable market inputs. Details of the method were disclosed in note 3 to the Historical Financial Information.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all required significant inputs to fair value of an instrument are observable, the instruments are included in Level 2. If one or more of the significant inputs are not based on observable market data, the instruments are included in Level 3.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2019, 2020 and 2021 and 31 May 2022:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Wealth management products (as at 31 December 2019)	Discounted cash flow	Expected interest rate per annum	2.2%	100 basic point increase/ decrease in expected interest would result in increase/decrease in fair value by RMB5,000
Convertible redeemable preferred shares (as at 31 December 2021)	Option-pricing Method	Risk-free interest rate	2.2% to 2.8%	100 basic point increase/ decrease in risk-free interest rate would result in a decrease/increase in fair value by RMB5,864,000/ RMB6,272,000
		Volatility	55% to 60.0%	20% increase/decrease in volatility would result in decrease in fair value by RMB8,129,000/ RMB5,729,000
		DLOM	11.8% to 26.1%	5% increase/decrease in the DLOM would result in decrease/increase in fair value by RMB30,251,000/ RMB30,251,000.

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Convertible redeemable preferred shares (as at 31 May 2022)	Option-pricing Method	Risk-free interest rate	2.2% to 2.8%	100 basic point increase/ decrease in risk-free interest rate would result in a decrease/increase in fair value by RMB4,776,000/ RMB4,577,000
		Volatility	65.0% to 75.0%	20% increase/decrease in volatility would result in decrease in fair value by RMB9,358,000/ RMB1,638,000
		DLOM	9.8% to 27.6%	5% increase/decrease in the DLOM would result in decrease/increase in fair value by RMB36,241,000/ RMB36,241,000

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

At 31 December 2019

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss . .	—	—	30,479	30,479

Liabilities measured at fair value:

As at 31 December 2021

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Convertible redeemable preferred shares	—	—	603,067	603,067

As at 31 May 2022

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Convertible redeemable preferred shares	—	—	719,052	719,052

The movements in fair value measurements within Level 3 during the year/period are as follows:

		31 December		31 May
	2019	**2020**	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss				
At beginning of year/period	—	30,479	—	—
Purchases.	30,000	—	—	—
Gains recognised in profit or loss	479	996	—	—
Disposals	—	31,475	—	—
At end of year/period	30,479	—	—	—
Convertible redeemable preferred shares				
At beginning of year/period	—	—	—	603,067
Issuance during the year/period	—	—	297,102	—
Conversion from ordinary shares	—	—	116,679	—*
Fair value losses recognised in profit or loss.	—	—	190,630	91,380
Exchange differences	—	—	(1,344)	24,605
At end of year/period	—	—	603,067	719,052

* *Amount less than RMB1,000.*

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

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and bank balances and convertible redeemable preferred shares. The main purpose of these financial instruments is to raise finance for the Group's operations.

The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

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

(a) Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from currencies other than the units' functional currencies.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in the USD exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity.

	Increase/ (decrease) in rate of foreign currency	**Increase/ (decrease) in profit before tax**	**Increase/ (decrease) in equity**
	%	*RMB'000*	*RMB'000*
31 December 2019			
If RMB weakens against USD	5	—	155
If RMB strengthens against USD	(5)	—	(155)
31 December 2020			
If RMB weakens against USD	5	—	41
If RMB strengthens against USD	(5)	—	(41)
31 December 2021			
If RMB weakens against USD	5	14,872	14,872
If RMB strengthens against USD	(5)	(14,872)	(14,872)
31 May 2021 (Unaudited)			
If RMB weakens against USD	5	—	24
If RMB strengthens against USD	(5)	—	(24)
31 May 2022			
If RMB weakens against USD	5	14,810	14,810
If RMB strengthens against USD	(5)	(14,810)	(14,810)

(b) Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. There are no significant concentrations of credit risk for trade receivables from third parties as the customer bases of the Group are dispersed. In addition, receivable balances are monitored on an ongoing basis.

The tables below show the maximum exposure to credit risk and year-end staging classification at the end of each of the Relevant Periods. The amounts presented are gross carrying amounts for financial assets.

	12-month ECLs	Lifetime ECLs			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2019					
Trade receivables	—	—	—	16,486	16,486
Contract assets	—	—	—	11,748	11,748
Due from related parties	1,300	—	—	—	1,300
Financial assets included in prepayments, deposits and other receivables	1,304	—	—	—	1,304
Cash and bank balances	96,393	—	—	—	96,393
	98,997	—	—	28,234	127,231
31 December 2020					
Trade receivables	—	—	—	17,920	17,920
Contract assets	—	—	—	22,570	22,570
Due from related parties	250	—	—	—	250
Financial assets included in prepayments, deposits and other receivables	1,367	—	—	—	1,367
Cash and bank balances	276,972	—	—	—	276,972
	278,589	—	—	40,490	319,079
31 December 2021					
Trade receivables	—	—	—	30,749	30,749
Contract assets	—	—	—	57,174	57,174
Due from related parties	250	—	—	—	250
Financial assets included in prepayments, deposits and other receivables	4,409	—	—	—	4,409
Cash and bank balances	596,002	—	—	—	596,002
	600,661	—	—	87,923	688,584

	12-month ECLs	Lifetime ECLs			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 May 2022					
Trade receivables				21,846	21,846
Contract assets				73,170	73,170
Due from related parties	250	—	—	—	250
Financial assets included in prepayments, deposits and other receivables	6,970	—	—	—	6,970
Cash and bank balances	571,071	—	—	—	571,071
	578,291	—	—	95,016	673,307

(c) Liquidity risk

The Group monitors and maintains a level of cash and bank balances deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows.

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

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2019					
Trade payables	2,264	—	—	—	2,264
Financial liabilities included in other payables, and accruals *(note 22)*	372	—	—	—	372
Lease Liabilities	—	1,133	5,334	7,765	14,232
	2,636	1,133	5,334	7,765	16,868

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2020					
Trade payables	2,388	—	—	—	2,388
Financial liabilities included in other payables, and accruals *(note 22)*	941	—	—	—	941
Lease liabilities	—	1,234	5,354	3,010	9,598
	3,329	1,234	5,354	3,010	12,927

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2021					
Trade payables	1,587	—	—	—	1,587
Financial liabilities included in other payables, and accruals *(note 22)*	866	—	—	—	866
Convertible redeemable preferred shares	—	—	—	621,530	621,530
Lease liabilities	—	1,604	1,863	604	4,071
	2,453	1,604	1,863	622,134	628,054

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 May 2022					
Trade payables	1,741	—	—	—	1,741
Financial liabilities included in other payables and accruals *(note 22)*	16,906	—	—	—	16,906
Convertible redeemable preferred shares	—	—	—	640,505	640,505
Lease liabilities	—	3,053	4,754	7,854	15,661
	18,647	3,053	4,754	648,359	674,813

(d) Capital management

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

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 or issue new shares.

The Group monitors capital using a current ratio, which is total current assets divided by total current liabilities. The current ratios at the end of each of the Relevant Periods are as follows:

	At 31 December			At 31 May
	2019	2020	2021	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total current assets	160,929	322,722	685,395	676,734
Total current liabilities	117,409	151,318	172,765	159,765
Current ratio	1.37	2.13	3.97	4.24

33. EVENTS AFTER THE END OF THE RELEVANT PERIODS

The Group has no significant events subsequent to the end of the Relevant Periods.

34. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the subsidiaries now comprising the Group in respect of any period subsequent to 31 May 2022.